

**PART I**

**REVENUE SECTOR**



# **Chapter I**

## **General**



## CHAPTER - I GENERAL

### 1.1 Trend of Revenue Receipts

**1.1.1** The tax and non-tax revenue raised by Government of Kerala during the year 2022-23, the State's share of net proceeds of divisible Union taxes and duties assigned to the State, Grants-in-aid received from 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**

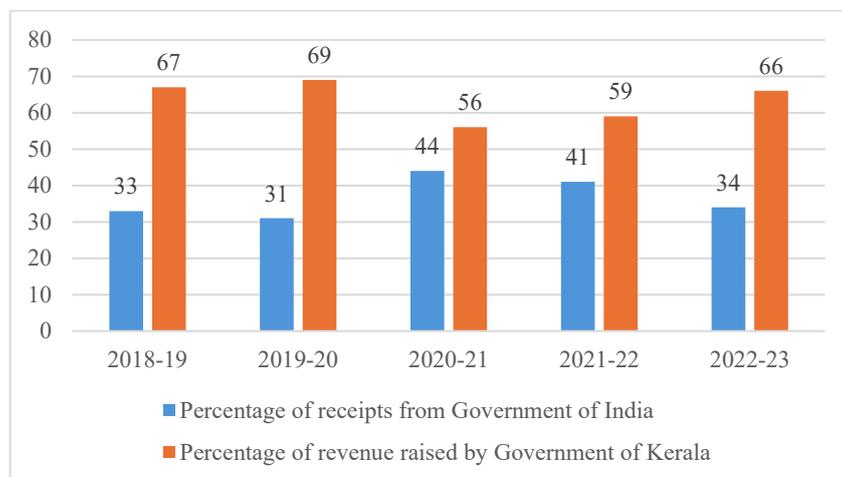
(₹ in crore)						
Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
1	<b>Revenue raised by the State Government</b>					
	<b>Tax revenue</b>	50,644.10	50,323.14	47,660.84	58,340.52	71,968.16
	<b>Non-tax revenue</b>	11,783.24	12,265.22	7,327.31	10,462.51	15,117.96
	Total	62,427.34	62,588.36	54,988.15	68,803.03	87,086.12
2	<b>Receipts from Government of India</b>					
	<b>Share of net proceeds of divisible Union taxes and duties</b>	19,038.17	16,401.05	11,560.40	17,820.09	18,260.68
	<b>Grants-in-aid</b>	11,388.96	11,235.26	31,068.28	30,017.12	27,377.86
	Total	30,427.13	27,636.31	42,628.68	47,837.21	45,638.54
3	<b>Total revenue receipts of the State Government (1 and 2)</b>	<b>92,854.47</b>	<b>90,224.67</b>	<b>97,616.83</b>	<b>1,16,640.24</b>	<b>1,32,724.66</b>
4	<b>Percentage of 1 to 3</b>	<b>67</b>	<b>69</b>	<b>56</b>	<b>59</b>	<b>66</b>

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

The above table indicates that during the year 2022-23, the revenue raised by the State Government (₹87,086.12 crore) was 66 *per cent* of the total revenue receipts. The balance 34 *per cent* of the revenue during 2022-23 was share of net proceeds of divisible Union taxes and duties and Grants-in-aid from Government of India. The revenue raised by State Government during the year 2022-23 shows an increase from the previous years 2021-22 and 2020-21. The total revenue receipts of the State increased by ₹16,084.42 crore during 2022-23, over 2021-22. This was mainly due to an increase in own tax revenue by ₹13,627.64 crore and non-tax revenue by ₹4,655.45 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 **Chart – I** given below:

**Chart – I: Percentage wise details of Revenue Receipts**

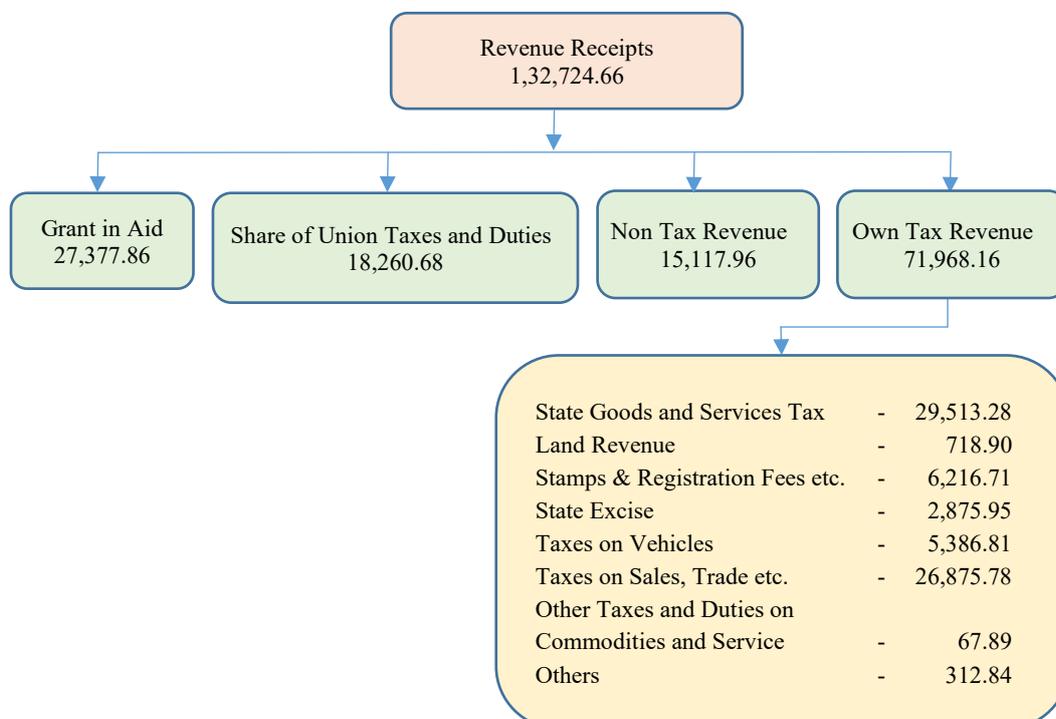


As seen from above, the revenue collection by the State Government increased from 59 per cent in 2021-22 to 66 per cent in 2022-23 whereas the receipts from Government of India decreased from 41 per cent in 2021-22 to 34 per cent in 2022-23.

### 1.1.3 Composition of the revenue receipts

**Chart - II** below depicts the composition of the revenue receipts of the State during 2022-23 (₹ in crore).

**Chart – II: Composition of the revenue receipts of the State**



### 1.1.4 Trends and growth of Revenue Receipts

The total revenue receipts of the State during 2022-23 was ₹1,32,724.66 crore. There was an increase of ₹16,084.42 crore (13.79 per cent) when compared to ₹1,16,640.24 crore in 2021-22. The trend of components of revenue receipts is given in **Table – 1.2** below:

**Table – 1.2: Trend in Revenue Receipts**

(₹ in crore)					
Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Revenue Receipts (RR)</b>	<b>92,854.47</b>	<b>90,224.67</b>	<b>97,616.83</b>	<b>1,16,640.24</b>	<b>1,32,724.66</b>
Rate of growth of RR ( <i>per cent</i> )	11.85	(-)2.83	8.19	19.49	13.79
Own Tax Revenue	50,644.10	50,323.14	47,660.84	58,340.52	71,968.16
Non-Tax Revenue	11,783.24	12,265.22	7,327.31	10,462.51	15,117.96
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) ( <i>per cent</i> )	8.27	0.26	(-)12.14	25.12	26.57

Source: Finance Accounts of respective years.

### 1.1.5 State's own revenue

The 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 from 2018-19 to 2022-23 is shown in **Table – 1.3**.

**Table – 1.3: Components of the State's own tax revenue**

(₹ in crore)							
Sl. No.	Revenue Head	2018-19	2019-20	2020-21	2021-22	2022-23	As percentage of total Own Tax revenue during 2022-23
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	State Goods and Services Tax	21,014.71	20,446.95	20,028.31	24,169.81	29,513.28	41.01
2	Taxes on Sales, Trade etc.	19,225.75	19,649.64	17,689.17	22,487.42	26,875.78	37.34
3	Stamps and Registration Fees	3,693.17	3,615.01	3,489.59	4,857.33	6,216.71	8.64

Sl. No.	Revenue Head	2018-19	2019-20	2020-21	2021-22	2022-23	As percentage of total Own Tax revenue during 2022-23
4	State Excise	2,521.40	2,255.28	2,329.22	2,032.23	2,875.95	4.00
5	Taxes on Vehicles	3,708.61	3,721.14	3,386.28	4,037.10	5,386.81	7.48
6	Land Revenue	202.78	332.42	493.35	470.84	718.90	1.00
7	Other Taxes and Duties on Commodities and Services	37.57	39.31	48.80	56.04	67.89	0.09
8	Others	240.11	263.39	196.12	229.75	312.84	0.44
	<b>Total</b>	<b>50,644.10</b>	<b>50,323.14</b>	<b>47,660.84</b>	<b>58,340.52</b>	<b>71,968.16</b>	<b>100.00</b>

Source: Statement 3 of Finance Accounts of respective years.

- The State's own tax revenue increased by ₹13,627.64 crore from ₹58,340.52 crore in 2021-22 to ₹71,968.16 crore in 2022-23 marking a growth of 23.36 *per cent*. As percentage to Revenue Receipts, the State's own tax revenue was 54.22 *per cent* during 2022-23.
- The revenue collection under all components of the State's own tax revenue shows an increasing trend in 2022-23.
- The growth rate of revenue collection under Stamps and Registration declined from 39.19 *per cent* in 2021-22 to 27.99 *per cent* in 2022-23 and Taxes on Sales, Trade etc., declined from 27.13 *per cent* to 19.51 *per cent*.

### 1.1.5.2 Non-tax revenue

The details of non-tax revenue raised during the period from 2018-19 to 2022-23 are indicated in **Table – 1.4**.

**Table – 1.4: Main components of the State's non-tax revenue**

(₹ in crore)

Sl. No.	Revenue Heads	2018-19	2019-20	2020-21	2021-22	2022-23
1	State Lotteries	9,264.66	9,973.67	4,873.01	7,134.93	11,892.87
2	Dividends and profits	132.12	100.33	110.19	227.98	48.93
3	Forestry and Wildlife	287.21	255.85	236.61	200.57	290.61
4	Interest receipts	132.38	84.95	246.64	177.05	171.95
5	Other non-tax receipts	1,966.87	1,850.42	1,860.86	2,721.98	2,713.60
6	<b>Non-Tax revenue</b>	<b>11,783.24</b>	<b>12,265.22</b>	<b>7,327.31</b>	<b>10,462.51</b>	<b>15,117.96</b>
7	Total Revenue Receipts	92,854.47	90,224.67	97,616.83	1,16,640.24	1,32,724.66

Sl. No.	Revenue Heads	2018-19	2019-20	2020-21	2021-22	2022-23
8	Non-tax revenue as a percentage of Revenue Receipts	12.69	13.59	7.51	8.97	11.39

Source: Statement 14 of Finance Accounts of respective years.

The non-tax revenue which ranged between 7.51 *per cent* and 13.59 *per cent* of the revenue receipts of the State during the last five years increased by ₹4,655.45 crore (44.50 *per cent*) during 2022-23 over the previous year. Receipt from the State Lotteries is the major source of non-tax revenue and its share in non-tax revenue ranged between 66 *per cent* and 81 *per cent* of non-tax revenue during the period from 2018-19 to 2022-23. During 2022-23, revenue from the State Lotteries increased by 66.69 *per cent* (₹4,757.94 crore) over the previous year and it constituted 78.67 *per cent* of the non-tax revenue.

## 1.2 Analysis of Arrears of Revenue

The total arrears of revenue as on 31 March 2023 on certain principal heads of revenue amounted to ₹28,398.10 crore, as detailed in **Table – 1.5** below:

**Table – 1.5: Arrears of revenue as on 31 March 2023**

Sl. No.	Name of Department/ Heads of Account	Amount (₹ in crore)
1	State Goods and Services Tax Department (MH 0006)	13,559.58
2	Motor Vehicles Department (MH 0041)	1,109.91
3	Taxes and duties on electricity (MH 0043)	3,800.92
4	Registration Department (MH 0030)	719.95
5	Forest Department (MH 0406)	398.03
6	Police Department (MH 0055)	454.35
7	Excise Department (MH 0039)	285.26
8	Mining and Geology Department (MH 0853)	198.96
9	Kerala State Audit Department (MH 0070)	105.49
10	Printing (MH 0058)	52.74
11	Stationery (MH 0058)	31.02
12	Factories and Boilers (MH 0230)	1.90
13	Labour Department (MH 0230)	2.56
14	Kerala Maritime Board (MH 1051) (Erstwhile Department of Ports)	2.48
15	Finance Department - Arrears in interest receipts (MH 0049)	6,855.62
16	Finance Department - Arrears in Guarantee commission (MH 0075)	323.68
17	Land Revenue Department (MH 0029)	495.65
	<b>Total arrears</b>	<b>28,398.10</b>

Source: Information collected from departments.

The total arrears of ₹28,398.10 crore amount to 21.40 *per cent* of the total revenue of the State. This necessitates urgent intervention from Government to clear the outstanding arrears. The arrear figures are furnished by departments every year only at the instance of Audit. The absence of prompt reporting of arrears to Revenue department and tardy pursuance by 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 2023 included collections stayed by various authorities at various stages. Stages of stay granted in seven principal heads of revenue are 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	Percentage of stay to total arrear
			By Court and other Judicial Authorities	By Government		
1	0040 - Tax on Sales, Trade, etc.	13,559.58	5,023.08	35.95	5,059.03	37.31
2	0406 - Forestry and Wild Life	398.03	2.32	130.00	132.32	33.24
3	0039 - State Excise	285.26	64.93	0	64.93	22.76
4	0029 - Land Revenue	495.65	428.14	21.61	449.75	90.74
5	0030 - Stamps and Registration Fees	719.95	4.08	0	4.08	0.57
6	0853 - Non-Ferrous Mining and Metallurgical Industries	198.96	27.62	49.75	77.37	38.89
7	0041 - Tax on vehicles	1,109.91	0.88	0	0.88	0.08
<b>Total</b>		<b>16,767.34</b>	<b>5,551.05</b>	<b>237.31</b>	<b>5,788.36</b>	<b>34.52</b>

Source: Details obtained from the respective departments.

An amount of ₹5,788.36 crore is pending under stay orders, which is 34.52 *per cent* of the total arrear amount in seven departments. 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 2022-23 were furnished by departments (January 2024) as shown in **Appendix – I**.

During the year, the Revenue and Disaster Management (R&DM) department cleared 1,95,892 out of 2,28,078 arrear cases of building tax and 274 out of 1,288 cases of plantation tax. The percentage of disposal of arrear cases by the R&DM department is 85.53 *per cent* which is higher than the clearance percentage in the previous year i.e., 2021-22.

In the SGST department, 17,005 out of 39,358 cases were cleared. The percentage of disposal ranged from 22.78 *per cent* with respect to taxes on agricultural income to 100 *per cent* with respect to Luxury Tax. As compared to the previous year i.e., 2021-22, clearance has improved in the case of GST, Sales Tax, Luxury tax and Taxes on Agriculture. The overall percentage of disposal in the SGST department has increased from 35.39 *per cent* in 2021-22 to 43.21 in 2022-23.

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 departments

The cases of evasion of taxes detected by department, 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 the performance of the departments concerned.

The details of cases of evasion of tax detected by departments were called for by Audit from 13 departments out of which seven<sup>1</sup> departments did not detect any case of evasion of tax. Cases of evasion of tax detected by five departments, cases finalised and demands for additional tax raised, as reported by departments are given in **Table – 1.7** below:

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<sup>1</sup> Animal Husbandry Department, Stationery Department, Department of Lotteries, Printing Department, Excise Department, Electrical Inspectorate, Public Works Department.

**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 2022	1,47,394	38	3	12,355	2,585	
2	Number of cases detected during 2022-23	16,066	1	0	16,081	2,907	
<b>Total</b>		<b>1,63,460</b>	<b>39</b>	<b>3</b>	<b>28,436</b>	<b>5,492</b>	
3	Cases in which assessment/ investigation completed and additional demand with penalty etc., raised	Number of cases	21,610	23	0	9,331	3,031
		Amount of demand (₹ in crore)	20.81	1.11	0	1,189.76	4.87
4	Number of cases pending for finalisation as on 31 March 2023	1,41,850	16	3	19,105	2,461	

Source: Information collected from departments.

The details from Health department are awaited (September 2024).

### 1.6 Pendency of refund cases

The details of refund cases pending at the beginning of the year 2022-23, claims received, refunds allowed during the year 2022-23 and the cases pending at the close of the year 2022-23, 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 2022-23	709	219.16	349	9.99
2	Claims received during the year 2022-23	2,758	413.28	316	5.52
3	Refunds made during the year 2022-23	2,259	367.44	594	12.67
4	Refunds rejected during the year 2022-23	441	77.38	-	-
5	Balance outstanding at the end of the year 2022-23	767	187.62	71	2.84

Source: Details obtained from the respective departments.

In SGST department, the number of refund cases outstanding as at the end of March 2023 was 767 of which, 123 cases pertain to refund of Value Added Tax involving money value of ₹47.11 crore and 619 cases pertain to GST involving money value of ₹128.62 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, 2003, 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.

In Excise department, the number of refund cases outstanding at the end of March 2023 is 71, involving money value of ₹2.84 crore. Department refunded ₹12.67 crore in 594 cases during the year. Department's progress in disposing 89 *per cent* of pending cases is appreciative.

### **1.7 Response of Government/ departments to Audit**

The Accountant General (AG) (Audit II), Kerala, conducts periodical inspection of 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 departments and Government.

As of June 2023, 2,524 IRs issued up to December 2022, containing 14,953 paragraphs involving a money value of ₹5,062.52 crore is outstanding as mentioned below with the corresponding figures for preceding two years in **Table – 1.9**.

**Table – 1.9: Details of pending Inspection Reports**

	June 2021	June 2022	June 2023
Number of IRs pending for settlement	2,275	2,625	2,524
Number of outstanding audit observations	14,654	16,701	14,953
Amount of revenue involved (₹ in crore)	4,412.44	5,084.70	5,062.52

Source: Details compiled by AG (Audit II) and reconciled with respective departments.

### 1.7.1 Department-wise details of IRs

Department-wise details of the IRs and audit observations outstanding as on 30 June 2023 and the amounts involved are mentioned in **Table – 1.10**.

**Table – 1.10: Department-wise details of IRs**

Sl. No.	Name of department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1	SGST	Taxes on sales, trade, etc.	1,647	10,861	4,060.37
		Taxes on agricultural income	61	191	74.11
2	Motor Vehicles	Taxes on Vehicles	251	1,937	113.26
3	State Excise	State Excise	104	371	106.37
4	Registration	Stamp duty and Registration fees	324	1,118	296.00
5	Lotteries	Receipts from lotteries	29	86	7.30
6	Finance, Planning and Economic Affairs		108	389	405.11
<b>Total</b>			<b>2,524</b>	<b>14,953</b>	<b>5,062.52</b>

Source: Details compiled by AG (Audit II) and reconciled with the respective departments.

Audit did not receive first replies for 163 IRs during 2022-23 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 departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG (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.

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<sup>2</sup> issued by the Finance department.

### 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 reports. The details of the Audit Committee Meetings held during the year 2022-23 and the paragraphs settled are mentioned in **Table – 1.11**.

**Table – 1.11: Details of departmental Audit Committee Meetings**

Sl. No.	Head of revenue	Number of meetings held during 2022-23	Number of audit observations pending as on 31 March 2022	Number of paragraphs settled	Amount involved in settled paragraphs (₹ in crore)
1	0030 – Stamps and Registration	2	1,259	56	35.41
2	0041 – Taxes on Vehicles	1	1,042	174	3.90
3	0040- Tax on sales, trade etc.	4	12,948	1,055	2,656.14
<b>Total</b>		<b>7</b>	<b>15,249</b>	<b>1,285</b>	<b>2,695.45</b>

Source: Details compiled by AG (Audit II).

No meetings were held in respect of Excise, State Lotteries, Agricultural Income Tax and Finance, Planning and Economic Affairs despite having 1,208 pending audit observations. Government may issue strict instructions to 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 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 AG (Audit II) to the Secretaries of the respective departments drawing their attention to audit findings and requesting their response within six weeks.

21 paragraphs including two Subject Specific Compliance Audit Reports were sent to the Secretaries of the respective departments by name between September 2023 and August 2024. The Secretaries of departments have furnished reply to 14 paragraphs and interim reply to seven paragraphs.

<sup>2</sup> Circular memorandum No.57374/Ins.2/65/Fin. dated 15 November 1965.

#### **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 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 Government of Kerala for the year ended 31 March 2017 to the period 2021-22 (112 paragraphs including performance audit) placed before the State Legislative Assembly between 12 June 2018 to 14 September 2023 is as follows:

- The action taken explanatory notes from departments concerned on 22 paragraphs were received late with delays ranging from 10 months to 66 months.
- Six departments did not submit action taken explanatory notes on audit paragraphs (March 2024) in respect of 74 paragraphs (62 individual and 12 PA/ Review paragraphs), which includes 33 paragraphs for the Audit Report for the period 2021-22.
- The PAC discussed 16 paragraphs and its recommendations were incorporated in the report during the respective tenure of the Committee during the period 2021-23.

Departments largely responsible for non-submission of action taken explanatory notes were Taxes and Transport. The non-receipt of ATNs were brought to the notice of the Chief Secretary to Government in the Apex Committee meetings held on 15 June 2017, 11 December 2017, 23 June 2018, 18 December 2018, 11 February 2020, 22 February 2022 and 25 May 2023.

Action Taken Notes on PAC recommendations have not been received in respect of 152 out of 161 recommendations of the PAC from four departments i.e., Taxes, Excise, Transport and Revenue and Disaster Management as mentioned in the **Table – 1.12** (March 2024).

**Table – 1.12: Details of non-receipt of ATN from four departments**

PAC committee formed Year	Name of Department				Total
	Taxes	Excise	Transport	Revenue & Disaster Management	
2004-06	-	-	-	1	1
2006-08	-	-	-	2	2
2008-11	2	-	-	-	2
2011-14	-	-	-	-	-
2014-16	2	-	4	-	6
2016-19	20	11	7	2	40

PAC committee formed Year	Name of Department				Total
	Taxes	Excise	Transport	Revenue & Disaster Management	
2019-21	15	-	5	8	28
2021-23	3	-	2	45	50
2023-26	2	18	-	3	23
<b>Total</b>	<b>44</b>	<b>29</b>	<b>18</b>	<b>61</b>	<b>152</b>

Source: Records maintained by Accountant General 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 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 Motor Vehicles department under revenue head 0041 – Taxes on Vehicles and cases detected during local audit and the cases included in the Audit Reports for the years 2013-14 to 2022-23.

### 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 2023 are tabulated below in **Table – 1.13**.

**Table – 1.13: Position of Inspection Reports**

(₹ in crore)

Sl. No	Year	Opening Balance			Addition during the years			Clearance during the years			Closing Balance		
		IR	Paras	Money Value	IR	Paras	Money Value	IR	Paras	Money Value	IR	Paras	Money Value
1	2013-14	285	1,540	37.75	71	637	21.92	46	504	5.73	310	1,673	53.94
2	2014-15	310	1,673	53.94	71	734	14.57	41	411	8.87	340	1,996	59.64
3	2015-16	340	1,996	59.64	84	1,005	146.67	30	422	7.46	394	2,579	198.85
4	2016-17	394	2,579	198.85	47	584	41.91	21	331	88.12	420	2,832	152.64
5	2017-18	420	2,832	152.64	99	1,242	52.32	205	1,589	61.59	314	2,485	143.37
6	2018-19	314	2,485	143.37	56	679	26.03	56	737	28.73	314	2,427	140.67
7	2019-20	314	2,427	140.67	47	541	45.91	88	759	43.41	273	2,209	143.17
8	2020-21	273	2,209	143.17	3	51	1.27	2	49	1.69	274	2,211	142.75
9	2021-22	274	2,211	142.75	19	245	5.17	4	99	10.75	289	2,357	137.17
10	2022-23	289	2,357	137.17	37	428	81.03	43	543	54.75	283	2,242	163.45

Source: Records maintained by Accountant General.

The Audit Committee, Apex Committee and Audit Monitoring Committee meetings were held between department/ Government and the Office of the Accountant General to settle the old paragraphs.

### 1.8.2 Recovery in accepted cases

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

**Table – 1.14: Details of paragraphs included in Audit Report and Recovery in accepted cases**

(₹ 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 of 31.03.2023
1	2012-13	5	1.69	5	1.68	0.89	0.89
2	2013-14	5	10.69	5	10.69	1.10	1.99
3	2014-15	4	2.08	4	2.08	1.37	3.36
4	2015-16	5	8.70	5	8.70	1.49	4.85
5	2016-17	7	155.17	7	132.92	9.01	13.86
6	2017-18	4	459.02	4	459.02	2.13	15.99
7	2018-19	3	5.92	3	5.92	1.94	17.93
8	2019-21*	4	3.93	4	3.93	1.84	19.77
9	2021-22	7	72.98	1	0.83	0.48	20.25

Source: Records maintained by Accountant General.

\* Combined Compliance Audit report of the Comptroller and Auditor General of India on Revenue Sector for the period 2019-21.

The above table clearly shows that the progress of recovery in accepted cases has been negligible over the past decade. The recovery in accepted cases is 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 and instances of non-production of records by department. During the year 2022-23, out of 990 audit units, 176 units were audited, which is 18 per cent of the total audit units. In addition, two<sup>3</sup>

<sup>3</sup> Performance Audit on Integrated Financial Management System - Kerala and Performance Audit on E-way bill system under GST.

Performance Audits and two<sup>4</sup> Subject Specific Compliance Audits were also taken up during the year.

### **1.10 Results of Audit**

#### **Position of Audit conducted during the year**

Test-check of the records of 176 units of State GST, Motor Vehicles, State Excise, Registration and other departmental offices conducted during the year 2022-23 showed under-assessment/ short-levy/ loss of revenue aggregating to ₹1,800.27 crore in 668 cases. During 2022-23, departments concerned accepted under-assessment and other deficiencies of ₹102.05 crore involved in 431 cases and collected ₹0.51 crore in six cases which were pointed out in Audit. Departments collected ₹35.61 crore in 875 cases during 2022-23, pertaining to the audit findings of previous years.

### **1.11 Coverage of Part I of the Report**

This part of the Report contains 21 paragraphs, which came to notice in the course of test audit of records during the year 2022-23, as well as those in earlier years, involving revenue impact of ₹1,671.25 crore. Instances relating to the period subsequent to 2022-23 were also included, wherever necessary. Department/ Government accepted the audit observations involving ₹642.17 crore, out of which ₹0.41 crore was recovered. These are discussed in the succeeding Chapters II to V.

*Recommendation: 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.*

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<sup>4</sup> SSCA on Department's oversight on GST payments and Return filing - Phase II and SSCA on Enforcement Activities of the State Excise Department.

