PART–I
Finance and Revenue Departments

CHAPTER–I
General

CHAPTER-I

General

1.1 Introduction

This Chapter presents an overview of the trend of revenue receipts of the Government of Uttar Pradesh (GoUP) and analysis of arrears of revenue, follow up on Audit Reports, response towards Audit, *etc*. of major revenue earning Departments of the State Government under Revenue Sector.

1.2 Trend of receipts

1.2.1 The tax and non-tax revenue raised by the GoUP, the State's share of the net proceeds of the divisible Union taxes and duties assigned to States, grants-in-aid received from the Government of India (GoI) during the year 2022-23, and the corresponding figures for the preceding four years are presented 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	**Revenues raised by the State Government**					
	• Tax Revenue	1,20,121.86	1,22,825.83	1,19,897.30	1,47,367.74	1,74,087.15
	Percentage of growth compared to previous year	**23.34**	**2.25**	**(-) 2.38**	**22.91**	**18.13**
	• Non-tax Revenue	30,100.71	81,705.08	11,846.15	11,435.97	13,489.46
	Percentage of growth compared to previous year	**52.06**	**171.44**	**(-) 85.50**	**(-) 3.46**	**17.96**
	Total	**1,50,222.57**	**2,04,530.91**	**1,31,743.45**	**1,58,803.71**	**1,87,576.61**
2	**Receipts from the Government of India**					
	• Share of net proceeds of divisible Union taxes and duties	1,36,766.46	1,17,818.30	1,06,687.01	1,60,358.05	1,69,745.30[1]
	• Grants-in-aid	42,988.48	44,043.97	57,745.87	51,849.68	59,919.59[2]
	Total	**1,79,754.94**	**1,61,862.27**	**1,64,432.88**	**2,12,207.73**	**2,29,664.89**
3	**Total revenue receipts of the State Government (1 and 2)**	**3,29,977.51**	**3,66,393.18**	**2,96,176.33**	**3,71,011.44**	**4,17,241.50**
4	**Percentage of 1 to 3**	**46**	**56**	**44**	**43**	**45**

Source: Finance Accounts of the Government of Uttar Pradesh

The above table indicates that revenue raised by the State Government increased by 18.12 *per cent* during the year 2022-23 over the previous year. Share of revenue raised by the State Government to total revenue receipts of the State Government was 45 *per cent* during the year 2022-23 against 43 *per cent* during the previous year.

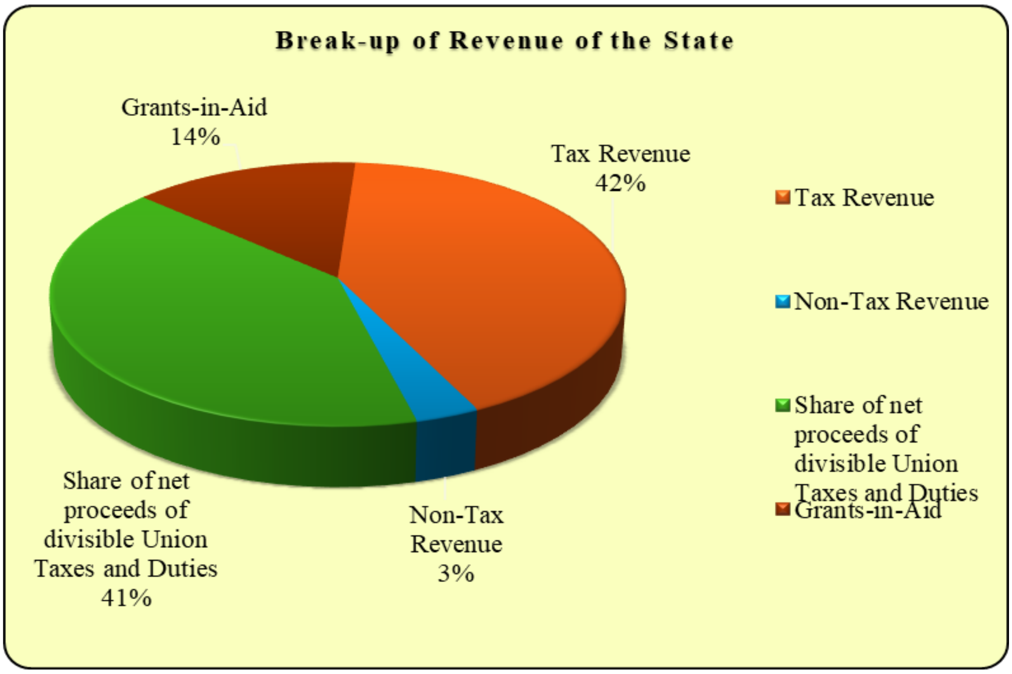
---

[1] For details, please see Statement No. 14-Detailed accounts of revenue by the minor heads in the Finance Accounts of the Government of Uttar Pradesh for the year 2022-23. Figures under the major heads 0005-Central Goods and Services Tax, 0020-Corporation Tax, 0021-Taxes on Income other than Corporation Tax, 0037-Customs, 0038-Union Excise Duties, 0044 Service Tax and 0045-Other Taxes and Duties on Commodities and Services, Minor Head 901-Share of net proceeds assigned to States booked in the Finance Accounts under 'A-Tax revenue' have been excluded from revenue raised by the State and included in 'State's share of net proceeds of divisible Union taxes and duties' in this statement.

[2] Includes compensation of ₹ 11,290.98 crore towards loss of revenue arising out of the implementation of the Goods and Services Tax.

The break-up of revenue receipts of the State for the year 2022-23 in terms of percentage is shown in **Chart–1.1**.

Chart-1.1



1.2.2 Details of tax revenue raised during the period 2018-19 to 2022-23 are given in **Table-1.2**.

Table-1.2
Details of tax revenue

(₹ in crore)

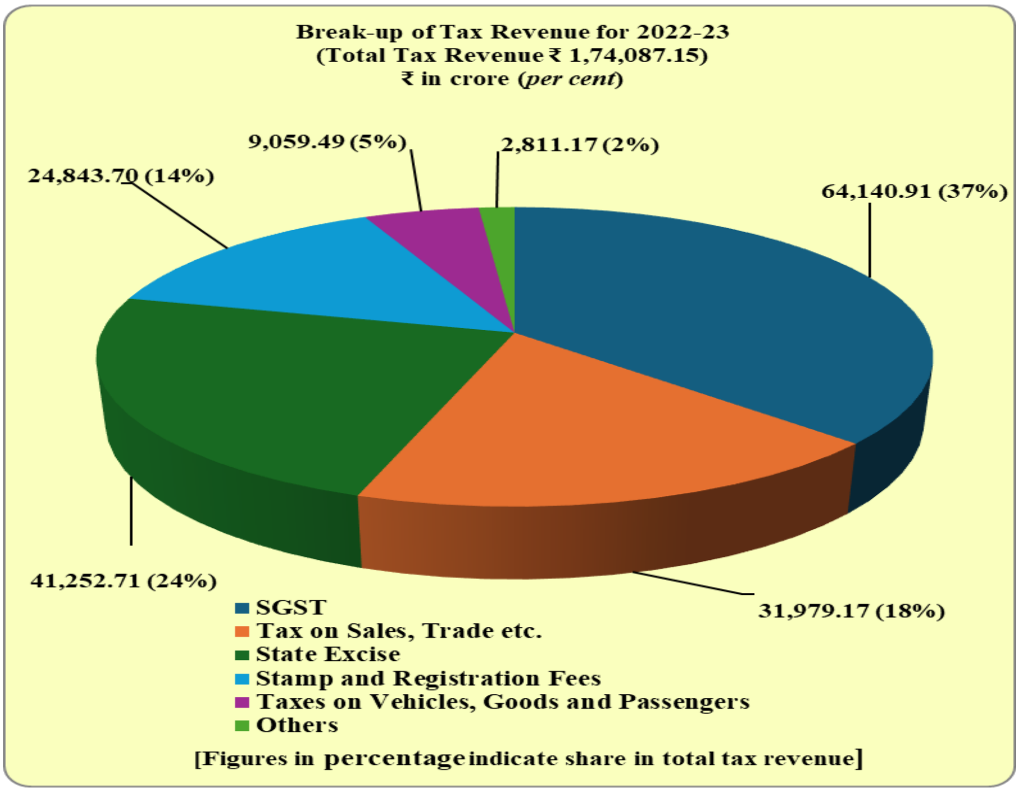
Sl. No.	Head of revenue	2018-19	2019-20	2020-21	2021-22	2022-23	Percentage of increase (+) or decrease (-) in actuals of 2022-23 in comparison to	
		BE Actual	BE Actual	BE Actual	BE Actual	BE Actual	BE of 2022-23	Actuals of 2021-22
1	Taxes on Sales, Trade, etc.	22,078.00 23,797.84	24,660.00 20,517.13	28,287.00 22,127.06	31,100.00 27,058.17	36,212.74 31,979.17	(-)11.69	(+)18.19
	State Goods and Services Tax (SGST)	49,422.00 46,108.03	52,980.10 47,232.41	63,281.00 42,860.03	73,285.00 54,594.12	88,264.31 64,140.91	(-)27.33	(+)17.49
2	State Excise	23,000.00 23,926.66	31,517.41 27,324.76	37,500.00 30,061.21	41,500.00 36,319.63	49,152.46 41,252.71	(-)16.07	(+)13.58
3	Stamps and Registration Fees	18,000.00 15,733.03	19,179.07 16,069.80	23,197.00 16,475.24	25,500.00 20,048.25	29,692.12 24,843.70	(-)16.33	(+)23.92
4	Taxes on Vehicles, Goods and Passengers (0041 & 0042)	7,400.00 6,930.02	7,863.42 7,714.88	8,650.00 6,482.65	9,350.00 7,775.82	10,887.11 9,059.49	(-)16.79	(+)16.51
5	Others[3]	2,800.00 3,626.28	3,976.00 3,966.85	5,106.00 1,891.11	5,610.00 1,571.75	6,446.26 2,811.17	(-)56.39	(+)78.86
Total		**1,22,700.00 1,20,121.86**	**1,40,176.00 1,22,825.83**	**1,66,021.00 1,19,897.30**	**1,86,345.00 1,47,367.74**	**2,20,655.00 1,74,087.15**	**(-)21.10**	**(+)18.13**

Source: ***Finance Accounts of the Government of Uttar Pradesh and budget estimates as per the Statement of Revenue and Receipts of the Government of Uttar Pradesh***

[3] Includes receipts (less than five *per cent* of tax revenue) from the following: Taxes and duties on Electricity, Land Revenue, Taxes on Hotel Receipts, Other Taxes and Duties on Commodities and Services *etc*.

The break-up of tax revenue for the year 2022-23 is shown in **Chart-1.2**.

Chart-1.2



The reasons for wide variation in actual receipts during the year 2022-23 over the previous year are discussed below:

- The overall growth of 18.13 *per cent* in own tax revenue during the year 2022-23 was mainly due to increase in 'State Goods and Service Tax (SGST)' (by ₹ 9,546.80 crore), 'State Excise' (by ₹ 4,933.08 crore), 'Taxes on Sales, Trade, etc.' (by ₹ 4,920.99 crore), 'Stamp & Registration fees' (by ₹ 4,795.45 crore) and 'Taxes on Vehicles, Goods and Passengers' (by ₹ 1,283.67 crore).

- The Department stated (February 2025) that GST is a consumption-based Tax, and it increases when consumption of Goods and Services increases in the State. In earlier two months of 2021-22, the collection in GST was less due to effect of Covid-19. Further, during 2022-23 it increased due to improvement made and use of Artificial Intelligence system by Department. Moreover, in 2022-23 after completion of GST reimbursement scheme in June 2022 the efforts taken for simplification in levy of GST in GST Council by Central Government as well as State Government is also one of the reasons for increase in GST Revenue during 2022-23. Moreover, Arrear of Revenue were also received in 2022-23.

- Taxes on Sales, Trade, etc., increased by ₹ 4,920.99 crore during the year 2022-23 mainly due to increase in receipts under State Sales Tax Act (by ₹ 2,780.62 crore) and from Value Added Tax (by ₹ 2,747.72 crore) respectively.

- The Department stated (February 2025) that growth in State Excise was due to fixation of Minimum Guaranteed Revenue (MGR) on foreign liquor, beer, model shop and premium retails vends. Further, due to increase in capacity of distilleries and establishment of new distilleries/

micro-breweries, the production of ethanol and beverage alcohol has also increased in the State leading to growth in Excise Revenue.

- The Department stated (February 2025) that receipts under the Revenue head 'Stamp and Registration Fee' increased due to more registration on account of higher number of land acquisition and implementation of 'Gift deed scheme' and upward revision in circle rates.
- The Department stated that Receipts during the year 2021-22 were affected due to decrease in sale of vehicles, restrictions on movement of transport vehicles and extension of validity of fitness certificate, permit of vehicles and driving licences. However, there was no effect of Covid-19 in the year 2022-23 resulting in increase in Receipts in the year 2022-23 due to increased registration of transport and non-transport vehicles, renewal of fitness certificates, permits, and driving licences *etc*.

1.2.3 Details of non-tax revenue raised during the period 2018-19 to 2022-23 are indicated in **Table-1.3**.

Table-1.3
Details of non-tax revenue

(₹ in crore)

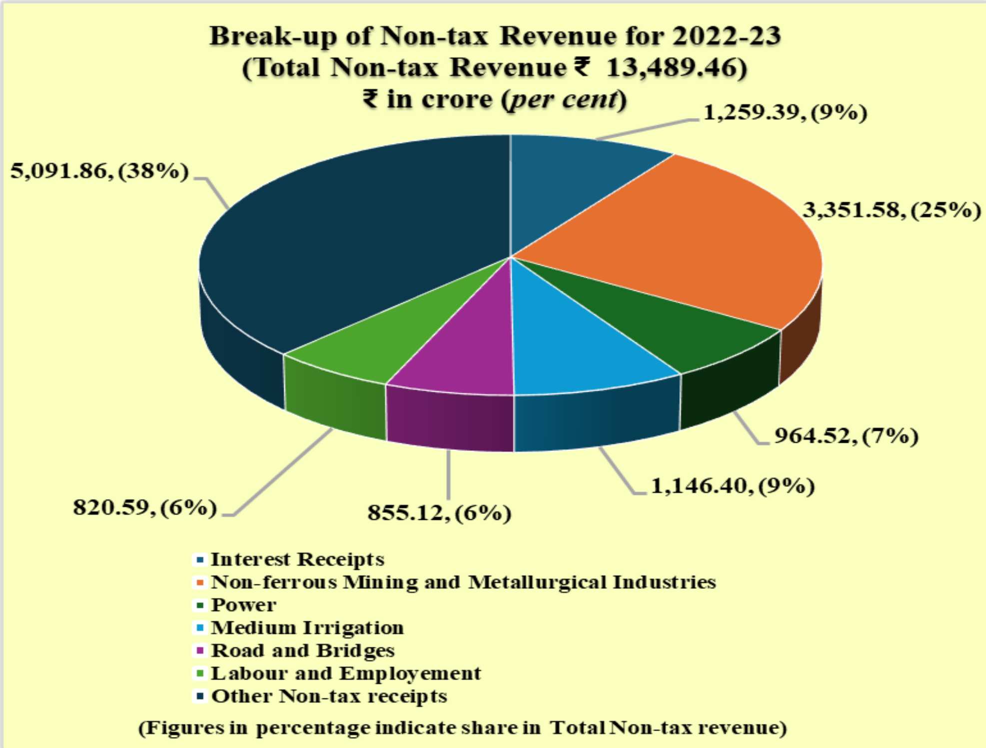
Sl. No.	Head of revenue	2018-19	2019-20	2020-21	2021-22	2022-23	Percentage of increase (+) or decrease (-) in actuals of 2022-23 in comparison to	
		BE Actual	BE Actual	BE Actual	BE Actual	BE Actual	BE of 2022-23	Actuals of 2021-22
1	Interest Receipts	843.60 1,712.44	1,200.00 1,469.44	2,100.00 1,115.55	2,100.00 1,249.77	2,100.00 1,259.39	(-)40.03	(+)0.77
2	Non-ferrous Mining and Metallurgical Industries	4,000.00 3,165.44	4,400.00 2,180.93	4,000.00 3,112.74	4,500.00 2,655.48	4,860.00 3,351.58	(-)31.04	(+)26.21
3	Power	5,700.00 5,735.40	4,175.00 1,044.14	3,537.00 1,308.99	3,749.00 1,768.50	512.73 964.52	(+)88.11	(-)45.46
4	Medium Irrigation	988.73 777.98	1,000.00 872.42	1,060.00 1,014.95	1,102.00 1,032.77	1,146.00 1,146.40	(+)0.03	(+)11.00
5	Roads and Bridges	950.00 932.13	1,000.00 706.81	1,560.00 997.34	6,654.00 640.27	7,053.00 855.12	(-)87.88	(+)33.56
6	Labour and Employment	75.00 75.28	79.50 67.53	85.00 54.15	90.10 95.29	95.51 820.59	(+)759.17	(+)761.15
7	Other Non Tax Receipts[4]	16,264.33 17,702.04	18,778.46 75,363.81	18,836.93 4,242.43	7,226.57 3,993.89	7,639.24 5,091.86	(-)33.35	(+)27.49
Total		**28,821.66 30,100.71**	**30,632.96 81,705.08**	**31,178.93 11,846.15**	**25,421.67 11,435.97**	**23,406.48 13,489.46**	**(-)42.37**	**(+)17.96**

***Source:** Finance Accounts of the Government of Uttar Pradesh and budget estimates as per the Statement of Revenue and Receipts of Government of Uttar Pradesh*

[4] Others includes receipts (less than five *per cent* of non-tax revenue) from the following: Education, Sports, Art and culture, Police, Contribution and recoveries towards pension and other retirement benefits, Miscellaneous General Services, Housing, Public Works, Stationery and Printing, Social Security and Welfare, Other Administrative Services, Village and Small Industries, Forestry and Wild Life, Medical and Public Health, Urban Development, *etc*.

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

Chart-1.3



The reasons for wide variation in actual receipts during the year 2022-23 over the previous year are discussed below:

- There was an overall increase of 17.96 *per cent* in non-tax receipts amounting to ₹ 2,053.49 crore during the year 2022-23 over 2021-22, mainly due to more receipt under the head 'Non-Ferrous Mining and Metallurgical Industries'(by ₹ 696.10 crore), more receipt under head 'Roads and Bridges' (by ₹ 214.85 crore), more receipt under head 'Labour and Employment' (by ₹ 725.30 crore) and more receipts under 'Other Non-Tax Receipts' (by ₹ 1,593.40 crore). However, there was less receipts under the head 'Power' (by ₹ 803.98 crore).
- The growth in receipts under head 'Non-Ferrous Mining and Metallurgical Industries' was mainly due to more receipts under minor head-102 'Mineral concession fees, rents and royalties' (by ₹ 369.94 crore), under minor head-800 'Other Receipts' (by ₹ 345.19 crore) and more refunds under minor head-900 'Refunds' (by ₹ 18.85 crore).
- The increase of receipt under head 'Roads and Bridges' was mainly due to more receipts under minor head-102 'Tolls on Roads' (by ₹ 14.50 crore) and under minor head-800 'Other Receipts' (by ₹ 198.86 crore).
- The growth in receipts under head 'Labour and Employment' was mainly due to more receipts under minor head-800 'Other Receipts' (by ₹ 716.15 crore).
- In 2022-23, the actual receipts under the head 'Power' increased 88.11 *per cent* of the budget estimates due to the release of funds more than the amount of grants receivable/estimated from the Government of India in the Deendayal Upadhyaya Gram Jyoti Yojana (Naveen), IPDS and

Saubhagya Yojana (Household and Additional Infra works) and Revamped Scheme, which was the balance of the previous year and the corresponding year. However, due to the termination of Deendayal Upadhyaya Gram Jyoti Yojana (Naveen), IPDS and Saubhagya Yojana (Household and Additional Infra works) in the year 2022-23, there has been a decrease of 45.46 *per cent* from the actual figures of the previous year.

Further, Audit noticed wide variations between the budget estimates approved by the Finance Department and actual revenues during the year 2022-23 under different heads of revenue (refer Table 1.2 and 1.3) which indicated that the budget estimates were not prepared on a realistic basis.

Recommendation:

The Finance Department needs to revisit their budgeting methods to make the budget estimates more realistic.

1.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2023 in respect of some principal heads of revenue amounted to ₹ 36,241.90 crore of which ₹ 15,293.15 crore was outstanding for more than five years, as detailed in **Table-1.4**.

Table-1.4
Arrears of revenue

(₹ in crore)

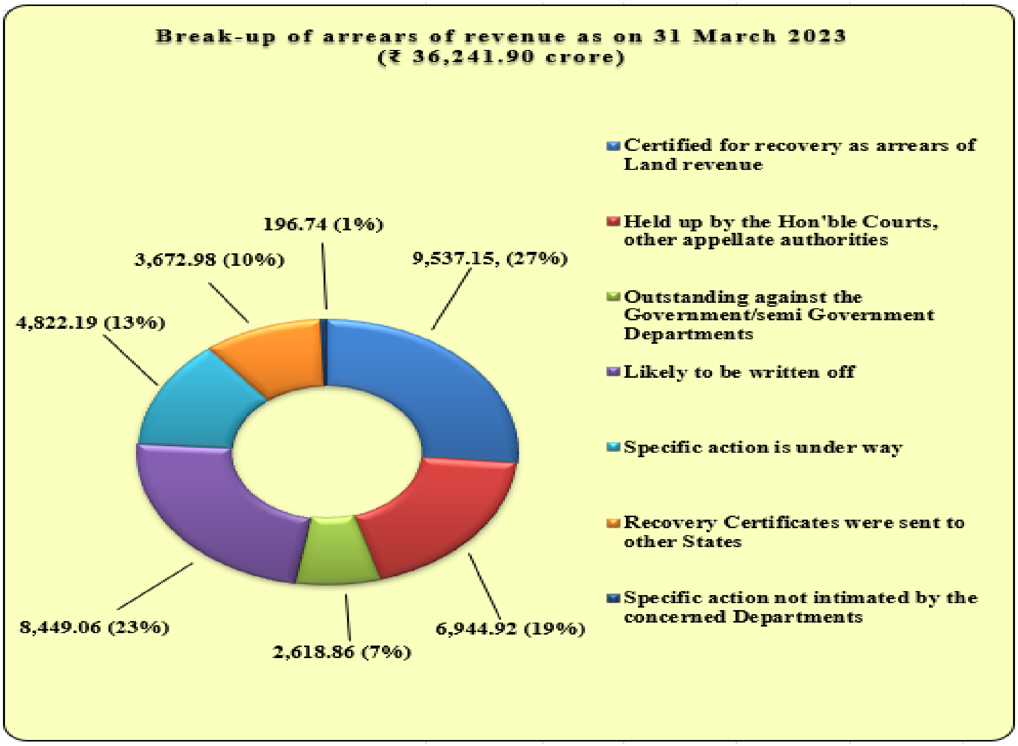
Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2023	Amount outstanding for more than five years as on 31 March 2023	Stages at which arrears were pending
1.	Tax on Sales, Trades etc. (except SGST)	35,081.65	14,910.71	Out of ₹ 35,081.65 crore, demand for ₹ 9,041.99 crore had been certified for recovery as arrears of land revenue; recovery certificates for ₹ 3,672.98 crore have been sent to other states; recoveries for ₹ 6,845.23 crore had been stayed by the Hon'ble courts/appellate authorities; recoveries for ₹ 2,602.61 crore were outstanding against the Government/ semi-Government Departments; the demand for recovery of ₹ 8,438.38 crore was likely to be written off; and ₹ 196.74 crore was outstanding from transporters. For remaining amount of ₹ 4,283.72 crore, specific action was underway in the Department.
2.	State Excise	50.17	43.43	Out of ₹ 50.17 crore, demand for ₹ 16.24 crore had been certified for recovery as arrears of land revenue; recoveries for ₹ 12.52 crore had been stayed by the Hon'ble courts/appellate authorities; demand for recovery of ₹ 7.96 crore was likely to be written off. For the remaining amount of ₹ 13.45 crore, specific action was underway in the Department.
3.	Stamps and Registration Fees	434.51	72.34	Out of ₹ 434.51 crore, demand for ₹ 129.47 crore had been certified for recovery as arrears of land revenue; recoveries for ₹ 87.17 crore had been

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2023	Amount outstanding for more than five years as on 31 March 2023	Stages at which arrears were pending
				stayed by the Hon'ble courts/appellate authorities; recoveries for ₹ 16.25 crores were outstanding against the Government/ semi–Government Departments. For remaining amount of ₹ 201.62 crore, specific action was underway in the Department.
4.	Taxes on Vehicles	675.57	266.67	Out of ₹ 675.57 crore, demand for ₹ 349.45 crore had been certified for recovery as arrears of land revenue; demand for recovery of ₹ 2.72 crore was likely to be written off. For the remaining amount of ₹ 323.40 crore, specific action was underway in the Department.
5.	Non-Ferrous Mining and Metallurgical Industries	Information was not provided by the Department despite repeated requests.		
Total		**36,241.90**	**15,293.15**	

Source: Information provided by the Departments

The break-up of arrears of revenue as on 31 March 2023 is shown in **Chart-1.4**.

Chart-1.4



Out of the total outstanding amount of ₹ 36,241.90 crore, ₹ 9,537.15 crore was certified for recovery as arrears of land revenue, ₹ 6,944.92 crore was held up by the Hon'ble Courts/other appellate authorities, ₹ 2,618.86 crore was outstanding against the Government/semi Government Departments, ₹ 8,449.06 crore was likely to be written off, for ₹ 4,822.19 crore specific actions were underway in the State Tax Department, Stamps and Registration

Department and Transport Department, and Recovery Certificates of ₹ 3,672.98 crore were issued to other States whereas specific action taken in respect of the remaining ₹ 196.74 crore (amount due from transporters) was not intimated by the State Tax Department.

1.4 Follow up on the Audit Reports-summarised position

To ensure accountability of the executive in respect of all the issues dealt with in various Audit Reports (ARs), the Department of Finance issued instructions in June 1987 to initiate *suo motu* action on all Paragraphs/Performance Audits (PAs) figuring in the Audit Reports irrespective of whether the cases were taken up for examination by the Public Accounts Committee (PAC) or not. Details of pending explanatory notes pertaining to the various Departments, as on February 2025 are given in **Table-1.5**.

Table-1.5

Sl. No.	Audit Report ending on	Date of presentation in the Legislature	Number of paragraphs and PAs in the Report	Number of paragraphs and PAs where explanatory notes received	Number of paragraphs and PAs where explanatory notes not received
1	31 March 2016	18 May 2017	25 + 1 PA	00	25 + 1 PA
2	31 March 2017	19 July 2019	15	00	15
3	31 March 2018 (Stand Alone, State Excise)	19 July 2019	08	08	00
4	31 March 2018	24 February 2020	17	03	14
5	31 March 2019	18 August 2021	23	12	11
6	31 March 2020	17 December 2021	18	06	12
7	31 March 2021 (Performance Audit Report on Information Technology System in Transport Department)	22 February 2023	1 PA	00	1 PA
8	31 March 2021	08 August 2023	14	02	12
9	31 March 2022	01 August 2024	08	00	08
Total			**128 + 2 PAs**	**31**	**97[5]+ 2 PAs[6]**

It is evident from the above Table that no explanatory notes were received (as of February 2025) for Audit Reports on Revenue Sector for the years 2015-16, 2016-17, Performance Audit Report on IT system in Transport Department for the year ended 31 March 2021 and Audit Reports on Revenue Sector for the year 2021-22, which were placed before the State Legislature in May 2017, July 2019, February 2023 and August 2024 respectively.

Further, during the period from 2018-19 to 2023-24, the PAC discussed 154 paragraphs out of 473 paragraphs from 18 Revenue Audit Reports. Details are given in **Table-1.6.**

Table-1.6

Sl. No.	Year	Number of Reports discussed during the year	Total number of paras in the Reports	Number of para discussed during the year
1	2018-19	13	384	74
2	2019-20	09	273	33
3	2020-21	01	26	03

[5] State Tax (24 paragraphs), State Excise (10 paragraphs), Transport (19 paragraphs), Stamps and Registration (11 paragraphs), Geology and Mining (32 paragraphs) and Entertainment Tax (01 paragraph).

[6] Transport Department (02).

Sl. No.	Year	Number of Reports discussed during the year	Total number of paras in the Reports	Number of para discussed during the year
4	2021-22	03	118	26
5	2022-23	02	34	06
6	2023-24	05	83	26
Total		**18**[7]	**473**[8]	**154**[9]

Audit Reports for the year 2014-15, 2015-16 and 2016-17, Performance Audit Report on IT system in Transport Department for the year ended 31 March 2021 and Audit Report for the year 2021-22 are yet to be discussed by the PAC (as of February 2025).

1.5 Response of the Government/Departments towards Audit

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

Review of IRs relating to Revenue Sector of the State Government issued up to September 2023 revealed that 50,202 paragraphs relating to 13,461 IRs remained outstanding at the end of March 2024. Department-wise details are given in **Table-1.7**.

Table-1.7
Department-wise details of Inspection Reports

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations
1	State Tax	Taxes on Sales, Trade, etc.	6,362	27,273
2	State Excise	State Excise	1,264	2,373
3	Transport	Taxes on vehicles	1,448	8,060
4	Stamps and Registration	Stamps and registration fees	4,057	10,704
5	Geology and Mining	Non-ferrous mining and metallurgical industries	330	1,792
Total			**13,461**	**50,202**

The first replies are required to be received from the heads of offices within four weeks of receipt of IRs. Out of total 211 IRs issued during 2023-24, Audit received first reply from the heads of offices in case of 21 IRs after six weeks (as of May 2025). The first replies had not been received in case of remaining 190 IRs issued during the year 2023-24. This large pendency of the IRs and non-receipt of first replies from the Departments is indicative of the fact that the heads of audited units have failed to take cognisance of the reported Audit findings and initiate any corrective action in this regard.

[7] One Audit Report was discussed several times in different years, hence the same has been considered as one Audit Report, based on which a total of 18 reports have been discussed during the year 2018-19 to 2023-24.

[8] Similarly, 473 numbers of paragraphs were there pertaining to these Audit Reports out of which 154 numbers of paragraphs have been discussed during 2018-19 to 2023-24.

[9] Similarly, 154 paragraphs have been discussed for the year 2000-01 (02), 2001-02 (23), 2002-03 (21), 2003-04 (03), 2004-05 (05), 2005-06 (02), 2006-07 (03), 2007-08 (04), 2008-09 (04), 2009-10 (01), 2010-11 (02), 2011-12 (29), 2012-13 (19), 2013-14 (17), 2018-19 (03), Stand Alone Report (08), 2019-20 (06) and 2020-21 (02).

Irregularities of similar nature are being reported year after year with no improvement/ evidence of any corrective action by the concerned Departments visible at the ground level. This adversely affected the effectiveness of Audit.

Recommendation:

The State Government needs to introduce a mechanism to ensure that the Departmental officers respond to Inspection Reports promptly and take corrective action.

1.6 Results of audit

Position of local audit conducted during the year

Audit covered five Departments[10] of the State Government and test-checked the records of 162 out of 1,490 auditable units (10.87 *per cent*) relating to Goods and Services Tax, Stamps and Registration Fees, Mining Receipts, State Excise, and Taxes on Vehicles, Goods and Passengers during the year 2023-24. In these five Departments, revenue of ₹ 1,71,275.98 crore was collected during the year 2022-23, out of which the 162 audited units collected ₹ 46,153.44 crore. In the 162 audited units, records were test-checked on the basis of turnover/tax payments which revealed underassessment/short levy/loss of revenue aggregating to ₹ 1,906.75 crore in 1,40,892 cases (out of 3,63,742 test-checked cases) which were reported to the Departments through IRs. The concerned Departments accepted (between April 2023 and November 2024) underassessment and other deficiencies of ₹ 1.49 crore in 84 cases (including those pointed out in earlier years) and reported recovery of ₹ 1.49 crore in 84 cases.

Recommendation:

The State Government should evolve a mechanism to ensure that the Departments recover all underassessments/short levies pointed out by the Audit and accepted by the Departments.

1.7 Coverage of Chapter-II of this Report

Chapter-II of this Report contains Subject Specific Compliance Audit (SSCA) on 'IT Audit on Implementation of Integrated Financial Management System (IFMS) in Uttar Pradesh' and six paragraphs from local audits conducted during the year and those of earlier years which could not be included in the previous reports involving financial effect of ₹ 26.90 crore.

Department of Stamp and Registration accepted Audit observation amounting to ₹ 1.53 crore and reported recovery of ₹ 0.30 crore. Replies of other Departments have not been received (May 2025).

Recommendation:

The errors/omissions pointed out are based on a test audit. The Government/Department may, therefore, undertake a thorough review of all units to check whether similar errors/omissions have taken place elsewhere and if so, rectify them and put in place a system that would prevent such errors/omissions.

[10] State Tax, State Excise, Transport, Stamps and Registration and Geology and Mining.