Chapter 1

General

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1.1 Trend of Revenue receipts

1.1.1 Revenue receipts of the State are made up of tax revenues, non-tax revenues raised by the Government of Odisha (GoO), the State's share of net proceeds of divisible Union taxes and duties and Grants-in-aid received from Government of India (GoI). The details of such revenues of the State, during the period from financial years (FYs) 2018-19 to 2022-23 are depicted in **Table-1.1.**

Table 1.1: Trend of receipts of the State

(₹ in crore)

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
1.	**Revenues raised by the State Government**					
	Tax revenues	30,318	32,315	34,258	40,748	46,554
	Percentage of growth compared to previous year	**8.61**	**6.59**	**6.01**	**18.94**	**14.25**
	Non-tax revenues	14,276	14,647	19,518	54,257	42,720
	Percentage of growth compared to previous year	69.99	2.59	33.25	177.98	(-)21.26
	Total	**44,594**	**46,962**	**53,776**	**95,005**	**89,274**
2.	**Receipts from the Government of India**					
	Share of net proceeds of divisible Union taxes and duties	35,354	30,454	27,543	38,144	42,989[1]
	Grants-in-aid[2]	19,598	24,152	23,068	19,910	18,199[3]
	Total	**54,952**	**54,606**	**50,611**	**58,054**	**61,188**
3.	**Total revenue receipts (1 and 2)**	**99,546**	**1,01,568**	**1,04,387**	**1,53,059**	**1,50,462**
4.	**Percentage of revenue raised by the State to total revenue receipts**	**44.8**	**46.24**	**51.52**	**62.07**	**59.33**
5.	**Percentage of tax revenue to total revenue receipts**	**30.46**	**31.82**	**32.82**	**26.62**	**30.94**

*(**Source**: Finance Accounts, GoO)*

[1] For details, please see Statement No. 14 - Detailed accounts of revenue by minor heads in the Finance Accounts of Government of Odisha for the year 2022-23. Figures under Minor Head 901 - Share of net proceeds assigned to the State under the Major Heads – 0005-Central Goods and Services Tax (₹ 12,150.19 crore), 0020-Corporation Tax (₹ 14,406.66 crore), 0021-Taxes on income other than Corporation Tax (₹ 14,073.90 crore), 0037 – Customs (₹ 1,690.33 crore), 0038 - Union Excise Duties (₹ 530.30 crore), 0044 - Service Tax (₹ 67.18 crore) and 0045 – Other taxes and duties on commodities and services (₹ 70.77 crore).

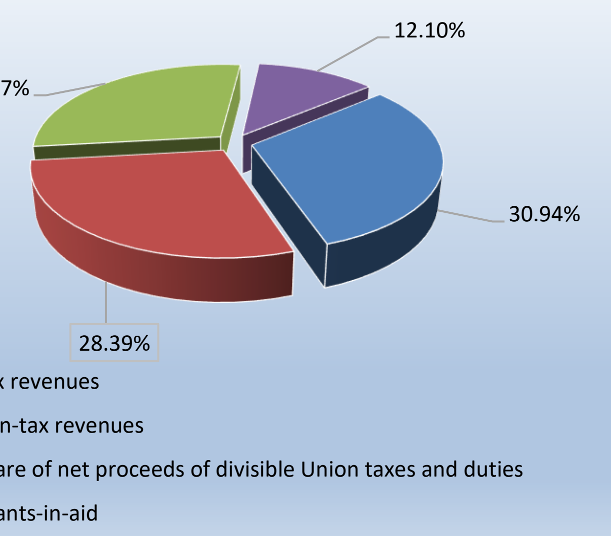
[2] Centrally sponsored schemes, Finance Commission grants and other transfer/grants (also includes compensation on GST received from GoI).

[3] Includes compensation of ₹ 1,886.96 crore towards loss of revenue due to implementation of GST.

The table 1.1 indicates that the average annual growth rate in respect of tax revenues and non-tax revenues was 10.88 *per cent* and 52.51 *per cent*, respectively during FYs 2018-23.

Break-up of revenue of the State for the financial year 2022-23 is given in **Chart No. 1.1**:

Chart No. 1.1: Break-up of revenues of the State in 2022-23



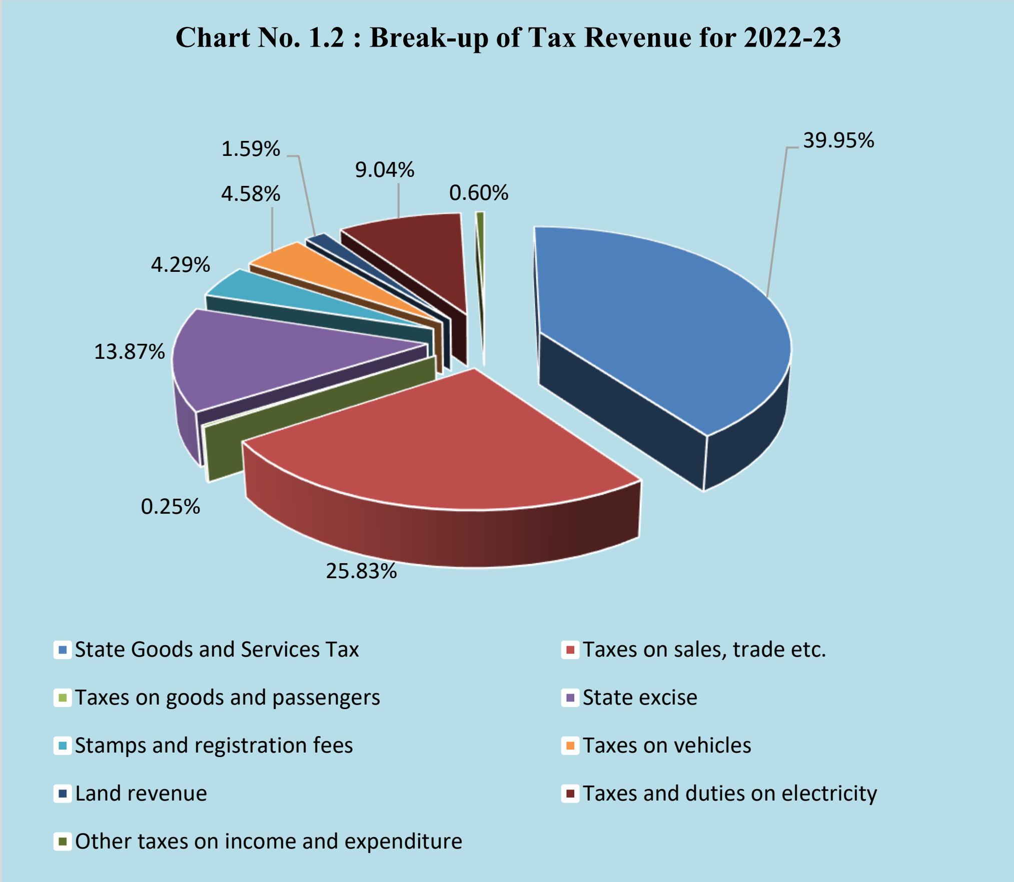
1.1.2 Details of tax revenues raised by the State during the period 2018-19 to 2022-23 are given in **Table 1.2.**

Table 1.2: Details of Tax Revenues ***(₹ in crore)***

Sl. No.	Head of revenue	2018-19	2019-20	2020-21	2021-22	2022-23	Percentage of increase (+) or decrease (-) in 2022-23 over 2021-22
1..	State Goods and Services Tax (SGST)	11,942.59	13,203.52	13,043.19	16,392.24	18,600.52	13.47
2.	Taxes on sales, trade, *etc.*	7,310.24	7,455.81	7,776.89	9,999.60	12,023.02	20.23
3.	State Excise	3,925.12	4,495.42	4,053.06	5,527.60	6,454.62	16.77
4.	Stamps and Registration Fees	1,237.46	1,434.97	2,942.01	2,418.62	1,997.20	(-)17.42
5.	Taxes on Vehicles	1,745.58	1,836.32	1,526.34	1,663.53	2,133.10	28.23
6.	Taxes and Duties on Electricity	3,257.66	2,819.67	3,938.46	3,716.92	4,210.25	13.27
7.	Land Revenue	511.07	720.69	603.40	664.24	738.88	11.24
8.	Other taxes on income and expenditure-Taxes on Professions, Trades, Callings and Employment	203.81	216.38	229.13	253.97	281.46	10.82
9.	Taxes on Goods and Passengers	182.32	133.44	145.69	110.99	114.78	3.41
	Total	**30,315.85**	**32,316.22**	**34,258.17**	**40,747.71**	**46,553.83**	**14.25**

(Source: Finance Accounts, GoO)

Break-up of tax revenues of the State for 2022-23 is given in **Chart No. 1.2**:



As seen from **Table 1.2**, the total own tax revenue increased by ₹5,806.12 crore (14.25 *per cent*) in 2022-23 over the previous year. The major increase was noticed under SGST (₹2,208 crore), (ii) Taxes on Sales, Trade, *etc*. (₹2,023 crore), (iii) State Excise (₹927 crore) and (iv) Taxes on Vehicles (₹470 crore). Stamp and Registration fee recorded a decline of ₹421 crore.

Increase in 'SGST' was attributed to resumption of business activities to full strength, post the COVID-19 pandemic, as well as increase in wholesale and retail prices of commodities. Increase in taxes on sales was on account of increase in VAT revenue, due to higher consumption of petrol and diesel owing to increased economic activity during 2022-23. Increase in state excise duty was attributed to more consumption of country fermented liquor, malt liquor and foreign liquor and increased enforcement by the Excise Department.

1.1.3 Non-tax revenue consists of interest receipts, dividends and profits, non-ferrous mining receipts, departmental receipts, *etc*. Details of non-tax revenues raised during the period 2018-19 to 2022-23 are indicated in **Table 1.3.**

Table 1.3: Details of non-tax revenues ***(₹ in crore)***

Sl. No.	Head of Revenue	2018-19	2019-20	2020-21	2021-22	2022-23	Percentage of increase (+)/decrease (-) in 2022-23 over 2021-22
1.	Non-ferrous mining and metallurgical industries	10,480.61	11,020.02	13,791.72	48,642.02	37,642.09	(-)22.61

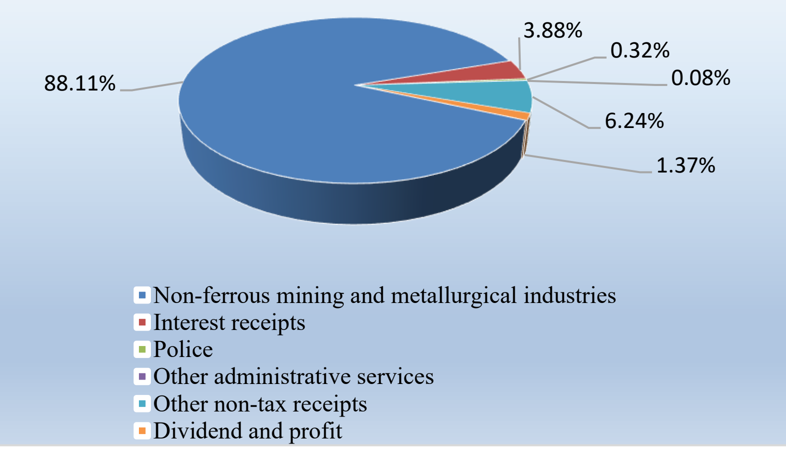
Sl. No.	Head of Revenue	2018-19	2019-20	2020-21	2021-22	2022-23	Percentage of increase (+)/decrease (-) in 2022-23 over 2021-22
2.	Interest receipts	1,462.25	1,486.58	1,261.79	1,823.33	1,656.50	(-)9.15
3.	Dividend and profit	543.94	321.38	1,062.81	523.43	584.50	11.67
4.	Police	67.94	96.62	103.04	135.04	136.08	0.77
5.	Other administrative Services	40.83	30.80	15.04	26.66	36.26	36
6.	Other non-tax[4] receipts	1,681.94	1,691.77	3,284.02	3,106.33	2,664.15	(-)14.23
Total Receipts		**14,277.51**	**14,647.17**	**19,518.42**	**54,256.81**	**42,719.58**	**(-)21.26**

(Source: Actual receipts as per Finance Accounts, GoO)

Revenue from "Non-ferrous mining and metallurgical industries" under the Steel and Mines Department decreased by ₹11,000 crore in 2022-23 over the previous year. However, it constituted highest percentage share (88.11 *per cent)* in the State's Non-tax revenue in 2022-23.

Break-up of non-tax revenues of the State for 2022-23 is given in **Chart No.1.3**:

Chart No. 1.3 Break-up of Non-Tax Revenue for 2022-23



[4] Other non-tax receipts includes actual receipts during 2022-23 under the following heads: Coal and Lignite (₹432.98 crore), Ports and Light Houses (₹195.01 crore), Power (₹2.45 crore), Petroleum (₹2.74 crore), Road and bridges (₹ 43.17 crore), Medical and public health (₹ 88.64 crore), Other rural development programmes (₹ 0.02 crore), Forestry and wild life (₹ 23.99 crore), Education, sports, arts and culture (₹ 66.63 crore), Public service commission (₹ 1.65 crore), Other general economic services (₹ 15.87 crore), Contribution and recoveries towards pension and other retirement benefits (₹ 13.41 crore), Crop husbandry (₹ 10.73 crore), Major irrigation (₹ 679.15 crore), Medium irrigation (₹ 230.06 crore), Labour employment (₹ 16.06 crore), Jail (₹ 1.49 crore), Fisheries (₹ 1.99 crore), Miscellaneous general service (₹ 570.52 crore),Water supply and sanitation (₹ 71.17 crore), Housing (₹ 29.33 crore), Urban development (₹ 13.33 crore), Information and publicity (₹ 0.48 crore), Social security and welfare (₹ 2.20 crore), Animal husbandry (₹ 2.92 crore), Cooperation (₹ 4.54 crore), Land reforms (₹ 0.02 crore), Minor irrigation (₹ 14.79 crore), Civil aviation (₹ 0.35 crore), Inland Water transport (₹ 0.60 crore), Tourism (₹ 7.04 crore), Village and small industries (₹ 1.38 crore), Industries(₹2.37 crore), Civil supplies (₹ 3.38 crore), Public Works (₹ 71.94 crore), Stationary and Printing (₹ 3.54 crore), Other Agricultural Programmes (₹2.54 crore), Other industries (₹0.26 crore) and family welfare (₹0.63 crore)

Reasons for wide variations are discussed below:

Non-ferrous mining and metallurgical industries: Audit noticed that there was decrease in actual receipts during 2022-23 over receipts of 2021-22 by 22.61 *per cent*, the main reason for the same was less receipts under the minor-head Mineral Concession Fees, Rents and Royalties due to decrease in iron ore prices in the domestic, as well as international markets resulting in sharp fall in revenue collection from the mining sector.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2023 in respect of the four principal heads of revenue amounted to ₹ 16,463.04 crore, of which, ₹ 8,697.28 crore was outstanding for more than five years as detailed in **Table 1.4**.

Table 1.4: Arrears of revenue ***(₹ in crore)***

Sl. No.	Heads of revenue	Arrears as on 31 March 2023	Amount outstanding for more than five years as on 31 March 2023	Status of outstanding arrears						
				Demand issued	Stayed by judiciary	Stayed by Govt.	Rectification / review	Dealer/ party insolvent	Written off	Specific action not intimated
1.	Taxes on sales, trade, *etc.*	7,878.62	6,251.42	3,582.59	1,842.49	733.45	12.62	1562.27	18.78	--
2.	Entry Tax	2,720.45	2,323.22	1,126.70	1,399.91	203.46	0.002	3.52	0.42	--
3.	GST	5,664.54	0	2,749.58	121.56	168.99	39.55	26.36	6.47	--
4.	State Excise	199.43	122.64	199.44	46.95	20.44	3.75	--	7.88	12.54
5.	Land Revenue	*The Revenue and Disaster Management Department did not provide details of arrears outstanding as on 31 March 2023 in respect of land revenue as well as Stamp duty and Registration fee despite repeated persuasions by Audit.*								
6.	Stamp Duty & Registration Fee									
TOTAL		16,463.04	8,697.28	7,658.31	3,410.91	1,126.34	55.92	1,592.15	33.55	12.54

*(**Source**: Information received from the concerned Departments)*

1.3 Follow up on Audit Reports– summarised position

In terms of the instructions issued (July 2014) by the Finance Department, Departments are required to initiate action on the audit paragraphs contained in the Reports of the Comptroller and Auditor General of India (CAG) within three months of their laying in the Legislative Assembly.

The Government shall submit explanatory notes thereon for consideration by the Public Accounts Committee (PAC). However, explanatory notes (replies of the Departments) were submitted with inordinate delays in respect of 361 paragraphs (including performance audits) appearing in the CAG's Revenue/ Revenue & Economic/ Civil Audit Reports for the years 2007-08 to 2021-22 placed before the State Legislature between February 2009 and December 2024. Details of pending explanatory notes as of May 2025 pertaining to various Departments[5] are given in **Table 1.5.**

[5] Finance Department (including Commercial Taxes) (195 paragraphs), Excise Department (95 paragraphs), Housing & Urban Development Department (01 paragraph), Revenue & Disaster Management Department (including Stamp Duty & Registration Fees) (70 paragraphs)

Table 1.5: Pending explanatory notes in respect of Revenue Receipts Paragraphs

Sl. No.	Audit Report ending on	Date of presentation in the Legislature	No. of paragraphs	No. of paragraphs where explanatory notes received	No. of paragraphs where explanatory notes not received
1	31 March 2022 (Report No. 3 of 2024-Civil)	11 September 2024	2	0	2
2	31 March 2022 (Report No. 9 of 2024-Civil)	7 December 2024	3	0	3
		Total	**5**	**0**	**5**

It was observed that though the Departments intimated action for recovery of revenue in the instances pointed out by Audit, corrective measures to prevent persistent irregularities were not addressed by the Departments.

The PAC discussed 27 out of 106 selected paragraphs pertaining to the Audit Reports for the years 2007-08 to 2015-16 of Finance Department (including Commercial Taxes), Excise Department, Housing & Urban Development Department, Revenue & Disaster Management Department (including Stamp Duty & Registration Fees) and issued recommendations on 26 paragraphs incorporated in the aforesaid Reports on which Action Taken Notes (ATNs) had been received from the Departments.

Recommendation 1.1: The State Government may initiate action to address shortcomings and system defects pointed out by Audit to plug leakages of revenue and ensure that all Departments promptly prepare ATNs on recommendations of PAC.

1.4 Response of the Departments/Government to Audit

1.4.1 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 to their superior officers for corrective action and their monitoring. Serious financial irregularities are reported to the Head of the Departments and the Government. Review of IRs issued up to 2022-23 revealed that 3,778 paragraphs relating to 1,585 IRs remained outstanding at the end of June 2023. Details of IRs relating to major revenue earning Departments of the State Government, which are under the audit jurisdiction of Office of the Pr. Accountant General (Audit-I), Odisha are given in **Table 1.6**.

Table 1.6: Department-wise details of IRs

Sl. No.	Names of Department	Nature of receipts	No. of outstanding IRs	No. of outstanding audit observations	Money value *(₹ in crore)*
1	Finance (Commercial taxes)	Taxes on sales, trade, *etc.* Entry Tax CT & GST	669	1,376	2,726.69

Sl. No.	Names of Department	Nature of receipts	No. of outstanding IRs	No. of outstanding audit observations	Money value (*₹ in crore)*
2	Excise	State Excise	270	869	1,061.02
3	Revenue and Disaster Management	Stamps Duty and Registration Fees	646	1,533	1,044.64
	Total		**1,585**	**3,778**	**4,832.35**

Recommendation 1.2: The State Government may introduce a mechanism to ensure that departmental officers respond to Audit IRs promptly, take corrective action, and work closely with Audit to bring about early settlement of audit observations.

1.5 Results of audit

1.5.1 Position of the local audit conducted during the year

Audit covered three Departments of the State Government and test-checked records of 68 units out of 310 auditable units (22 *per cent*) relating to commercial taxes, state excise and stamps and registration fees during the year 2022-23.

Audit observed underassessment/ short levy/ loss of revenue aggregating to ₹ 1,165.04 crore in 1,160 cases, which were communicated to the Departments through IRs during 2022-23. Out of this, the Departments concerned accepted (between April 2022 and March 2023) underassessment and other deficiencies of ₹1,148.63 crore in 1,072 cases. The Departments reported (between April 2022 and March 2023) recovery of ₹ 874.11 crore pertaining to the objections raised during 2022-23 and ₹5 crore relating to previous years.

1.6 Coverage of this Report

This Audit Report contains one Performance Audit on "Electronic Way Bill System under Goods and Services Tax" and one Subject Specific Compliance Audit paragraph on "Department's Oversight on GST payments and Returns Filing (Phase-II) for the year 2018-19 to 2020-21" and one compliance audit paragraph.

The Departments concerned have accepted the audit observations amounting to ₹ 14,834.19 crore. These audit observations are discussed in Chapters 2 and 3 of this Report.

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