SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India for the period ended March 2023

Government of Odisha

Report No. 1 of 2026

(Performance & Compliance Audit – Revenue)

Report of the
Comptroller and Auditor General of India
for the period ended March 2023

Government of Odisha
Report No.1 of 2026
(Performance & Compliance Audit – Revenue)

TABLE OF CONTENTS

Appendices

Preface

This Report for the period ended March 2023 has been prepared for submission to the Governor of Odisha under Article 151 of the Constitution of India for being laid before the State Legislature.

The Report contains significant results of Performance Audits on 'Electronic Way Bill System under GST' and Compliance Audits of Finance and Excise Departments.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2018-19 to 2022-23, as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2022-23 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report contains one Performance Audit on "Electronic Way Bill System under Goods and Service Tax", one Subject Specific Compliance Audit (SSCA) on "Department's Oversight on GST Payments and Returns Filing (Phase-II)" and one compliance audit Paragraph. Some of the major findings included in the Report are summarised below:

Chapter-I
General

The total revenue receipts of the Government of Odisha for the year 2022-23 amounted to ₹1,50,462 crore. Of this, revenue raised by the State Government from its own sources was ₹89,274 crore, a decrease of ₹5,731 crore (6.03 *per cent*) over the previous year. The share of receipts from the Government of India amounting to ₹61,188 crore (40.67 *per cent* of the total receipts) comprised the State's share of divisible Union taxes of ₹42,989 crore (28.57 *per cent* of the total receipts) and grants-in-aid of ₹18,199 crore (12.10 *per cent* of the total receipts). 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.

(Paragraph 1.1)

Arrears of revenue as on 31 March 2023 in respect of taxes on sales and trade, entry tax, GST and state excise amounted to ₹16,463.04 crore, of which ₹8,697.28 crore was outstanding for more than five years.

(Paragraph 1.2)

The Public Accounts Committee (PAC) discussed 27 out of 106 selected paragraphs pertaining to the Audit Reports for the years 2007-08 to 2015-16 covering Finance (Commercial Taxes), Excise, Housing & Urban Development, Revenue & Disaster Management Departments and issued recommendations on 26 paragraphs, on which Action Taken Notes (ATNs) had been received from the Departments.

(Paragraph 1.3)

Audit observed under-assessment/short levy/loss of revenue aggregating to ₹1,165.04 crore in 1,160 cases during 2022-23. The concerned Departments accepted deficiencies amounting to ₹1,148.63 crore in 1,072 cases and reported recovery of ₹874.11 crore during April 2022 to March 2023.

(Paragraph 1.5)

Chapter-II
Performance Audit on E-Way Bill System

Goods and Services Tax (GST) has been introduced with effect from 1 July 2017 to ensure uniformity of tax structure throughout the country which facilitated hassle free movement of goods across the States. E-Way Bill (EWB) is a document required for the movement of goods and is designed to capture details of goods before being moved. Automation and standardisation of the entire process was intended to help check tax evasion and shore up GST collections. EWB is conceived as a shift from Government-monitored tax administration model to a self-reporting model by the taxpayer.

The Performance Audit on EWB System under GST was conducted covering the period from 2018-22, with the objective to ascertain whether (i) EWB mechanism is effective in protecting revenue interest of the Government and (ii) Preventive/ Enforcement activities of the Department in enforcing EWB provisions are efficient and effective. Significant audit findings noticed during this audit are discussed below:

- Six taxpayers, who generated 2,340 EWBs for outward supply for an assessable value of ₹79.81 crore during 2018-22, with tax implication of ₹11.90 crore, had not filed GST returns and consequently, had not discharged the tax liability.

(*Paragraph 2.1.9.1*)

- Tax liability was not assessed in respect of four taxpayers, who had generated 43 EWBs after cancellation of their registration, for an outward supply of ₹1.93 crore with tax implication of ₹0.35 crore.

(*Paragraph 2.1.9.2*)

- Four taxpayers had used either same invoice or similar invoices to generate multiple EWBs for movement of goods involving an assessable value of ₹1.86 crore with GST liability of ₹0.10 crore.

(*Paragraph 2.1.9.3*)

- The Department had not initiated any action against four tax payers who had generated 96 EWBs for outward supply of ₹5.59 crore involving tax liability of ₹0.99 crore, but filed Nil returns.

(*Paragraph 2.1.9.5*)

- Fourteen taxpayers had generated 1,113 EWBs for an assessable value of ₹80.30 crore with tax implication of ₹13.78 crore using 235 suspicious vehicles (theft vehicles, surrendered, cancelled and suspended vehicles, two wheelers, *etc*.)

(*Paragraph 2.1.9.7*)

- Two taxpayers generated three EWBs with total assessable value of ₹0.23 crore with tax value of ₹0.04 crore where the distance mentioned in the EWB was as high as 630 *per cent* of actual distance between the place of supply to place of delivery, having a potential risk exposure of carrying out multiple trips with the same EWB.

(*Paragraph 2.1.9.9*)

- Deficiencies like inadequate monitoring of movement of vehicles through Radio Frequency Identification Device (RFID), non-usage of Comprehensive Analytics Report module, lack of adequate personnel, insufficient patrolling vehicles, etc. were noticed.

(*Paragraph 2.1.10*)

- After intercepting the vehicle, the Proper Officer collects the applicable tax and/or penalty, credits it to the taxpayer's electronic cash ledger and settles the liability by debiting the ledger to enable release of the vehicle. Audit observed delays of 6 to 1,257 days in crediting the amounts to the electronic cash ledger and settling the liability. These delays carried the risk of taxpayers utilising the deposited amounts against other tax liabilities, leading to deferred credit of revenue to the Government account.

(Paragraph 2.1.11.2)

- Although Forest Department had seized/confiscated forest produce like timber, Kendu Leaf *etc*. worth ₹0.09 crore, the potential non-discharge of GST liability was not addressed due to absence of exchange of information between Forest and State GST Departments. Similarly, although Motor Vehicle Department seized overloaded goods worth 1,893 tonnes, the potential non discharge of GST liability was not addressed due to absence of exchange of information between Motor Vehicle and State GST Departments.

(Paragraph 2.1.12.2)

Recommendations:

i. The Department may take up the matter with the NIC to rectify system deficiencies to prevent generation of EWBs by non-filers/ nil filers of returns, cancelled taxpayers, composition taxpayers making inter-state supplies and generation of multiple EWBs with same invoice.

ii. The Department may consider devising a suitable mechanism to identify taxpayers generating EWBs but not discharging tax liability and issue guidelines to prioritise the scrutiny of returns of such taxpayers.

iii. The Department may consider devising a suitable mechanism to properly integrate VAAHAN system with EWB system to maintain an effective oversight over potentially suspicious transactions.

iv. The Department may consider prioritising verification of EWBs and scrutiny of returns of taxpayers having multiple registrations with same PAN.

v. The Department may enhance its operational preparedness in terms of augmenting infrastructure and enhancing the utilisation of analytical reports to improve the efficiency of preventive functions.

vi. The Department may issue instruction to the Proper Officers to promptly create and settle the demand of tax and penalty in the electronic liability ledger.

vii. The Department may devise a system for passing on the information of interception to the authorities of GST jurisdictional Circles for assessing the tax liability, if any.

Chapter-III
Compliance Audit

This Chapter contains Subject Specific Compliance Audit on 'Department's Oversight on GST Payments and Return Filing (Phase-II)' and one compliance audit Paragraph.

SSCA on Department Oversight on GST Payments and Returns Filing-Phase-II

The Government of India introduced the Goods and Services Tax Act, 2017 with effect from 01 July 2017 which replaced many indirect taxes levied and collected by the Centre and the States. Goods and Services Tax is a destination-based consumption tax on the supply of goods or services or both levied on value addition. The Centre and the States simultaneously levy GST on a common tax base. Central GST (CGST) and State GST (SGST)/Union Territory GST (UTGST) are levied on intra-state supplies, and Integrated GST (IGST) is levied on inter-state supplies. This Subject Specific Compliance Audit (SSCA) was conducted between August 2023 to December 2024 with the broad objective of seeking an assurance that rules and procedures have been designed to secure an effective check on tax compliance and the scrutiny procedures, internal audit and other compliance functions of the CT & GST Circles are adequate and effective. Significant audit findings noticed during this audit are discussed below:

- At State level, 1.77 lakh scrutiny cases during 2020-21 to 2022-23 led to demands of over ₹2,500 crore but recovery was only around ₹110 crore. In sampled eight circles, out of ₹1,078 crore demanded through Show Cause Notice, only ₹19.94 crore was realised.

(Paragraph 3.1.6.4)

- Out of 4,730 cancellation orders issued during 2020-21 in nine selected CT & GST Circles, only 809 taxpayers (17.10 *per cent*) filed final return GSTR-10. In only 53 cases the Department initiated action for non-filing, posing risk of unrecovered tax and ITC reversal.

(Paragraph 3.1.6.5)

- Audit analysed GST return data for the period 2018-19 to 2020-21 using 15 parameters and issued 301 instances of inconsistency (involving ₹10,267 crore) to the respective Circles for verification of the Department's action on the identified mismatches. The Department took remedial action in 88 cases, which included recovery of ₹100.86 crore in 13 cases, raising of demands amounting to ₹35.76 crore in 13 cases, issuance of Show Cause Notices in 53 cases involving ₹853.65 crore, and issuance of ASMT-10 notices in nine cases involving ₹68.72 crore. In addition, action had already been initiated prior to the audit query in 92 cases involving ₹2,088 crore, while 40 cases involving ₹621.26 crore were under examination.

(Paragraph 3.1.7)

- Financial statements and invoices in respect of 43 of 79 selected taxpayers (54.43 *per cent*) across 12 Circles out of the selected 24 Circles were not produced to audit. As a result, mismatches noticed through data analysis, amounting to ₹2,528.12 crore, could not be examined in detail by Audit.

(Paragraph 3.1.8- I)

- Audit observed widespread mismatches between GSTR-2A, GSTR-3B and GSTR-9. In detailed audit, 52 out of 79 taxpayers availed excess Input Tax Credit of ₹1,228.31 crore during 2018-19 to 2020-21. Forty six taxpayers had not discharged tax liability of ₹ 530.65 crore in 79 cases.

(Paragraph 3.1.8 IV-a and V)

Recommendations:

i. The Department may ensure that scrutiny proceedings are completed in strict compliance with the established Standard Operating Procedures.

ii. The Department may instruct its field formations to take timely action on completing the cancellation proceedings and ensuring filing of GSTR-10.

iii. The Department may initiate remedial action for all the compliance deviations brought out in this Report before they get time barred.

iv. The Department may pursue with the taxpayers for production of financial statements and other specific taxpayers' records as requisitioned by Audit.

Compliance audit Paragraph

- Non-adherence to the Excise Commissioner's orders of May 2008 and non-issue of demand notice for realisation of transport fee on locally collected Mohua Flower against 21 Out Still licensees, resulted in non-realisation of Government revenue amounting to ₹61.04 lakh during 2018-19 to 2021-22.

(Paragraph 3.2)