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CAG puts State's revenue arrears at ₹41,188.44 crore

Amount includes ₹12,951.77 crore, which has not been realised for over five years. Arrears account for 44.23% of State's own revenue for 2024-25

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Revenue arrears of the State stood at a whopping ₹41,188.44 crore, as on March 31, 2025, according to a report of the Comptroller and Auditor General (CAG) on State Finances for the 2024-25 fiscal tabled in the Assembly on Tuesday.

The amount included ₹12,951.77 crore, which has not been recovered for more than five years, the report said citing information collected from State government departments.

The revenue arrears accounted for 44.23% of the State's own revenue (₹93,128.81 crore) for 2024-25.

The cumulative arrears go up to ₹57,887.85 crore when the arrears in recovery of principal of loans amounting to ₹16,699.41 crore from the State public sector enterprises are also taken into account.

Breakdown of arrears

Of the total revenue arrears, State Goods and Services Tax (GST) accounted for ₹18,907.56 crore, followed by arrears on interest receipts at ₹8,480.25 crore.

Arrears on taxes and duties on electricity stood at ₹6,831.93 crore and that on vehicle taxes at ₹2,876.07 crore. Other arrears include police (₹599.78 crore), Forest and Wildlife (₹457.31 crore), stamps and registration fee (₹718.52 crore), mining and geology (₹648.41 crore), and land revenue (₹567.82 crore).

Another CAG report tabled in the Assembly on Tuesday, on State revenues for the period that ended March 2024, pegged the revenue arrears as on March 31, 2024, at ₹30,308.52 crore.

The CAG report on State finances observed that "timely realisation of pending arrears is (tax and non-tax) another step towards enhancing the fiscal space."

Inefficiencies in assessment, undervaluation and limited enforcement mechanisms of key tax streams such as State GST, stamp duty, and excise will lead to subdued revenue growth, the report said. Under-realised non-tax revenues, with low user charges, poor cost recovery and suboptimal returns on public assets and investments also impede the fiscal space, it said.

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KIIFB off-Budget borrowings under CAG scanner

CAG flags a 'variation' of ₹12,669.92 crore in KIIFB, KSSPL off-Budget borrowings. It urges the govt. to disclose details of such borrowings

The Hindu Bureau
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The Comptroller and Auditor General (CAG) has flagged a 'variation' of ₹12,669.92 crore in the off-Budget borrowings made by the Kerala Infrastructure Investment Fund Board (KIIFB) and the Kerala Social Security Pension Ltd. (KSSPL) for the 2024-25 fiscal.

The finding is part of the CAG report on State Finances for the 2024-25 fiscal tabled in the Assembly on Tuesday.

At the beginning of 2024-25, the State government had reported ₹2,500 crore by the KSSPL and none by the KIIFB to the Centre as the borrowings proposed for the fiscal. But the actual borrowings that fiscal stood at ₹8,089.92 crore by the KIIFB and ₹5,563.09 crore by the KSSPL, totalling ₹13,653.01 crore.

Only a borrowing of ₹983.09 crore by the KSSPL was reported by Kerala to the Centre for 2024-25, resulting in a "variation" of ₹12,669.92 crore.

The variation came to light during scrutiny of the documents furnished by the State government for securing consent for market loans during the subsequent fiscal, 2025-26.

Reiterating its concerns regarding off-Budget borrowings made through these agencies, it has recommended that the Kerala government disclose the details of such borrowings in the Budget as well as to the Union government.

Overhaul plans

While the Communist Party of India (Marxist) [CPI (M)]-led Left Democratic Front (LDF) was in power in the State during the period of audit, the CAG's observations have come at a time when the new Congress-led UDF government has announced plans to overhaul the KIIFB. A White Paper tabled in the State Assembly by Chief Minister V.D. Satheesan on June 4 also supported an overhaul of the KIIFB, observing that its "fundamental premise has been undermined."

"Discrepancy in reporting of off-Budget borrowings to the Government of India while seeking consent for raising market borrowings is another serious transparency concern noted by the audit," the CAG report said. In this report too, the CAG has countered the State government's argument that the KIIFB and the KSSPL borrowings are "contingent liabilities" rather than direct debt of the State. This is not acceptable since the budgetary allocations of the State are being utilised by the KIIFB and the KSSPL for repaying their liabilities, the CAG said, observing that these entities lack the sufficient revenue base for servicing their debt.

CAG pulls up Forest dept. for failing to revise licence fee on land leased to Tamil Nadu

The Hindu Bureau
THIRUVANANTHAPURAM

The Comptroller and Auditor General (CAG) has pulled up the Kerala Forest department for failing to revise the licence fee on over 2,400 hectares of forestland leased to Tamil Nadu under the Parambikulam-Aliyar Project (PAP) close to seven decades ago.

The non-levy of revised licence fee from Tamil Nadu led to a shortfall in revenue amounting to ₹1.14 crore for the period from 2012-13 to 2023-24, calculated for an extent of 2,455.23 ha, along with an interest liability of ₹56 lakh calculated at the annual interest rate of 12%, according to the report.

The licence fee is still being paid at the rate revised on April 1, 1998, according to the CAG. Noting that land tax in Kerala was revised thrice since then, the CAG has asked the Forest department to launch measures to recover the money at the earliest and also "monitor" the prompt revision of fees in line with the land tax rates.

The Kerala government entered into an agreement with Tamil Nadu to lease out 2,467.27 ha of forestland for 30 years for the PAP, effective from November 9, 1958. As per the licence agreement, Tamil Nadu was required to pay the fee based on the prevailing land revenue rates in Kerala.

Lease pact expired

At present, the actual forestland area under lease to Tamil Nadu is 2,455.23139 ha. The initial lease agreement for the project expired on November 8, 1988, after the 30-year period. No fresh agreement was executed, and Tamil Nadu had continued to remit the licence fee based on the land revenue rate prevailing in Kerala since the revision on April 1, 1998 (₹100 a hectare), according to the CAG.

Since then, the land tax in Kerala was revised thrice. The annual rate was revised to ₹2 an are (₹200 a hectare) from April 1, 2012, to ₹5 an are (₹500 a hectare) from September 30, 2014, and to ₹8 an are (₹800 per hectare) from April 1, 2022. The government informed the CAG that it had issued a notice to Tamil Nadu requesting the payment of the arrears in licence fee along with the accrued interest.