

Office of the Accountant General (Audit II), Kerala

Press Brief

The Report of the Comptroller and Auditor General of India on State Revenues for the period ended March 2024, Government of Kerala (Report No.2 of 2026) has been laid on the table of the Kerala Legislature on **23 June 2026** in accordance with Article 151(2) of the Constitution of India.

The Report covers Audit Observations under Revenue Sector including Taxes on Vehicles, Excise duty, Stamp duty and Registration fees and Agricultural Income Tax. The Report contains 11 paragraphs including two Subject Specific Compliance Audits (SSCA) involving revenue impact of ₹603.53 crore.

The summary of important points highlighted in the Report is given below:

General

The total revenue receipts of the State Government for the year 2023-24 amounted to ₹1,24,486.15 crore, consists of State's own revenue of ₹90,674.97 crore (*73 per cent*) and receipts from Government of India (GoI) of ₹33,811.18 crore (*27 per cent*).

(Paragraph 1.1.1)

Arrears of revenue under some principal heads amounted to ₹30,308.52 crore, which represented *24.35 per cent* of the total revenue of the State.

(Paragraph 1.2)

As of June 2024, 15,021 paragraphs involving ₹4,978.61 crore, contained in 2,461 Inspection Reports issued up to December 2023, remained outstanding.

(Paragraph 1.7)

Taxes on Vehicles

‘Functioning of Regional Transport Offices and State Transport Authority in the Motor Vehicles Department of Kerala’.

Audit observed that despite expenditure of ₹37.48 crore on establishment of nine Automated Driving Test Tracks (ADTTs) and nine Automated Testing Stations (ATSS), only two ADTTs became functional while none of the ATSS were operational, resulting in continued dependence on manual processes. Audit further noticed non-levy of Green Tax of ₹2.57 crore due to absence of effective system validations and overreliance on self-declarations. Analysis of VAHAN data revealed operation of 91,477 vehicles with expired Certificates of Fitness (CF) and Registration Certificates (RC), without action by the Registering Authorities or Enforcement Wing, resulting in non-collection of penalties, renewal fees and compounding fees amounting to ₹47.69 crore. Comparison with the accident data of the Police Department further revealed involvement of 344 such vehicles in accidents causing 32 fatalities.

On cross verification of data from the GST portal, Audit found existence of 47 unlicensed aggregators in the State. As the Motor Vehicles Department has not issued aggregator licenses in the State, there was non-collection of fees applicable to aggregators amounting to ₹2.35 crore.

Data retrieved from the GST portal shows there were 461 agencies registered in the State for providing rent-a-cab services, only nine rent-a-cab licences had been issued in the State, resulting in non-realisation of fees amounting to ₹0.23 crore.

Audit further observed that 1,620 contract carriage and goods carriage vehicles were operating without valid permits despite payment of motor vehicle tax. During inspections conducted by the Enforcement Wing, 6,803 transport vehicles with expired CF and 30,948 non-transport vehicles with expired RC were intercepted; however, offences relating to operation without valid CF or RC were not acted upon, resulting in non-collection of compounding fees of ₹12.18 crore.

(Paragraph 2.4)

State Excise

‘Manufacture and Sale of Foreign Liquor in Kerala’.

In a distillery in Thiruvalla, the department failed to initiate action to recover the revenue loss arising from shortage of ENA in stock, resulting in unrecovered revenue of ₹51.88 crore. Cross-verification of transit permits issued for import of liquor into Mahe with check-post records revealed absence of exit records in respect of 22 permits involving 1,10,720 Bulk Litres of IMFL, indicating possible diversion to the Kerala market and consequent estimated revenue loss of ₹5.10 crore. Failure of Sales Tax Assessing Authorities to include the sales tax component while computing the turnover tax, irregular grant of exemption on beer sales to a brewery in Kanjikode, and acceptance of returns without verification of applicable tax rates resulted in short levy/ non-levy of tax amounting to ₹19.17 crore.

(Paragraph 3.4)

Stamp Duty and Registration Fees.

Short levy of Stamp duty and Registration fees due to omission of adopting fair value of land, non-adoption of fair value available in the mother survey, misclassification of land and splitting of land amounting to ₹1.61 crore.

(Paragraph 4.4 to 4.9)

Other Receipts.

Non-levy of revised Licence fee from Government of Tamil Nadu for land assigned for Parambikkulam Aliyar Project and consequent shortfall in Forest Revenue amounted to ₹1.70 crore, along with a short collection of ₹27.40 crore from another lessee due to non-revision of lease rent.

(Paragraph 5.1.1 & 5.1.2)

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