

GRANT OF CONCESSION WITHOUT THE SUPPORT OF DECLARATION IN FORM 'F'

[Action Taken by the Government on the Observations and Recommendations of the Committee contained in their 136th Report (17th Lok Sabha)]

**MINISTRY OF HOME AFFAIRS
(CHANDIGARH ADMINISTRATION)**

**PUBLIC ACCOUNTS COMMITTEE
(2025-26)**

TWENTY FOURTH REPORT

EIGHTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

TWENTY FOURTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(2025-26)

(EIGHTEENTH LOK SABHA)

**GRANT OF CONCESSION WITHOUT THE
SUPPORT OF DECLARATION IN FORM 'F'**

[Action Taken by the Government on the Observations and Recommendations of the Committee contained in their 136th Report (17th Lok Sabha)]

**MINISTRY OF HOME AFFAIRS
(CHANDIGARH ADMINISTRATION)**



Presented to Lok Sabha on: 25.07.2025

Laid in Rajya Sabha on: 25.07.2025

**LOK SABHA SECRETARIAT
NEW DELHI**

July 2025 / Shravana 1947 (Saka)

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-

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2025-26)**

Shri K. C. Venugopal

-

Chairperson

MEMBERS

LOK SABHA

2. Shri T. R. Baalu
3. Dr. Nishikant Dubey
4. Shri Jagdambika Pal
5. Shri Jai Parkash
6. Shri Ravi Shankar Prasad
7. Dr. C. M. Ramesh
8. Shri Magunta Sreenivasulu Reddy
9. Prof. Sougata Ray
10. Smt. Aparajita Sarangi
11. Dr. Amar Singh
12. Shri Tejasvi Surya
13. Shri Anurag Singh Thakur
14. Shri Balashowry Vallabhaneni
15. Shri Dharmendra Yadav

RAJYA SABHA

16. Shri AshokraoShankarrao Chavan
17. Shri Shaktisinh Gohil
18. Dr. K. Laxman
19. Shri Praful Patel
20. Shri Sukhendu Sekhar Ray
21. Shri Tiruchi Siva
22. Dr. Sudhanshu Trivedi

Secretariat

- | | | |
|-------------------------|---|------------------|
| 1. Dr. Sanjeev Sharma | - | Joint Secretary |
| 2. Shri Muraleedharan.P | - | Director |
| 3. Shri Atul Bhave | - | Deputy Secretary |

INTRODUCTION

I, the Chairperson, Public Accounts Committee(2025-26) having been authorised by theCommittee, do present this Twenty-fourthReport (Eighteenth Lok Sabha) on Action Taken by theGovernment on the Observations/Recommendations of the Committee on Public Accounts contained in their One Hundred and Thirty-sixthReport (17thLok Sabha) on “**Grant of Concession Without the Support of Declaration on Form – F**” pertaining to the Ministry of Home Affairs (Chandigarh Administration).

2. The One Hundred and Thirty-sixthReport was presented to Hon’ble Speaker on 23rd February, 2024 and to Lok Sabha/laid in Rajya Sabha on 24th July, 2024. Replies of the Government to all the Observations/Recommendationscontained in the Report were received. The Committee on Public Accounts considered andadopted the draft Report at their Sitting held on 29thApril, 2025. Minutes of the Sitting aregiven at Appendix I.

3. For facility of reference and convenience, the Observations and Recommendations ofthe Committee have been printed in **bold** in the body of the Report.

4. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the One Hundred and Thirty-sixthReport (Seventeenth Lok Sabha) is given at Appendix-II

NEW DELHI:

22 July, 2025
31 Ashadha, 1947 (Saka)

K.C. VENUGOPAL
Chairperson,
Public Accounts Committee

CHAPTER 1

REPORT

This Report of the Committee on Public Accounts deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their One Hundredth Thirty Sixth Report (Seventeenth Lok Sabha) on “Grant Of Concession Without The Support Of Declaration In Form – F based on Para 3.7 of C&AG Report No. 24 of 2022.”

2. The 136th Report was presented to Hon’ble Speaker on 23rd February, 2024 and to Lok Sabha/laid in Rajya Sabha on 24th July, 2024, contained 01 Observation/Recommendation. The Action Taken Notes on the Observation/Recommendation have been received from the Ministry of Home Affairs and are categorized as under:

- (i) Observations/Recommendations which have been accepted by the Government:
Para No. 01

Total:01

Chapter: II

- (ii) Observations /Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:
Para No.: NIL

Total: Nil

Chapter: III

- (iii) Observations /Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:
Para No.: NIL

Total: Nil

Chapter: IV

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies /no replies:
Para No.: NIL

Total: nil

Chapter: V

3. The Committee have learnt that the Audit noted from the assessment records of one Firm for the year 2011- 12, that the Designated Officer assessed the case with a Gross Turn Over (GTO) of ₹ 1.54 crore, as against ₹ 2.58 crore shown in Trading Account. This was due to fact that movement of goods worth ₹ 1.04 crore was treated as branch transfer of store & not sales by the Designated Officer. However, Audit noted that the amount stated to pertain to branch transfer of stock was without the production of prescribed declaration in Form ‘F’, which is mandatory for grant of concession. The Designated Officer granted concession without support of declaration, resulting in non-levy of tax of ₹ 32.338 lakh, including interest and penalty under relevant section of the VAT Act.

4. The Committee also learnt that on being pointed out that the Department, while admitting the objection, stated (September 2021 & January 2022) that a notice under Section 29(7)9 of the Punjab VAT Act, 2005 was issued to the assessee. However, Audit noted that despite agreeing to the audit contention, the designated officer, only added the amount of branch transfer of store of ₹ 103.96 lakh to the GTO without assessing any tax on the same, thus resulting in short levy of tax. Further, the Department stated that the notice could not be delivered due to non-availability of the firm at the last known premises and even after due efforts the dealer was not traceable. The case was decided ex-parte after approval of Excise and Taxation Commissioner, UT Chandigarh. The Committee further learnt that Audit noted that grant of concession without support of declaration resulted in non-levy of tax of ₹ 32.33 lakh, (including interest and penalty).

5. The Committee desire that the Ministry of Home Affairs (Chandigarh Administration) may furnish Action Taken Notes in respect of Observations / Recommendations contained in Chapter-I of this Report within 3 months of its presentation to the House.

Recommendation (Para no.1)

6. *The Committee in their 136th Report (17th Lok Sabha) had recommended as follows:-*

“After sifting all the documents and information available, the Committee note that the Designated Officer, assessed a case for the year 2011-12, with a Gross Turn Over (GTO) of ₹ 1.54 crore, as against ₹ 2.58 crore shown in Trading Account by allowing movement of goods worth ₹ 1.04 crore as branch transfer of store without production of prescribed declaration in Form ‘F’, which is mandatory for grant of concession, resulting in non-levy of tax of ₹ 32.33 lakh, including interest and penalty under relevant section of the Punjab VAT Act, 2005. The Committee also note from the reply of the Ministry that there was mistake apparent on the record that F forms were not taken while framing the assessment. However, on the application of the dealer, the F forms produced by the taxpayer were taken on record and the order was rectified and a conclusive determination had been made that no outstanding tax was due or recoverable from the dealer. The Committee further note that charge-sheet has been issued against the officer concerned and for future corrective action, a standard operating procedure has been established. The Committee are disappointed to note that due diligence was not followed by the assessing officer and desire to be apprised whether the internal audit in the Department had pointed out any such lapses. Further, noting that CAG Audit is only a test check, the Committee recommend that all such records in the department may be checked to ensure that due diligence was exercised by other assessing officers. The Committee while noting that SOPs have since been issued, recommend that robust monitoring mechanism may also be simultaneously established to ensure that SOPs are followed in letter and spirit. The Committee further recommend that internal controls, internal checks and internal audit in the department may be strengthened to avoid recurrence of such lapses. The Committee also desire to be apprised of the action taken against the charge-sheeted official.”

7. The Ministry of Home Affairs in their Action Taken Reply have stated as under:-

“The Chandigarh Administration has taken note of the recommendation of the Hon’ble Committee. To ensure the efficiency and integrity and to uphold statutory requirements and foster a culture of compliance and accountability of tax administration, Excise and Taxation Department, Chandigarh Administration has taken following actions:

Regular reviews of assessed cases to ensure accuracy and compliance. Necessary revisions are made to address discrepancies and maintain the integrity of the tax evaluation process. Specific guidelines and instructions are issued from time to time to prevent irregularities. Further, regular training programs are also conducted about the latest regulations to enable effective performance of their duties.

Robust system has been developed to adhere Statutory Requirements, ensure checks & balances and strengthen tax evaluation mechanisms which helps preventing future discrepancies and enhancing assessment accuracy.

In order to streamline the system and avoid any procedural lapses in the future, the department has framed a detailed SOP for the framing of VAT assessments dated 30.08.2022, so that such errors, omissions and mistakes do not occur again.

With respect to the action taken against the charge-sheeted official, it is respectfully clarified that a Show Cause Notice (SCN) dated 18.04.2023 was issued to the said officer. Further, it is informed that the officer had retired on 31.03.2020 and four years have passed since the said VAT Assessment Order, therefore, based on the legal opinion tendered by the Law Officer and the provision as per Rule 2.2 (b) of the Punjab Civil Services Rules, Volume-II, no proceedings can be initiated against the said officer.

8. The Audit in this regard stated as under:

“Details of such reviews and the training programme may be provided to the Committee. Further copies of specific guidelines/ instructions issued in compliance to the PAC recommendations may also be communicated to the Committee.

Committee had recommended to develop a robust monitoring mechanism and to strengthen the internal controls, inter audit in the Department. Steps taken in this direction may be communicated to PAC.”

9. The Ministry in their updated Action Taken Reply has stated as under:

“As informed by Chandigarh Administration, the officers of Excise and Taxation Department, Chandigarh receive regular training on updates on latest regulations and compliance requirements which enables them to perform their duties effectively.

A copy of SOP/directions has been issued vide memo no. 3279-81 dated 18.04.2023 so that such irregularities do not occur in future. Earlier also, a guidelines was issued vide memo no. 10385 dated 30.08.2022.

Further, the Excise & Taxation Department, Chandigarh has constituted an internal audit committee to ensure a comprehensive examination and evaluation of the adequacy and effectiveness of internal controls as well as to assess the quality of performance in fulfilling assigned responsibilities.

The Finance Department (Accounts Branch), Chandigarh Administration has also constituted a Committee to conduct special audit of the Excise and Taxation Department from the financial year 2010-11 to 2023-24.”

10. While the Ministry has acknowledged the observations for compliance, the Committee emphasize the need for a comprehensive policy framework to ensure effectiveness of the review mechanism and periodic evaluations, particularly concerning primary assessments. The Committee take a serious view of such negligent practices and underscore the urgent necessity for the Ministry to put in place a strong procedural framework for accurate evaluation of taxes due and its collection on time. The Committee express deep concern over the lackadaisical approach of the Excise and Taxation Department, which gives rise to further doubt that there might be more such irregularities in the Department. Therefore, the Committee impress upon the Ministry to ensure that the officers handling public funds are above board and punitive action should be taken against those officials, who commit irregularities in collusion with assesses, before they retire from service to avoid recurrence of such incidents in future. The Committee may be apprised of the action taken by the Ministry within 3 months of presentation of this report.

CHAPTER - II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observation / Recommendation

After sifting all the documents and information available, the Committee note that the Designated Officer, assessed a case for the year 2011-12, with a Gross Turn Over (GTO) of ₹ 1.54 crore, as against ₹ 2.58 crore shown in Trading Account by allowing movement of goods worth ₹ 1.04 crore as branch transfer of store without production of prescribed declaration in Form 'F', which is mandatory for grant of concession, resulting in non-levy of tax of ₹ 32.33 lakh, including interest and penalty under relevant section of the Punjab VAT Act, 2005. The Committee also note from the reply of the Ministry that there was mistake apparent on the record that F forms were not taken while framing the assessment. However, on the application of the dealer, the F forms produced by the taxpayer were taken on record and the order was rectified and a conclusive determination had been made that no outstanding tax was due or recoverable from the dealer. The Committee further note that charge-sheet has been issued against the officer concerned and for future corrective action, a standard operating procedure has been established. The Committee are disappointed to note that due diligence was not followed by the assessing officer and desire to be apprised whether the internal audit in the Department had pointed out any such lapses. Further, noting that CAG Audit is only a test check, the Committee recommend that all such records in the department may be checked to ensure that due diligence was exercised by other assessing officers. The Committee while noting that SOPs have since been issued, recommend that robust monitoring mechanism may also be simultaneously established to ensure that SOPs are followed in letter and spirit. The Committee further recommend that internal controls, internal checks and internal audit in the department may be strengthened to avoid recurrence of such lapses. The Committee also desire to be apprised of the action taken against the charge-sheeted official.

[Recommendation/Observation No. 1 of 136th Report of
Public Accounts Committee(17th Lok Sabha)]

Action Taken

The Chandigarh Administration has taken note of the recommendation of the Hon'ble Committee. To ensure the efficiency and integrity and to uphold statutory requirements and foster a culture of compliance and accountability of tax administration, Excise and Taxation Department, Chandigarh Administration has taken following actions:

Regular reviews of assessed cases to ensure accuracy and compliance. Necessary revisions are made to address discrepancies and maintain the integrity of the tax evaluation process. Specific guidelines and instructions are issued from time to time to prevent irregularities. Further, regular training programs are also conducted about the latest regulations to enable effective performance of their duties.

Robust system has been developed to adhere Statutory Requirements, ensure checks & balances and strengthen tax evaluation mechanisms which helps preventing future discrepancies and enhancing assessment accuracy.

In order to streamline the system and avoid any procedural lapses in the future, the department has framed a detailed SOP for the framing of VAT assessments dated 30.08.2022, so that such errors, omissions and mistakes do not occur again.

With respect to the action taken against the charge-sheeted official, it is respectfully clarified that a Show Cause Notice (SCN) dated 18.04.2023 was issued to the said officer. Further, it is informed that the officer had retired on 31.03.2020 and four years have passed since the said VAT Assessment Order, therefore, based on the legal opinion tendered by the Law Officer and the provision as per Rule 2.2 (b) of the Punjab Civil Services Rules, Volume-II, no proceedings can be initiated against the said officer.

Audit Vetting Comments

Details of such reviews and the training programme may be provided to the Committee. Further copies of specific guidelines/ instructions issued in compliance to the PAC recommendations may also be communicated to the Committee.

Committee had recommended to develop a robust monitoring mechanism and to strengthen the internal controls, inter audit in the Department. Steps taken in this direction may be communicated to PAC.

Updated Action Taken reply of the Ministry

As informed by Chandigarh Administration, the officers of Excise and Taxation Department, Chandigarh receive regular training on updates on latest regulations and compliance requirements which enables them to perform their duties effectively.

A copy of SOP/directions has been issued vide memo no. 3279-81 dated 18.04.2023 so that such irregularities do not occur in future. Earlier also, a guidelines was issued vide memo no. 10385 dated 30.08.2022.

Further, the Excise & Taxation Department, Chandigarh has constituted an internal audit committee to ensure a comprehensive examination and evaluation of the adequacy and effectiveness of internal controls as well as to assess the quality of performance in fulfilling assigned responsibilities.

The Finance Department (Accounts Branch), Chandigarh Administration has also constituted a Committee to conduct special audit of the Excise and Taxation Department from the financial year 2010-11 to 2023-24.

[Please see Para no.10 of Chapter-I for comments of the Committee]

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE GOVERNMENT

-NIL-

CHAPTER IV

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE
GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH
REQUIRE REITERATION**

-NIL-

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES/NO REPLIES

-NIL-

NEW DELHI:

22 July, 2025
31 Ashadha, 1947 (Saka)

K.C. VENUGOPAL
Chairperson,
Public Accounts Committee

MINUTES OF THE EIGHTEENTH SITTING OF THE COMMITTEE ON PUBLIC ACCOUNTS (2024-25) HELD ON 29 APRIL, 2025

The Committee on Public Accounts sat on Tuesday, 29 April, 2025 from 1303 hrs to 1425 hrs in Committee Room B, Parliament House Annexe, New Delhi.

PRESENT

Shri K.C. Venugopal - Chairperson

Members

LOK SABHA

2. Shri Jagdambika Pal
3. Shri Jai Parkash
4. Shri Ravi Shankar Prasad
5. Shri C.M. Ramesh
6. Smt. Aparajita Sarangi
7. Dr. Amar Singh
8. Shri Tejasvi Surya
9. Shri Balashowry Vallabhaneni

RAJYA SABHA

10. Shri Shaktisinh Gohil
11. Dr. K. Laxman
12. Shri Praful Patel
13. Shri Tiruchi Siva
14. Shri Sudhanshu Trivedi

LOK SABHA SECRETARIAT

- | | | |
|--------------------------|---|------------------|
| 1. Dr. Sanjeev Sharma | - | Joint Secretary |
| 2. Shri Muraleedharan. P | - | Director |
| 3. Shri Atul Bhawe | - | Deputy Secretary |
| 4. Smt. Malvika Mehta | - | Deputy Secretary |

**REPRESENTATIVES FROM OFFICE OF COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

Sl. No.	Name	Designation
1.	Ms. Atreyee Das	Deputy C&AG
2.	Ms. Smita S. Chaudhri	Deputy C&AG
3.	Shri Anand Mohan Bajaj	Deputy C&AG
4.	Ms. Yashodhara Ray Chaudhuri	Addl. Deputy C&AG
5.	Shri Samar Thakur	Director General
6.	Shri Anadi Mishra	Director General

6. The Chairperson welcomed the Members and Officers of the office of C&AG of India to the sitting of the Committee. He invited suggestions of the Members on the following four Draft Reports:-

- i. xxxx xxxx xxxx xxxx
- ii. xxxx xxxx xxxx xxxx
- iii. Draft Action Taken Report on the 136th Report (Seventeenth Lok Sabha) on “Grant Of Concession Without The Support Of Declaration In Form – F” based on Para 3.7 of C&AG Report No. 24 of 2022 pertaining to the Ministry of Home Affairs (Chandigarh Administration).
- iv. xxxx xxxx xxxx xxxx

7. After some deliberations, the Committee adopted the aforesaid Draft Reports without any modifications and authorised the Chairperson to finalise the Reports in the light of factual verification done by Audit.

The Committee then adjourned.

A copy of the proceedings of the Sitting has been kept on record.

APPENDIX-II

(Vide Paragraph 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR ONE HUNDRED THIRTY-SIXTH REPORT (SEVENTEENTH LOK SABHA)

- | | | |
|-------|---|---------------------------------------|
| (i) | Total number of Observations/Recommendations | 01 |
|
 | | |
| (ii) | Observations/Recommendations of the Committee which have been accepted by the Government:
Para No. 1 | Total: 01
Percentage: 100% |
|
 | | |
| (iii) | Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government:
Para No. – NIL | Total: 0
Percentage: 0 |
|
 | | |
| (iv) | Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:
Para No. – NIL | Total: 0
Percentage: |
|
 | | |
| (v) | Observations/Recommendations in respect of which the Government have furnished interim replies:
Para No. – NIL | Total: 0
Percentage: 0 |
