

AVOIDABLE PAYMENT DUE TO NON-CHARGING OF SERVICE TAX/GST FROM THE PASSENGERS

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 126th Report (17th Lok Sabha)]

Ministry of Home Affairs

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

FORTY THIRD REPORT

EIGHTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

F O R T Y T H I R D R E P O R T

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

(EIGHTEENTH LOK SABHA)

AVOIDABLE PAYMENT DUE TO NON-CHARGING OF SERVICE TAX/GST FROM THE PASSENGERS

[Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their 126th Report (17th Lok Sabha)]

Ministry of Home Affairs



Presented to Lok Sabha on: **01.04.2026**

Laid in Rajya Sabha on: **01.04.2026**

L O K S A B H A S E C R E T A R I A T
N E W D E L H I

April, 2026 /Chaitra, 1948 (Saka)

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INTRODUCTION

I, the Chairperson, Public Accounts Committee (2025-26) having been authorised by the Committee, do present this Forty Third Report (Eighteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their One Hundred and Twenty Sixth Report on 'Avoidable Payment due to Non-Charging of Service Tax/GST from the Passengers' relating to Ministry of Home Affairs.

2. The One Hundred and Twenty Sixth Report was presented to Hon'ble Speaker, Lok Sabha on 23rd February, 2024 and presented to Lok Sabha/laid in Rajya Sabha on 24th July, 2024. Replies of the Government to all the Observations/Recommendations contained in the Report were received. The Public Accounts Committee considered and adopted the draft Report at their sitting held on 27.03.2026. Minutes of the Sitting are given at Appendix I.

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

4. The Committee also place in 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 126th (Seventeenth Lok Sabha) is given at Appendix-II.

NEW DELHI;
27 March, 2026
06 Chaitra, 1948 (Saka)

K C VENUGOPAL
Chairperson,
Public Accounts Committee

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

(2025-2026)

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 Ashokrao Shankarrao 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. Smt. Mamta Kemwal - Joint Secretary
2. Smt. Archana Pathania - Director
3. Smt. Malvika Mehta - Deputy Secretary
4. Sh. Nahar Singh - Assistant Committee Officer

CHAPTER - I

REPORT

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their One Hundred and Twenty Sixth Report (17th Lok Sabha) on "Avoidable Payment Due to Non-Charging of Service Tax/GST from the Passengers".

2. The One Hundred and Twenty Sixth report was presented to Hon'ble Speaker, Lok Sabha on 23.02.2024 and presented to Lok Sabha/laid in Rajya Sabha on 24th July, 2024. It contained two Observations/Recommendations. The Action Taken Notes on both the Observations/Recommendations have been received from the Ministry of Home Affairs (Chandigarh Administration) and are categorized as under:

- (i) Observations/Recommendations which have been accepted by the Government:
Para Nos. 1 and 2

Total: 2
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: 0
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: 0
Chapter - IV

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

Total: 0
Chapter - V

3. The detailed examination of the subject by the Committee had revealed that the Chandigarh Transport Undertaking (CTU) under the Chandigarh Administration neither implemented the enactments nor took any action to collect the Service Tax/GST from the passengers of Stage Carriage Air-conditioned buses with effect from the dates prescribed in the respective notifications and belatedly deposited Service Tax/GST amounting to Rs.5.89 crore using funds from the Government exchequer, as the CTU had not collected this tax amount from the passengers. This had resulted in avoidable payment of Rs.5.89 crore from Government Exchequer and burden of taxes on the public without any corresponding service being availed by them. The Committee had accordingly given their observations/recommendations in their One hundred and Twenty Sixth Report.

4. The Action Taken Notes furnished by the Ministry of Home Affairs (Chandigarh Administration) on each of the Observations/Recommendations of the Committee contained in their One hundred and Twenty Sixth Report have been reproduced in the relevant Chapters of this Report. The Committee will now deal with the action taken by the Government, on some of their Observations/Recommendations which either need reiteration or merit comments.

5. The Committee desire Ministry of Home Affairs (Chandigarh Administration) to furnish Action Taken Notes in respect of Observations/ Recommendations contained in Chapter I of the Report, positively within three months of the presentation of the Report to the Parliament.

Recommendation No. 1

6. The Committee in their 126th Report made the following recommendation :-

“The Committee note that Chandigarh Transport Undertaking (CTU) was liable to charge Service Tax @ six percent on transportation of passengers by Stage Carriage Air-conditioned buses with effect from 01 June 2016 till 30 June 2017 and GST on such services with effect from 01 July 2017 at the rate of five percent and to pay the Service Tax/ GST so collected from the passengers to the Government Account. The Committee while expressing shock that CTU neither implemented the enactments nor took any action to collect the Service Tax/GST from the passengers of Stage Carriage Air-conditioned buses with effect from the dates prescribed in the respective notifications. The Committee while noting that only after an enquiry (July 2018) was made by the Director General of Goods & Services Tax Intelligence that the CTU belatedly deposited (January-March 2020) Service Tax/GST amounting to Rs. 5.89 crore using funds from the Government exchequer, as the CTU had not collected this tax amount from the passengers. In this regard, the Committee opine that failure of the Chandigarh Transport Undertaking to implement the relevant tax enactments resulted in avoidable payment of ₹ 5.89 crore from Government Exchequer and burden of taxes on the public without any corresponding service being availed by them. The Committee desire to be apprised of specific measures taken by the Chandigarh administration to impart awareness about the laws to their employees. Further, The Committee with a view to identify similar such cases that might be persisting/existing recommend that a

comprehensive review of all the organizations under the Chandigarh Administration may be undertaken to ensure that such lapses are not prevalent”.

7. The Ministry of Home Affairs (UT) in their Action Taken Notes have stated as under:-

“Observations raised by the Committee have been duly noted by this Ministry and Chandigarh Administration. Further, in response to the point which says that CTU had imposed a tax burden even on the public without any corresponding service being availed by them, it is politely submitted that the revision of fares is a routine exercise carried out by the Transport Department, Chandigarh Administration from time to time keeping in view of running cost, cost of spare parts, price index, etc.”

With regard to imparting awareness about the laws to their employees, a training/ awareness session has already been organized by GST Authorities to strengthen the internal working mechanism. To avoid recurrence of such lapses Standard Operating Procedure has been notified. A copy of letter dated 02/07/2024 is also enclosed herewith for ready reference.

8 In response to the Ministry’s reply, the Audit in their vetting comments have stated as under :-

“The Copy of the Standard Operating Procedure prepared for avoiding the recurrence of similar incidences, which was not shared for vetting of ATR, may be shared with the PAC. The copy of letter attached does not indicate whether 'all the organizations under Chandigarh Administration' were made part of this awareness event. Moreover, the Ministry should also provide the action taken against the recommendation about the "comprehension review of all the organizations under Chandigarh Administration to be undertaken to ensure that such lapses are not prevalent”.

9. In further comments to the above Audit observation, the Ministry stated as under:-
“Chandigarh Administration has informed that all the concerned officials/officers (87) of Accounts Section from all the departments of Chandigarh Administration participated in the training/awareness session on GST, being part of a comprehensive review of all the organization under Chandigarh Administration to ensure that such lapses are not prevalent (Annexure-I). Further, a copy of the Standard Operation Procedure dated 03.07.2024 is placed at **Annexure-II** for kind information”.

(Praveen Kumar Rai)
Joint Secretary

Ministry of Home Affairs OM No. U-14037/7/2022-CPD(CHD) dated February,2025

10. In view of the failure of Chandigarh Transport Undertaking to implement relevant tax enactments resulting in avoidable payment of Rs.5.89 crore from

Government exchequer and burden of taxes on public without any corresponding service being availed by them, the Committee had desired to be apprised of specific measures taken by the Chandigarh administration to impart awareness about the laws to employees. The Committee had also desired that a comprehensive review of all the organisations under the Chandigarh Administration may be undertaken to ensure that such lapses are not prevalent.

The Committee note from the reply of the Ministry that the revision of fares is a routine exercise carried out by the Transport Department, Chandigarh Administration from time to time keeping in view of running cost, cost of spare parts, price index etc. The Committee also note that a training/awareness session was organised by GST Authorities to strengthen the internal work mechanism and that a Standard Operating Procedure had been notified. The Committee feel that holding an awareness campaign does not tantamount to carrying out a review of any organisation. The Committee accordingly reiterate that a comprehensive review be undertaken by the Chandigarh administration of all organisations under it and apprise the Committee of the findings thereof.

Recommendation No. 2

11. The Committee in their original report had recommended the following:

“The Committee note that Chandigarh Administration has taken disciplinary action against official(s) responsible for this gross negligence. However, the Committee are of the opinion that a thorough inquiry into the lapse may be made to bring out the systemic issues responsible for the lapse. The Committee further desire that the internal controls and internal audit in the organization may be strengthened to avoid recurrence of such instances”.

12. The Ministry of Home Affairs (UT) in their Action Taken Notes have stated as under:-

“As informed by Chandigarh Administration, a training/ awareness session has already been organized by GST Authorities to strengthen the internal working mechanism. To avoid recurrence of such lapses Standard Operating Procedure has been notified”.

13. In response to the Ministry’s reply, the Audit in their vetting comments have stated as under :-

“The recommendation of the PAC is after consideration of action already taken by Chandigarh Administration. The PAC was already aware about the action in terms of disciplinary proceedings initiated against the concerned accounts officer for the purpose of fixing of responsibility before finalization of its recommendations. Despite above information the recommendation of PAC states "a thorough inquiry into the lapse may be made to bring out the systemic issues responsible for lapse." In this case, the responsibility cannot be limited just to "Accounts Officer" especially in the situation where under the issue was brought to the notice of the Transport Undertaking in July 2018 by the DG, GST Intelligence but the CTU started charging of the GST from passengers only from 16th January 2020”.

14. In further comments to the above said Audit observation, the Ministry stated as under:-

“As informed by Chandigarh Administration, in order to comply with the recommendation of PAC, Chandigarh Administration has ordered a thorough inquiry to be conducted by the Director, Transport to bring out the systematic issues responsible for lapse (Annexure-III)”.

(Praveen Kumar Rai)
Joint Secretary

Ministry of Home Affairs OM No. U-14037/7/2022-CPD(CHD) dated February,2025

15. The Committee had recommended that a thorough inquiry into the lapse may be made to bring out the systemic issues responsible for the lapse and that the internal controls and internal audit in the organization may be strengthened to avoid recurrence of such instances. The Committee note from the reply of the Ministry that a training/ awareness session had been organized by GST Authorities to strengthen the internal working mechanism and that to avoid recurrence of such lapses Standard Operating Procedure had been notified. The Committee further note that Chandigarh Administration had ordered a thorough inquiry to be conducted by the Director, Transport. The Committee desire to be apprised of the status of inquiry being conducted by Director, Transport to bring out the systemic issues responsible for the aforesaid lapses. While noting that a training/awareness session has been organized, the Committee would like to know the specific steps that have been taken to strengthen the internal working and internal audit in Chandigarh Transport Undertaking (CTU).

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observation/Recommendation

The Committee note that Chandigarh Transport Undertaking (CTU) was liable to charge Service Tax @ six percent on transportation of passengers by Stage Carriage Air-conditioned buses with effect from 01 June 2016 till 30 June 2017 and GST on such services with effect from 01 July 2017 at the rate of five percent and to pay the Service Tax/ GST so collected from the passengers to the Government Account. The Committee while expressing shock that CTU neither implemented the enactments nor took any action to collect the Service Tax/GST from the passengers of Stage Carriage Air-conditioned buses with effect from the dates prescribed in the respective notifications. The Committee while noting that only after an enquiry (July 2018) was made by the Director General of Goods & Services Tax Intelligence that the CTU belatedly deposited (January-March 2020) Service Tax/GST amounting to Rs. 5.89 crore using funds from the Government exchequer, as the CTU had not collected this tax amount from the passengers. In this regard, the Committee opine that failure of the Chandigarh Transport Undertaking to implement the relevant tax enactments resulted in avoidable payment of ₹ 5.89 crore from Government Exchequer and burden of taxes on the public without any corresponding service being availed by them. The Committee desire to be apprised of specific measures taken by the Chandigarh administration to impart awareness about the laws to their employees. Further, The Committee with a view to identify similar such cases that might be persisting/ exiting recommend that a comprehensive review of all the organizations under the Chandigarh Administration may be undertaken to ensure that such lapses are not prevalent.

[Para 1 of the 126th Report of the Public Accounts Committee (17th Lok Sabha)]

Action Taken

Observations raised by the Committee have been duly noted by this Ministry and Chandigarh Administration. Further, in response to the point which says that CTU had imposed a tax burden even on the public without any corresponding service being availed by them, it is politely submitted that the revision of fares is a routine exercise carried out by the Transport Department, Chandigarh Administration from time to time keeping in view of running cost, cost of spare parts, price index, etc.

With regard to imparting awareness about the laws to their employees, a training/ awareness session has already been organized by GST Authorities to strengthen the internal working mechanism. To avoid recurrence of such lapses Standard Operating

Procedure has been notified. A copy of letter dated 02/07/2024 is also enclosed herewith for ready reference.

Vetting Comments of Audit

The Copy of the Standard Operating Procedure prepared for avoiding the recurrence of similar incidences, which was not shared for vetting of ATR, may be shared with the PAC. The copy of letter attached does not indicate whether 'all the organizations under Chandigarh Administration' were made part of this awareness event. Moreover, the Ministry should also provide the action taken against the recommendation about the "comprehension review of all the organizations under Chandigarh Administration to be undertaken to ensure that such lapses are not prevalent".

Ministry's Comments

Chandigarh Administration has informed that all the concerned officials/officers (87) of Accounts Section from all the departments of Chandigarh Administration participated in the training/awareness session on GST, being part of a comprehensive review of all the organization under Chandigarh Administration to ensure that such lapses are not prevalent (**Annexure-I**). Further, a copy of the Standard Operation Procedure dated 03.07.2024 is placed at **Annexure-II** for kind information.

(Praveen Kumar Rai)
Joint Secretary

Ministry of Home Affairs OM No. U-14037/7/2022-CPD(CHD) dated February,2025

Observation/Recommendation

The Committee during the course of the examination of the subject learn that The Committee note that Chandigarh Administration has taken disciplinary action against official(s) responsible for this gross negligence. However, the Committee are of the opinion that a thorough inquiry into the lapse may be made to bring out the systemic issues responsible for the lapse. The Committee further desire that the internal controls and internal audit in the organization may be strengthened to avoid recurrence of such instances.

[Para 2 of the 126th Report of the Public Accounts Committee (17th Lok Sabha)] Action Taken

As informed by Chandigarh Administration, a training/ awareness session has already been organized by GST Authorities to strengthen the internal working mechanism. To avoid recurrence of such lapses Standard Operating Procedure has been notified.

Vetting Comments of Audit

The recommendation of the PAC is after consideration of action already taken by Chandigarh Administration. The PAC was already aware about the action in terms of disciplinary proceedings initiated against the concerned accounts officer for the purpose of fixing of responsibility before finalization of its recommendations. Despite above information the recommendation of PAC states "a thorough inquiry into the lapse may be made to bring out the systemic issues responsible for lapse." In this case, the responsibility cannot be limited just to "Accounts Officer" especially in the situation where under the issue was brought to the notice of the Transport Undertaking in July 2018 by the DG, GST Intelligence but the CTU started charging of the GST from passengers only from 16th January 2020.

Ministry's Comments

As informed by Chandigarh Administration, in order to comply with the recommendation of PAC, Chandigarh Administration has ordered a thorough inquiry to be conducted by the Director, Transport to bring out the systematic issues responsible for lapse(**Annexure-III**).

(Praveen Kumar Rai)
Joint Secretary

Ministry of Home Affairs OM No. U-14037/7/2022-CPD(CHD) dated February,2025

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
27 March, 2026
06 Chaitra, 1948 (Saka)**

**K C VENUGOPAL
Chairperson,
Public Accounts Committee**

APPENDIX - I

**MINUTES OF THE TWENTY THIRD SITTING OF THE PUBLIC ACCOUNTS COMMITTEE
(2025-26) HELD ON 27th MARCH, 2026.**

The Public Accounts Committee (2025-26) sat on Friday, the 27th March, 2026 from 1500 hrs to 1610 hrs in Samanvay-3, Parliament House, New Delhi.

PRESENT

Shri K. C. Venugopal - Chairperson

MEMBERS

LOK SABHA

2. Shri Jagdambika Pal
3. Shri Jai Parkash
4. Dr. C M Ramesh
5. Smt. Aparajita Sarangi
6. Dr. Amar Singh
7. Shri Anurag Singh Thakur

RAJYA SABHA

8. Shri Shaktisinh Gohil
9. Dr. K Laxman
10. Shri Sukhendu Sekhar Ray
11. Dr. Sudhanshu Trivedi

LOK SABHA SECRETARIAT

1. Smt. Mamta Kemwal - Joint Secretary
2. Smt. Archana Pathania - Director
3. Shri Alok Mani Tripathi - Deputy Secretary
4. Shri Pankaj Kumar Sharma - Deputy Secretary
5. Ms. Malvika Mehta - Deputy Secretary
6. Dr. Faiz Ahmad - Deputy Secretary

**OFFICERS OF THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF
INDIA**

1. Shri Anand M. Bajaj - Dy. C&AG
2. Shri Pravir Pandey - Addl. Dy. C&AG
3. Shri Samar Kant Thakur - Addl. Dy. C&AG
4. Shri Biren Parmar - Director General

- 5. Ms. Reena Saha, - Director General
- 6. Shri Mukul Jamloki - Dy. Director

PART A

XXXXX	XXXXX	XXXXX	XXXXX
XXXXX	XXXXX	XXXXX	XXXXX
XXXXX	XXXXX	XXXXX	XXXXX

PART B

Thereafter, for the second agenda of the Sitting – consideration and adoption of Draft Reports, the Hon'ble Chairperson invited suggestions of the Members on the following Draft Reports:-

- | | | | | |
|-------------|--|-------|-------|-------|
| (i) | XXXXX | XXXXX | XXXXX | XXXXX |
| (ii) | XXXXX | XXXXX | XXXXX | XXXXX |
| (iii) | XXXXX | XXXXX | XXXXX | XXXXX |
| (iv) | XXXXX | XXXXX | XXXXX | XXXXX |
| (v) | XXXXX | XXXXX | XXXXX | XXXXX |
| (vi) | Draft Report on Action taken by the Government on Observations/ Recommendations of the Public Accounts Committee contained in their 126th Report (17 LS) on “Avoidable Payment due to Non-Charging of Service Tax/GST from the Passengers”; and | | | |
| (vii) | XXXXX | XXXXX | XXXXX | XXXXX |

2. After some deliberations, the Committee adopted six Draft Reports at Sl. Nos. i-iii and Sl. Nos. v-vii with slight modifications and authorised the Chairperson to finalise the Reports in the light of factual verification done by the Audit.

The Committee then adjourned.

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 AND TWENTY SIXTH REPORT (SEVENTEENTH LOK SABHA)

(i)	Total number of Observations/Recommendations	02
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1 and 2	Total: 02 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: 0
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies: Para No. – NIL	Total: 0 Percentage: 0
