

CHAPTER - 1

GENERAL

1.1 Trend of Revenue Receipts

The tax and non-tax revenues raised by the Government of Assam during the year 2001 - 2002, State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding two years are given below:

(Rupees in crore)

		1999-2000	2000-2001	2001-2002
I	Revenue raised by the State Government:			
	a) Tax Revenue	1224.76	1409.69	1556.95*
	b) Non-Tax Revenue	444.92	526.77	533.20
	Total	1669.68	1936.46	2090.15
II	Receipts from the Government of India			
	a) State's share of divisible Union Taxes.	1448.78	1682.93	1705.91
	b) Grants-in-aid	1722.48	2018.25	2168.80
	Total	3171.26	3701.18	3874.71
III	Total receipts of the State Government (I and II)	4840.94	5637.64	5964.86
IV	Percentage of I to III	34	34	35

* Does not include Rs.0.03 crore being 'Other Receipts' under '0020 Corporation Tax', shown in Finance Accounts—2001-2002.

- (i) The details of tax revenue raised under major heads of revenue during the year 2001-2002 along with corresponding figures for the preceding two years are given below:

Sl. No.	Head of revenue	1999-2000	2000-2001	2001-2002	Percentage of Increase (+)/ Decrease (-) in 2001-2002 over 2000-2001
(Rupees in crore)					
1	2	3	4	5	6
1.	Sales Tax	742.32	917.90	1072.76	(+) 17
2.	Land Revenue	69.08	67.20	63.26	(-) 6
3.	Taxes on Agricultural Income	74.82	40.70	15.26	(-) 63
4.	Taxes on Vehicles	68.69	73.77	93.59	(+) 27
5.	State Excise	117.74	137.56	150.91	(+) 10
6.	Other Taxes on Income and Expenditure	58.62	*66.46	73.25	(+) 10
7.	Stamps and Registration Fees	34.96	38.63	41.97	(+) 9
8.	Taxes on Goods and Passengers	21.11	10.23	9.71	(-) 5
9.	Other Taxes and Duties on Commodities and Services	25.62	*44.02	32.92	(-) 25
10.	Taxes and Duties on Electricity	11.80	13.22	2.89	(-) 78
11.	Hotel Receipts Tax	Nil	Nil	0.02	- #--
12.	Taxes on Immovable Property other than Agricultural Land	Nil	Nil	0.41	-- #--
	Total	1224.76	1409.69	1556.95	(+) 10

The reasons for variation in receipts during 2001-2002 as compared to those in 2000-2001 as intimated by three departments are given below:

- (a) Taxes on Agricultural Income – The shortfall (63 per cent) was attributed to drastic fall in tea price.

* Share of net proceeds assigned to states, Rs.3.24 crore and Rs.7.75 crore were excluded from the total receipts under the head of revenue Other Taxes on Income and Expenditure & Other Taxes and Duties on commodities and Services respectively.

Does not arise.

(b) Taxes on Vehicles—The increase (27 per cent) was attributed to collection of more tax due to restructuring of existing tax structure.

(c) State Excise – The increase (10 per cent) was due to merger of Sales Tax with Excise Duty and revision of license fees and introduction of import fee on India Made Foreign Liquor (IMFL) etc.

Specific reasons in respect of remaining heads of revenue have not been received (December 2002).

ii) The details of non-tax revenue raised under major heads of revenue during the year 2001-2002 along with the corresponding figures for preceding two years are given below:

Sl. No.	Head of revenue	1999-2000	2000-2001	2001-2002	Percentage of increase (+) / decrease (-) in 2001-2002 over 2000-2001
(Rupees in crore)					
1	2	3	4	5	6
1.	Petroleum	319.73	368.04	454.58	(+) 24
2.	Forestry and Wildlife	14.73	14.77	15.25	(+) 3
3.	Police	7.06	10.12	7.30	(-) 28
4..	Other Administrative Services	28.06	20.54	6.88	(-) 67
5.	Coal and Lignite	27.11	30.63	9.54	(-) 69
6.	Village and Small Industries	0.50	1.10	3.64	(+) 231
7	Roads and Bridges	7.85	27.72	3.29	(-) 88
8.	Others	39.88	53.85	32.72	(-) 39
	Total	444.92	526.77	533.20	(+) 1

The reasons for variation in receipts during 2001-2002 as compared to those in 2000-2001 as intimated by two departments are given below:

(a) Petroleum-- The increase (24 per cent) was due to revision of the rate of royalty on crude oil.

(b) Village and Small Industries—The increase (231 per cent) was due to realization of arrear shed rent.

Reasons in respect of remaining heads of revenue have not been furnished by the departments (December 2002).

1.2 Variations between budget estimates and actuals

The variations between budget estimates of revenue and actual receipts under some of the principal heads are given below:

(Rupees in crore)

Sl. No.	Head of revenue	Budget Estimates	Actuals	Variations Increase (+) /Shortfall (-)	Percentage of variation
1	2	3	4	5	6
Tax Revenue					
1.	Sales Tax	1064.61	1072.76	(+) 8.15	(+) 1
2.	Land Revenue	72.00	63.26	(-) 8.74	(-) 12
3.	Taxes on Agricultural Income	40.00	15.26	(-) 24.74	(-) 62
4.	Taxes on Vehicles	82.62	93.59	(+) 10.97	(+) 13
5.	State Excise	142.46	150.91	(+) 8.45	(+) 6
6.	Other Taxes on Income and Expenditure	69.78	73.25	(+) 3.47	(+) 5
7.	Stamp and Registration Fees	42.25	41.97	(-) 0.28	(-) 1
8.	Taxes on Goods and Passengers	11.61	9.71	(-) 1.90	(-) 16
9.	Other Taxes and Duties on Commodities and Services	35.81	32.92	(-) 2.89	(-) 8
10.	Taxes and Duties on Electricity	13.69	2.89	(-) 10.80	(-) 79
11.	Hotel Receipts Tax	Nil	0.02	(+) 0.02	-
12.	Taxes on Immovable Property other than Agricultural Land	Nil	0.41	(+) 0.41	-
Non-Tax Revenue					
1.	Petroleum	422.91	454.58	(+) 31.67	(+) 7
2.	Forestry and Wildlife	15.51	15.25	(-) 0.26	(-) 2
3.	Police	10.63	7.30	(-) 3.33	(-) 31
4.	Other Administrative Services	21.58	6.88	(-) 14.70	(-) 68
5.	Coal and Lignite	32.00	9.54	(-) 22.46	(-) 70
6.	Village and Small Industries	1.15	3.64	(+) 2.49	(+) 217
7.	Roads and Bridges	8.49	3.29	(-) 5.20	(-) 61

The substantial variation between budget estimates and actual receipts in a large number of heads of tax and non-tax revenue indicate that the estimates were based on unrealistic assumptions.

Reasons for variations between the budget estimates and the actuals as reported by the department are given below:

(a) Agricultural Income Tax –Shortfall (62 per cent) was due to slump in price of Indian tea in the International market.

(b) Taxes on Vehicles – Increase (13 per cent) was attributed to collection of more tax due to restructuring of existing tax structure.

(c) Coal and Lignite –Shortfall (70 per cent) was attributed to improper projection of figures in the budget estimates as stated by the department.

Reasons for non-providing budget estimates under the head of revenue Hotel Receipts Tax and Taxes on Immovable Property other than Agricultural Land though called for (September 2002) have not been furnished by the Government (December 2002).

1.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the year 1999-2000,2000-2001and 2001-2002 alongwith the relevant all - India average percentage of expenditure for 2000-2001 are given below as available:

(Rupees in crore)

Sl. No.	Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All - India average percent age
1.	Sales Tax	1999-2000	742.32	25.56	3.44	
		2000-2001	917.90	13.02	1.42	1.31
		2001-2002	1072.76	13.61	1.27	
2.	Taxes on Vehicles	1999-2000	68.69	4.58	6.67	
		2000-2001	73.77	5.20	7.05	3.48
		2001-2002	93.59	4.91	5.25	

It may be seen from the table that in respect of Taxes on Vehicles, the percentage of expenditure on collection to gross collection was higher than the all-India average.

1.4 Arrears of revenue

As on 31 March 2002, arrears of revenue pending collection under principal heads of revenue, as reported by some departments, were as under:

Head of revenue	Amount of arrears as on 31 March 2002	Arrears outstanding for more than five years	Remarks
(Rupees in crore)			
1. Sales Tax, Cess on specified land Coal and Tea, Taxes and Duties on Electricity, Other Taxes on Income and Expenditure--Professions etc. Tax, Other Taxes and duties on Commodities and Services--Entertainment Tax, Luxury Tax, Taxes on Agricultural Income	591.93	97.80	The arrears of revenue relates to 24 (out of 36) units. Out of the total arrears of Rs.591.93 crore, demand of Rs.31.52 crore were stayed by the Courts/Assam Board of Revenue, Rs.29.47 crore with the departmental appellate authority, Rs.11.52 crore with the revisional authority, Rs.86.87 crore with the assessing authority and Rs.432.55 crore were covered by recovery certificates.
2. Taxes on Vehicles	30.11	Not furnished	Reasons for non-realisation have not been furnished (December 2002).
3. Forestry and wildlife	3.22	2.34	The arrears of revenue relates to 11 (out of 27) Territorial Divisions. Action taken for realisation of arrears of revenue has not been intimated (December 2002).
4. Coal and Lignite, Royalty on Limestone	2.80	0.15	The arrear relates to the Assam Mineral Development Corporation Limited and the Cement Corporation of India Limited on account of royalty on coal and limestone. As reported (June 2002) by the department the units were asked to clear the dues.
5. State Excise	0.05	0.05	The arrear relates to the Assam Ayurvedic Products, a State Government enterprise and had been ordered by the Government to be paid in instalments.
6. Interest receipts (i) Assam State Electricity Board	2155.48	1423.60	Non-payment of interest liability was attributed to paucity of funds.
Total	2783.59	1523.94	

Reply from other departments regarding the position of outstanding arrears though called for (April 2002) have not been received (December 2002).

1.5 Arrears in assessments

The details of assessments relating to Sales Tax, Professions etc. Tax, Taxes and Duties on Electricity, Amusement and Betting Tax, and Agricultural Income Tax pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and cases pending finalisation at the end of each year during 1999-2000, 2000-2001, and 2001-2002 as furnished by the department are given below:

Year	Opening balance	Cases which became due for assessment during the year	Total	Cases disposed of during the year	Cases pending at the end of the year	Percentage of column (5) to (4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales Tax, Professions etc. Tax, Taxes and Duties on Electricity etc.						
1999-2000	32625	37524	70149	35846	34303	51
2000-2001	34303	39165	73468	38776	34692	53
2001-2002	34692	43262	77954	38511	39443	49
Agricultural Income Tax						
1999-2000	588	934	1522	946	576	62
2000-2001	576	983	1559	925	634	59
2001-2002	634	1046	1680	905	775	54

This would show that the department was able to complete only 49 to 62 per cent of the assessments due for completion during these three years. The delay in finalisation of assessments resulted in delay in realisation of revenue involved in these cases.

1.6 Results of Audit

Test check of records of the Sales Tax, Agricultural Income Tax, Taxes on Vehicles, Land Revenue, State Excise, Forest Receipts and some of the other departmental offices conducted during the year 2001-2002 revealed under-assessment/short levy/short demand/loss of revenue amounting to Rs.148.42 crore in 3932 cases. The departments accepted audit observations involving Rs.44.75 crore in 58 cases of which 39 cases involving Rs.40.05 crore had been pointed out in audit during the year 2001-2002 and the rest in earlier years. A sum of Rs.0.11 crore relating to 12 cases was recovered at the instance of audit.

This report contains 26 paragraphs including 1 review relating to non-levy/short levy of taxes, duties, interest and penalty etc., involving Rs.43.32 crore. The departments had accepted the audit observations involving Rs.11.77 crore, of which Rs.0.06 crore have been recovered. Final replies have not been received in other cases (December 2002).

1.7 Outstanding audit inspection reports and audit observation

Principal Accountant General (Audit) (PAG) arranges to conduct periodical inspection of the State Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed with Inspection Reports (IRs). When important irregularities, etc., detected during inspection are not settled on the spot, these IRs are issued to the Heads of Offices inspected with a copy to the next higher authorities. The orders of State Government (March 1986) provide for prompt corrective action. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the PAG. Serious irregularities are also brought to the notice of the Head of the Department by the Office of the Principal Accountant General (Audit). A half yearly report of pending inspection reports is sent to the Secretaries of the Departments in respect of pending IRs to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued up to December 2000 disclosed that 4433 paragraphs relating to 1351 IRs remained outstanding at the end of June 2002. Of these 48 IRs containing 135 paragraphs had not been settled for more than 10 years as detailed in Appendix-I. Even the initial replies, which were required to be received from the Head of Offices within six weeks from the date of issue were not received for 232 IRs issued between 1997-98 and 2001-02. As a result, serious irregularities commented upon in 2446 paragraphs involving Rs.226.13 crore had not been settled as of June 2002.

A review of the IRs which were pending due to non-receipt of replies in respect of departments revealed that the Heads of the Offices/ Departments (Commissioners/Principal Chief Conservator of Forests/Director) failed to discharge due responsibility as they did not send any reply to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs. The Commissioners and Secretaries of the concerned Departments, who were informed of the position through half yearly reports, also failed to ensure that the concerned officers of the Department take prompt and timely action.

It is recommended that Government should look into this matter.

The matter was reported to the Government in July 2002; their reply had not been received (December 2002).