

CHAPTER-I: General

1.1 Trend of revenue receipts

Tax and non-tax revenue raised by the Government of Haryana during the year 2003-04, the 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 four years are given below:

(Rupees in crore)

| Sl. No | Particulars | 1999-2000 | 2000-2001 | 2001-2002 | 2002-2003 | 2003-04 |
|---|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| I Revenue raised by the State Government | | | | | | |
| (a) | Tax revenue | 3,517.61 | 4,310.55 | 4,971.19 | 5,549.68 | 6,348.05 |
| (b) | Non-tax revenue* | 1,259.06 (988.97) | 1,439.39 (1,128.10) | 1,666.07 (1,266.56) | 1,807.85 (1,374.40) | 2,223.05 (1,663.73) |
| | Total (I) | 4,776.67 (4,506.58) | 5,749.94 (5,438.65) | 6,637.26 (6,237.75) | 7,357.53 (6,924.08) | 8,571.10 (8,011.78) |
| II Receipts from Government of India | | | | | | |
| (a) | State's share** of net proceeds of divisible Union Taxes | 525.27 | 345.81 | 450.25 | 756.59 | 600.75 |
| (b) | Grants-in-aid | 464.81 | 478.14 | 513.04 | 542.90 | 671.63 |
| | Total (II) | 990.08 | 823.95 | 963.29 | 1,299.49 | 1,272.38 |
| III | Total receipts of the State (I + II) | 5,766.75 (5,496.66) | 6,573.89 (6,262.60) | 7,600.55 (7,201.04) | 8,657.02 (8,223.57) | 9,843.48 (9,284.16) |
| IV | Percentage of I to III | 83 (82) | 87 (87) | 87 (87) | 85 (84) | 87 (86) |

* The non-tax revenue for 1999-2000, 2000-2001, 2001-2002, 2002-03 and 2003-04 includes gross receipts from State Lotteries amounting to Rs.255.10 crore, Rs. 295.52 crore, Rs. 388.29 crore, Rs.406.53 crore and Rs 547.16 crore against which expenditure of Rs 270.09 crore, Rs 311.29 crore, Rs 399.51 crore, Rs.433.45 crore and Rs.559.32 crore respectively was incurred on running of lotteries' schemes. The net receipts from State Lotteries was (-) Rs.14.99 crore in 1999-2000, (-) Rs.15.77 crore in 2000-2001, (-) Rs.11.22 crore in 2001-2002, (-) Rs.26.92 crore in 2002-03 and (-) Rs.12.16 crore in 2003-04. To make the figures comparable for these years, receipts from prize-winning tickets have been accounted for and net receipts after reducing expenditure on prize-winning tickets have been shown in brackets.

** For details please see "Statement No.11-Detailed Accounts of Revenue by Minor Heads" in the Finance Accounts of Government of Haryana for the year 2003-2004. Figures of "tax-share of net proceeds assigned to States" booked in the Finance Accounts under A-Tax Revenue have been excluded from Revenue raised by the State and included in State's share of divisible Union taxes in this Statement.

1.1.1 Grants-in-aid

Details of grants-in-aid received from Government of India are as under:

(Rupees in crore)

| Particulars of grants-in-aid | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 |
|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | Amount / Percentage | Amount / Percentage | Amount / Percentage | Amount / Percentage | Amount / Percentage |
| Non-Plan | 32 (7) | 88 (18) | 159 (31) | 109 (20) | 117 (17) |
| Plan | 433 (93) | 390 (82) | 354 (69) | 434 (80) | 555 (83) |
| Total | 465 (100) | 478 (100) | 513 (100) | 543 (100) | 672 (100) |

1.1.2 Details of tax revenue raised during the year 2003-04, alongwith the figures for the preceding four years, are given below:

(Rupees in crore)

| Sl. No | Head of revenue receipts | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | Percentage of increase (+) or decrease (-) in 2003-04 over 2002-2003 |
|--------|--------------------------------------|-----------|----------|----------|----------|----------|--|
| 1. | Taxes on Sales, Trade etc. | | | | | | |
| | (a) General Sales Tax | 1,353.92 | 1,645.62 | 2,106.67 | 2,470.16 | 2,950.95 | (+) 19 |
| | (b) Central Sales Tax | 613.45 | 927.77 | 838.14 | 867.27 | 887.05 | (+) 2 |
| 2. | State Excise | 765.36 | 840.56 | 875.39 | 878.72 | 923.28 | (+) 5 |
| 3. | Stamp Duty and Registration Fee | 309.93 | 419.24 | 488.29 | 541.39 | 695.63 | (+) 28 |
| 4. | Taxes and Duties on Electricity (ED) | 46.08 | *0.68 | **29.48 | **0.87 | **59.06 | (+) 6689 |

* The actual receipt during 2000-2001 was Rs.42.27 crore. The difference between actual realisation of duty and the amount accounted for in the books of AG (A&E) Haryana, was due to non-adjustment of subsidy of Rs.39.18 crore sanctioned in lieu of Electricity Duty and non-receipt of duty amounting to Rs.2.41 crore from collecting agencies.

** During 2001-02 actual receipt of Electricity Duty was Rs.52.01 crore and the difference was due to adjustment of government dues of Rs.22.53 crore by the Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) which was not accounted for in the Finance Accounts. Similarly, during 2002-03 actual receipt was Rs.52.65 crore and difference of Rs.51.78 crore was due to non-adjustment of Electricity Duty against the loans sanctioned by the State Government to Haryana Vidyut Prasaran Nigam Limited (HVPNL) as budget provisions under the head "6801-Loans for Power Projects" were not available. The increase in receipt during 2003-04 was mainly due to more receipts under taxes on consumption and sale of electricity as well as adjustment of electricity duty for the year 2002-03 by DHBVNL/UHBVNL and realisation of arrears.

(Rupees in crore)

| Sl. No | Head of revenue receipts | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | Percentage of increase (+) or decrease (-) in 2003-04 over 2002-2003 |
|--------|--|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| 5. | Taxes on Vehicles | 84.77 | 85.69 | 103.62 | 114.39 | 132.39 | (+) 16 |
| 6. | Taxes on Goods and Passengers | 323.85 | 366.66 | 498.56 | 652.75 | 660.36 | (+) 1 |
| 7. | Other Taxes and Duties on Commodities and Services | 15.96 | 12.60 | 11.74 | 14.26 | 19.32 | (+) 35 |
| 8. | Land Revenue | 4.29 | 11.73 | 19.30 | 9.87 | 20.01 | (+) 103 |
| | Total | 3,517.61 | 4,310.55 | 4,971.19 | 5,549.68 | 6,348.05 | (+) 14 |

1.1.3 Details of the major non-tax revenue received during the year 2003-2004, along with the figures for the preceding four years are given below:

(Rupees in crore)

| Sl. No. | Head of revenue receipts | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | Percentage of increase (+) or decrease (-) in 2003-2004 over 2002-2003 |
|---------|---|-----------------------|----------------------|----------------------|------------------------|------------------------|--|
| 1. | Interest Receipts | 202.23 | 236.22 | 332.87 | 334.27 | 478.01 | (+) 43 |
| 2. | Dairy Development | 0.11 | 0.12 | 0.09 | 0.02 | *0.05 | (+) 150 |
| 3. | Road Transport | 336.40 | 378.56 | 410.74 | 451.83 | **482.21 | (+) 7 |
| 4. | Other Non-Tax Receipts | 155.76 | 161.99 | 166.61 | 222.23 | 287.52 | (+) 29 |
| 5. | Forestry and Wild Life | 24.90 | 25.88 | 24.53 | 28.97 | ***25.48 | (-) 12 |
| 6. | Non-ferrous Mining and Metallurgical Industries | 84.80 | 105.35 | 139.87 | 118.88 | 76.98 | (-) 35 |
| 7. | Miscellaneous General Services | | | | | | |
| | (i) State Lotteries**** | 255.10 {(-) 14.99} | 295.52 {(-)15.77} | 388.29 {(-)11.22} | 406.53 { (-) 26.92} | 547.16 { (-) 12.16} | (+) 32 |
| | (ii) Other than Lotteries | (-) 1.31 | 3.78 | (-) 0.73 | 27.13 | 26.32 | |

* The increase under Dairy Development was due to receipts from registration of animal feed manufacturers.

** Receipts from Road transport are gross receipts of Haryana Roadways.

*** The decrease under Forestry and Wild Life was due to less recovery of revenue from sale of forest produce.

**** The figures shown in brackets from 1999-2000 to 2003-04 show that the net receipts from lotteries were negative. i.e. the Government was incurring more expenditure on lotteries than receipts. Government may consider the need for continuing the lottery schemes under these circumstances.

| Sl. No. | Head of revenue receipts | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | Percentage of increase (+) or decrease (-) in 2003-2004 over 2002-2003 |
|---------|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| 8. | Power | 1.80 | 2.13 | 2.15 | 1.95 | 2.21 | (+) 13 |
| 9. | Major and Medium Irrigation | 38.29 | 54.30 | 68.51 | 52.05 | *183.00 | (+) 252 |
| 10. | Medical and Public Health | 23.39 | 23.40 | 28.32 | 28.38 | 31.96 | (+) 13 |
| 11. | Co-operation | 3.87 | 5.78 | 5.27 | 4.97 | **6.57 | (+) 32 |
| 12. | Public Works | 3.26 | 3.18 | 6.21 | 3.98 | 3.21 | (-) 19 |
| 13. | Police | 8.93 | 12.34 | 16.21 | 15.54 | 11.71 | (-) 25 |
| 14. | Other Administrative Services | 121.53 | 130.84 | 77.13 | 111.12 | 60.66 | (-) 45 |
| | Total | 1,259.06 | 1,439.39 | 1,666.07 | 1,807.85 | 2,223.05 | (+) 23 |

The reasons for variation in respect of remaining departments though called for had not been received (February 2005).

1.2 Initiatives for Mobilisation of Additional Resources

Initiatives proposed in the Budget Speech

The budget speech proposed increasing revenue by strict, impartial and effective implementation of tax laws rather than by levying new taxes or raising the rates of taxes. By introducing VAT system in the State w.e.f. 1 April 2003, the State achieved a higher rate of growth in tax collection (Rs.500 crore) during 2003-04.

1.3 Analysis of budget preparation

Details of original budget estimates, revised budget estimates and percentage of variation under the principal heads of tax and non-tax revenue for the year

* The increase in receipt under Major and Medium Irrigation was due to apportionment of cost of Hathini Kund Barrage from UP Government.
 ** The increase in receipt under Co-operation was due to more recovery of audit fees.

2003-04 are as under:

(Rupees in crore)

| Sr. No. | Head of revenue receipts | Budget estimates | Revised budget estimates | Percentage of variation with respect to original budget estimates | Actuals | Difference between original estimates/ Revised estimates and actuals | Percentage of variation between original estimates/ Revised estimates and actuals |
|---------|--------------------------------|------------------|--------------------------|---|---------|--|---|
| 1. | State Excise | 1,018.00 | 935.00 | (-) 8 | 923.28 | (-) 94.72/ (-) 11.72 | (-) 9/ (-) 1 |
| 2. | Other administrative services | 37.10 | 85.69 | (+) 131 | 60.66 | (+) 23.56/ (-) 25.03 | (+) 65/ (-) 29 |
| 3. | Interest Receipts | 494.34 | 394.52 | (-) 20 | 478.01 | (-) 16.33/ (+) 83.49 | (-) 3/ (+) 21 |
| 4. | Land Revenue | 60.50 | 20.50 | (-) 66 | 20.01 | (-) 40.49/ (-) 0.49 | (-) 67/ (-) 2 |
| 5. | Major and Medium Irrigation | 80.85 | 194.85 | (+) 141 | 183.00 | (+) 102.15/ (-) 11.85 | (+) 126/ (-) 6 |
| 6. | Miscellaneous General services | 500.01 | 580.68 | (+) 16 | 573.48 | (+) 73.47/ (-) 7.20 | (+) 15/ (-) 1 |

Above table shows that variations under different items between the revised estimates and the original budget estimates ranged between (-) 8 per cent to (+) 141 per cent indicating that the original budget estimates were not prepared on realistic basis.

1.4 Variation between revised budget estimates and actuals

Variations between the revised estimates and actuals of revenue receipts for the year 2003-2004 in respect of principal heads of tax and non-tax revenue are given below:

(Rupees in crore)

| Sl. No. | Head of revenue receipts | Revised budget estimates | Actual receipts | Variations Increase (+)/ Decrease (-) | Percentage Col.5 to Col.3 |
|---------|---------------------------------|--------------------------|-----------------|---------------------------------------|---------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1. | Taxes on Sales, Trade etc. | 3,795.00 | 3,838.00 | (+) 43.00 | (+) 1 |
| 2. | State Excise | 935.00 | 923.28 | (-) 11.72 | (-) 1 |
| 3. | Stamp Duty and Registration Fee | 625.00 | 695.63 | (+) 70.63 | (+) 11 |

| Sl. No. | Head of revenue receipts | Revised budget estimates | Actual receipts | Variations Increase (+) / Decrease (-) | Percentage Col.5 to Col.3 |
|---------|---|--------------------------|-----------------|--|---------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 4. | Taxes and Duties on Electricity | 50.09 | 59.06 | (+) 8.97 | (+) 18 |
| 5. | Taxes on Vehicles | 125.00 | 132.39 | (+) 7.39 | (+) 6 |
| 6. | Taxes on Goods and Passengers | 655.00 | 660.36 | (+) 5.36 | (+) 1 |
| 7. | Other Taxes and Duties on Commodities | 16.80 | 19.32 | (+) 2.52 | (+) 15 |
| 8. | Land Revenue | 20.50 | 20.01 | (-) 0.49 | (-) 2 |
| 9. | Interest Receipts | 394.52 | 478.01 | (+) 83.49 | (+) 21 |
| 10. | Dairy Development | 0.11 | 0.05 | (-) 0.06 | (-) 55 |
| 11. | Forestry and wild life | 27.50 | 25.48 | (-) 2.02 | (-) 7 |
| 12. | Non-ferrous mining and metallurgical industries | 95.00 | 76.98 | (-) 18.02 | (-)19 |
| 13. | Misc. General services | 580.68 | 573.48 | (-) 7.20 | (-) 1 |
| 14. | Major and Medium Irrigation | 194.85 | 183.00 | (-) 11.85 | (-) 6 |
| 15. | Co-operation | 5.90 | 6.57 | (+) 0.67 | (+) 11 |
| 16. | Police | 17.52 | 11.71 | (-)5.81 | (-)33 |
| 17. | Power | 2.00 | 2.21 | (+) 0.21 | (+)11 |
| 18. | Medical and Public Health | 31.39 | 31.96 | (+)0.57 | (+)2 |
| 19. | Public Works | 4.75 | 3.21 | (-)1.54 | (-)32 |
| 20. | Other Administrative Services | 85.69 | 60.66 | (-)25.03 | (-)29 |

The reasons for variation between the budget estimates and actuals as furnished by the Departments are as under:

- **Stamp duty and Registration Fees:** The increase in receipt was due to more registration of documents of immovable property/revised rate of property.

- **Taxes and Duties on Electricity:** The increase in revenue was due to more receipts under taxes on consumption and sale of electricity as well as adjustment of balance amount of Electricity Duty for the year 2002-03 by DHBVNL/UHBVNL and realization of arrears.
- **Interest Receipt:** The increase was mainly due to higher receipt of interest from departmental commercial undertakings, cultivators, public sector and other undertakings, co-operative societies.
- **Dairy Development:** The decrease in receipt was due to withdrawal of training charges from the trainees by the Department and deletion of the condition of renewal charges on the registration of milk plants/chilling centres by Government of India.
- **Non-ferrous mining and metallurgical industries:** The decrease was due to the fact that the mining operations within five kilometer from Delhi Boundary were stayed by Supreme Court of India orders dated 6 May 2002.
- **Police:** The decrease in revenue was due to non-deployment of force to other States, Corporate Bodies and Agencies etc.
- **Public Works:** The decrease in receipts was mainly due to lesser realization of rent from non-residential Government buildings, rest houses, transit flats and less sale of tender forms and due to lesser disposal of stores, vehicles etc.
- **Other Administrative Services:** The decrease was due to less receipts under Magisterial fines and less recovery of service charges from Haryana Urban Development Authority.
- **Power:** The increase in receipts was due to more recovery of licence fee from HVPNL and other miscellaneous receipts of sale of forms, stores etc.

1.5 Analysis of collection

Break-up of total collection at pre-assessment stage and after regular assessment of sales tax for the year 2003-04 and the corresponding figures for the preceding three years as furnished by the Department are as follows:

(Rupees in crore)

| Head of Revenue | Year | Amount collected at pre-assessment stage | Amount collected after regular assessment (additional demand) | Amount refunded | Net collection * | Percentage of collection at pre-assessment stage to net collection |
|-----------------|-----------|--|---|-----------------|------------------|--|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Taxes on Sales, | 2000-2001 | 2,525.77 | 52.68 | 13.48 | 2,564.97 | 98 |

* However, the net collection of sales tax as shown by the Department during the years 2000-01, 2001-02 and 2002-03 respectively were at variance with that of Finance Accounts.

| Head of Revenue | Year | Amount collected at pre-assessment stage | Amount collected after regular assessment (additional demand) | Amount refunded | Net collection * | Percentage of collection at pre-assessment stage to net collection |
|-----------------|-----------|--|---|-----------------|------------------|--|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Trade etc | 2001-2002 | 2,884.09 | 76.97 | 11.81 | 2,949.25 | 98 |
| | 2002-2003 | 3,234.99 | 110.54 | 12.85 | 3,332.68 | 97 |
| | 2003-2004 | 3,654.99 | 190.50 | 11.15 | 3,838.00 | 95 |

The above table shows that collection of revenue at pre-assessment stage was 98 per cent during 2000-2001, 2001-2002, 97 per cent during 2002-03 and 95 per cent during 2003-04.

1.6 Cost of collection

The gross collections in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collections during the years 2001-2002, 2002-2003 and 2003-2004 along with the relevant all India average percentage for 2002-2003 are given below:

(Rupees in crore)

| Sl. No. | Head of revenue receipts | Year | Collection | Expenditure on collection of revenue | Percentage Col. 5 to Col. 4 | All India percentage for the year 2002-2003 |
|---------|-------------------------------|---------|------------|--------------------------------------|-----------------------------|---|
| 1. | Taxes on Sales, Trade etc. | 2001-02 | 2,944.81 | 41.08 | 1.39 | 1.18 |
| | | 2002-03 | 3,337.43 | 39.45 | 1.18 | |
| | | 2003-04 | 3,838.00 | 37.34 | 0.97 | |
| 2. | Taxes on Vehicles | 2001-02 | 103.62 | 5.07 | 4.89 | 2.86 |
| | | 2002-03 | 114.39 | 5.45 | 4.76 | |
| | | 2003-04 | 132.39 | 6.57 | 4.96 | |
| 3 | State Excise | 2001-02 | 875.39 | 7.78 | 0.89 | 2.92 |
| | | 2002-03 | 878.72 | 11.26 | 1.28 | |
| | | 2003-04 | 923.28 | 6.74 | 0.73 | |
| 4 | Stamp Duty & Registration Fee | 2001-02 | 488.29 | 1.95 | 0.40 | 3.46 |
| | | 2002-03 | 541.39 | 3.44 | 0.64 | |
| | | 2003-04 | 695.63 | 5.59 | 0.80 | |

It may be seen from the above that percentage in respect of taxes on vehicles was high as compared to All India percentage.

1.7 Arrears of revenue

The arrears of revenue as on 31 March 2004 in respect of some principal heads of revenue amounted to Rs.851.46 crore, of which Rs.227.33 crore were

outstanding for more than five years as detailed in the following table:

(Rupees in crore)

| Sl. No. | Head of revenue receipts | Amount outstanding as on 31 March 2004 | Amount outstanding for more than 5 years as on 31 March 2004 | Remarks |
|---------|---------------------------------|--|--|--|
| 1. | Taxes on sales, trade etc. | 717.39 | 161.04 | Demand for Rs.101.36 crore was stayed by Courts and other Judicial Authorities, Rs.33.96 crore was held up due to dealers becoming insolvent, Rs.12.77 crore were proposed to be written off, Rs.3.48 crore were under rectification/review, appeal. Specific action to recover the remaining amount of Rs.565.82 crore was not intimated. |
| 2. | Taxes and duties on electricity | 64.06* | 35.49 | Rs.0.38 crore were recoverable from M/s Rama Fibres, Bhiwani, Rs.0.30 crore from M/s Dadri Cement Factory, Charkhi Dadri, Rs. one crore from M/s Haryana Concast, Hisar, Rs.0.16 crore from M/s Competent Alloys, Ballabgarh and a sum of Rs.62.22 crore from consumers by HVPNL. |
| 3. | State excise | 28.67 | 16.24 | Rs.0.07 crore were covered under recovery certificates, Rs.0.96 crore were stayed by High Court and other Judicial Authorities, Rs.0.33 crore were proposed to be written off and action taken to recover the remaining amount of Rs.27.31 crore was not intimated by the Department. |
| 4. | Taxes on goods and passengers | 29.87 | 9.13 | Rs.0.39 crore were stayed by the courts and other Judicial Authorities. Rs.0.02 crore were proposed to be written off. Action to recover the remaining amount of Rs 29.46 crore was not intimated. |
| 5. | Police | 3.56 | 1.60 | The amount of Rs.3.56 crore was due from 10** States. |

* Provisional figures.

** Assam, Bihar, Chandigarh (U.T), Delhi, Gujrat, Jammu & Kashmir, Punjab, Rajasthan, Uttar Pradesh and West Bengal.

| Sl. No. | Head of revenue receipts | Amount outstanding as on 31 March 2004 | Amount outstanding for more than 5 years as on 31 March 2004 | Remarks |
|---------|---|--|--|---|
| 6. | Other taxes and duties on commodities and services (i) Receipt under the Sugarcane (Regulation of purchase and supply) Act | 6.54 | 3.48 | Three sugar mills (Yamunanagar: Rs.0.77 crore, Panipat: Rs.3.49 crore and Rohtak: Rs.2.28 crore) did not deposit the tax. |
| | (ii) Receipts under entertainment duty and show tax | 1.37 | 0.35 | Rs.0.34 crore were stayed by court and other Judicial Authorities, Rs.0.90 crore were under rectification/review, Rs.0.01 crore were likely to be written off and reason for remaining amount of Rs.0.13 crore was not intimated by the Department. |
| | Total | 851.46 | 227.33 | |

The arrears outstanding for more than five years constituted 27 per cent of the total arrears. Substantial accumulation of arrears of taxes shows that the State Government did not tackle the problem vigorously as observed by 10th and 11th Finance Commission. It is recommended that effective steps for collecting these arrears be taken to augment government revenue.

1.8 Arrears in assessments

The details of assessment cases of taxes on sales, trade etc. and passengers and goods tax pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of each year during 1999-2000 to 2003-04 as furnished by the Department are as follows:

| Year | Head of revenue receipts | Opening balance | Cases due for assessment during the year | Total | Cases finalised during the year | Balance at the close of the year | Percentage of col 5 to col 4 |
|-----------|--------------------------|-----------------|--|----------|---------------------------------|----------------------------------|------------------------------|
| 1 | | 2 | 3 | 4 | 5 | 6 | 7 |
| 1999-2000 | ST* | 86,416 | 1,99,560 | 2,85,976 | 1,27,082 | 1,58,894 | 44 |
| | PGT** | 896 | 651 | 1547 | 567 | 980 | 37 |
| 2000-2001 | ST | 1,58,894 | 1,68,142 | 3,27,036 | 1,64,418 | 1,62,618 | 50 |
| | PGT | 980 | 472 | 1452 | 450 | 1,002 | 31 |
| 2001-2002 | ST | 1,62,618 | 1,59,063 | 3,21,681 | 1,14,003 | 2,07,678 | 35 |
| | PGT | 1002 | 693 | 1695 | 555 | 1,140 | 33 |
| 2002-2003 | ST | 2,07,678 | 1,79,265 | 3,86,943 | 1,53,078 | 2,33,865 | 40 |
| | PGT | 1140 | 673 | 1813 | 711 | 1102 | 39 |
| 2003-04 | ST | 2,33,865 | 1,64,386 | 3,98,251 | 1,92,321 | 2,05,930 | 48 |
| | PGT | 1102 | 667 | 1769 | 457 | 1312 | 26 |

* Taxes on sales, trade etc.
** Passengers and goods tax.

The above table shows that pending cases in respect of taxes on Sales, Trade etc. at the beginning of 1999-2000 were 86,416 which increased to 2,05,930 at the end of 2003-04 i.e. 238 *per cent* while the percentage of cases finalised increased from 44 *per cent* in 1999-2000 to 48 *per cent* in 2003-04. The closing balance at the end of 2003-04 of cases due for assessment was 2,05,930 an increase of 30 *per cent* over the position at the end of 1999-2000. The percentage of cases finalised in respect of taxes on Passengers and Goods Tax remained at the level of 26 *per cent*.

1.9 Performance of assessments

Norms for Assessing Authorities viz. Excise and Taxation Officers and Assistant Excise and Taxation Officers have been prescribed by the state for assessment of Sales Tax cases.

Information furnished by the Department for the years 1999-2000 to 2003-04 revealed that the performance of assessments finalised by Excise and Taxation officers ranged between 73.96 *per cent* and 101.42 *per cent* and by Assistant Excise and Taxation Officers between 63.89 *per cent* and 147.16 *per cent* of the norms.

1.10 Evasion of tax

The details of evasion of tax detected by the Sales Tax and State Excise Departments, cases finalised and the demands for additional tax raised as reported by the Departments are given below:

| Sl. No. | Head of revenue receipts | Cases pending as on 31 March 2003 | Cases detected during the year 2003-2004 | Total (3+4) | Number of cases in which assessments/ investigations completed and additional demand including penalty etc. raised | | Number of cases pending finalisation as on 31 March 2004 |
|---------|-----------------------------|-----------------------------------|--|-------------|--|------------------------------------|--|
| | | | | | No. of cases | Amount of demand (Rupees in crore) | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. | Taxes on Sales, Trade, etc. | 121 | 840 | 961 | 846 | 1.71 | 115 |
| 2. | State Excise | Nil | 391 | 391 | 375 | 0.14 | 16 |
| 3. | Passengers and goods tax | 61 | 4,423 | 4,484 | 3,869 | 1.08 | 615 |

1.11 Write-off and waiver of revenue

During the year 2003-04, demands for Rs.12.77 crore in 269 cases and Rs.0.33 crore in 27 cases relating to Sales Tax and State Excise respectively were written off by the Department as irrecoverable. Reasons for the write-off

as reported by the Departments were as follows:

| Sl. No. | Reasons | Sales Tax | | State Excise | |
|---------|-------------------------------------|--------------|----------------------------|--------------|----------------------------|
| | | No. of cases | Amount (Rupees in lakh) | No. of cases | Amount (Rupees in lakh) |
| 1. | Whereabouts of defaulters not known | 115 | 701.26 | 10 | 19.14 |
| 2. | Defaulters no longer alive | 8 | 28.83 | 6 | 3.33 |
| 3. | Defaulters not having any property | 105 | 429.87 | 11 | 10.92 |
| 4. | Defaulters adjudged insolvent | 6 | 25.17 | - | - |
| 5. | Other reasons | 35 | 92.34 | - | - |
| | Total | 269 | 1,277.47 | 27 | 33.39 |

1.12 Refunds

The number of refund cases pending at the beginning of the year 2003-04, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2003-04, as reported by the Department are given below:

| Sl. No. | Particulars | Sales Tax | | Taxes and Duties on Electricity | | State Excise | |
|---------|---|--------------|-------------------------|---------------------------------|-------------------------|--------------|-------------------------|
| | | No. of cases | Amount (Rupees in lakh) | No. of cases | Amount (Rupees in lakh) | No. of cases | Amount (Rupees in lakh) |
| 1. | Claims outstanding at the beginning of the year | 387 | 658.40 | - | - | 6 | 4.99 |
| 2. | Claims received during the year | 1,077 | 1,389.20 | 5 | 1.53 | 14 | 8.63 |
| 3. | Refunds made during the year | 1,111 | 1,114.99 | 5 | 1.53 | 12 | 7.58 |
| 4. | Balance outstanding at the end of the year | 353 | 932.61 | - | - | 8 | 6.04 |

1.13 Results of Audit

Test-check of records of departmental offices relating to Taxes on Sales, Trade etc., Stamp Duty and Registration Fee, State Excise Duty, Passengers and Goods Tax, Taxes on Motor Vehicles, Entertainment and Show Tax, Agriculture (Purchase Tax and Crop Husbandry), Mines and Geology, Home

(Police), Public Works (Building and Roads, Public Health, and Irrigation), Forest, Finance (State Lotteries), Medical, Animal Husbandry, Food and Supply, Industries, Co-operation and Tourism conducted during the year 2003-04 revealed under-assessments, non-levy and short levy of taxes, duties and losses of revenue amounting to Rs.441.80 crore in 1,03,489 cases. During the year 2003-04, the Departments concerned accepted under-assessment etc. of Rs.27.63 crore involving 1,873 cases. Out of these, 1,106 cases involving Rs.25.30 crore were pointed out by audit during 2003-04 and the rest in earlier years. An amount of Rs.15.22 crore was recovered in 707 cases during 2003-04 of which Rs.14.37 crore recovered in 644 cases related to earlier years.

This Report contains 33 paragraphs including three reviews relating to non-levy/short levy of taxes, duties, interest and penalties etc., involving Rs.315.26 crore. The Department accepted audit observations involving Rs.80.37 crore out of which Rs.0.34 crore had been recovered upto August 2004. In respect of observations not accepted by the Department, gist of reasons for Department's non acceptance has been included in the related paragraph itself along with suitable rebuttal. However, replies from the Government had not been received (September 2004).

1.14 Failure of senior officials to enforce accountability and protect interest of Government

Replies to Inspection Reports

Accountant General (Audit) Haryana conducts periodical inspection of government departments to test-check transactions and verify the maintenance of important accounting and other records as prescribed in rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities etc. detected during inspection and not settled on the spot, which are issued to the heads of offices inspected with copies to next higher authorities for taking prompt corrective action. The Heads of offices/Government are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report on compliance through initial reply to the Accountant General within six weeks from the dates of issue of the IRs. Serious financial irregularities are reported to the Heads of the Departments and to the Government.

Inspection Reports issued up to December 2003 disclosed that 6,975 paragraphs involving money value of Rs.1,208.21 crore relating to 3,212 IRs remained outstanding at the end of June 2004. Of these, 634 IRs containing 1,107 paragraphs involving money value of Rs.42.62 crore had not been settled for more than ten years by various departments. Even the first replies, required to be received from the heads of offices within six weeks from the date of issue of the IRs, were not received in respect of 502 paragraphs of 177 IRs issued between April 2002 and December 2003.

Department-wise break-up of IRs and audit observations outstanding as on 30 June 2004 is given below:

| Department | Position of Inspection Reports issued up to December 2003 but not settled at the end of June 2004 | | | Position of Inspection Reports and paragraphs not settled for more than 10 years | | | Position of inspection reports in respect of which first reply not received | | |
|--|---|--------------|-------------------------------|--|--------------|-------------------------------|---|------------|-----------------------------------|
| | IRs | Paras | Money value (Rupees in crore) | IRs | Paras | Money value (Rupees in crore) | IRs | Paras | Earliest year to which IRs relate |
| 1. Revenue Department | | | | | | | | | |
| (a) Land Revenue | 62 | 83 | 0.01 | 15 | 15 | 0.13 | 3 | 4 | 2002-03 |
| (b) Stamp Duty and Registration Fee | 748 | 1,659 | 29.90 | 252 | 342 | 5.68 | 50 | 127 | 2002-03 |
| 2. Co-operation | | | | | | | | | |
| Receipts from Co-operative Societies | 136 | 209 | 55.96 | 4 | 7 | 0.18 | 11 | 40 | 2002-03 |
| 3. Forest | | | | | | | | | |
| Forest Receipts | 33 | 162 | 13.42 | 19 | 20 | 0.72 | 13 | 45 | 2002-03 |
| 4. Commerce and Industries | | | | | | | | | |
| (a) Industries | 31 | 34 | 0.96 | - | - | - | - | - | - |
| (b) Mines and Minerals | 154 | 284 | 32.83 | 27 | 57 | 1.54 | 2 | 2 | 2002-03 |
| 5. Sales Tax | | | | | | | | | |
| Sales Tax Receipts | 324 | 1,756 | 511.88 | 94 | 309 | 9.31 | 10 | 101 | 2002-03 |
| 6. State Excise and Motor Vehicle Tax | | | | | | | | | |
| (a) Passengers and Goods tax | 201 | 328 | 40.32 | 12 | 23 | 0.46 | 4 | 10 | 2002-03 |
| (b) State Excise | 204 | 346 | 130.59 | 74 | 125 | 18.29 | 9 | 17 | 2002-03 |
| 7. Transport | | | | | | | | | |
| Motor Vehicles | 477 | 948 | 31.45 | 70 | 108 | 0.61 | 28 | 76 | 2002-03 |
| 8. Others | | | | | | | | | |
| Departmental Receipts | 842 | 1,166 | 360.89 | 67 | 101 | 5.70 | 47 | 80 | 2002-03 |
| Total | 3,212 | 6,975 | 1,208.21 | 634 | 1,107 | 42.62 | 177 | 502 | |

This large pendency of IRs due to non-receipt of replies is indicative of the Heads of Offices and Heads of department failing to initiate action to rectify the defects, omissions and irregularities pointed out by the Accountant General in the IRs.

It is recommended that Government take suitable steps to ensure that –

- an effective procedure exists for prompt and appropriate response to the audit observations ;
- action against officials/officers failing to send replies to the IRs/Paras as per the prescribed time schedule ; and
- action to recover loss/outstanding demands in a time bound manner.

1.15 Departmental Audit Committee Meetings

In order to expedite settlement of outstanding audit observations contained in Inspection Reports, Departmental Audit Committees were constituted by the Government in September 1985. These Committees are chaired by the Administrative Secretary of the Department concerned and attended among others by the officers concerned of the State Government and of the Office of the Accountant General (Audit), Haryana.

The meetings were required to be held quarterly for reviewing and monitoring the progress of settlement of audit observations/audit paras. During the year 2003-04, only twelve Drawing and Disbursing Officers (DDOs) out of 23 DDOs concerned dealing with different heads of accounts convened meetings of the Audit Committee. Thus most government departments did not take any initiative for settling outstanding audit observations through this meeting. Government should ensure periodical meetings of this committee for effective progress in this work.

1.16 Response of the Departments to Draft Audit Paragraphs

Department of Finance issued directions to all departments on 5 January 1982 to send their response to the Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks. The Draft Paragraphs are forwarded by Accountant General to the Secretaries of the Departments concerned through demi-official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments are invariably indicated at the end of each paragraph included in the Audit Report.

Forty two Draft Paragraphs (clubbed in 30 paragraphs) and three Reviews included in the Report of the Comptroller and Auditor General of India for the year ended March 2004 were forwarded to the Secretaries of the Departments concerned during January to August 2004 through demi-official letters. Replies were received in 14 cases relating to Sales Tax Department.

1.17 Follow-up on Audit Reports -Summarised position

The PAC recommended in 1982 that departments should furnish remedial/corrective Action Taken Notes (ATNs) on all paragraphs contained in the Audit Report within the prescribed period.

The PAC took a serious view of the inordinate delays and persistent failures in furnishing the ATNs within the prescribed time by most number of departments and recommended on 30 May 1995 that pending ATNs pertaining to Audit Reports should be submitted within three months from the laying of the Reports in the State Legislature.

Review of outstanding ATNs on paragraphs included in Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year 1999-2000 to 2001-2002 as on 31 March 2004 disclosed that departments had failed to submit ATNs within the prescribed period in respect of 55 paragraphs

out of 90 paragraphs included in the Audit Reports upto the year ended March 2002. Though the Audit Report for the year ended March 2002 was laid on the table of Legislature on 13 March 2003 and time limit for furnishing the ATNs had lapsed on 12 June 2003.