

CHAPTER VI
REVENUE RECEIPTS

General

6.1 Trend of Revenue receipts

6.1.1 The total receipts of the Government of Manipur for the year 2001-02 were Rs.1176.78 crore. Of this, the State Government raised Rs.79.74 crore comprising Rs.51.01 crore as tax revenue and the balance of Rs.28.73 crore as non-tax revenue. Receipts from the Government of India were Rs.1097.04 crore which accounted for 93 *per cent* of the total receipts.

6.1.2 The particulars of revenue receipts for the last three years from 1999-2000 are given below:

Table No. 6.1

(Rupees in crore)

		1999-2000	2000-01	2001-02
I.	Revenue raised by the State Government			
	(a) Tax Revenue	39.95	49.07	51.01
	(b) Non-Tax Revenue	42.65	41.66	28.73
	Total:	82.60	90.73	79.74
		—	—	
II.	Receipts from Government of India			
	(a) State's share of net proceeds of divisible Union Taxes	317.87	163.52	142.14
	(b) Grants-in-aid	669.38	790.37	954.90
	Total:	987.25	953.89	1097.04
III.	Total receipts of State Government (I+II)	1069.85	1044.62	1176.78
IV.	Percentage of I to II	8	10	7

(Source: Finance Accounts)

6.2 Analysis of Revenue receipts

Tax revenue raised by the State

6.2.1 Receipts from tax revenue during 2001-02 constituted 64 *per cent* of the revenue raised by the State.

6.2.2 An analysis of tax revenue for the year 2001-02 and the preceding two years is given below:

Table No. 6.2

(Rupees in lakh)

Sl. No	Head of Revenue	1999-2000	2000-01	2001-02	Percentage of Increase(+)/Decrease(-) in 2001-02 over 2000-01
1.	Sales Tax	2287.47	3129.79	2951.64	(-) 5.69
2.	Other Taxes on Income and Expenditure	957.93	961.08	1264.02	(+) 31.52
3.	State Excise	139.01	124.20	146.48	(+) 17.94
4.	Stamps and Registration Fees	146.39	179.73	148.46	(-) 17.40
5.	Taxes on Vehicles	233.29	280.06	277.42	(-) 0.94
6.	Other Taxes and Duties on Commodities and Services	75.48	50.28	12.52	(-) 75.10
7.	Land Revenue	52.10	36.47	39.57	(+) 8.50
8.	Taxes on Goods and Passengers	48.74	48.45	43.71	(-) 9.78
9.	Taxes and Duties on Electricity	54.62	97.23	217.17	(+) 123.36
	Total :	3995.03	4907.29	5100.99	(+) 3.95

(Source: Finance Accounts)

6.2.3 Reasons for variations though called for (October 2002) from the Government/departments have not been received (November 2002).

Non-tax revenue raised by the State

6.2.4 Power, Public Works, Other Administrative Services, Education, Sports, Art and Culture, Interest Receipts, Housing, Forestry and Wild Life, Police, Water Supply and Sanitation, Medical and Public Health and Major and Medium Irrigation were the principal sources of non-tax revenue of the State. Receipts from non-tax revenue during 2001-02 constituted 36 *per cent* of the revenue raised by the State.

6.2.5 An analysis of non-tax revenue under the principal heads for the year 2001-02 and the preceding two years is given below:

Table No. 6.3

(Rupees in lakh)

Sl. No.	Head of Revenue	1999-2000	2000-01	2001-02	Percentage of Increase(+)/ Decrease(-) in 2001-02 over 2000-01
1.	Miscellaneous General Services	431.93	167.04	4.76	(-) 97.15
2.	Power	2221.73	2633.47	1972.83	(-) 25.09
3.	Public Works	402.17	218.48	122.82	(-) 43.78
4.	Forestry and Wild Life	79.42	97.22	75.28	(-) 22.57
5.	Police	71.32	96.63	59.00	(-) 38.94
6.	Interest Receipts	69.44	75.41	100.44	(+) 33.19
7.	Water Supply and Sanitation	61.94	65.62	66.81	(+) 1.81
8.	Education, Sports, Art and Culture	81.72	215.94	103.13	(-) 52.24
9.	Other Administrative Services	236.29	67.81	119.78	(+) 76.64
10.	Major and Medium Irrigation	37.87	30.74	30.63	(-) 0.36
11.	Medical and Public Health	79.07	26.04	31.93	(+) 22.62
12.	Social Security and Welfare	319.35	316.21	2.49	(-) 99.21
13.	Crop Husbandry	18.54	7.32	2.62	(-) 64.21
14.	Housing	43.11	58.23	99.79	(+) 71.37
15.	Co-operation	4.68	5.25	3.93	(-) 25.14
16.	Others	106.21	84.25	76.54	(-) 9.15
	Total :	4264.79	4165.66	2872.78	(-) 31.04

(Source: Finance Accounts)

6.2.6 Reasons for variations under non-tax revenue though called for (October 2002) from the departments have not been received (November 2002).

Variations between Budget estimates and actuals

6.2.7 The variations between Budget estimates and the actual receipts for the year 2001-02 under the principal heads are given below:

Table No. 6.4

(Rupees in lakh)

Sl. No.	Head of Revenue	Budget estimates	Actuals	Variations Increase(+)/ Decrease(-)	Percentage of variation
(1)	(2)	(3)	(4)	(5)	(6)
A. Tax Revenue					
1.	Sales Tax	2600.00	2951.64	(+) 351.64	(+) 13.52
2.	Other Taxes on Income and Expenditure	1100.00	1264.02	(+) 164.02	(+) 14.91
3.	Other Taxes and Duties on Commodities and Services	90.00	12.51	(-) 77.49	(-) 86.10
4.	Stamps and Registration Fees	235.00	148.46	(-) 86.54	(-) 36.83
5.	Taxes on Vehicles	270.00	277.42	(+) 7.42	(+) 2.75
6.	State Excise	225.00	146.48	(-) 78.52	(-) 34.90
7.	Land Revenue	65.00	39.57	(-) 25.43	(-) 39.12
8.	Taxes on Goods and Passengers	67.00	43.71	(-) 23.29	(-) 34.76
9.	Taxes and Duties on Electricity	400.00	217.17	(-) 182.83	(-) 45.71
	Total:	5052.00	5100.99	(+) 48.99	(+) 0.97
B. Non-tax Revenue					
1.	Miscellaneous General Services	150.00	4.76	(-) 145.24	(-) 96.83
2.	Power	3400.00	1972.83	(-) 1427.17	(-) 41.98
3.	Public Works	450.00	122.82	(-) 327.18	(-) 72.71
4.	Forestry and Wild Life	150.00	75.28	(-) 74.72	(-) 49.81
5.	Police	80.00	59.00	(-) 21.00	(-) 26.25
6.	Interest Receipts	70.00	100.44	(+) 30.44	(+) 43.49
7.	Water Supply and Sanitation	120.00	66.81	(-) 53.19	(-) 44.33
8.	Education, Sports, Art and Culture	210.00	103.13	(-) 106.87	(-) 50.89
9.	Other Administrative Services	270.00	119.78	(-) 150.22	(-) 55.64
10.	Major and Medium Irrigation	50.00	30.63	(-) 19.37	(-) 38.74
11.	Medical and Public Health	85.00	31.93	(-) 53.07	(-) 62.44
12.	Social Security and Welfare	1.00	2.49	(+) 1.49	(+) 149.00
13.	Crop Husbandry	23.00	2.62	(-) 20.38	(-) 88.61
14.	Housing	70.00	99.79	(+) 29.79	(+) 42.56
15.	Co-operation	7.00	3.93	(-) 3.07	(-) 43.86
16.	Others	137.95	76.54	(-) 61.41	(-) 44.52
	Total:	5273.95	2872.78	(-) 2401.17	(-) 45.53

(Source: Budget document/Finance Accounts)

6.2.8 Reasons for variations under different heads of account though called for (October 2002) have not been furnished by the Government/departments.

6.3 Outstanding Inspection Reports and Audit observations

6.3.1 Audit observations on incorrect assessments, under-assessments, non-levy and short-levy of taxes and other revenue receipts and defects in the maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the departmental authorities and heads of departments through Inspection Reports. The more important irregularities are also reported to Government for taking prompt remedial measures. The heads of offices are required to furnish replies to the Inspection Reports through the respective heads of departments within a period of two months.

6.3.2 The number of Inspection Reports and Audit Observations issued up to December 2001 but pending settlement by the departments as on 30 June 2002 along with corresponding figures for the preceding two years are given below:

Table No. 6.5**(Rupees in lakh)**

Revenue Head	Number of Inspection Reports			Number of Audit observations			Money value		
	Up to 1999-2000	2000-01	2001-02	Up to 1999-2000	2000-01	2001-02	Up to 1999-2000	2000-01	2001-02
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Taxation	46	2	1	211	26	5	647.69	312.46	7.67
Excise	12	—	1	30	—	4	155.76	—	2.09
Land Revenue	74	10	6	233	2	17	535.05	58.31	45.17
Motor Vehicle	43	1	1	158	3	5	236.05	0.97	1.64
Electricity	49	7	3	164	18	17	2001.92	2348.04	768.59
Fisheries	46	—	1	103	—	1	83.71	—	6.20
Lotteries	8	—	—	45	—	—	2315.98	—	—
Forest	54	2	—	141	7	—	1307.94	6.12	—
Registration	9	2	—	12	5	—	2.14	1.31	—
PHED/Water Tax	7	4	1	15	10	3	15.50	27.13	85.31
Total :	348	28	14	1112	71	52	7301.74	2754.34	916.67

6.3.3 Out of 390 Inspection Reports with money value of Rs.10972.75 lakh pending settlement, even the first reply has not been received in respect of 35 Inspection Reports containing 118 Audit Observations with money value of Rs.1510.30 lakh. Further 161 Inspection Reports up to 2001-02 containing 496 Audit Observations with money value of Rs.1729.64 lakh have been pending for settlement for more than 10 years.

6.4. Results of audit

6.4.1 Test-check of the records of Power, Taxation and Excise Departments conducted during 2001-02 revealed short-demand/under-assessment/loss of revenue *etc.* amounting to Rs.117.07 lakh in 17 cases.

SECTION "A"
(AUDIT REVIEW)
NIL
SECTION "B"
AUDIT PARAGRAPHS

TAXATION DEPARTMENT

6.5 Irregular grant of exemption

Irregular grant of exemption under the Central Sales Tax Act 1956 led to non-levy of tax to the tune of Rs.3.18 lakh.

6.5.1 Under the provisions of Central Sales tax Act, 1956 and the Central Sales Tax (Registration and Turnover) Rules, 1957, export of goods outside India are exempted from levy of tax only when such exports are supported by Form 'H' duly filled and signed by the exporter along with the evidence of export of such goods which prove that goods crossed the custom frontiers of India, otherwise tax is leviable on these sales.

6.5.2 Test check of assessment records of the Superintendent of Taxes Moreh (December 2001) revealed that two dealers' exported betelnut/ginger outside India, valued at Rs.42.49 lakh which was exempted (September 2000-November 2001) from levy of tax by the assessing authority without obtaining Form 'H' or any document as a proof that the goods crossed the custom frontiers of India. This irregular exemption resulted in non levy of tax of Rs.3.18 lakh.

6.5.3 The Department however, stated (September 2002) that the two dealers had not exported betelnuts and ginger. The reply is not tenable as the above two dealers claimed exemption against export while submitting return under the CST(Manipur) Rules 1957 which had been accepted at the time of assessments.

6.5.4 The matter was reported to the Government and the Department (March 2002); their reply has not been received (October 2002).

6.6 Short levy of Central Sales Tax

Levy of concessional rate on Inter-State sales turnover of dealer not supported by valid declaration in Form 'C' resulted in under-assessment of Central Sales Tax of Rs.3.42 lakh and non-levy of penalty of Rs.2.59 lakh

6.6.1 Under the Central Sales Tax Act, 1956 and the rules framed thereunder, inter-state sales duly supported by the declaration in Form 'C' are taxable at the

rate of 4 *per cent*. Otherwise such sales are taxable at the rate of 10 *per cent* or at the rate applicable to the sale or purchase of such goods inside the state whichever is higher. Under the taxation laws of the state of Manipur, if any dealer evaded in any way the liability to pay tax, penalty not exceeding one and a half times the tax due is leviable on the dealer.

i)6.6.2 Test check of assessment records of the Superintendent of Taxes, Moreh(December 2001) revealed that in case of a dealer 3 invalid ‘C’ Forms (Incomplete/Blank) covering total transaction amounting to Rs.29.95 lakh were accepted (October 2000) by the Assessing authority and tax at the concessional rate of 4 *per cent* as against 10 *per cent* otherwise leviable, was realised during the period from 1st January 2000 to 30th June 2000. This resulted in short levy of tax amounting to Rs.1.73 lakh which also attracted penalty of Rs.2.59 lakh.

ii)6.6.3 The department stated (September 2002) that defects have been removed in view of the judgment/order of the Hon’ble High Courts of Madras and Allahabad in the case of Tirukoilur Oil Mills Vs State of Madras (1967) 20 STC 388(Mad) (DB) and CST Vs Ino-Overseas Agencies (1969) 24 STC 81 (All) (DB). The reply is not tenable in Audit since the defects in “C” Forms were removed after finalisation of the assessment order and that too after observation raised by Audit, while as per Court’s judgment the defects are to be removed before the assessment is completed.

6.6.4 Test check of assessment records of the Commissioner of Taxes, Imphal revealed (December 2001/January 2002) that one registered dealer sold (April 2001 to September 2001) plywood valued Rs.28.13 lakh in course of interstate trade and commerce and claimed concessional rate without furnishing declaration in Form “C”. The Assessing Officer, without obtaining declaration in Form “C” from the dealer levied concessional rate instead of higher rate applicable in this case. This had resulted in short levy of Central Sales Tax amounting to Rs.1.69 lakh. The department stated (September 2002) that the dealer had since submitted all required declarations in Form “C”. The reply is not tenable as the forms were procured and submitted by the dealers after finalisation of the assessment order and that too after observation raised by Audit.

POWER DEPARTMENT

6.7 Short realisation of energy charge due to incorrect billing

Application of incorrect rates of billing on account of defectives meters resulted in short realisation of revenue of Rs.4.59 lakh

6.7.1 As per the tariff rates applicable with effect from 18 March 2000 the minimum monthly charges prescribed for bulk supply are Rs.228 per KW of contract demand per month plus demand charges at the rate of Rs.64 per KW of 60 *per cent* of contract demand per month. Where supply to the consumer has been given without a meter or where the meter fixed is found defective the

consumer shall pay the flat rate of Rs.380 per KW of contract demand per month as energy charges plus demand charges.

6.7.2 Test-check of records (October 2001) of the Executive Engineer, Imphal Electrical Division No.I, Imphal revealed that during the period between April 2000 and August 2001 the Division levied energy charges of Rs.5.96 lakh instead of Rs.10.55 lakh due to application of incorrect rates of billing charges on account of defective/non provisioning of meters which resulted in short realisation of revenue of Rs.4.59 lakh as detailed in the *AppendixXIX*.

6.7.3 The matter was reported to the Government (December 2001); replies had not been received(June 2002).

6.7.4 The department however, stated (September 2002) that supplementary bills for Rs.4.59 lakh had been raised to the concerned consumers.

TRANSPORT DEPARTMENT

6.8 Non-collection of Professional Tax

Professional tax amounting to Rs.11.85 lakh was not realised from 1185 permit holders of Goods Vehicles Trucks, Taxies and Three wheelers by Transport Officer, Imphal West

6.8.1 Under the provision of the Manipur Professions, Trades, Callings and Employment Taxation Act, 1981, Government of Manipur by a notification (October 2000) appointed the District Transport Officer (DTO) posted in every district of the state as the Additional Taxation Officer for collection of Professional Tax in his/her administrative jurisdiction from person/persons holding permit/permits for taxies, goods vehicles, trucks, buses and three wheelers at the rate of Rs.1000 per annum and for deposit of the same into Government account.

6.8.2 Test check (April 2002) of records of the DTO Imphal West District revealed that DTO issued 1185 permits to 1185 persons during 2001-02 in respect of Goods Vehicle/trucks(728), taxies(127), and three wheelers(330). Professional tax amounting to Rs.11.85 lakh (Rs.1000 x 1185) was not collected from the permit holders by the DTO (June 2002).

6.8.3 On this being pointed out in audit the DTO, Imphal west stated (June 2002) that professional tax from the permit holders of vehicles could not be realised mainly due to shortage of staff and increase in work load of the Department.