

CHAPTER – VI : REVENUE RECEIPTS
SECTION – B - PARAGRAPHS

General

6.1 Trend of revenue receipts

Total receipts of the State of Mizoram for the year 1999-2000 were Rs.860.84 crore against the anticipated receipts of Rs.692.74 crore. Revenue raised by the State Government amounted to Rs.52.08 crore of which Rs.10.73 crore represented tax revenue and the balance of Rs.41.35 crore was non-tax revenue. Receipts from Government of India including State's share of divisible Union Taxes and duties amounted to Rs.808.76 crore.

6.2 Tax revenue raised by the State

Receipts from tax revenue constituted 21 *per cent* of the State's own revenue receipts during the year 1999-2000. An analysis of tax revenue for the year 1999-2000 and for the preceding two years is given below :-

	1997-98	1998-99	1999-2000	Percentage of increase (+) / decrease (-) with reference to 1998-99
	(Rupees in crore)			
1. State Excise	0.91	0.90	0.93	(+) 3
2. Sales Tax	2.51	2.87	3.61	(+) 26
3. Other Taxes on Income and Expenditure	1.85	2.14	2.38	(+) 11
4. Taxes on Vehicles	1.33	1.53	1.83	(+) 20
5. Land Revenue	0.68	1.04	1.26	(+) 21
6. Taxes on Goods and Passengers	0.33	0.34	0.39	(+) 15
7. Other Taxes and Duties on Commodities and Services	0.20	0.29	0.25	(-) 14
8. Stamps and Registration Fee	0.06	0.09	0.08	(-) 11
Total:	7.87	9.20	10.73	

The reasons for variations in receipts during 1999-2000 compared to those of 1998-99, though called for from Government had not been furnished (December 2000).

6.3 Non-tax revenue of the State

Non-tax revenue constituted 79 *per cent* of the revenue raised by the State during 1999-2000. Miscellaneous General Services, Power, Other Industries, Road Transport, Water Supply and Sanitation, Forestry and Wild Life and Other Administrative Services were the principal sources of non-tax revenue of the State.

An analysis of non-tax revenue under the principal heads for the year 1999-2000 and the preceding two years is given below :-

	1997-98	1998-99	1999-2000	Percentage of increase(+)/ decrease (-) with reference to 1998-99
	(Rupees in crore)			
1. Miscellaneous General Services	16.07	6.82	3.41	(-) 50
2. Power	11.37	8.64	13.28	(+) 54
3. Other Industries	---	1.69	3.48	(+) 106
4. Forestry and Wild Life	1.29	1.09	3.99	(+) 266
5. Public Works	2.59	1.24	0.32	(-) 74
6. Road Transport	2.12	1.81	2.02	(+) 12
7. Water Supply and Sanitation	1.38	1.67	2.33	(+) 40
8. Supplies and Disposals	0.66	0.49	0.21	(-) 57
9. Other Administrative Services	5.13	7.58	6.26	(-) 17
10. Crop Husbandry	0.74	0.82	0.86	(+) 5
11. Stationery and Printing	0.74	0.42	0.71	(+) 69
12. Interest Receipts	0.42	0.61	0.83	(+) 36
13. Animal Husbandry	0.49	0.47	0.43	(-) 9
14. Education, Sports, Art and Culture	0.25	0.28	0.29	(+) 4
15. Roads and Bridges	0.59	0.20	0.68	(+) 240
16. Other Rural Development Programmes	0.19	---	0.03	(+) 100
17. Village and Small Industries	0.05	0.12	0.05	(-) 58
18. Others	1.67	2.23	2.17	(-) 3
Total :	45.75	36.18	41.35	

The reasons for variations in receipts during 1999-2000 over those in 1998-99, as revealed from the Finance Accounts 1999-2000 are given below :-

- (i) Increase (266 *per cent*) under Forestry and Wild Life was due to increase in sale of Timber and Other forest produce – Other receipts.
- (ii) Increase (54 *per cent*) under Power was due to increase in receipt from Hydel Power - Other receipts.
- (iii) Increase (106 *per cent*) under Other Industries was due to increase in the receipts towards development of Backward Areas – Other receipts.
- (iv) Decrease (57 *per cent*) under Supplies and Disposals was due to decrease of receipt under Other Receipts.
- (v) Decrease (74 *per cent*) under Public Works was due to decrease of receipts under General – Other Receipts.
- (vi) Decrease (17 *per cent*) under Other Administrative Services was due to decrease of receipts under Other receipts.
- (vii) Decrease (50 *per cent*) under Miscellaneous General Services was due to decrease of receipt from State Lotteries.

Reasons for variation in respect of other heads, though called for from the Government, had not been furnished (December 2000).

6.4 Follow up on Audit Reports – Summarised position

With a view to ensuring accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC), issued (May 1999) instruction for submission suo-motu replies on all paragraphs and reviews featuring in the Audit Reports within 3 months. As regards Action Taken Notes (ATNs) on the recommendations of the PAC, the Committee specified the time frame for submission within six months.

Review of follow up on submission of *suo-motu* replies and submission of ATNs as of 31 August 2000 on paragraphs included in the Reports of the Comptroller and Auditor General of India disclosed as under:-

- (i) The departments of the State Government had not submitted *suo-motu* replies on 8 paragraphs featured in the Audit Reports for the years 1992-93 to 1998-99 in respect of revenue receipts as detailed below:

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of Paragraphs included in the Audit Report (excluding standard paragraphs)	Number of paragraphs on which <i>suo motu</i> replies are awaited
1992-93	21.3.95	1	1
1993-94	27.9.95	1	1
1994-95	19.3.96	2	2
1995-96	17.7.97	5	1
1998-99	13.4.2000	3	3
Total		12	8

(ii) The department failed to submit ATN of 1 paragraph pertaining to Revenue Receipts for the year 1987-88 (para 6.7) on which the recommendations were made by PAC in its 54th Report presented before the State Legislature in October 1993.

6.5 Results of audit

Test check of records in local audit conducted during 1999-2000 pertaining to Forest, Transport, Taxation and other departmental offices revealed short/non-realisation/loss of revenue/non-levy of interest etc., amounting to Rs.52.74 lakh in 27 cases.

9 Draft paragraphs involving financial effect of Rs.32.62 lakh pointing out major irregularities noticed during the year of Report were issued (between April 1999 and March 2000) to the Departments/Government for their comments. The Departments/Government have accepted the audit observations in all these cases of which in two cases Rs.2.29 lakh was recovered (November and December 1999). Report on the progress of recovery in other cases has not been received (December 2000).

ENVIRONMENT AND FOREST DEPARTMENT

6.6 Loss of revenue

(1) Forest protection force is deployed by the Forest Division to prevent unauthorised and illegal removal of forest produce from forest areas. Further, in order to check and discourage forest offences, the Government of Mizoram in their orders of April 1994 instructed that forest produce removed unauthorisedly shall, when seized, be disposed of by realising minimum six times the existing royalty.

A test check of records of the Lunglei Forest Division revealed (November 1999) that 14800 teak poles were unauthorisedly removed (July 1998) by offenders from two teak plantation areas under the Division. However, the protection force deployed in these forest areas failed either to apprehend the offenders or to locate these teak poles. Consequently, a minimum six times the existing royalty amounting to Rs.2.22 lakh realisable from the offenders for such unauthorised removal of aforesaid teak poles could not be realised. Thus, failure of the department to apprehend the offenders despite deployment of forest protection force led to revenue loss of Rs.2.22 lakh.

On this being pointed out (January and February 2000) by audit the Government stated (December 2000) that the matter was under examination and progress of the report on this case has not been received (December 2000).

(2) The Principal Chief Conservator of Forests (PCCF) issued (April 1994) an order stating that genuine cases of inadvertent contravention of various provisions of the Forest Act/Rules may be compounded or settled by imposing minimum six times of the prevalent royalty payable on the Forest produce.

Scrutiny of records of the Kawrthah Forest Division revealed (March 1997) that 646.3587 cum of timber of mixed wood species were removed by 75 individuals during the period from August 1994 to August 1996, without any permit/payment of royalty. However, the Department after detection, compounded these cases on realisation of royalty and monopoly fee of Rs.2.82 lakh against minimum six times royalty of Rs.8.98 lakh. Thus, incorrect compounding of these cases led to loss of revenue of Rs.6.16 lakh.

On this being pointed out in audit, both the department and the Government, while admitting the fact, stated (March 2000 and July 2000) that it was not possible to recover the balance amount of royalty at this distant date.

(3) Sealed tenders were invited vide Principal Chief Conservator of Forests' (PCCF), Mizoram tender notice dated 20 June 1996 for settlement of

different bamboo *Mahals* in the State of Mizoram for the year 1996-97. The quantity of bamboos to be extracted was neither mentioned in the notice inviting tender nor specified in the agreement made with the settlement holder.

Scrutiny of records of the Divisional Forest Officer, Kolasib, revealed (March 1998) that three bamboo *Mahals* were settled through notice inviting tenders followed by agreements executed with highest bidders at Rs.4.22 lakh without stipulating the quantity of bamboos to be extracted during the working period from 1 October 1996 to 15 May 1997. The working period of one bamboo *Mahal* was, however, extended upto 30 June 1997. In the absence of any clause either in the tender notice or in the agreement regarding the stipulated quantity of bamboo to be extracted during the aforesaid working periods, these bidders extracted 56.50 lakh 'Muli' bamboos, the royalty and monopoly fee of which worked out to Rs.9.04 lakh. Thus, failure of the department to include the clause of quantity of bamboos to be extracted, either in the tender notice or in the agreement, resulted in loss of revenue of Rs.4.82 lakh.

On this being pointed out in audit both the Department and the Government stated (August 1999, May, June and July 2000) that the clause regarding the quantity of bamboos to be extracted has been included from 1997-1998 onwards.

TRANSPORT DEPARTMENT

6.7 Short realisation of composite fee

The Government of Mizoram, Transport Department in their notification of February 1994 fixed composite fee on goods carriages plying with national permit at Rs.3000 per year per permit with effect from 1 April 1994. Composite fee is to be realised by the Secretary, State Transport Authority of the State which issues the national permit and is to be sent to the Secretary, State Transport Authority (STA) of the concerned State by Bank Draft.

A test check of records of the Secretary, State Transport Authority (STA) Mizoram, revealed (April 1999) that in 83 cases, composite fees were realised by the Assam State for plying of vehicles in the State of Mizoram during the period from October 1995 to February 1998 at the rate of Rs.1,500 instead of Rs.3,000 per annum and sent to the Secretary, State Transport Authority, Mizoram. The difference in rate was neither paid by the vehicle owners subsequently nor the matter was taken up by the State Transport Authority, Mizoram with his counterpart in Assam State where short realisation was made. This resulted in short realisation of composite fee of Rs.1.25 lakh.

On this being pointed out (May 1999 and February 2000) the Government/Department stated (November 2000) that Rs.0.87 lakh was recovered and effective steps was being taken to recover the balance amount in consultation with the Secretary to the Government of Assam, Transport Department. The report on recovery of balance amount has not been received (December 2000).

6.8 Non-realisation of Government revenue

Under the Mizoram Motor Vehicle Act, 1988, every owner of a registered vehicle is required to pay tax in advance on or before 15 April every year or at his option in four instalments on or before 15 April, July, October and January each year. The District Transport Officer is required to review the combined Registers to ensure that the tax is paid regularly. In case of failure to pay tax by any owner of a motor vehicle, the District Transport Officer shall proceed to recover such tax in such manner as prescribed, under the relevant provisions of the Act *ibid*.

Test-check of the records of the District Transport Officer, Lunglei revealed (November 1998 and 1999) that road tax amounting to Rs.5.66 lakh for the period falling between October 1988 and December 1999 in respect of 58 vehicles remained unrealised and the vehicles were allowed to ply without payment of Motor Vehicle Tax. No action was taken by the department against the defaulters to recover the tax as provided in the Act.

On this being pointed out (February 1999, January and March 2000) by audit the Department/Government stated (November 2000) that demand notices were issued (November 2000) for expeditious payment of tax and if it did not evoke any result, the recovery of tax would be made by deploying enforcement staff. However, the report on the progress of recovery has not been received (December 2000).