

CHAPTER VI
REVENUE RECEIPTS

REVENUE RECEIPTS

6.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Union Territory of Pondicherry during the year 2004-05, 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)

| Serial number | | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
|---------------|--|---------------|-----------------|-----------------|-----------------|-----------------|
| I | Revenue raised by the Government | | | | | |
| | (a) Tax revenue | 291.86 | 268.59 | 276.38 | 352.76 | 404.58 |
| | (b) Non-tax revenue | 255.13 | 302.31 | 411.90 | 454.34 | 500.72 |
| | Total (I) | 546.99 | 570.90 | 688.28 | 807.10 | 905.30 |
| II | Receipts from Government of India-Grants-in-aid | 399.74 | 501.69 | 497.21 | 495.42 | 725.70 |
| III | Total receipts of the Government (I + II) | 946.73 | 1,072.59 | 1,185.49 | 1,302.52 | 1,631.00 |
| IV | Percentage of I to III | 58 | 53 | 58 | 62 | 56 |

6.1.1 Tax receipts

The details of tax revenue raised during the year 2004-05 alongwith the figures for the preceding four years are given below:

(Rupees in crore)

| Serial number | Heads of revenue | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | Percentage of increase (+)/ decrease (-) in 2004-05 over 2003-04 |
|---------------|------------------------------|---------------|---------------|---------------|---------------|---------------|--|
| 1 | Taxes on Sales, Trade, etc. | 193.50 | 160.42 | 150.09 | 203.19 | 246.48 | (+) 21 |
| 2 | State Excise | 66.18 | 76.13 | 87.70 | 105.66 | 110.29 | (+) 4 |
| 3 | Stamps and Registration Fees | 12.31 | 12.83 | 16.20 | 20.27 | 23.52 | (+) 16 |
| 4 | Taxes on Vehicles | 19.16 | 18.54 | 21.95 | 23.19 | 23.87 | (+) 3 |
| 5 | Land Revenue | 0.30 | 0.49 | 0.24 | 0.29 | 0.29 | -- |
| 6 | Others | 0.41 | 0.18 | 0.20 | 0.16 | 0.13 | (-) 19 |
| | Total | 291.86 | 268.59 | 276.38 | 352.76 | 404.58 | (+) 15 |

Reasons for significant variation as stated by the departments concerned are given below:

Taxes on Sales, Trade, etc: The increase (21 *per cent*) was due to opening of new petrol pumps and general buoyancy.

Stamp Duty and Registration Fees: The increase (16 *per cent*) was due to increase in the sale of stamps and stamp papers during the year 2004-05.

6.1.2 The details of major non-tax revenue raised during the year 2004-05 alongwith the figures for the preceding four years are given below:

(Rupees in crore)

| Serial number | Heads of revenue | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | Percentage of increase (+) / decrease (-) in 2004-05 over 2003-04 |
|---------------|--|---------------|---------------|---------------|---------------|---------------|---|
| 1 | Power | 238.79 | 281.24 | 387.93 | 430.30 | 464.48 | (+) 8 |
| 2 | Interest Receipts, Dividends and Profits | 2.15 | 4.18 | 5.12 | 4.50 | 5.25 | (+) 17 |
| 3 | Medical and Public Health | 2.99 | 3.35 | 3.58 | 5.45 | 4.11 | (-) 25 |
| 4 | Education, Sports, Art and Culture | 0.61 | 0.33 | 1.28 | 1.04 | 0.51 | (-) 51 |
| 5 | Crop Husbandry | 0.63 | 0.38 | 0.29 | 0.34 | 0.28 | (-) 18 |
| 6 | Public Works | 1.03 | 1.35 | 1.26 | 1.41 | 8.01 | (+) 468 |
| 7 | Other Receipts | 8.93 | 11.48 | 12.44 | 11.30 | 18.08 | (+) 60 |
| Total | | 255.13 | 302.31 | 411.90 | 454.34 | 500.72 | (+) 10 |

The reasons attributed by the departments for significant increase/decrease in receipts during 2004-05 over the receipts during 2003-04 are as under:

Interest Receipts, Dividends and Profits: The increase (17 *per cent*) was due to payment of interest on house building advance and motor conveyance advance in lumpsum by the beneficiaries.

Crop Husbandry: The decrease (18 *per cent*) was due to sale of less number of agricultural machineries, implements, farm products and inputs.

Public Works: The increase (468 *per cent*) was due to the instruction given by Public Accounts Committee to settle minus credit pending for many years by proposing transfer entry. Accordingly an amount of

Rs 549.25 lakh has been taken into credit. The increase of balance amount was due to levy of fine for delayed performance of contract and forfeiture of Earnest Money Deposit and Security Deposit, increase in project works, lapsed deposit, etc.

Reasons for variations though called for from other departments, have not been received (October 2005).

6.2 Variations between budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2004-05 in respect of the principal heads of tax and non-tax revenue are given below:

(Rupees in crore)

| Serial number | Heads of revenue | Budget estimates | Actuals | Variations excess (+) or shortfall (-) | Percentage of variation |
|---------------|--|------------------|---------|--|-------------------------|
| 1 | Taxes on Sales, Trade, etc. | 200.00 | 246.48 | (+) 46.48 | (+) 23 |
| 2 | State Excise | 90.00 | 110.29 | (+) 20.29 | (+) 23 |
| 3 | Stamps and Registration Fees | 17.00 | 23.52 | (+) 6.52 | (+) 38 |
| 4 | Taxes on Vehicles | 24.50 | 23.87 | (-) 0.63 | (-) 3 |
| 5 | Land Revenue | 0.30 | 0.29 | (-) 0.01 | (-) 3 |
| 6 | Power | 410.00 | 464.48 | (+) 54.48 | (+) 13 |
| 7 | Interest Receipts, Dividends and Profits | 4.37 | 5.25 | (+) 0.88 | (+) 20 |
| 8 | Medical and Public Health | 4.00 | 4.11 | (+) 0.11 | (+) 3 |
| 9 | Education, Sports, Art and Culture | 0.97 | 0.51 | (-) 0.46 | (-) 47 |
| 10 | Crop Husbandry | 0.33 | 0.28 | (-) 0.05 | (-) 15 |
| 11 | Public Works | 1.20 | 8.01 | (+) 6.81 | (+) 568 |

State Excise: The increase (23 per cent) was due to more production of Indian Made Foreign Liquor and more export of beer, enhanced kist on arrack and toddy shops.

Stamp Duty and Registration Fees: The increase (38 per cent) was due to increased sale of stamps and stamp papers.

Sales Tax: The increase (23 per cent) was due to general buoyancy and due to opening of new petrol pumps.

Reasons for variations, though called for, from other departments, have not been received (October 2005).

6.3 Analysis of collection

Break up of total collection at pre-assessment stage and after regular assessment of sales tax under Pondicherry General Sales Tax Act for the year 2004-05 and the corresponding figures for the preceding two years as furnished by the department are as follows:

(Rupees in crore)

| Year | Amount collected at pre-assessment stage | Amount collected after regular assessment (additional demand) | Penalties for delay in payment of taxes and duties | Amount refunded | Net collection | Percentage of column (2) to (6) |
|---------|--|---|--|-----------------|----------------|---------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 2002-03 | 147.71 | 2.21 | 0.20 | 0.03 | 150.09 | 98.41 |
| 2003-04 | 201.03 | 2.09 | 0.17 | 0.10 | 203.19 | 98.94 |
| 2004-05 | 244.09 | 2.23 | 0.22 | 0.06 | 246.48 | 99.03 |

6.4 Collection of sales tax per assessee

| Year | Number of Assesseees | Sales Tax Revenue (Rupees in crore) | Revenue/Assessee (Rupees in lakh) |
|---------|----------------------|-------------------------------------|-----------------------------------|
| 2000-01 | 8,514 | 193.50 | 2.27 |
| 2001-02 | 9,343 | 160.42 | 1.71 |
| 2002-03 | 7,690 | 150.09 | 1.95 |
| 2003-04 | 10,025 | 203.19 | 2.00 |
| 2004-05 | 11,035 | 246.48 | 2.23 |

6.5 Arrears of revenue

The arrears of revenue pending collection as on 31 March 2005 under principal heads of revenue, as reported by various departments, amounted to Rs 91.12 crore as indicated below:

(Rupees in crore)

| Serial number | Departments | Total arrears | Arrears outstanding for more than 5 years | Remarks |
|---------------|--------------|---------------|---|---|
| (1) | (2) | (3) | (4) | (5) |
| 1 | Electricity | 59.25 | 10.76 | The arrears comprise Rs 25.04 crore from High Tension (HT) consumers and Rs 34.21 crore from Low Tension (LT) consumers. Of the HT arrears, Rs 5.11 crore is due from a Government owned company, Rs 84.22 lakh are pending with Claims Commissioner, New Delhi and Rs 13.77 crore are covered under litigation and Rs 3.78 crore are proposed to be recovered through Revenue Recovery (RR) Act. Under LT category, Rs 7.20 crore are due from Government departments and Rs 23.30 crore from other consumers/industries. Action is being taken to recover the arrears by referring the cases to Co-ordination Committee, disconnecting service and also through RR Act. |
| 2 | State Excise | 15.31 | 14.28 | Arrears of Rs 14.28 crore pertaining to 1964-65 to 1998-99 are due to non-payment of <i>kist</i> by the lessees of arrack and toddy shops. Arrears of Rs 1.03 crore relating to 2003-04 were due to cancellation and re-auction of shops on non-payment of security deposit by the lessees. Action is being taken to recover the arrears under RR Act and as per Excise Rules, 1970. |

| (1) | (2) | (3) | (4) | (5) |
|-----|---------------------------------|------|------------------|--|
| 3 | Commercial Taxes | 9.99 | 0.66 | Demands amounting to Rs 5.95 crore are covered by appeals to Court. |
| 4 | Public Works | 3.60 | 0.31 | Arrears of Rs 3.52 crore relates to water charges mainly from local bodies and Rs 7.14 lakh relate to licence fees from retired/deceased Government servants. Action is being taken to recover the arrears. |
| 5 | Transport | 1.18 | 0.85 | Arrears relate to taxes on vehicles and demand notices have been issued to defaulters. |
| 6 | Revenue and Disaster Management | 0.74 | --- ¹ | Arrears are due to non-finalisation of licence fee in respect of Government lands leased to Pondicherry Industrial Promotion Development and Investment Corporation Limited and non-collection of tax in respect of lands submerged in Godavari river. Action is being taken to refix the licence fee and exempt land tax for the lands submerged. |
| 7 | Hindu Religious Institutions | 0.29 | 0.06 | Arrears are due to non-remittance of temple share by the temples. Action is being taken to recover the arrears. |
| 8 | Stationery and Printing | 0.11 | 0.02 | Arrears are from Government departments. Action is being taken to recover the arrears. |
| 9 | Judicial | 0.09 | 0.08 | Arrears are due to appeals pending in the High Court against fines and forfeiture imposed. |
| 10 | Industries and Commerce | 0.09 | 0.07 | Accumulation of arrears is due to units that were not functioning. Action is being taken to recover the arrears under RR Act. |
| 11 | Information and Publicity | 0.09 | 0.05 | Arrears are mainly due to non-remittance of canteen rent by Pondicherry Tourism and Transport Development Corporation Limited. |

¹ Rs 28,857 was pending for more than five years

| (1) | (2) | (3) | (4) | (5) |
|-----|--------------------------------|--------------|------------------|---|
| 12 | Government Automobile Workshop | 0.08 | --- ² | Action has been initiated to stop fuel supply to the departments which failed to remit the dues. |
| 13 | Agriculture | 0.08 | 0.05 | Arrears relate mainly to Pondicherry Agro Service and Industries Corporation Limited and reminders were issued regularly. |
| 14 | Town and Country Planning | 0.08 | 0.08 | Arrears are due to non payment of enhanced plot cost by the allottees. Suits are being filed in the Court against defaulters. |
| 15 | Other Departments | 0.14 | 0.03 | Arrears relate to Port, Co-operation, Tourism, Legislative Assembly, Health and Family Welfare Service and Fisheries and Fishermen Welfare. Action is being taken to recover the arrears. |
| | Total | 91.12 | 27.30 | |

6.6 Frauds and evasions

Details of cases of fraud and evasion of sales tax at the end of 31 March 2005 as reported by the department are as under:

| Serial number | | Number of cases |
|---------------|--|-----------------|
| 1 | Cases pending as on 1 April 2004 | 56 |
| | • Investigations/assessments completed during the year | 26 |
| 2 | • Pending as on 31 March 2005 | 30 |
| | Cases detected during the year | 8 |
| | • Investigations/assessments completed during the year | 3 |
| | • Pending as on 31 March 2005 | 5 |

² Rs 3,343 was pending for more than five years

Moreover, in respect of cases where investigations/assessments had been completed, the amount of additional demand raised and penalty worked out to Rs 62.30 lakh and Rs 0.32 lakh respectively.

6.7 Outstanding Inspection Reports and audit observations

6.7.1 Audit observations on incorrect assessments, under assessments, non-levy/short levy of taxes, duties, fees and other revenue receipts, defects in initial accounts, etc., noticed during local audit but not settled on the spot are communicated to the heads of offices and to the higher authorities through local audit reports. Important irregularities are also reported to the heads of departments and Government.

6.7.2 At the end of June 2005, 166 Inspection Reports relating to various departments issued upto 31 December 2004 containing 488 audit observations and involving receipts amounting to Rs 103.09 crore were pending settlement as detailed below:

(Rupees in crore)

| Serial number | Tax Heads | Outstanding | | Amount |
|---------------|----------------------------------|--------------------|--------------------|---------------|
| | | Inspection Reports | Audit Observations | |
| 1 | Sales Tax | 41 | 136 | 92.74 |
| 2 | Land Revenue | 24 | 54 | 0.98 |
| 3 | Stamp Duty and Registration Fees | 57 | 157 | 1.08 |
| 4 | Taxes on Vehicles | 24 | 103 | 2.60 |
| 5 | State Excise | 20 | 38 | 5.69 |
| | Total | 166 | 488 | 103.09 |

6.8 Results of audit

Test check of records of the departmental offices conducted by audit during the period from April 2004 to March 2005 revealed under assessments/non-levy of tax, etc., amounting to Rs 1.70 crore in 59 cases.