

Chapter 1: General

1.1. Trend of revenue receipts

(i) The tax and non-tax revenue raised by the Government of Punjab during the year 2001-2002, the share of divisible Union taxes and grants-in-aid received from Government of India during the year and corresponding figures for the preceding two years are given below:-

		(In crore of rupees)		
		1999-2000	2000-2001	2001-2002
I	Revenue raised by the State Government.			
	(a) Tax revenue	3947.47	4895.22	4820.23
	(b) Non-tax revenue*	<u>2361.46</u> (1880.40)	<u>2935.23</u> (1308.06)	<u>2960.45</u> (1101.43)
	Total-I	<u>6308.93</u> (5827.87)	<u>7830.45</u> (6203.28)	<u>7780.68</u> (5921.66)
II	Receipts from the Government of India			
	(a) State's share of divisible Union Taxes	638.59	719.33	610.49
	(b) Grants-in-aid	520.34	827.08	537.45
	Total II	1158.93	1546.41	1147.94
III	Total receipts of State Government (I+II)	7467.86 (6986.80)	9376.86 (7749.69)	8928.62** (7069.60)
IV	Percentage of I to III	84	84	87

Of the total receipts (Rs.8928.62 crore) for 2001-2002, 87 per cent was raised by the State Government and remaining 13 per cent came from the Union Government.

* The figure shown in brackets are net of expenditure on prize-winning tickets of lotteries conducted by the Government.

** For details, please see Statement number 11-Detailed accounts of revenue by minor heads in Finance Accounts of the Government of Punjab for the year 2001-2002. Figures under the head "0021-Taxes on income other than corporation tax", share of net proceeds assigned to States booked in the Finance Accounts under A-Tax Revenue have been excluded from revenue raised by State and included in the State's share of divisible Union taxes in this statement.

(ii) Tax revenue raised by the State.

The break-up of tax revenue raised during the year 2001-2002 alongwith figures for the preceding two years are given below:-

(In crore of rupees)

Sr. No	Revenue head	1999-2000	2000-2001	2001-2002	Increase(+)/ Decrease(-) in 2001-2002 over 2000-2001	Percentage of increase/ decrease
1.	Taxes on Sales, Trade etc.	1977.28	2644.41	2684.33	(+) 39.92	(+) 2
2.	State Excise	1231.57	1324.67	1350.06	(+) 25.39	(+) 2
3.	Stamp Duty & Registration Fees	325.65	424.06	444.31	(+) 20.25	(+) 5
4.	Taxes on Vehicles (including special road tax).	321.37	338.31	318.44	(-) 19.87	(-) 6
5.	Taxes and Duties on Electricity	76.47	145.08	2.80	(-) 142.28	(-) 98
6.	Other Taxes and Duties on Commodities and Services (including Entertainment Tax)	10.29	11.52	11.71	(+) 0.19	(+) 2
7.	Land Revenue	4.84	7.17	8.58	(+) 1.41	(+) 20
	Total	3947.47	4895.22	4820.23	(-) 74.99	(-) 2

Reasons for increase/decrease as reported by the concerned departments were as under:-

(a) “Taxes and Duties on Electricity”-The decrease was due to non payment of electricity duty by the Punjab State Electricity Board.

(b) “Land Revenue”-The increase was due to excess receipt of copying fees.

(iii) Non-tax revenue of the State

The details of the non-tax revenue raised during 2001-2002 alongwith the figures for the preceding two years under the principal revenue heads are given below:-

(In crore of rupees)

Revenue head	1999-2000	2000-2001	2001-2002	Increase (+)/ decrease (-) in 2001-2002 over 2000-2001	Percentage of increase (+)/ decrease (-)
Road Transport	210.95	242.46	222.15	(-) 20.31	(-) 8
Interest Receipts	535.02	706.11	551.97	(-) 154.14	(-) 22
State Lotteries *	505.86 (24.80)	1670.95 (43.78)	1921.36 (62.34)	(+) 250.41 (+) 18.56	(+) 15 (+) 42
Major and Medium Irrigation	17.69	11.68	16.33	(+) 4.65	(+) 40
Crop Husbandry	7.95	6.62	6.86	(+) 0.24	(+) 4
Forestry and Wild Life	10.79	14.37	15.12	(+) 0.75	(+) 5
Others	1073.20	283.04	226.66	(-) 56.38	(-) 20
Total	2361.46 (1880.40)	2935.23 (1308.06)	2960.45 (1101.43)	(+)25.22	(+) 1

Reasons for increase/decrease as reported by the concerned departments were as under:-

- (a) “Interest Receipts”- The decrease was due to less receipts under “Interest from Public Sector Undertakings”.
- (b) “State Lotteries”-The increase was due to increase in the weekly lotteries schemes during the year.
- (c) “Major and Medium Irrigation”-The increase was due to State's share from Bhakra Beas Management Board, sale of water and other miscellaneous receipts.

1.2. Variations between budget estimates and actuals

The variations between budget estimates of revenue for the year 2001-2002 and the actual receipts under principal heads of tax and non-tax revenue are given below:

* Figures in brackets represents net receipts.

(In crore of rupees)

Sr. No.	Revenue head	Budget estimates	Actual receipts	Excess (+) Short fall(-)	Percentage of excess (+)/ short fall (-)
1.	Taxes on Sales, Trade etc.	3400.00	2684.33	(-) 715.67	(-) 21
2.	State Excise	1400.00	1350.06	(-) 49.94	(-) 4
3.	Stamp Duty and Registration Fees	490.00	444.31	(-) 45.69	(-) 9
4.	Taxes on Vehicles (including special road tax)	390.00	318.44	(-) 71.56	(-) 18
5.	Taxes and Duties on Electricity	175.00	2.80	(-) 172.20	(-) 98
6.	Other Taxes and Duties on Commodities and Services (including entertainment tax)	15.50	11.71	(-) 3.79	(-) 24
7.	Land Revenue	3.80	8.58	(+) 4.78	(+) 126
Non-Tax Revenue					
8.	Road Transport	380.41	222.15	(-) 158.26	(-) 42
9.	Interest Receipts	623.58	551.97	(-) 71.61	(-) 11
10.	Major and Medium Irrigation	18.00	16.33	(-) 1.67	(-) 9
11.	Crop Husbandry	9.60	6.86	(-) 2.74	(-) 28
12.	State Lotteries	2053.51	1921.36	(-) 132.15	(-) 6
13.	Forestry and Wild Life	13.02	15.12	(+) 2.10	(+) 16

The reasons for variations between budget estimates and actuals as furnished (June 2002) by the concerned departments were as under:-

(a) "Taxes on Sales, Trade etc."—The shortfall was due to reduction in the rate of tax in March 2001 on 28 commodities.

(b) "Taxes on Vehicles"—The shortfall was due to decrease in the rate of special road tax and non-payment of special road tax by Pepsu Road Transport Corporation.

(c) “Taxes and Duties on Electricity”–The shortfall was due to non-deposit of electricity duty by Punjab State Electricity Board.

(d) “Land Revenue”:-The increase was due to excess receipt of copying fee.

Non-Tax Revenue

(e) “Road Transport”–The decrease was due to running of overaged buses and reduction in fleet strength.

(f) “Interest Receipts”–The decrease was mainly due to less receipt under “Interest from Public Sector Undertakings”.

(g) “Crop Husbandry”-The shortfall was due to reversion of increase of various fees under Insecticides Act.

(h) “Forestry and Wild Life”-The increase was due to receipts of more royalty from the Forest Corporation and more realisation of compensation etc.

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 years 1999-2000, 2000-2001 and 2001-2002 alongwith the relevant All India average percentage of expenditure on collection to gross collection for the year 2000-2001 are given below:-

(In crore of rupees)

Revenue head	Year	Collections	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage of collection for the year 2000-2001
Taxes on Sales, Trade etc.	1999-2000	1977.28	26.83	1.35	1.31
	2000-2001	2644.41	27.99	1.05	
	2001-2002	2684.33	32.95	1.23	
State Excise	1999-2000	1231.57	13.55	1.10	3.10
	2000-2001	1324.67	11.95	0.90	
	2001-2002	1350.06	10.84	0.80	
Stamp Duty and Registration Fees.	1999-2000	325.65	5.59	1.71	4.39
	2000-2001	424.06	4.48	1.05	
	2001-2002	444.31	6.29	1.42	
Taxes on Vehicles	1999-2000	321.37	4.36	1.35	3.48
	2000-2001	338.31	5.25	1.55	
	2001-2002	318.44	4.89	1.54	

1.4. Arrears of Revenue

(a) The details of arrears of revenue at the end of March 2002, as furnished by some departments are indicated below:-

	Revenue head	Arrears at the end of March 2002	Arrears more than 5 years old	Remarks
(In crore of rupees)				
1	Taxes on Sales, Trade etc.	262.57*	73.03	Recoveries of demands of Rs.161.42 crore had been stayed by High Court/ Judicial/Departmental authorities, demands of Rs.38.70 crore were covered by recovery certificates, recovery of Rs.2.66 crore was outstanding as dealers had become insolvent, demands of Rs.2.89 crore were likely to be written off and balance amount of Rs.56.90 crore was at different stages of action.
2	State Excise	16.90**	11.66	Demands of Rs.2.23 crore were covered by recovery certificates, recovery of Rs.0.29 crore was stayed by High Court/ other Judicial/ departmental authorities. Demands amounting to Rs.2.86 crore were likely to be written off, Rs.1.42 crore was being recovered in instalments and balance (Rs.10.10 crore) amount was at different stages of action.
3	Taxes on Vehicles	39.82***	3.36	Demands amounting to Rs.10.16 crore were covered as recovery as Land Revenue arrears. Recovery of Rs.23.40 crore was stayed by Government/ departmental authorities. Balance amount of Rs.6.26 crore was at different stages of action.
4	Taxes and Duties on Electricity	135.45	0.71	Rs.134.74 crore of electricity duty though collected was incorrectly retained by Punjab State Electricity Board Rs.0.71 crore was recoverable from Municipal Electricity Department, Amritsar.
5	Interest Receipts			
	(i) Punjab State Electricity Board	3236.35	681.51	Non-payment of interest liability was attributed (May/June 2002) to paucity of funds.
	(ii) Pepsu Road Transport Corporation	25.94	7.42	
	(iii) Punjab State Tubewell Corporation	33.97	33.97	

* Does not include figures in respect of Ferozepur and Hoshiarpur districts.

** Does not include figures relating to Mansa district.

*** It does not include the amount involved in respect of PAC paras.

6	Forestry and Wild Life	8.46	0.63	Recovery of Rs. 0.01 crore was stayed by Judicial/departmental authorities, demand of Rs.0.12 crore was covered by recovery certificates and balance amount was at other stages of action (Rs.8.33 crore).
7	Cooperation	0.21	0.09	449 cases involving revenue of Rs.0.02 crore are covered by recovery certificates and balance amount (Rs.0.19 crore) was at other stages of action.
Total		3759.67	812.38	

(b) Suppression of arrears

An arrear of Rs.4.89 crore for the year 2000-2001 on account of licence fee was pending recovery by the State Excise department but was not shown in accounts by the department resulting in suppression of arrears.

1.5. Frauds and Evasions

Cases of frauds and evasions pending finalisation as on 1 April 2001, cases detected during the year 2001-2002, cases where investigations/assessments were completed during the year and the cases pending finalisation at the close of the year 2001-2002, as reported by some departments, are given as under :-

(In crore of Rupees)							
		Taxes on Sales, Trade etc.	State Excise	Revenue Department	Public Health	State Transport	Total
	Particulars	No. of cases/ Amount	No. of cases/ Amount	No. of cases/ Amount	No. of cases/ Amount	No. of cases/ Amount	No. of cases/ Amount
A	(i) Cases pending as on 1.4.2001	428* 1.70	29** 0.03	209 0.20	4 0.05	1 0.03	671 2.01
	(ii) cases detected during the year 2001-2002	1162 1.13	12 0.02	12 0.02	- -	- -	1186 1.17
B	cases in which investigations /assessments were completed during 2001-2002						
	(i) Out of A (i) above	172 0.92	15 0.01	29 0.01	- -	- -	216 0.94
	(ii) Out of A (ii) above	1064 0.70	- -	6 0.01	- -	- -	1070 0.71
C	cases pending as on 31.3.2002						
	(i) Out of A (i) above	256 0.78	14 0.02	180 0.19	4 0.05	1 0.03	455 1.07
	(ii) out of A (ii) above	98 0.43	12 0.02	6 0.01	- -	- -	116 0.46

* Does not include figures in respect of Ferozepur and Hoshiarpur districts.

** Does not include the figures of Mansa district.

The above table shows that 455 cases involving frauds and evasions of Rs.1.07 crore detected prior to March 2001 had not been finalised during the year 2001-2002.

1.6. Write off, waiver and remission of revenue

Details of write off, waiver and remission of revenue during the year 2001-2002, as furnished by some departments, are indicated below:-

(In crore of rupees)

Sr. No	Revenue Head	Number of cases	Amount
1.	Taxes on Sales, Trade etc.	218*	3.80
2.	State Excise	60**	0.39
3.	Co-operation	928	0.04

Reasons for write off, waiver and remission of revenue as intimated by departments concerned were as under -

(In crore of rupees)

	Reasons for write off waiver and remission	Taxes on Sales, Trade etc.		State Excise		Co-operation	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Whereabouts of defaulters not known	126	2.15	10	0.09	-	-
2.	Defaulters adjudged insolvent	3	0.16	-	-	-	-
3.	Defaulters not having any property	31	0.57	21	0.16	-	-
4.	Defaulters no longer alive	22	0.28	29	0.14	-	-
5.	Records being not traceable	29	0.13	-	-	-	-
6.	Other reasons	7	0.51	-	-	928	0.04
	Total	218	3.80	60	0.39	928	0.04

1.7. Arrears in assessments of Sales Tax/Appeal cases

The details of Sales tax assessment cases due for assessments during the year, number of cases completed/assessed and number of cases pending finalisation as on 31 March 2002, as furnished by the department, were as under:

* Does not include figures in respect of Ferozepur and Hoshiarpur districts.
 ** Does not include the figures of Mansa district.

(a)	Number of assessment cases due for completion	646213*
(b)	Number of assessment cases completed	263110
(c)	Number of cases pending assessment at the close of the year	383103
(d)	Number of appeal cases pending assessments	503**

Out of 383103 cases, 78732 cases were more than five years old.

1.8. Results of Audit

Test check of the records of Taxes on Sales, Trade etc., Taxes on Vehicles, State Excise, Stamp Duty and Registration Fees, Land Revenue and other departmental offices conducted during the year 2001-2002 revealed under assessment/short levy/non levy/loss of revenue and other observations amounting to Rs.190.00 crore in 4070 cases. During 2001-2002, the concerned departments accepted audit observations involving Rs.17.77 crore in 712 cases, of which 194 cases involving Rs.13.45 crore had been pointed out in audit during the year 2001-2002 and rest in earlier years. During the years 2001-2002, the departments/Government recovered an amount of Rs.1.50 crore in 426 cases at the instance of Audit.

This report contains 26 audit paragraphs and 2 reviews relating to non-levy/short levy of taxes, duties, interest and penalty etc, involving Rs.87.51 crore. The departments/Government have accepted audit observations involving financial effect of Rs.8.38 crore. Audit observations with a total revenue effect of Rs.19.41 crore have not been accepted by the departments/Government but their contentions, having been found at variance with facts or legal provisions, have been appropriately commented upon. Replies/final replies have not been received in respect of the balance amount.

1.9. Internal Audit

(i) The internal audit in Revenue department was introduced in September 1981. The State Government shifted (November 1991) the emphasis of internal audit from revenue to expenditure except in Passengers and Goods Tax and Stamp Duty and Registration Fees. During 2001-2002, out of 1245 units, internal audit of 695 units was conducted and 828 audit objections involving Rs.1.23.crore were raised. It was further observed that internal audit of 24 units relating to Passengers and Goods Tax (merged with Transport Department) and 550 units of Stamp Duty and Registration Fee were pending from 1989-90 and 1994-95 respectively.

* Does not include figures in respect of Ferozepur and Hoshiarpur districts.

** Jalandhar 302, Patiala 192, Ferozepur at Bathinda 9.

(ii) Further, 3143 internal audit notes containing 9048 objections involving Rs.9.83 crore were outstanding as on 31 March 2002. The department attributed the reasons for this pendency to the shortage of staff and diversion of field parties to the work relating to the District Planning Boards.

1.10. Outstanding audit inspection reports and audit observations

(i) Audit observations on irregularities relating to assessment, levy and realisations of receipts and defects in the maintenance of initial records noticed during local audit, which are not settled on the spot are communicated to the Heads of office and other departmental authorities through inspection reports. Important irregularities are also reported to the Heads of Department and Government. For expeditious settlement of objections, Audit Committees were constituted (March 1985) in all the departments. During the year 2001-2002, two Audit Committee meetings were convened by Forest Department, as a result of which 6 paragraphs involving revenue of Rs.16.43 crore were settled.

The State Government had prescribed that first replies to audit inspection reports/observations should be sent to Audit within a period of four weeks. The number of audit inspection reports and observations issued upto 31 December 2001, which were pending settlement by the departments as on 30 June 2002 alongwith the corresponding figures in the preceding two years are given below :-

	Particulars	As at the end of June		
		2000	2001	2002
1.	Number of outstanding audit and inspection reports	4891	5157	5425
2.	Number of outstanding audit observations	9647	10160	9968
3.	Money value of outstanding audit observations (in crore of rupees)	533.63	551.42	799.52

Head-wise break-up of these audit observations/audit inspection reports together with the amounts involved as on 30 June 2002 was as follows:

(In crore of rupees)

	Revenue head	Total outstanding			Outstanding pertaining to the period prior to 1998-99		
		Inspection Reports	Audit observations	Amount	Inspection Reports	Audit observations	Amount
1	Taxes on Sales, Trade etc.	1630	2879	94.66	958	1286	36.15
2	Stamp Duty & Registration Fee	830	1352	7.13	485	603	4.04
3.	Taxes on Motor Vehicles	483	1446	438.62	345	750	10.21
4.	Land Revenue	483	789	10.96	283	422	4.32
5.	Entertainment Tax	207	422	12.63	98	143	0.57
6.	State Excise Duties	305	464	73.39	207	320	21.63
7.	Forest Receipts	129	304	32.15	83	183	7.73
8.	Electricity Duty	7	13	81.02	4	5	12.62
9.	Other Receipts	1351	2299	48.96	1094	2103	9.43
	Total	5425	9968	799.52	3557	5815	106.70

(ii) Follow up on audit report summarised position

To ensure accountability of the executive in respect of all the issues dealt within various Audit Reports, the Department of Finance issued instructions in August 1992 to initiate suo-moto action on all paragraphs/reviews figuring in the Audit Reports irrespective of whether the cases were taken up for examination by the PAC or not. Out of 135 paragraphs/reviews included in Audit Reports relating to the period 1993-94 to 1998-99 which had already been laid before the State Legislature, Action Taken Notes in respect of 48 paragraphs/reviews were not received in Audit office for vetting as on June 2002 even after the lapse of the prescribed period of three months. The outstanding ATNs date back to as far as 1993-94 as detailed below:-

Year of Report	Date of presentation of Audit report to the legislature	No. of paragraphs/ reviews included in the Audit Reports	No. of paragraphs/ reviews on which ATN are due from the departments
1993-94	20.03.1995	31	1
1996-97	27.03.1998	32	5
1997-98	08.09.1999	35	10
1998-99	05.09.2000	37	32
	Total	135	48

Though the Audit Reports for the year ended March 1998 and March 1999 were laid on the table of the State Vidhan Sabha in September 1999 and September 2000 and the time limit of three months for furnishing the ATNs elapsed in December 1999 and December 2000, the departments did not submit/furnish remedial ATNs on 42 paragraphs.

(iii) Response of the ministries/departments to Draft Paragraphs

On the recommendation of the Public Accounts Committee, the department of Finance, Government of Punjab issued directions to all Departments in October 1967 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. 56 Draft paragraphs/reviews proposed for inclusion in the report of the Comptroller and Auditor General of India for the year ended 31 March 2002 were forwarded to the Secretaries of the respective Ministries/Departments demi-officially. The paragraphs have been included in this report without the response of the ministries/departments.