

CHAPTER V: REVENUE RECEIPTS

5.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Tripura during the year 2004-05, 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:

Table No. 1

(Rupees in crore)

		2000-01	2001-02	2002-03	2003-04	2004-05
I.	Revenue raised by the State Government					
	(a) Tax Revenue	125.58	158.50	183.09	221.47	239.63
	(b) Non-Tax Revenue	94.51	97.64	98.73	167.78	176.85
	Total	220.09	256.14	281.82	389.25	416.48
II.	Receipts from Government of India					
	(a) State's share of net proceeds of divisible Union taxes	236.22	232.62	249.71	320.53	383.12
	(b) Grants-in-aid	1,181.75	1,378.62	1,348.54	1,457.88	1777.30
	Total	1,417.97	1,611.24	1,598.25	1,778.41	2160.42
III.	Total receipts of the State Government (I+II)	1,638.06	1,867.38	1,880.07	2,167.66	2576.90
IV.	Percentage of I to III	13	14	15	18	16

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

Table No. 2

(Rupees in crore)

Sl. No.	Heads of revenue	2000-01	2001-02	2002-03	2003-04	2004-05	Percentage of increase (+) or decrease (-) in 2004-05 over 2003-04
1.	Sales Tax	81.08	105.80	126.97	149.25	160.69	8
2.	State Excise	19.79	22.03	28.21	31.36	32.37	3
3.	Other Taxes on Income and Expenditure	11.21	11.59	12.17	17.28	20.47	18
4.	Stamps and Registration Fees	5.94	9.61	7.81	11.17	12.07	8
5.	Taxes on Vehicles	4.26	5.28	5.29	8.01	10.45	30
6.	Other Taxes and Duties on Commodities and Services	1.22	2.71	1.16	1.46	1.86	27
7.	Land Revenue	1.82	1.14	1.31	2.61	1.20	- 54
8.	Taxes on Agricultural Income	0.25	0.13	0.01	0.30	0.27	- 10
9.	Taxes and Duties on Electricity	0.01	0.21	0.01	0.01	0.01	-
10.	Others	-	-	0.15	0.02	0.24	1050
	Total	125.58	158.50	183.09	221.47	239.63	8

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

Table No. 3

(Rupees in crore)

Sl. No.	Heads of revenue	2000-01	2001-02	2002-03	2003-04	2004-05	Percentage of increase (+) or decrease (-) in 2004-05 over 2003-04
1.	Power	35.35	46.20	59.68	121.78	105.70	-13
2.	Forestry and Wildlife	7.60	4.53	4.09	14.70	5.63	-62
3.	Education, Sports, Art and Culture	0.71	4.35	1.10	1.28	0.82	-36
4.	Crop Husbandry	1.43	1.46	0.84	1.08	1.43	32
5.	Other Administrative Services	1.04	1.02	1.16	1.27	5.71	350
6.	Water Supply and Sanitation	1.21	6.06	0.88	1.95	1.11	-43
7.	Police	2.32	4.19	2.99	5.13	16.17	215
8.	Interest Receipts	18.49	3.58	5.83	3.67	4.56	24
9.	Stationery and Printing	1.42	1.18	0.69	0.99	0.75	-24
10.	Animal Husbandry	0.60	0.92	0.75	0.93	1.14	23
11.	Industries	5.51	6.27	6.04	5.61	6.98	24
12.	Public Works	0.94	1.31	1.41	2.11	1.48	-30
13.	Village and Small Industries	0.50	0.33	0.09	0.12	0.10	-17
14.	Fisheries	0.45	0.33	0.43	0.53	0.54	2
15.	Other Rural Development Programmes	0.23	0.13	0.12	0.22	0.27	23
16.	Others	16.71	15.78	12.63	6.41	24.95	289
	Total	94.51	97.64	98.73	167.78	176.85	5

While the prescribed per annum growth rate of tax revenue was recommended as 14.40 per cent by the Eleventh Finance Commission, the actual growth rate registered was 19.95 per cent on an average during 2001-2005.

5.2 Initiative for Mobilisation of Resources

In the budget for 2004-05, the Government proposed for revenue Collection of Rs. 295 crore under tax receipts. But the actual collection of revenue during 2004-05 was Rs. 239.63 against the expected revenue of Rs. 295 crore. Thus, collection of revenue was not commensurate with the projection made in the budget.

5.3 Analysis of Budget preparation

As per provision of the Budget Manual, the Finance Department shall collect Budget Estimate and related information both for receipts and expenditure from the concerned Administrative Departments and prepare Budget Estimate of the State after necessary changes according to the policy of the Government.

The actual receipts under tax revenue for 2004-05 was below the revised estimate of that year even after the revised estimate was substantially reduced from the original budget estimate for 2004-05 as shown in the table below.

Table No. 4

(Rupees in crore)

Year	Budget estimate	Revised estimate	Actuals	Variation (%) of actual collection over budget estimate
Tax revenue				
2000-01	188.40	119.50	125.58	(-) 33.34
2001-02	131.63	143.87	158.50	(+) 20.41
2002-03	145.50	170.09	183.09	(+) 25.84
2003-04	183.98	225.00	221.47	(+) 20.38
2004-05	295.00	254.35	239.63	(-) 18.77
Non-tax revenue				
2000-01	67.76	75.06	94.51	(+) 39.48
2001-02	95.01	88.88	97.64	(+) 2.77
2002-03	114.20	100.15	98.73	(-) 13.55
2003-04	121.40	120.00	167.78	(+) 38.20
2004-05	160.00	152.94	176.85	(+) 10.53

5.4 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:

Table No. 5

(Rupees in crore)

TAX REVENUE					
Sl. No.	Heads of revenue	Budget estimates	Actuals	Variation: increase(+)/ decrease(-)	Percentage of variation over budget estimates
1.	Sales Tax	200.00	160.69	(-) 39.31	(-) 20
2.	State Excise	40.00	32.37	(-) 7.63	(-) 19
3.	Stamps and Registration Fees	15.00	12.07	(-) 2.93	(-) 20
4.	Taxes on Vehicles	11.00	10.45	(-) 0.55	(-) 5
5.	Land Revenue	1.67	1.20	(-) 0.47	(-) 28
6.	Taxes on Agricultural Income	0.01	0.27	0.26	2600
7.	Taxes and Duties on Electricity	0.01	0.01	-	-
8.	Other Taxes on Income and Expenditure	-	20.47	20.47	-
9.	Other Taxes and duties on commodities service	-	1.86	1.86	-

The reasons for variation, though called for from the departments, have not been received.

Table No. 6

(Rupees in crore)

NON-TAX REVENUE					
Sl. No.	Heads of revenue	Budget estimates	Actuals	Variation: Increase (+)/ decrease (-)	Percentage of variation
1.	Power	110.00	105.20	4.80	(-) 4
2.	Forestry and Wildlife	13.00	5.63	(-) 7.37	(-) 57
3.	Other Administrative Services	1.35	5.71	4.36	323
4.	Interest Receipts	5.00	4.56	(-) 0.44	(-) 9
5.	Stationery and Printing	0.75	0.75	-	-

(Rupees in crore)

NON-TAX REVENUE					
Sl. No.	Heads of revenue	Budget estimates	Actuals	Variation: Increase (+)/ decrease (-)	Percentage of variation
6.	Public Works	2.25	1.48	(-) 0.77	(-) 34
7.	Animal Husbandry	1.44	1.14	(-) 0.30	(-) 21
8.	Fisheries	0.46	0.54	0.08	17
9.	Other Rural Development Programmes	0.03	0.27	0.24	800
10.	Industries	8.00	6.99	(-) 1.01	(-) 13
11.	Water Supply and Sanitation		1.11	1.11	-
12.	Education, Sports, Art and Culture	0.55	0.82	0.27	49
13.	Police	6.00	16.17	10.17	170
14.	Village and Small Industries	0.10	0.10	-	-
15.	Crops Husbandry	2.08	1.43	(-) 0.65	(-) 31

The reasons for variation, though called for from the departments, have not been received.

5.5 Analysis of collection

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

Table No. 7

(Rupees in lakh)

Heads of revenue	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 of Taxes	Percentage of collection of column 3 to 7
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Finance Department							
Sales Tax	2002-03	12058.30	87.82	0.01	0.14	12145.99	99.28
	2003-04	14693.51	84.06	1.14	4.97	14773.74	99.46
	2004-05	15907.90	87.83	0.55	-	15996.28	99.45

The table indicates that percentage of collection of Sales Tax at pre-assessment stage was 99.45 during 2004-05.

5.6 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 2002-03, 2003-04 and 2004-05 along with relevant all India average percentage of expenditure on collection to gross collection for 2002-05 are given below:

Table No. 8

(Rupees in crore)

Heads of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage of expenditure to gross collection
1. Sales Tax	2002-03	126.97	2.05	1.61	
	2003-04	149.25	1.86	1.25	1.15
	2004-05	160.69	2.04	1.27	
2. State Excise	2002-03	28.21	0.51	1.81	
	2003-04	31.36	0.46	1.47	3.81
	2004-05	32.37	0.66	2.04	
3. Stamps and Registration Fees	2002-03	7.81	1.01	12.93	
	2003-04	11.17	0.94	8.42	3.66
	2004-05	12.07	1.61	13.34	
4. Taxes on Vehicles	2002-03	5.29	0.51	9.64	
	2003-04	8.01	0.57	7.12	2.57
	2004-05	10.45	0.66	6.32	

It is thus observed that expenditure on collection under Sales Tax, Stamp Duty and Registration Fees, Taxes on Vehicles is higher than All India average.

5.7 Collection of Sales Tax per assessee

The following table shows collection of Sales Tax per assessee for the five years ending 2004-05:

Table No. 9

Year	Number of assessee	Sales Tax revenue <i>(Rupees in crore)</i>	Revenue per assessee <i>(Rupees in lakh)</i>
2000-01	5,429	81.08	1.49
2001-02	5,731	105.80	1.85
2002-03	6,062	126.97	2.09
2003-04	6,225	147.74	2.37
2004-05 (Provisional)	7242	159.96	2.21

5.8 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2005 in respect of some principal heads of revenue amounted to Rs. 13.45 crore of which Rs. 0.69 crore were outstanding for more than five years as detailed in the following table:

Table No. 10

(Rupees in crore)

Sl No.	Heads of revenue	Amount outstanding as on 31 March 2005	Amount outstanding for more than 5 years as on 31 March 2005	Remarks
1.	Sales Tax	12.91	0.69	Awaited
2.	Other Taxes on Income and Expenditure	0.24	-	
3.	Taxes on Agricultural Income	0.30	-	
	Total	13.45	0.69	

5.9 Arrears in assessment

The details of cases pending assessment at the beginning of the year 2004-05, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of the year 2004-05 according to information furnished by the department, are as follows:

Table No. 11

(Cases in number)

Name of tax	Opening balance	New cases due for assessment during 2004-05	Total assessments due	Cases disposed of during 2004-05	Balance at the end of the year 2004-05	Percentage of Column 5 to 3
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Finance Department						
Sales Tax	24829	7099	31928	7792	24136	110
Taxes on Agricultural Income	245	19	264	-	264	-

5.10 Evasion of tax

The details of cases of evasion of tax detected by the department, cases finalised and the demands for additional tax raised as reported by the department are given below:

Table No. 12

Sl. No.	Name of tax/duty	Cases pending as on 31 March 2004	Cases detected during 2004-05	Total	No. of cases in which assessments/ investigations completed and additional demand including penalty etc., raised		No. of cases pending finalisation as on 31 March 2005
					No. of cases	Amount <i>(Rupees in lakh)</i>	
1.	Sales Tax	15	17	32	17	0.66	15

5.11 Refunds

The number of refund cases pending at the beginning of the year 2004-05, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2004-05, as reported by the department are given below:

Table No. 13

(Rupees in lakh)

Sl. No.	Position of refund cases	Sales Tax	
		No. of cases	Amount
1.	Claims outstanding at the beginning of the year	Nil	Nil
2.	Claims received during the year	1	0.10
3.	Refunds made during the year	1	0.10
4.	Balance outstanding at the end of the year	Nil	Nil

5.12 Results of audit

Test check of records of Sales Tax, Land Revenue, State Excise, Motor Vehicles Tax, Stamps and Registration Fees, Electricity Duty, Other Tax Receipts, Forest Receipts and other Non-tax Receipts conducted during the year 2004-05 revealed under-assessment / short levy / loss of revenue amounting to Rs. 10.07 crore in 173 cases.

This chapter contains two paragraphs, relating to loss of revenue, short realisation / non-realisation of revenue etc involving Rs. 25 lakh. The Department/ Government accepted audit observations involving Rs. 25 lakh of which Rs. 0.71 lakh had been recovered upto August 2005.

5.13 Departmental Audit Committee Meetings

No meeting of Audit Committee was held during 2004-05.

5.14 Failure of Senior officials to enforce accountability and protect interest of Government

Accountant General (Au) arranges periodical inspection of Government Departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspection are followed up with Inspection Reports (IRs). When important irregularities detected during inspection are not settled on the spot, these are included in IRs issued to the heads of offices inspected with copies to next higher authorities for taking prompt corrective action. The first replies to the IRs may be furnished within 30 days of receipt thereof by the heads of offices. Serious irregularities are also brought to the notice of the Heads of the Departments by the office of the Accountant General (Au).

Inspection Report (IR) issued upto March 2005 disclosed that 1428 paragraphs involving money value of Rs. 67.26 crore relating to 377 IRs remained outstanding at the end of August 2005. Of these, 105 IRs containing 447 paragraphs involving money value of Rs. 8.95 crore had not been settled for more than 10 years by the Finance Department in respect of Sales Tax, Amusement Tax, Electricity Duty, by the Forest Department in respect of forest receipts, and by the Excise Department in respect of State excise. Even the first replies required to be received from the head of office within 30 days from the date of receipt of the IRs were not received in respect of 680 paragraph of 150 IRs issued between March 1991 and March 2005. As a result, the serious irregularities commented upon in these IRs had not been settled as of 31 August 2005.

Department-wise breakup of IRs and audit observations outstanding as on 31 August 2005 is given below:

Table No. 14

(Rupees in crore)

Sl. No.	Department	Position of Inspection Reports issued up to March 2005 but not settled at the end of August 2005			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 from March 1991 to March 2005		
		No. of IRs	No. of Paragraphs	Money value	No. of IRs	No. of Paragraphs	Money value	No. of IRs	No. of Paragraphs	Money value
1.	Finance									
	a) Sales Tax	77	273	10.67	37	140	1.31	14	65	3.74
	b) Professions Tax	03	04	0.07	-	-	-	03	04	0.07
	c) Stamp Duty and Registration Fees	03	03	0.55	-	-	-	01	01	0.0005
	d) Electricity Duty	173	695	26.82	34	134	1.18	71	326	5.60
	e) Agricultural Income Tax	01	02	-	-	-	-	01	02	-
	f) Amusements Tax	05	11	0.14	01	01	0.02	05	11	0.16
	g) Luxury Tax									
2.	Forest									
	Forest Receipts	90	363	15.28	32	171	5.06	42	226	11.40
3.	Commerce and Industries									
	Mines and Minerals	-	-	-	-	-	-	-	-	-
4.	Land and Land Reforms									
	Land Revenue	02	02	0.04	-	-	-	01	01	0.0016
5.	Excise									
	State Excise	09	12	0.70	01	01	1.38	03	05	0.09
6.	Transport									
	Motor Vehicles	14	63	12.99	-	-	-	9	39	10.89
7.	Other									
	Departmental Receipts	-	-	-	-	-	-	-	-	-
	Total	377	1,428	67.26	105	447	8.95	150	680	31.946

The above position indicates the failure of departments concerned to initiate action in regard to the defects, omission and irregularities pointed out in the IRs of the Accountant General. The Principal Secretaries/Secretaries of the departments were informed of the position through annual statement of outstanding IRs and paras at the end of 30 May each year.

5.15 Response of departments to draft audit paragraphs

Draft paragraphs were forwarded to the Secretary of the administrative departments concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks from the date of receipt by them. Three draft paragraphs were forwarded to the departments during March-May 2005. Replies of the Government to these paras have since been received.

5.16 Internal audit

The Finance (Excise and Taxation) Department had not yet built up any internal audit system for auditing revenue receipts of the State Government (September 2005).

5.17 Follow up of Audit Reports – summarised position

Ten reviews and 115 audit paragraphs had featured in Audit Reports 1988-89 to 2003-04. Out of 10 reviews, six reviews were discussed by the PAC leaving a balance of four, and out of 115 paragraphs featured during the same period 42 paragraphs were discussed by the PAC leaving a balance of 73 at the end of August 2005. As of August 2005, against six reviews and 42 paragraphs already discussed in the PAC, only 11 ATNs (three against the reviews and eight against the paragraphs) on the recommendations of the PAC were received.

TRANSPORT DEPARTMENT**5.18 Loss of revenue due to non-realisation of road tax****Deputy Transport Commissioner, Agartala failed to realise road tax of Rs. 14.44 lakh from registered vehicles owners.**

Under the Tripura Motor Vehicles Act, 1972, as amended from time to time, advance road tax as per prescribed rates shall be levied for a year on every motor vehicle used or kept for use in Tripura unless prior intimation of keeping the vehicle off road is given to the tax authority or the vehicle is got exempted from payment of road tax.

Test-check of records of the DTC, Agartala revealed in January 2005 that road tax amounting to Rs. 14.44 lakh leviable from 185 vehicle owners for the period between April 2001 and December 2004 was not levied and realised. The records also did not indicate that those vehicles were off the road or exempted from paying road tax.

After this was pointed out in audit, the DTC stated in July 2005 that demand notices were issued to 185 vehicle owners between February – June 2005 and Rs. 0.71 lakh were realised. The Department further stated that it carried out normal inspections since it had no regular enforcement team to identify and detain such vehicles. Thus, lack of enforcement machinery led to non-realisation of road tax.

Government to whom the matter was reported (May 2005) stated (June 2005) that special initiative had been taken to realise the arrear road tax.

5.19 Loss of revenue due to non-imposition of fine for carriage of excess load by vehicles

Failure to identify trucks with load of cement, steel and coal in excess of permissible limit resulted in non-realisation of fine of Rs. 10.62 lakh from transporters.

Under Section 194 of the Motor Vehicles Act, 1988, excess loading of goods vehicle beyond the permissible weight shall be punishable with a minimum fine of Rs. 2,000 and an additional amount of Rs. 1,000 per tonne of excess load together with the charges for off loading the excess load. Government of Tripura by notification dated 1 September 1991 imposed restriction on plying of public carrier goods vehicle within the State, the laden weight of which exceeded 15.5 tonnes.

Test-check of records for March 2003–December 2004 of the Deputy Transport Commissioner (DTC), Agartala, revealed in January 2005 that cases of excess loading of goods vehicles and imposition of fines therefor were not recorded. But cross verification of records of the Superintendent of Taxes (Sales Tax), Charge V, Agartala revealed that between March 2003 and December 2004, cement, steel and coal were transported to Tripura from outside the State by three agencies through 56 vehicles in 137 trips, ranging from 18 to 24.77 tonnes per trip as measured and recorded by the sales tax check-post at Churaibari. The excess load of these vehicles beyond permissible weight was not detected at the motor vehicle check post at Churaibari located at the same building. Consequently, fine of Rs. 10.62 lakh* for carriage of excess load of 788.27 tonnes of goods during this period was not levied and realised by the Department.

Thus, failure to identify cases of excess loading at the motor vehicle check post, resulted in loss of revenue of Rs. 10.62 lakh to the Government.

The DTC stated (January 2005) that action would be taken as per provision of the Act. Government to whom the matter was reported in May 2005 stated (June 2005) that due to infrastructural weakness at motor vehicle check-post, Churaibari, it was not possible to check every vehicle carrying excess load and to impose fine. However, necessary measures were being taken to strengthen the unit by ensuring effective coordination between the Sales Tax staff and enforcement staff of Transport Department.

The Government, further expressed in July 2005 inability to enforce the provisions of the Act as the truck owners refused to carry essential goods on the plea that other States overlooked carriage of additional quantity of materials. The reply is not tenable as the provisions of Motor Vehicle Act, 1988 is uniformly applicable throughout the country including Tripura State.

* For 137 cases @ 2000 per case	Rs. 2,74,000
For 788.27 tonnes of excess load	
@ Rs. 1000 per tonne	<u>Rs. 7,88,270</u>
Total realizable	Rs.10,62,270