

## CHAPTER-I – GENERAL

### 1.1 Trend of revenue receipts

1.1.1 The tax and non tax revenue raised by Government of Uttar Pradesh during the year 2002-03, State's share of divisible Union taxes and grants-in-aid received from Government of India during the year and corresponding figures for the preceding four years are given below:

(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
I. Revenue raised by the State Government					
(a) Tax revenue	7912.31	9400.91	10979.97	10388.82	12783.81
(b) Non tax revenue	1475.06	2011.74	1944.65	1787.07	1913.49
<b>Total</b>	<b>9387.37</b>	<b>11412.65</b>	<b>12924.62</b>	<b>12175.89</b>	<b>14697.30</b>
II. Receipts from the Government of India					
(a) State's share of divisible Union taxes	5768.92	7478.90	9045.47	10130.49	10814.87 <sup>^</sup>
(b) Grants-in-aid	2222.40	2603.57	2773.18	3291.53	2309.02
<b>Total</b>	<b>7991.32</b>	<b>10082.47</b>	<b>11818.65</b>	<b>13422.02</b>	<b>13123.89</b>
III. Total receipts of the State (I + II)	<b>17378.69</b>	<b>21495.12</b>	<b>24743.27</b>	<b>25597.91</b>	<b>27821.19</b>
IV. Percentage of I to III	54	53	52	48	53

1.1.2 The details of tax revenue for the year 2002-03 along with the figures for the preceding four years are given in the following table :

(Rupees in crore)

Revenue Head	1998-99	1999-2000	2000-01	2001-02	2002-03	Increase (+) or decrease (-) in 2002-03 with reference to 2001-02	Percentage of increase or decrease with reference to 2001-02
1	2	3	4	5	6	7	8
1. Trade Tax	3377.89	3703.59	5436.52	5052.40	6850.93	(+) 1798.53	(+) 35.60
2. State Excise	1631.34	2126.33	2238.54	1961.38	2555.05	(+) 593.67	(+) 30.27

<sup>^</sup> For details, please see statement No. 11- detailed accounts of revenue by Minor Heads in the Finance Accounts of the Government of Uttar Pradesh for the year 2002-03 figures under the majors "0020 – Corporation Tax, 0021 Taxes on Income other than Corporation Tax, 0032 – Taxes on Wealth, 0037- Customs, 0038 – Union Excise Duties, 0044 – Service Tax and 0045- Other taxes and duties on commodities and services- share of net proceeds assigned to states booked in the Finance Accounts under 'A-Tax Revenue' have been excluded from Revenue raised by the state and included in 'State's share of divisible Union taxes' in this statement.

3. Stamp Duty and Registration Fees	1031.78	1177.57	1269.75	1429.29	2078.68	(+) 649.39	(+) 45.43
4. Tax on Sale of Motor Spirit and Lubricants	1008.76	1359.31	586.39	1105.70	272.81	(-) 832.89	(-) 75.33
5. Taxes on Goods and Passengers	238.18	100.26	85.81	76.65	77.33	(+) 0.68	(+) 0.89
6. Taxes on Vehicles	211.30	512.10	543.08	503.04	618.84	(+) 115.80	(+) 23.02
7. Tax on Purchase of Sugarcane	71.02	36.35	95.45	5.00	--	(-) 5.00	(-) 100.00
8. Taxes and Duties on Electricity	100.85	126.41	136.30	9.22	145.29	(+) 136.07	(+) 1475.81
9. Land Revenue	88.34	116.09	69.85	72.93	64.23	(-) 8.70	(-) 11.93
10. Other Taxes on Income and Expenditure	Nil	0.56	0.00	17.20	16.91	(-) 0.29	(-) 1.69
11. Taxes on Immovable Properties other than Agricultural Land	0.01	1.16	9.22	0.00	0.02	(+) 0.02	(+) 100.00
12. Other Taxes and Duties on Commodities and Services	136.87	135.89	504.58	152.34	100.02	(-) 52.32	(-) 34.34
13. Other (Hotel receipts and corporation tax, etc.)	15.97	5.29	4.49	3.67	3.70	(+) 0.03	(+) 0.82
<b>Total</b>	<b>7912.31</b>	<b>9400.91</b>	<b>10979.97</b>	<b>10388.82</b>	<b>12783.81</b>	<b>(+)2394.99</b>	<b>(+) 23.05</b>

The reasons for variation where it was substantial, though called for (December 2003) from the State Government, have not been received (March 2004).

**1.1.3** The details of non-tax revenue for the year 2002-03 along with the figures for the preceding four years are exhibited in the following table :

(Rupees in crore)

Revenue Head	1998-99	1999-2000	2000 – 01	2001 – 02	2002-03	Increase (+) or decrease (-) in 2002-03 with reference to 2001-02	Percentage of increase / decrease with reference to 2001-02
1. Misc. General Services	96.78	126.80	55.48	39.44	48.28	(+)8.84	(+)22.41
2. Interest Receipts	428.00	476.68	525.17	543.49	515.38	(-)28.11	(-)5.17
3. Forestry and Wild Life	125.91	160.52	76.86	68.31	86.27	(+)17.96	(+)26.29
4. Major and Medium Irrigation	49.13	40.16	282.13	115.76	90.12	(-)25.64	(-)22.15
5. Education, Sports, Art and Culture	101.34	137.63	177.24	137.66	255.35	(+)117.69	(+)85.49
6. Other Administrative Services	102.58	103.70	61.51	131.47	110.95	(-)20.52	(-)15.61
7. Non-ferrous Mining and Metallurgical Industries	145.81	180.17	196.44	190.19	262.54	(+)72.35	(+)38.04
8. Police	74.84	53.17	85.29	67.38	95.40	(+)28.02	(+)41.59
9. Crop Husbandry	17.53	16.51	58.36	75.77	25.58	(-)50.19	(-)66.24
10. Social Security and Welfare	17.16	26.37	23.53	36.33	19.59	(-)16.74	(-)46.08
11. Medical and Public Health	33.02	34.97	31.74	31.14	41.44	(+)10.30	(+)33.08
12. Minor Irrigation	35.09	36.61	18.96	17.73	12.11	(-)5.62	(-)31.70
13. Roads and Bridges	22.06	24.30	29.93	16.27	17.97	(+)1.70	(+)10.45
14. Public Works	21.90	26.77	26.94	14.66	25.26	(+)10.60	(+)72.31
15. Co-operation	4.62	17.76	6.54	5.23	6.18	(+)0.95	(+)18.16
16. Others	199.29	549.62	288.53	296.24	301.07	(+)4.83	(+)1.63
<b>Total</b>	<b>1475.06</b>	<b>2011.74</b>	<b>1944.65</b>	<b>1787.07</b>	<b>1913.49</b>	<b>(+)126.42</b>	<b>(+)7.07</b>

The reasons for variation where it was substantial, though called for (December 2003) from the state Government, have not been received (March 2004).

## 1.2 Variations between Budget estimates and actuals

The variations between Budget estimates and actuals of tax and non-tax revenues during the year 2002-03 are given in the table below:

(Rupees in crore)

Revenue Head	Budget estimates	Actuals	Variation Increase (+) short fall (-)	Percentage of variations
1	2	3	4	5
<b>A. Tax Revenue</b>				
1. Trade Tax	5493.70	6850.93	(+)1357.23	(+)24.71
2. State Excise	2696.33	2555.05	(-)141.28	(-)5.24
3. Stamp duty and Registration fee	2084.04	2078.68	(-)5.36	(-)0.26
4. Tax on Sale of Motor Spirit and Lubricants	1885.00	272.81	(-)1612.19	(-)85.53
5. Taxes on Goods and Passengers	518.86	77.33	(-)441.53	(-)85.10
6. Taxes on Vehicles	350.45	618.84	(+)268.39	(+)76.58
7. Other Taxes and Duties on Commodities and Services	171.35	100.02	(-) 71.33	(-) 41.63
8. Tax on Purchase of Sugarcane	16.67	--	(-)16.67	(-)100.00
9. Taxes and Duties on Electricity	166.48	145.29	(-)21.19	(-)12.73
10. Land Revenue	96.32	64.23	(-)32.09	(-)33.32
<b>B. Non-Tax Revenue</b>				
1. Misc. General Services	81.10	48.28	(-) 32.82	(-) 40.47
2. Interest Receipts	447.34	515.38	(+)68.04	(+)15.21
3. Forestry and Wild Life	70.61	86.27	(+)15.66	(+)22.18
4. Major and Medium Irrigation	196.50	90.12	(-)106.38	(-) 54.14
5. Education, Sports, Art and Culture	249.45	255.35	(+)5.90	(+) 2.37
6. Non Ferrous Mining & Metallurgical Industries	250.00	262.54	(+)12.54	(+) 5.02

The reasons for variation where it was substantial, though called for (January 2004) from the state Government, have not been received (March 2004).

### 1.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on their collection and percentage of such expenditure to the gross collection during the years 2000-01, 2001-02 and 2002-03 along with the relevant All India Average percentage of expenditure on collection to gross collection for 2001-02 are given below :

(Rupees in crore)

Revenue head	Year	Gross Collection	Expenditure on Collection	Percentage of expenditure to gross collection	All India Average for the year 2001-02
Trade Tax	2000-01	6059.47	135.62	2.2	1.26
	2001-02	6158.55	139.99	2.3	
	2002-03	6850.93	167.40	2.4	
Taxes on Vehicles, Goods & Passengers	2000-01	641.00	10.57	1.6	2.99
	2001-02	644.10	11.27	1.7	
	2002-03	696.17	11.76	1.7	
State Excise	2000-01	2237.75	28.09	1.3	3.21
	2001-02	1963.89	24.67	1.3	
	2002-03	2555.05	25.75	1.01	
Stamp Duty and Registration Fees	2000-01	1268.86	25.56	2.01	3.51
	2001-02	1473.88	19.82	1.3	
	2002-03	2078.68	36.63	1.8	

### 1.4 Arrears in assessment

The number of assessments pending at the beginning of the year, cases becoming due during the year, cases disposed of during the year and the cases pending finalisation at the end of the year, as reported by the Trade Tax Department for the years 1998-99 to 2002-03 are given in the table:

Year	Opening Balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the close of the year	Percentage of column 5 to 4
1	2	3	4	5	6	7
1998-99	442379	466899	909278	489535	419743	53.84

1999-2000	457508	489838	947346	489357	457989	51.66
2000-01	457989	461697	919686	490853	428833	53.37
2001-02	428833	524561	953394	485771	467623	50.95
2002-03	467623	529858	997481	521969	475512	52.33

It was seen that the opening balance of the years 1998-99 and 1999-2000 differs from the closing balance of the preceding years. The department stated that this was due to information received from other departments during the year and rectification of mistakes. The department needs to correct the system of maintenance of records to ensure consistency and correctness of statistics.

### 1.5 Analysis of collection

The break up total collection (at pre-assessment stage and after regular assessment) of trade Tax during 2002-03 and corresponding figures for preceding two years as furnished by the Department are given in the following table:

(Rupees in crore)

Year	Amount collected at pre-assessment stage	Amount collected after regular assessment	Amount refunded	Net collection of tax	Percentage of Col.2 to 5
1	2	3	4	5	6
2000-01	5934.99	124.48	37.44	6022.03	98
2001-02	6003.61	134.24	23.70	6114.15	97
2002-03	6894.04	293.73	32.84	7100.93	97

The position of revenue collected by Trade Tax Department during the last three years ending March 2003 shows that collection of revenue at pre-assessment stage ranged from 97 per cent to 98 per cent.

### 1.6 Results of audit

Test check of records of Trade Tax, State Excise, Taxes on Vehicles, Goods and Passengers, Stamp Duty and Registration Fee, Land Revenue, Electricity Duty, Public Works Department and Forest Receipts etc. conducted during the year 2002-03 revealed under-assessments/short levy/loss of revenue amounting to Rs.2304.17 crore in 2629 cases. During the course of the year 2002-03 the concerned departments accepted under-assessments etc. of Rs.10.97 crore involved in 305 cases, of which 56 cases involving Rs.27.59 lakh had been pointed out in audit during 2002-03 and the rest in earlier years.

This report contains 26 paragraphs including 2 reviews relating to non levy, short levy of tax, duty, interest, penalty etc. involving Rs. 1546.48 crore. The Departments/Government have accepted audit observations involving Rs.109.91 crore in 136 cases. No replies have been received in remaining cases (November 2003).

## 1.7 Outstanding Inspection Reports and audit observations

Audit observations on incorrect assessments, short levy of taxes, duties, fees, etc. as also defects in initial records noticed during audit and not settled on the spot are communicated to the heads of offices and other departmental authorities through inspection reports. The more important irregularities are reported to the heads of departments and Government. 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.

The number of inspection reports and audit observations relating to revenue receipts issued up to 31 December 2002 which were pending settlement by the departments as on 30 June 2003, along with corresponding figures for the preceding two years are as given below:

Sl. No.		2001	2002	2003
1.	Number of inspection reports pending settlement	8504	9323	9308
2.	Number of outstanding audit observations	15867	17168	15741
3.	Amount of revenue involved (Rs. in crore)	5080.99	5196.31	2727.30

Department-wise break-up of the inspection reports and audit observations outstanding as on June 2003 is given in the following table:

Sl. No.	Nature of receipts	Number of outstanding inspection reports	Number of outstanding audit observations	Year to which the observations relate
(1)	(2)	(3)	(4)	(5)
1	Forestry and Wild life	978	2100	1990-91 to 2002-03
2	Trade Tax	2697	4642	1984-85 to 2002-03
3	State Excise	685	957	1984-85 to 2002-03
4	Land Revenue	796	1025	1987-88 to 2002-03
5	Taxes on Vehicle, Goods and Passengers	999	2048	1984-85 to 2002-03
6	Public Works	445	731	1986-87 to 2002-03
7	Taxes on purchase of sugarcane	106	121	1985-86 to 2002-03

8	Stamp Duty and Registration Fee	1672	2897	1984-85 to 2002-03
9	Agriculture	220	339	1989-90 to 2002-03
10	Electricity Duty	326	360	1988-89 to 2002-03
11	Food and Civil supplies	118	187	1991-92 to 2002-03
12	Cooperation	112	125	1985-86 to 2002-03
13	Entertainment Tax	154	209	1986-87 to 2002-03
<b>Total</b>		<b>9308</b>	<b>15741</b>	

This was brought to the notice of Government in December 2003; intimation regarding steps taken by the Government to clear the outstanding inspection reports and audit observations has not been received (December 2003).

### 1.8 Audit Paragraphs / Reviews outstanding for discussion by Public Accounts Committee as on 30 November 2003

The details of audit paragraphs and reviews awaiting discussion by the Public Accounts Committee are as follows:

Year	Trade Tax	State Excise	Taxes on Vehicle, Goods and Passengers	Stamp Duty and Registration Fees	Land Revenue	Other Tax Receipts	Forest Receipts	Other Departmental Receipts
1	2	3	4	5	6	7	8	9
1984-85	10	Nil	09	09	02	Nil	11	09
1985-86	11	07	16	04	05	07	11	14
1986-87	12	04	23	04	03	05	11	14
1987-88	14	10	17	05	05	06	08	Nil
1988-89	19	11	09	04	04	05	07	16
1989-90	12	10	09	02	06	04	11	20
1990-91	17	06	07	02	04	05	11	16
1991-92	13	06	05	04	02	05	06	11
1992-93	13	09	11	03	02	05	09	14
1993-94	15	07	12	03	02	04	06	13
1994-95	09	07	12	03	02	NIL	08	NIL
1995-96	05	03	05	01	NIL	05	08	03
1996-97	13	06	08	03	01	04	01	05
1997-98	NIL	NIL	NIL	NIL	NIL	04	NIL	04
1998-99	03	NIL	NIL	05	NIL	02	NIL	NIL
1999-2000	08	01	08	04	04	NIL	03	NIL
2000-01	13	06	04	02	03	04	05	05
<b>Total</b>	<b>187</b>	<b>93</b>	<b>155</b>	<b>58</b>	<b>45</b>	<b>65</b>	<b>116</b>	<b>144</b>
<b>Grand Total</b>								<b>863</b>