

CHAPTER-I-GENERAL

REVENUE RECEIPTS

1.1 Trend of revenue receipts

The tax and non tax revenue raised by Government of Chhattisgarh during the year 2005-06, the State's share of divisible Union taxes and grants in aid received from Government of India during the year and the corresponding figures for the preceding four years are given below:

(In crore of rupees)

Sl. No.	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06
I.	Revenue raised by the State Government					
•	Tax revenue	1,993.13	2,327.44	2,588.25	3,227.80	4,051.91
•	Non tax revenue	722.38	956.56	1,124.41	1,243.93	1,229.53
	Total	2715.51	3,284.00	3,712.66	4,471.73	5,281.44
II	Receipts from Government of India					
•	State's share of divisible Union taxes	1,175.80	1,349.90	1,569.70	1,876.29	2,507.82 [₹]
•	Grants in aid	484.39	783.40	676.96	900.85	1,049.23
	Total	1,660.19	2,133.30	2,246.66	2,777.14	3,557.05
III	Total receipts of the state (I+II)	4,375.70	5,417.30	5,959.32	7,248.87	8,838.49
IV	Percentage of I to III	62	61	62	62	60

[₹] for details please see "Statement No.11- Detailed Accounts of Revenue by Minor Heads" in the Finance Accounts of Government of Chhattisgarh for the year 2005-06. Figures under the head "0020-corporation tax, 0021-taxes on income other than corporation tax, 0028- other taxes on income and expenditure, 0032-wealth tax, 0037-customs, 0038-Union excise duties, 0044- service tax, 0045-other taxes and duties on commodities and services" - share of net proceeds assigned to state booked in the Finance accounts under tax revenue have been excluded from revenue by the State and included in states share of divisible Union taxes in this statement.

1.1.1 The details of tax revenue raised during the year 2005-06 alongwith the figures for the preceding four years are given below:

(In crore of rupees)

Sl. No	Head of revenue	2001-02	2002-03	2003-04	2004-05	2005-06	Percentage of increase (+) or decrease (-) in 2005-06 over 2004-05
1.	• Commercial tax	563.91	768.08	989.23	1,347.17	1,602.85	(+)18.98
	• Central sales tax	376.19	334.35	309.39	326.69	486.35	(+)48.87
2.	State excise	313.61	361.73	402.35	458.27	634.50	(+)38.46
3.	Stamp duty and registration fees	121.35	148.10	170.87	247.77	312.80	(+)26.25
4.	Taxes and duties on electricity	226.06	244.33	268.36	308.92	362.31	(+)17.28
5.	Taxes on vehicles	124.88	157.81	167.07	191.79	205.97	(+)7.39
6.	Taxes on goods and passengers	196.27	251.55	230.08	287.13	395.33	(+)37.68
7.	Other taxes on income and expenditure: taxes on professions, trades, callings and employments including hotel receipts tax	47.62	42.41	42.96	27.13	20.65	(+)2.43
8.	Other taxes and duties on commodities and services	6.67	6.52	4.13	4.25	4.26	(+)0.24
9.	Land revenue	16.57	12.56	3.81	28.68	26.89	(-)6.24
	Total	1,993.13	2,327.44	2,588.25	3,227.80	4,051.91	(+)25.53

Commercial tax : The increase was attributed to increase in price of various commodities.

State excise: The increase was due to increase in number of applications and deposit of revenue pertaining to previous year.

Stamp duty and registration fee: The increase was due to increase in market value of immovable properties and increase in registration of number of documents. In addition some lease documents of high money value were also registered during 2005-06.

1.1.2 The details of non tax revenue raised during the year 2005-06 alongwith the figures for the preceding four years are given below:

(In crore of rupees)

Sl. No.	Head of revenue	2001-02	2002-03	2003-04	2004-05	2005-06	Percentage of increase (+) or decrease (-) in 2005-06 over 2004-05
1.	Interest receipts	49.12	95.65	122.46	101.26	97.67	(-) 3.55
2	Other non tax receipts	48.42	77.26	86.38	69.23	106.41	(+) 53.71
3.	Forestry and wild life	98.19	105.84	140.94	159.85	203.17	(+) 27.10
4.	Non ferrous mining and metallurgical industries	454.04	538.14	629.68	679.83	721.12	(+) 6.07
5.	Miscellaneous general services (including lottery receipts)	6.04	1.99	67.47	37.45	14.91	(-) 60.19
6.	Power	NA	NA	NA	100.00	0.00	(-) 100.00
7.	Major and medium irrigation	38.20	53.73	44.85	67.26	38.98	(-) 42.05
8.	Medical and public health	3.28	2.40	2.43	3.21	3.07	(-) 4.36
9.	Co-operation	3.58	3.99	4.14	4.17	5.82	(+) 39.57
10.	Public works	6.95	10.03	8.56	5.63	13.94	(+) 147.60
11.	Police	2.70	2.59	6.80	3.74	10.21	(+) 172.99
12.	Other administrative services	11.86	64.94	10.70	12.30	14.23	(+) 15.69
	Total	722.38	956.56	1,124.41	1,243.93	1,229.53	(-)1.16

The reasons for variations in receipts from that of previous year, though called for from the concerned departments have not been received (October 2006).

1.2 Variation between budget estimates and actuals

The variation between budget estimates and actuals of revenue receipts for the year 2005-06 in respect of principal heads of tax and non tax revenue are given below:

(In crore of rupees)

Sl. No.	Head of revenue	Budget estimates	Actuals	Variations excess (+) or shortfall (-)	Percentage variation
A.	Tax revenue				
1.	Taxes on sales, trade etc.	1,745.81	2,089.20	(+) 343.39	(+) 19.67
2.	State excise	525.00	634.50	(+) 109.50	(+) 20.86
3.	Taxes and duties on electricity	325.96	362.31	(+) 36.35	(+) 11.15
4.	Taxes on goods and passengers	326.33	395.33	(+) 69.00	(+) 21.14
5.	Taxes on vehicles	203.02	205.97	(+) 2.95	(+) 1.45
6.	Stamp duty and registration fees	225.01	312.80	(+) 87.79	(+) 39.02
7.	Land revenue	8.19	26.89	(+) 18.70	(+) 228.33
8.	Other taxes and duties on commodities and services	4.69	4.26	(-) 0.43	(-) 9.17
9.	Other taxes on income and expenditure	49.95	19.85	(-) 30.10	(-) 60.26
10.	Hotel receipts tax	0.75	0.57	(-) 0.18	(-) 24.00
	Total	3,414.71	4,051.68	(+) 636.97	(+) 18.65
B.	Non tax revenue				
1.	Forestry & wildlife	137.17	203.17	(+) 66.00	(+) 48.12
2.	Non ferrous mining and metallurgical industries	700.00	721.12	(+) 21.12	(+) 3.02
3.	Interest receipts	96.24	97.67	(+) 1.43	(+) 1.48
4.	Major and minor irrigation	45.14	32.90	(-) 12.24	(-) 27.12
5.	Water supply and sanitation	2.17	1.53	(-) 0.64	(-) 29.49
6.	Police	6.00	10.21	(+) 4.21	(+) 70.16
7.	Public work department	15.98	13.94	(-) 2.04	(-) 12.77
8.	Other administrative services	23.76	14.23	(-) 9.53	(-) 40.11
9.	Medical and public health	5.21	3.07	(-) 2.14	(-) 41.07
10.	Others (jail)	1.56	0.90	(-) 0.66	(-) 42.31
	Total	1,033.23	1,098.74	(+) 65.51	(+) 6.34

The reasons for variation between budget estimates and actual of revenue receipts, though called for have not been received (October 2006).

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 2003-04, 2004-05 and 2005-06 alongwith the relevant all India average percentage of expenditure on collection for 2004-05 were as follows:

(In crore of rupees)

Sl. No.	Head of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year 2004-05
1.	Taxes on sales, trade etc.	2003-04	1,298.62	15.90	1.22	0.95
		2004-05	1,673.86	11.95	0.71	
		2005-06	2,089.20	12.61	0.60	
2.	Taxes on vehicles	2003-04	167.07	4.18	2.50	2.74
		2004-05	191.79	4.50	2.34	
		2005-06	205.97	3.81	1.85	
3.	State excise	2003-04	402.35	19.12	4.75	3.34
		2004-05	458.27	18.51	4.04	
		2005-06	634.50	23.55	3.71	
4.	Stamp duty & registration fee	2003-04	170.87	2.60	1.52	3.44
		2004-05	247.77	5.94	2.40	
		2005-06	312.80	8.61	2.75	

It may be seen from the above that the percentage of expenditure of gross collection of State excise was higher than the All India percentage over the last three years.

1.4 Collection of commercial tax per assessee

(In crore of rupees)

Year	No. of assesseees	Commercial tax revenue	Revenue/assessee
2001-02	42,581	940.10	0.022
2002-03	44,644	1,102.43	0.025
2003-04	48,233	1,298.62	0.027
2004-05	51,523	1,673.86	0.032
2005-06	54,278	2,089.20	0.038

1.5 Arrears of revenue

The arrears of revenue as on 31 March 2006 in respect of some principal heads of revenue amounted to Rs.3,940.65 crore of which Rs.2,658.49 crore were outstanding for more than five years as detailed in the following table:

(In crore of rupees)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2006	Amount outstanding for more than 5 years as on 31 March 2006	Remarks
1.	Taxes on sales, trade etc.	3,897.24	2,650.98	Out of Rs.3,897.24 crore, demand for Rs.130.43 crore has been certified for recovery as arrears of revenue. Recovery of Rs.15.99 crore has been stayed by courts. Amount of Rs.32.64 crore was held up due to dealers/ parties becoming insolvent. Specific action taken in respect of the remaining arrears was not intimated.
2.	Taxes on vehicles	3.80	2.35	Out of Rs.3.80 crore, Rs.0.72 crore has been recovered. Department intimated that demand notices have been issued for recovery of remaining amount.
3.	State excise	19.85	4.66	Out of Rs.19.85 crore, recovery of Rs.4.26 crore had been stayed by court, amount of Rs.5.07 crore was held up due to party becoming insolvent, amount of Rs.0.22 crore was likely to be written off. Specific action taken in respect of arrears of Rs.10.30 crore was not intimated.
4.	Stamp duty and registration fees	2.86	0.27	Out of Rs.2.86 crore, Rs.0.11 crore has been recovered. It was intimated by the department that necessary action for recovery of balance revenue was being taken.
5.	Taxes and duties on electricity	16.90	0.23	As intimated by the department the detailed position of recovery of arrears was not available and it would be collected from the divisions.
	Total	3,940.65	2,658.49	

It is recommended that effective steps may be taken for collection of arrears outstanding for more than five years to augment Government revenue.

1.6 Arrears in assessment

The details of cases pending assessment at the beginning of the year 2005-06, 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 are given below:

Name of tax	Opening balance (2005-06)	Addition during the year	Total number of assessment cases	Cases disposed of	Balance at the end of the year	Percentage of column 5 to 4
1.	2.	3.	4.	5.	6.	7.
Commercial tax	37,320	81,210	1,18,530	68,780	49,750	58.03
Professional tax	15,652	23,540	39,192	27,069	12,123	69.67
Entry tax	16,681	43,766	60,447	37,391	23,056	61.86
Luxury tax	87	166	253	167	86	66.01
Total	69,740	1,48,682	2,18,422	1,33,407	85,015	61.08

1.7 Evasion of tax

The details of cases of evasion of tax detected by the Commercial Tax and State Excise departments, cases finalised and the demands for additional tax raised as reported by the departments are given below:

Sl. No.	Name of tax/duty	Cases pending as on 31 March 2005	Cases detected during 2005-06	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 2006
					No. of cases	Amount of demand (in lakh of rupees)	
1.	Commercial tax	22	24	46	28	355.42	18
2.	State excise	17	2	19	2	2.86	17

1.8 Refunds

The number of refund cases pending at the beginning of the year 2005-06, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2005-06, as reported by the departments are given below:

(In crore of rupees)

Sl. No.		Commercial tax		State excise	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	224	1.01	16	0.42
2.	Claims received during the year	3,588	20.50	32	0.60
3.	Refunds made during the year	3,515	19.05	29	0.50
4.	Balance outstanding at the end of the year	297	2.46	19	0.52

1.9 Results of audit

Test check of records of commercial tax, land revenue, State excise, motor vehicle tax, stamps and registration fees, electricity duty, other tax receipts, forest receipts and other non tax receipts conducted during the year 2005-06 revealed under assessment/ short levy/ loss of revenue amounting to Rs.387.79 crore in 3,360 cases. The departments accepted under assessment of Rs.87.45 crore in 1,071 cases pointed out in 2005-06. No replies have been received in respect of remaining cases.

This report contains 30 paragraphs including one review relating to non/ short levy of taxes, duties, interest and penalties etc. involving Rs.253.10 crore. The departments accepted audit observations involving Rs.2.22 crore and recovered Rs.0.47 crore upto October 2006. No reply has been received in the other cases.

1.10 Response of the departments to draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the report of the Comptroller and Auditor General of India are forwarded by the audit office to the heads of the departments concerned, drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non receipt of replies from departments is invariably indicated at the end of each such paragraph included in the Audit Report.

30 draft paragraphs including one review included in this report were sent to secretaries of the respective departments by name between March and August 2006. However, no replies were received despite issue of reminders. These paragraphs have been included in the report without the response of the secretaries of the department (October 2006).

1.11 Position of recovery of accepted cases

During the years between 2001-02 and 2005-06 the department/ Government accepted audit observations involving Rs.20.35 crore of which only an amount of Rs.0.72 crore was recovered upto 31 March 2006 as detailed below:

(In crore of rupees)

Sl. No.	Year of audit report	Total money value	Amount accepted	Recovery made upto March 2006
1.	2001-02	21.19	3.00	0.07
2.	2002-03	11.04	1.65	0.03
3	2003-04	46.72	12.40	0.15
4	2004-05	60.98	1.05	--
5	2005-06	253.10	2.22	0.47 ^p
Total		393.03	20.32	0.72

^p Rs.0.47 crore recovered upto October 2006.