

CHAPTER I: General

1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Haryana during the year 2001-2002, State's share of net proceeds of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding two years are given below:

Sl.No	Particulars	1999-2000	2000-2001	2001-2002
		(Rupees in crore)		
I.	Revenue raised by the State Government			
(a)	Tax revenue	3517.61	4310.55	4971.19
(b)	Non-tax revenue*	1259.06 (988.97)	1439.39 (1128.10)	1666.07 (1266.56)
	Total (I)	4776.67 (4506.58)	5749.94 (5438.65)	6637.26 (6237.75)
II	Receipts from Government of India			
(a)	State's share** of net proceeds of divisible Union taxes	525.27	345.81	450.25
(b)	Grants-in-aid	464.81	478.14	513.04
	Total (II)	990.08	823.95	963.29
III	Total receipts of the State (I + II)	5766.75 (5496.66)	6573.89 (6262.60)	7600.55 (7201.04)
IV	Percentage of I to III	83 (82)	87 (87)	87 (87)

* The non-tax revenue for 1999-2000, 2000-2001 and 2001-2002 includes gross receipts from State Lotteries amounting to Rs 255.10 crore, Rs 295.52 crore and Rs. 388.29 crore, against which Rs 270.09 crore, Rs 311.29 crore and Rs 399.51 crore respectively were incurred on running of lotteries schemes. The net receipts from State Lotteries was in negative i.e. Rs.(-) 14.99 crore in 1999-2000, (-) Rs.15.77 crore in 2000-2001 and Rs (-) 11.22 crore in 2001-2002. To make the figures comparable for three years, receipts from prize winning tickets have been accounted for net of expenditure on prize winning tickets and shown in brackets.

** For details please see "Statement No.11-Detailed Accounts of Revenue by Minor Heads" in the Finance Accounts of Government of Haryana for the year 2001-2002. Figures of "tax-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.

(i) The details of the tax revenue raised during the year 2001-2002, alongwith figures for the preceding two years, are shown below:

Sl. No	Particulars	1999-2000	2000-2001	2001-2002	Percentage of increase (+) or decrease (-) in 2001-02 over 2000-2001
(Rupees in crore)					
1.	Taxes on Sales, Trade etc.	1967.38	2573.39	2944.81	(+) 14
2.	State Excise	765.36	840.56	875.39	(+) 4
3.	Taxes on Goods and Passengers	323.85	366.66	498.56	(+) 36
4.	Stamp Duty and Registration Fee	309.92	419.24	488.29	(+) 16
5.	Taxes on Vehicles	84.77	85.69	103.62	(+) 21
6.	Taxes and Duties on Electricity (ED)	46.08	*0.68	**29.48	(+) 4235
7.	Land Revenue	4.29	11.73	19.30	(+) 65
8.	Other Taxes and Duties on Commodities and Services	15.96	12.60	11.74	(-) 7
	TOTAL	3517.61	4310.55	4971.19	

Reasons for variations in receipts during the year 2001-2002 compared to 2000-2001 as supplied by the respective departments were as under:

(a) **Taxes on Sales, Trade etc.** The increase of 14 *per cent* was due to increase in procurement price of wheat and its heavy arrivals in the market, hike in prices of High Speed Diesel and petrol and effective check on tax evasion by introduction of Form ST-38 for regulating movement of goods in and out of the State.

(b) **Taxes on Goods and Passengers:** The increase of 36 *per cent* was due to imposition of Haryana Local Area Development Tax.

* The actual receipt during 2000-2001 was Rs.42.27 crore. The difference between actual realisation of duty and the amount accounted for in the books of AG (A&E) Haryana, was due to non-adjustment of subsidy of Rs.39.18 crore sanctioned in lieu of Electricity Duty and non-receipt of duty amounting to Rs.2.41 crore from collecting agencies.

** During 2001-02 actual receipt was Rs.52.01 crore and the difference was due to adjustment of Electricity duty of Rs.22.53 crore against the Government dues by the UHBVNL and DHBVNL, which was not accounted for in Finance Accounts.

- (c) **Stamp Duty and Registration Fee:** The increase of 16 *per cent* was due to revision of rates of immovable property and more registration of documents in the State.
- (d) **Taxes on Vehicles:** The increase of 21 *per cent* was due to better enforcement and heavy checking of unauthorised vehicles by Senior Superintendent of Police Haryana, Highway Patrol and Road Safety.
- (e) **Taxes and Duties on Electricity:** Against receipt of Rs.0.68 crore and Rs.29.48 crore as shown in the Finance Accounts of 2000-2001 and 2001-2002, actual receipt was Rs.42.27 crore and Rs.52.01 crore respectively. The increase of 23 *per cent* over 2000-2001 was due to more recovery of duty and power charges.
- (f) **Land Revenue:** The increase of 65 *per cent* was due to more recovery of copying fee and mutation fee.
- (ii) The details of non-tax revenue received during the year 2001-2002, alongwith the figures for the preceding two years are given below:

Sl. No.	Particulars	1999-2000	2000-2001	2001-2002	Percentage of increase (+) or decrease (-) in 2001-2002 over 2000-2001
(Rupees in crore)					
1.	Miscellaneous General Services				
	(i) State Lotteries	255.10 {(-)14.99}	295.52 {(-)15.77}	388.29 {(-)*11.22}	(+) 31
	(ii) Other than Lotteries	(-)1.31	3.78	(-)0.73	
2.	Road Transport	336.40	378.56	**410.74	(+) 9
3.	Interest Receipts	202.23	236.22	332.87	(+)41
4.	Non-ferrous Mining and Metallurgical Industries	84.80	105.35	139.87	(+) 33
5.	Medical and Public Health	23.39	23.40	28.32	(+)21
6.	Others	358.45	396.56	366.71	(-)8
	TOTAL	1259.06 (988.97)	1439.39 (1128.10)	1666.07 (1266.56)	

* The net receipts from lotteries shows negative flow of funds i.e. the Government is incurring more expenditure on lotteries than receipts accruing from it. Government may consider the need for continuing the lottery in these circumstances.

** Receipts from Road Transport are gross receipts of Haryana Roadways.

Reasons for variations in receipts during the year 2001-2002 as compared to those of 2000-2001 as intimated by the departments are as under:

- (a) **Miscellaneous General Services:** The increase was due to the reason that more lottery tickets were sold during the year 2001-02 as compared to 2000-01.
- (b) **Interest Receipts:** The increase was due to more interest received from Departmental Commercial Undertaking, Public Sector/other Undertakings and Co-operative Societies.
- (c) **Non-ferrous mining and metallurgical industries:** The increase was due to higher bids, grant of mining lease by public auction and strenuous efforts for recovery of Government dues by the department.
- (d) **Medical and Public Health:** The increase was due to upward revision in the rates of Hospital charges by the Government, allotment of MBBS seats to the Non-resident Indians against payment seats in the Post-Graduate Institute, Rohtak.

1.2 Variations between Budget estimates and actuals

The variations between the Budget estimates of revenue for the year 2001-2002 and actual receipts in respect of principal heads of tax and non-tax revenue and the reasons thereof as intimated by the respective departments are given below:

Sl. No.	Heads of Revenue	Budget estimates	Actual receipts	Variations Increase (+) / Decrease (-)	Percentage of variation
(Rupees in crore)					
1.	Taxes on Sales, Trade etc.	3056.00	2944.81	(-) 111.19	(-)4
2.	State Excise	870.00	875.39	(+) 5.39	(+)1
3.	Taxes on Goods and Passengers	395.00	498.56	(+) 103.56	(+) 26
4.	Stamp duty and Registration fee	450.00	488.29	(+) 38.29	(+) 9
5.	Taxes on vehicles	100.00	103.62	(+) 3.62	(+) 4
6.	Taxes and Duties on Electricity	50.04	29.48	(-) 20.56	(-) 41
7.	Land Revenue	39.06	19.30	(-) 19.76	(-) 51
8.	Other taxes and duties on commodities	15.00	11.74	(-) 3.26	(-) 22
9.	Miscellaneous General Services	434.17	387.56	(-) 46.61	(-) 11
10.	Road Transport	397.80	410.74	(+) 12.94	(+) 3

Sl. No.	Heads of Revenue	Budget estimates	Actual receipts	Variations Increase (+) / Decrease (-)	Percentage of variation
(Rupees in crore)					
11.	Interest Receipts	375.70	332.87	(-) 42.83	(-) 11
12.	Non-ferrous mining and metallurgical industries	150.00	139.87	(-) 10.13	(-) 7
13.	Medical and Public Health	26.16	28.32	(+) 2.16	(+) 8

The reasons for variations between the Budget estimates and the actuals as furnished by the departments are as under:

- (a) **Taxes on Goods and Passengers:** The increase of 26 *per cent* was due to imposition of Haryana Local Area Development tax.
- (b) **Taxes and Duties on Electricity Duty:** Against the budget estimate of Rs. 50.04 crore, the actual receipts during the year 2001-02 were Rs.52.01 crore of which, Rs.29.48 crore only had been accounted for in the Finance Accounts and Rs.22.53 crore were not received by the department from UHBVNL* and DHBVNL** as the amount was adjusted by them towards their dues receivable from the State Government.
- (c) **Land Revenue:** The department stated that the decrease of 51 *per cent* was mainly due to less recovery of copying fee and mutation fee.
- (d) **Other taxes and duties on commodities:** The decrease of 22 *per cent* was due to reduction in rates of Entertainment Tax and total abolition of Show Tax and exemption from levy of entertainment duty on Swang, Nauntanki, Natak, Fish Aquarium etc.
- (e) **Miscellaneous General Services:** The decrease of 11 *per cent* was due to non-adjustment of prize-winning tickets.
- (f) **Interest Receipts:** The decrease of 11 *per cent* was due to lesser receipt of interest from Departmental Commercial Undertakings, Public Sector/other Undertakings, Local Bodies, etc.

* Uttar Haryana Bijli Vitran Nigam Ltd.

** Dakshin Haryana Bijli Vitran Nigam Ltd.

1.3 Cost of collection

The gross collections in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collections during the years 1999-2000, 2000-2001 and 2001-2002 along with the relevant all India average percentage of expenditure on collection to gross collections for 2000-2001 are given below:

Sl. No.	Heads of Revenue	Year	Gross collection	Expenditure	Percentage of expenditure to gross collection	All India percentage of cost of collection for the year 2000-2001
			(Rupees in crore)			
1.	Taxes on Sales, Trade etc.	1999-2000	1967.38	30.37	1.54	1.31
		2000-2001	2573.39	35.21	1.37	
		2001-2002	2944.81	41.08	1.39	
2.	State Excise	1999-2000	765.36	12.47	1.63	3.10
		2000-2001	840.56	5.81	0.69	
		2001-2002	875.39	7.78	0.89	
3.	Stamp Duty and Registration Fee	1999-2000	309.92	3.85	1.24	4.39
		2000-2001	419.24	3.15	0.75	
		2001-2002	488.29	1.95	0.40	
4.	Taxes on Vehicles	1999-2000	84.77	2.72	3.21	3.48
		2000-2001	85.69	5.74	6.70	
		2001-2002	103.62	5.07	4.89	

It may be seen from the table that in respect of Sales Tax and Taxes on Vehicles, the percentage of expenditure to gross collection was higher than the all India percentage of cost of collection during 2000-2001.

1.4 Arrears in revenue

As on 31 March 2002, arrears of revenue under the principal heads of revenue, as reported by the departments, were as under:

Sl. No.	Heads of revenue	Total arrears	Arrears more than 5 years old	Remarks
		(Rupees in crore)		
1.	Taxes on sales, trade etc.	390.85	113.91	Demand for Rs.28.05 crore was covered by recovery certificates, Rs.72.91 crore was stayed by Courts and other Appellate Authorities, Rs.7.96 crore was held up due to dealers becoming insolvent and demand for Rs.11.36 crore was proposed to be written off. Specific action taken to recover remaining amount of Rs.270.57 crore was not intimated.
2.	Taxes and Duties on	52.69	29.49	Rs.0.38 crore was recoverable from

Sl. No.	Heads of revenue	Total arrears	Arrears more than 5 years old	Remarks
		(Rupees in crore)		
	Electricity			M/s Rama Fiber, Bhiwani, Rs.0.30 crore from M/s Dadari Cement Factory, Charkhi Dadri, Rs.one crore from M/s Haryana Concast Hisar, Rs.0.16 crore from M/s Competent Alloys, Ballabgarh and a sum Rs.50.85 crore from consumers by Haryana Vidyut Prasaran Nigam
3.	State Excise	23.39	10.28	Rs.1.22 crore was covered under recovery certificates, Rs.13.86 crore was stayed by High Courts and other Judicial Authorities, Rs.0.33 crore was proposed to be written off. Action taken to recover the remaining amount of Rs.7.98 crore was not intimated by the department.
4.	Taxes on Goods and Passengers	32.33	7.63	Rs.0.12 crore was stayed by the courts. Specific action taken to recover the remaining amount of Rs.32.21 crore was not intimated by the department
5.	Non-ferrous mining and metallurgical industries	5.04	3.05	Rs.1.82 crore was covered under recovery certificates, Rs.0.22 crore was stayed by High Court and other Judicial Authorities, Rs.0.03 crore was held up due to pending rectification/review applications. Rs.0.01 crore was proposed to be written off and detailed break up of remaining amount of Rs.2.96 crore was not available with the department
7.	Police	1.20	0.82	The amount was due from 6* States.
8.	Other taxes and duties on commodities and services: (i) Receipts under the Sugarcane (Regulation of Purchase and Supply) Act. (ii) Receipts under entertainment duty and show tax	9.04 1.20	3.33 0.19	Three sugar mills (Yamunanagar: Rs 3.58 crore, Panipat: Rs 3.18 crore, and Rohtak: Rs 2.28 crore) did not deposit the tax. Rs 0.17 crore was stayed by courts. Reasons for remaining amount of Rs 1.03 crore was not intimated by the department
	Total	515.74	168.70	

The arrears outstanding for more than 5 years constituted 33 per cent of total arrears.

* Assam, Chandigarh (U.T.), Jammu & Kashmir, Rajasthan, Uttar Pradesh and West Bengal.

1.5 Arrears in assessment

The details of assessment cases of Taxes on Sales, Trade etc. and Passengers and Goods Tax pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and the number of cases pending at the end of each year during 1997-98 to 2001-2002 as furnished by the department are given below:

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 col 5 to col 4
1		2	3	4	5	6	7
1997-98	ST**	160524	147059	307583	194116	113467	63
	PGT***	757	628	1385	688	697	50
1998-99	ST	113467	96544	210011	123595	86416	59
	PGT	697	775	1472	576	896	39
1999-2000	ST	86416	199560	285976	127082	158894	44
	PGT	896	651	1547	567	980	37
2000-2001	ST	158894	168142	327036	164418	162618	50
	PGT	980	472	1452	450	1002	31
2001-2002	ST	162618	159063	321681	114003	207678	35
	PGT	1002	693	1695	555	1140	33

The above table shows that number of pending cases in respect of Taxes on Sales, Trade etc. at the beginning of 1997-98 was 160524 which had gone upto 207678 at the end of 2001-2002 registering an increase of about 29 per cent while the percentage of finalisation of assessment cases decreased from 63 per cent in 1997-98 to 35 per cent in 2001-2002. The percentage of finalisation of assessment cases in respect of taxes on Passengers and Goods Tax decreased from 50 per cent during 1997-98 to 33 per cent in 2001-2002.

1.6 Frauds and evasions of taxes/duties

The cases of frauds and evasions of taxes and duties pending at the beginning of the year, number of cases detected by the departmental authorities, number of cases in which assessments/investigations were completed and additional demand (including penalties etc.) of taxes/duties raised against the dealers during the year and the number of cases pending finalisation at the end of March 2002, as supplied (July 2002) by the respective departments, are given as under:

** Taxes on Sales, Trade etc.
 *** Passengers & Goods Tax.

Name of tax/duty	Cases pending as on 31 March 2001	Cases detected during the year 2001-2002	Total (2+3)	Number of cases in which assessments/ investigations completed and additional demand including penalty raised	Amount of demand (Rupees in crore)	Number of cases pending finalisation as on 31 March 2002 (4-5)
1	2	3	4	5	6	7
Taxes on Sales, Trade etc.	129	1736	1865	1694	2.78	171
Passengers and Goods Tax	62	6270	6332	6270	2.62	62
Entertainment Duty and Show tax	Nil	23	23	23	0.01	Nil

1.7 Results of Audit

Test-check of records of departmental offices relating to Taxes on Sales, Trade etc., Stamp Duty and Registration Fee, State Excise Duty, Taxes on Motor Vehicles, Passengers and Goods Tax, Entertainment and Show Tax, Agriculture (Purchase Tax, Crop Husbandry and Horticulture), Electricity Duty, Land Revenue, Public Works (Irrigation, Public Health, Buildings and Roads), Home (Police), Mines and Geology, Forest, Rehabilitation, Co-operation, State-Lotteries, Medical, Food and Supplies, Animal Husbandry and Industries conducted during the year 2001-2002 revealed under-assessments, non/short levy of taxes, duties and losses of revenue amounting to Rs. 385.82 crore in 1,54,406 cases. During the year 2001-2002, the concerned departments accepted under-assessment etc. of Rs.60.51 crore involving in 5,383 cases. Out of these, 5292 cases involving Rs.59.17 crore were pointed out during 2001-02 and the rest in earlier years. An amount of Rs 5.46 crore was recovered in 195 cases during 2001-2002 of which Rs 2.82 crore recovered in 191 cases related to earlier years.

This report contains 32 paragraphs including 3 reviews relating to non-levy/short levy of taxes, duties, interest and penalty etc., involving Rs.234.05 crore. The department accepted audit observations involving Rs 55.37 crore out of which Rs 2.94 crore had been recovered up to July 2002. No replies had been received in other cases.

1.8 Outstanding inspection reports and audit observations

(i) 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. Serious financial

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.

(ii) The number of inspection reports and audit observations relating to revenue receipts issued upto 31 December 2001 and which were pending settlement by the departments as on 30 June 2000, 2001 and 2002 are given below:

Particulars	At the end of June		
	2000	2001	2002
Number of inspection reports pending settlement	2517	2785	3043
Number of outstanding audit observations	6176	6560	6863
Amount of receipts involved (Rupees in crore)	650.03	461.36	556.19

(iii) Department-wise break-up of the inspection reports and audit observations issued upto December 2001 and outstanding as on 30 June 2002 is as follows:

Department	Number of outstanding		Amount of receipts involved (Rupees in crore)	Number of inspection reports to which even first replies had not been received
	Inspection reports	Audit observations		
Revenue Department*	876	1634	28.39	7
Excise and Taxation**	658	2726	297.09	15
Transport	386	671	17.03	3
Forest	69	142	7.29	13
Others	1054	1690	206.39	55
Total	3043	6863	556.19	93

* This includes "Stamp Duty and Registration fee" and "Land Revenue".

** This includes "Taxes on Sales, Trade, etc.", "Passengers and Goods Tax", "Entertainment Duty and Show Tax" and "Prohibition and Excise."

The matter was brought to the notice of the Government in June/July 2002; replies regarding steps taken to settle the outstanding inspection reports and audit observations had not been received (July 2002).

1.9 Follow-up on Audit Reports -Summarised position

With a view to ensure accountability of the executive in respect of all the issues dealt within various Audit Reports, the PAC recommended in 1982 that departments should furnish remedial/ corrective Action Taken Notes (ATNs) on all paragraphs contained therein within the prescribed period.

PAC took a serious view of the inordinate delays and persistent failures on the part of large number of departments in furnishing the ATNs within the prescribed time and recommended on 30 May 1995 that pending ATNs pertaining to Audit Reports should be submitted within three month from the laying of the Reports in the State Legislature.

Review of outstanding ATNs on paragraphs included in Report of the Comptroller and Auditor General of India (Revenue Receipts) as on 31 March 2002 disclosed that departments had not submitted remedial ATNs on 34 paragraphs (May 2002).

Departments failed to submit ATNs within three months in respect of 65 paragraphs included in the Audit Reports upto and for the year ended March 1999. Of these, ATNs in respect of 13 paragraphs have not been received at all (July 2002). Though the Audit Report for the year ended March 2000 was laid on the table of Legislature on 13 March 2001 and time limit for furnishing the ATNs had lapsed on 12 June 2001, the departments did not submit ATNs on 21 paragraphs (July 2002)

1.10 Response of the departments to Draft Audit Paragraphs

Department of Finance issued directions to all departments on 5 January 1982 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. The Draft Paragraphs are always forwarded to the secretaries of the concerned departments through demi-official letters 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 the departments are invariably indicated at the end of each paragraph included in the Audit Report.

41 Draft Paragraphs and 3 Reviews included in the Report of the Comptroller and Auditor General of India for the year ended March 2002 were forwarded to the secretaries of the concerned departments during January to July 2002 through demi-official letters. Except in 6 cases, the secretaries of the departments did not send replies thereto.