

## CHAPTER-VI REVENUE RECEIPTS

### *GENERAL*

#### 6.1 Trend of revenue receipts

**6.1.1** The total receipts of the Government of Nagaland for the year 2001-02 were Rs.1,324.53 crore. Of these, revenue raised by the state Government was Rs.105.80 crore, comprising Rs.62.39 crore from tax revenue, and the balance Rs.43.41 crore from non-tax revenue. The receipts from Government of India amounting to Rs.1,218.73 crore accounted for 92 *per cent* of the total receipts.

**6.1.2** A time series analysis of the receipts for the years 1999-2002 are given below:-

*Table No.6.1*

	1999-2000	2000-01	2001-02
	(Rupees in lakh)		
I. Revenue raised by the State Government			
(a) Tax revenue	3,949.60	4,624.68	6,239.08 <sup>1</sup>
(b) Non-tax revenue	3,886.59	3,922.71	4,340.57
Total: I	7,836.19	8,547.39	10,579.65
II. Receipts from Government of India			
(a) State's share of divisible Union Taxes	52,604.00	9,648.00	2,322.17 <sup>2</sup>
(b) Grants-in-aid	52,706.25	1,07,214.85	1,19,550.88
Total: II	1,05,310.25	1,16,862.85	1,21,873.05
III. Total receipts of the State Government (I plus II)	1,13,146.44	1,25,410.24	1,32,452.70
IV. Percentage of I to III	7	7	8

*Source : Finance Accounts*

#### 6.2 Analysis of revenue receipts

##### *Tax revenue raised by the State*

**6.2.1** Receipts from tax revenue (Rs.62.39 crore), during the year 2001-02, constituted 59 *per cent* of the State's own revenue receipts (Rs.105.80 crore). An analysis of tax revenue for the year 2001-02 and the preceding two years, are given below:

<sup>1</sup> Figures under the Major heads 0021-Taxes on income other than corporation tax-share of net proceeds assigned to states, 0037 customs and 0038 union excise duties booked in the Finance Accounts under 'A'-Tax revenue' have been excluded from Revenue raised by the state Government and included in state's share of divisible union taxes in this table.

<sup>2</sup> For details, please see statement No.10 of Detailed Accounts by Minor Heads in the Finance Accounts-Government of Nagaland for the year 2001-02.

**Table No.6.2**

Major heads of Revenue	1999-2000	2000-01	2001-02	Percentage of Increase (+)/ Decrease (-) in 2001-02 with reference to 2000-01
	(Rupees in lakh)			
1. Sales Tax	2,304.50	2,729.98	3,442.04	(+)26
2. Taxes on Vehicles	458.83	528.63	534.84	(+)1
3. Other Taxes on Income and Expenditure	786.55	962.81	1,132.65	(+)18
4. State Excise	172.89	176.85	186.98	6
5. Stamps and Registration Fees	185.13	176.96	91.46	(-)48
6. Other Taxes and Duties on Commodities and Services	15.29	14.18	29.94	(+)111
7. Land Revenue	25.68	34.66	61.78	(+)78
8. Taxes and Duties on Electricity	0.70	0.61	0.71	(+)16
9. Corporation Tax	---	---	708.72	(+)100
10. Tax On Wealth	---	---	8.73	(+)100
11. Taxes on Immoovable property other than Agricultural Land	---	---	0.20	(+)100
12. Taxes on goods and passengers	---	---	10.08	(+)100
13. Service Tax	---	---	30.95	(+)100
<b>Total:-</b>	<b>3,949.57</b>	<b>4,624.68</b>	<b>6,239.08</b>	<b>(+)35</b>

**Source: Finance Accounts**

**6.2.3** Reasons for variations in receipts during 2001-02, compared to 2000-01, have not been intimated by the concerned departments (February 2003).

**Non-tax revenue of the State**

**6.2.4** Receipts from non-tax revenue (Rs.43.41 crore), during the year 2001-02, constituted 41 *per cent* of the revenue raised by the state (Rs105.80 crore). Details of non-tax revenue under the principal heads for the year 2001-02, and the preceding two years, are given below:-

**Table No.6.3**

Major heads of Revenue	1999-2000	2000-01	2001-02	Percentage of Increase(+)/ Decrease(-) in 2001-02 with reference to 2000-01
	(Rupees in lakh)			
1. Interest Receipts	458.70	350.44	161.62	(-)54
2. Public Service Commission	2.54	3.22	6.10	(+)89
3. Police	14.56	24.26	51.45	(+)112
4. Stationery and Printing	0.67	0.48	0.70	(+)46
5. Public Works	32.14	31.55	96.63	(+)206
6. Other Administrative Services	610.70	185.32	314.07	(+)69
7. Contribution and recoveries towards Pension & Other Retirement Benefits	7.78	9.26	103.72	(+)1,020
8. Miscellaneous General Services	79.03	122.39	44.29	(-)64
9. Education, Sports, Arts and Culture	15.25	13.48	46.04	(+)242
10. Medical & Public Health	2.09	6.82	11.98	(+)76
11. Water Supply and Sanitation	32.89	29.32	35.72	(+)22
12. Housing	189.38	225.34	222.41	(-)1
13. Social Security and Welfare	0.50	1.39	0.57	(-)59
14. Crop Husbandry	3.39	13.81	10.12	(-)27
15. Animal Husbandry	20.55	16.88	21.92	(+)30

Major heads of Revenue		1999-2000	2000-01	2001-02	Percentage of Increase(+)/ Decrease(-) in 2001-02 with reference to 2000-01
		(Rupees in lakh)			
16.	Forestry and Wildlife	169.77	263.73	204.20	(-)23
17.	Food storage and Warehousing	7.54	5.97	6.51	(+)9
18.	Co-operation	8.46	8.11	129.93	(+)1,502
19.	Other Agricultural Programmes	3.05	4.13	3.45	(-)16
20.	Minor Irrigation	0.35	0.35	0.86	(+)146
21.	Power	1,785.14	1,987.01	2,293.19	(+)15
22.	Village and Small Industries	14.02	14.73	18.42	(+)25
23.	Non-ferrous Mining and Metallurgical Industries	1.27	9.42	2.38	(-)75
24.	Road Transport	380.93	515.90	510.15	(-)1
25.	Tourism	18.01	8.42	9.56	(+)14
26.	Other General Economic Services	5.03	5.27	5.42	(+)3
<b>Total:-</b>		<b>3,863.74</b>	<b>3,857.00</b>	<b>4,311.41</b>	<b>(+)12</b>

*Source: Finance Accounts*

**6.2.5** Reasons for increase/decrease have not been intimated by the concerned departments (February 2003).

### 6.3 Variations between Budget estimates and actuals

6.3.1 The major variations between Budget estimates and actual receipts under the major heads of revenue for the year 2001-02 are given below:-

*Table No.6.4*

Major heads of revenue	Budget estimates	Actual receipts	Percentage of variations Increase (+)/ Decrease (-) of actuals over budget estimates
	(Rupees in lakh)		
(1)	(2)	(3)	(4)
1. Other taxes on Income and expenditure	1,227.00	1,132.65	(-)8
2. Stamps and Registration Fees	180.00	91.46	(-)49
3. State Excise	180.00	186.98	(+)4
4. Sales Tax	3,041.00	3,442.08	(+)13
5. Taxes on Vehicles	535.00	534.84	Negligible
6. Other Taxes and Duties on Commodities and Services	4,075.00	29.94	(-)99
7. Interest Receipts	310.00	161.62	(-)48
8. Police	4.20	51.45	(+)1,125
9. Stationery and Printing	21.00	0.70	(-)97
10. Public Works	50.00	96.63	(+)93
11. Other Administrative Services	550.00	314.07	(-)43
12. Miscellaneous General Services	100.00	103.72	(+)4
13. Education, Sports, Arts & Culture	27.00	46.04	(+)71
14. Medical and Public Health	11.00	11.98	(+)9
15. Water Supply and Sanitation	70.00	0.02	(-)100
16. Housing	501.00	222.41	(-)56
17. Social Security and Welfare	14.00	0.57	(-)96
18. Crop Husbandry	14.00	10.12	(-)28
19. Dairy Development	13.00	---	(-)100
20. Forestry & Wildlife	200.00	204.20	(+)2
21. Food, Storage and Warehousing	---	6.51	(+)100
22. Co-operation	2.20	129.93	(+)5,806
23. Other Agricultural Programmes	7.20	3.45	(-)52
24. Power	1,900.00	2,293.19	(+)21
25. Village and Small Industries	11.00	18.42	(+)67
26. Non-ferrous Mining and Metallurgical Industries	371.85	2.38	(-)99
27. Road Transport	605.00	510.15	(-)16
28. Tourism	12.00	9.56	(-)20
<b>Total:-</b>	<b>14,032.45</b>	<b>9,615.07</b>	<b>(-)31</b>

*Source: Budget documents and Finance Accounts*

6.3.2 Reasons for variations have not been intimated by the concerned departments (February 2003).

### 6.4 Cost of collection

6.4.1 The gross collection 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, 2000-01 and 2001-02, along with the relevant all India average percentage of expenditure of collection to gross collections for the year 2000-01, are given below:-

Table No.6.5

Sl. No.	Revenue head	Year	Gross Collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year 2000-2001
1.	Sales Tax	1999-2000	2,304.50	233.78	10	1.31
		2000-01	2,729.98	283.42	10	
		2001-02	3,442.08	350.58	11	
2.	State Excise	1999-2000	172.89	349.20	202	3.10
		2000-01	176.85	382.86	216	
		2001-02	186.98	423.51	227	
3.	Taxes on Vehicles	1999-2000	458.83	126.86	28	3.48
		2000-01	528.63	153.97	29	
		2001-02	534.84	164.09	31	
4.	Stamps and Registration Fees	1999-2000	185.13	9.55	5	4.39
		2000-01	176.96	9.00	5	
		2001-02	91.46	11.14	12	

Source: Finance Accounts

**6.4.2** The reasons for increase in expenditure under the head State Excise was mainly due to excess establishment charges and imposition of ban on sale of liquor in the State during the three years as compared to the corresponding All India Average percentage for the year 2000-01.

## SECTION – B – AUDIT PARAGRAPHS

### GEOLOGY AND MINING DEPARTMENT (Nagaland State Mineral Development Corporation Limited)

#### 6.5 Irregular utilisation of departmental receipts

**Sales proceeds of cement were irregularly utilised by the compay towards departmental receipts (Rs.13.49 lakh), there was short deposit (Rs.0.87 lakh) of receipts**

**6.5.1** According to Rule 6 of Receipts and Payments Rules, all moneys received by or tendered to Government officers on account of revenues or receipts or dues of the Government shall, without undue delay, be paid in full into the accredited bank for inclusion in Government Accounts and shall not be utilised to meet departmental expenditure except as authorised in sub-rule 2 of the Rule *ibid*.

**6.5.2** During audit (June 2001) of the records relating to the period from April 1999 to March 2001 of the Managing Director, Nagaland State Mineral Development Corporation Limited (NSMDC), Kohima, it was noticed that cement marketing depot received 45,675 bags of cement amounting to Rs.78.93 lakh from Wazeho Mini Cement Plant for public sale. Against the

realisable sale proceeds of Rs.78.93 lakh, the company realised Rs.64.78 lakh, out of which Rs.50.42 lakh was deposited into Bank and Rs.13.49 lakh utilised towards departmental expenditure, leaving a balance of Rs.0.87 lakh, which was neither deposited nor utilised towards departmental expenditure.

**6.5.3** Thus, there was irregular utilisation of departmental receipts (Rs.13.49 lakh), short deposit (Rs.0.87 lakh) proceeds.

**6.5.4** The matter was reported to the Government and department in March 2002; the Government admitted the facts (July 2002).

## **INFORMATION AND PUBLIC RELATIONS DEPARTMENT**

### **6.6 Loss of revenue due to non-deposit of sale proceeds**

#### **Government revenue amounting to Rs.9.88 lakh was lost due to non-deposit of sale proceeds**

**6.6.1**As per Rule 6 of Central Government Receipt and Payment Rule, money received on behalf of Government should be deposited into the treasury or accredited bank without delay.

**6.6.2** The Information and Public Relations Department fixed sale price of each calender, printed by the department at Rs.20 each for the year 1998 and Rs.30 each for the years 1999 to 2001.

**6.6.3** During audit of the records (January 1998 to October 2001) of the Directorate of Information and Public Relations, Kohima, it was noticed (November 2001) that out of sale proceeds of Rs.16.69 lakh for the years 1998 to 2001 only Rs.6.81 lakh was deposited into the government account leaving Rs.9.88 lakh as either not realised or realised but not deposited into government account. This resulted in loss of government revenue of Rs.9.88 lakh.

**6.6.4** The matter was reported to the Government and department in March 2002; specific reply to the para has not been furnished by the department (August 2002). The reasons for not depositing Rs.9.88 lakh in Government account were neither on record nor stated by the department in their reply.

**POWER DEPARTMENT**

**6.7 Loss of revenue due to non-remittance of sales tax**

**Due to non-remittance of sales tax, the Government suffered loss of revenue to the extent of Rs.2.44 crore**

**6.7.1** As per sub-section (5) of Section 36 of the Nagaland Sales Tax (NST) Act, 1967 (as amended) and Rules framed thereunder, Drawing and Disbursing Officers shall deduct at source, and remit to the treasury, the tax payable on the goods supplied/works done by a supplier/contractor to the State or Central Government.

**6.7.2** Test check of records of the Executive Engineer, Likimro Electrical Construction Division, Likimro for the period May 1992 to November 2001 revealed that an amount of Rs.51.17 crore was paid (between March 1996 and October 2001) to the suppliers/contractors for execution of Likimro Hydel Project without remitting NST amounting to Rs.2.44 crore.

**6.7.3** The matter was reported to Government in May 2002. The Government admitting the fact stated (September 2002) that due to resource constraints the Department availed loan from the Power Finance Corporation (PFC), New Delhi to support funding of the project, but the PFC refused to pay the amount of NST and due to paucity of fund the amount of NST could not be remitted.

**6.7.4** The reply is not acceptable as the Detailed Project Report should have included the amount of NST involved as it was part of the project cost and mobilisation of funds should have been properly planned by the department. Moreover, NST is part of state Government's revenue which has to be collected and remitted as per the provisions of the Act.

**POWER/HEALTH AND FAMILY WELFARE  
DEPARTMENT**

**6.8 Non-realisation of sales tax**

Government suffered loss of revenue of Rs.1.94 crore due to non-deduction of works tax at source

**6.8.1** As per Schedule III, Section 5A (2)(e) of Nagaland Sales Tax (NST) Act, 1989 (sixth amendment) all the concerned departments shall deduct sales tax at the rate of 4 *per cent* on works contract after allowing a deduction of 30 *per cent* on account of labour and other charges.

**6.8.2** Test check (November and December 2001) of the records for the period May 1992 to November 2001 of the Executive Engineer, Likimro Electrical Construction Division, Likimro, Nagaland revealed that an amount of Rs.57.30 crore was paid to 4 contractors against 11 number of bills for various construction works without deducting sales tax of Rs.1.60 crore (4 *per cent* of Rs.40.11 crore derived after deduction of 30 *per cent* as labour and other charges). This resulted in a loss of revenue of Rs.1.60 crore.

**6.8.3** Similarly, test check (September 2001) of the records of the period July 1999 to September 2001 of the Director of Medical Services (DMS), Nagaland, Kohima revealed that the DMS paid Rs.12.00 crore to a Hospital based in New Delhi for upgradation of Naga Hospital, Kohima without deducting sales tax of Rs.33.60 lakh (4 *per cent* of Rs.8.40 crore derived after deduction of 30 *per cent* as labour and other charges). This resulted in loss of revenue of Rs.33.60 lakh.

**6.8.4** The matter was reported to the department and the Government in April/May 2002. In reply, Power department admitted the facts (September 2002). While no reply, had been furnished by Health and Family Welfare department (February 2003).