

CHAPTER VI

RECEIPTS

6.1 Trend of revenue receipts

The total receipts of Government of the Union Territory of Pondicherry for the year 2000-2001 were Rs 946.73 crore, as against the budgeted estimates of Rs 853.48 crore. These were Rs 69.24 crore more than the previous year (Rs 877.49 crore). The total revenue of Rs 946.73 crore included Rs 546.99 crore being the revenue raised by Government, of which Rs 291.86 crore represented tax revenue and the balance of Rs 255.13 crore, non-tax revenue. The receipts from Government of India (Rs 399.74 crore) during the year accounted for 42 *per cent* of the total receipts.

6.1.1 Analysis of revenue receipts

An analysis of the receipts during the year 2000-2001 with the corresponding figures for the preceding two years is given below :

(Rupees in crore)				
Serial number		1998-1999	1999-2000	2000-2001
I	Revenue raised by the Government			
	(a) Tax revenue	224.98	260.59	291.86
	(b) Non-tax revenue	171.96	218.47	255.13
	Total (I)	396.94	479.06	546.99
II	Receipts from Government of India Grants-in-aid	350.50	398.43	399.74
III	Total receipts of the Government (I + II)	747.44	877.49	946.73
IV	Percentage of I to III	53.11	54.60	57.78

(a) Tax receipts

Tax receipts during the year 2000-2001 constituted 53 *per cent* of the revenue raised by the Union Territory. An analysis of tax revenue for the year 2000-2001 and the preceding two years is given below:

(Rupees in crore)

Serial number	Tax Heads	1998-1999	1999-2000	2000-2001	Percentage of Increase (+) / Decrease (-) in 2000-2001 over 1999-2000
1	Taxes on Sales, Trade etc.,	148.63	171.42	193.50	(+) 12.88
2	State Excise	51.93	61.00	66.18	(+) 8.49
3	Stamp duty and Registration Fees	8.02	9.47	12.31	(+) 29.99
4	Taxes on Vehicles	15.62	17.65	19.16	(+) 8.56
5	Land Revenue	0.38	0.88	0.30	(-) 65.91
6	Others	0.40	0.17	0.41	(+) 141.18
	Total	224.98	260.59	291.86	

Reasons for variation as stated by the departments concerned are given below:

Taxes on Sales, Trade etc.

The increase (12.88 per cent) was due to buoyancy in trade of item like Petroleum products, Chassis of motor vehicles, Cement etc.

Stamp Duty and Registration Fees

The increase (29.99 per cent) was due to increased sale of stamps and stamp paper during the year.

Land Revenue

The decrease (65.91 per cent) was due to reduction of revenue under Land Tax, Rates and Cesses on land.

(b) *Non-tax revenue*

Receipts from non-tax revenue during 2000-2001 constituted 47 per cent of the revenue raised by the Union Territory. Break-up of non-tax revenue under the principal heads for the year 2000-2001 and the preceding two years is given below:

(Rupees in crore)

Serial number	Non-tax Heads	1998-1999	1999-2000	2000-2001	Percentage of Increase (+)/ Decrease (-) in 2000-2001 over 1999-2000
1	Power	159.09	202.32	238.79	(+) 18.03
2	Interest Receipts, Dividends and Profits	2.58	2.22	2.15	(-) 3.15
3	Medical and Public Health	1.67	2.86	2.99	(+) 4.55
4	Education, Sports, Art and Culture.	0.28	0.80	0.61	(-) 23.75
5	Crop Husbandry	0.34	0.43	0.63	(+) 46.51
6	Public Works	1.57	0.91	1.03	(+) 13.19
7	Other Receipts	6.43	8.93	8.93	(+) 0.11
	Total	171.96	218.47	255.13	

Reasons for variation as stated by the departments concerned are given below:

Power

The increase (18.03 *per cent*) was due to increase in Domestic, Commercial, LT and HT industries services and more collection of arrear amount.

Crop Husbandry

The increase (46.51 *per cent*) was due to hire/sale of agricultural machinery, implements, farm products and inputs.

Reasons for variations from the other departments have not been received (October 2001).

6.2 Arrears of revenue

The arrears of revenue pending collection as on 31 March 2001 under principal heads of revenue, as reported by the departments, amounted to Rs 6458.15 lakh as indicated below:

(Rupees in lakh)

Serial number	Sources of Revenue	Total arrears	Arrears outstanding for more than five years	Remarks
1	Electricity	3483.12	NF	Arrears outstanding against HT consumers amounted to Rs 1821.60 lakh and that of LT consumers amounted to Rs 1661.52 lakh. Of the HT arrears, an amount of Rs 84.21 lakh is pending with Claims Commissioner, New Delhi from 1990.
2	State Excise	1627.17	704.67	Out of the total arrears of Rs 1627.17 lakh, a sum of Rs 1452.50 lakh were covered by Revenue Recovery Act and a sum of Rs 174.67 lakh was covered by courts stay.
3	Commercial Taxes	1066.58	217.34	Out of the total arrears, demand for Rs 32.11 lakh had been certified for recovery under Revenue Recovery Act. Demands amounting to Rs 904.36 lakh were covered under application to Magistrate and appeals etc. A sum of Rs 0.21 lakh is likely to be written-off, while Rs 80.94 lakh were covered under miscellaneous actions and a sum of Rs 48.96 lakh has since been collected.
4	Transport	281.28	20.03	Out of the arrears of Rs 281.28 lakh, a sum of Rs 211.47 lakh was covered under Revenue Recovery Act and Rs 69.81 lakh were under various stages of collection.
	Total	6458.15	942.04	

NF - Not furnished

6.3 Frauds and evasions

Details of cases of frauds and evasion of Sales Tax at the end of 31 March 2001 as reported by the department were as under:

Details		Number of cases
A	(i) Cases pending as on 1 April 2000	43
	(ii) Cases detected during the year	13
B	Cases in which investigation/assessments were completed during the year	(19)
	(i) Out of cases in A(i) above	16
	(ii) Out of cases in A (ii) above	3
C	Cases which were pending as on 31 March 2001	(37)
	(i) Out of cases in A(i) above	27
	(ii) Out of cases in A(ii) above	10
D	In respect of cases where investigation/assessments had been completed	
	(i) Amount of additional demand raised	Rs 0.61 lakh
	(ii) Amount involved in penalty	Rs 0.46 lakh

6.4 Internal audit

While internal audit was introduced in Registration and Commercial Taxes Departments (1978) and in Land Revenue Department (1981), it had not yet been introduced in State Excise and Transport Departments.

Non-existence of internal audit system in both these departments had been commented upon in previous Audit Reports of the Comptroller and Auditor General of India. However, there was no positive response from the Government.

The pendency position as reported by the Commercial Taxes Department (June 2001) was as under:

Year	Number of offices due for audit	Completed	Balance
Upto 1995-1996	7	4	3
1996-1997	7	3	4
1997-1998	7	3	4
1998-1999	7	3	4
1999-2000	7	1	6
2000-2001	7	---	7

The Registration Department had not conducted internal audit during 1996-97 to 2000-2001. The department stated (May 2001) that internal audit was not conducted from October 1996 onwards due to non-filling up of the vacancies.

6.5 Outstanding inspection reports and audit observations

Audit observations on incorrect assessments, under-assessments, non-levy/short-levy of taxes, duties, fees and other revenue receipts, defects in initial accounts, etc., noticed during local audit but not settled on the spot are communicated to the Heads of Offices and to the higher authorities through local audit reports. Important irregularities are also reported to the Heads of Department and Government.

At the end of June 2001, 109 inspection reports relating to various departments issued upto 31 December 2000 containing 317 audit observations involving receipts amounting to Rs 59.51 crore were pending settlement.

6.6 Results of audit

Test check of records of the following departmental offices conducted by Audit during the period from April 2000 to March 2001 revealed under-assessments/non-levy of tax, etc., amounting to Rs 4473.41 lakh in 66 cases as detailed below:

Serial number	Heads of revenue	Number of cases	Amount (Rupees in lakh)
1	State Excise	4	44.48
2	Stamp Duty & Registration Fees	27	13.33
3	Sales Tax	27	4402.87
4	Taxes on Vehicles	4	3.59
5	Land Revenue	4	9.14
	Total	66	4473.41

ELECTRICITY DEPARTMENT

6.7 Loss of revenue

Failure of the Electricity Department, Pondicherry to levy surcharge for belated payments and to remit promptly the cheques received for credit had resulted in a loss of Rs 57.89 lakh.

As per the terms and conditions of supply of electricity, all high tension bills were to be paid within 15 days from the date of issue of bills. In respect of belated payments, a surcharge is to be levied at the rates prescribed depending upon the period of delay. Further, according to the provisions of Receipt and Payment Rules, all money received by or tendered to Government Officers on account of receipts or dues to Government shall, without undue delay, be paid into the bank concerned for credit to Government Account.

Scrutiny of the high tension bills raised by the Electricity Department on Sumangala Steels, Pondicherry revealed that surcharge for belated payment amounting to Rs 47.40 lakh was not levied in respect of bills due in November 1996, February 1997, March 1997, September 1997, October 1997 and August 1998. It was also noticed that 10 cheques for a total amount of Rs 6.67 crore received during November 1997 to January 1999 from the same consumer were deposited in bank after a delay of 32 days to 85 days for credit to Government Account resulting in an interest loss of Rs 10.49 lakh (at 12.5 per cent per annum) to Government.

Thus, the failure of the Electricity Department to levy surcharge for belated payments of bills and to deposit promptly the cheques received for credit to Government Account resulted in a total loss of Rs 57.89 lakh.

The matter was referred to Government in July 2001 Government accepted (October 2001) the failures which were stated to be due to vacancies at supervisory level during that period and to the absence of sufficient internal checks in computerised billing in respect of payments by instalments. Government also assured to recover the belated payment surcharge after conducting a review of all cases of payments by instalments.