

CHAPTER 1: General

1.1 Trend of revenue receipts

(i) The tax and non-tax revenue raised by the Government of Punjab during the year 2000-2001, the share of divisible Union taxes and grants-in-aid received from Government of India during the year and corresponding figures for the preceding two years are given below:-

(In crore of rupees)

		1998-99	1999-2000	2000-2001
I	Revenue raised by the State Government			
	(a) Tax revenue	3262.47	3947.47	4895.22
	(b) Non tax revenue	<u>1507.35</u> (1500.39)	<u>2361.46</u> (1880.40)	2935.23*
	Total-(I)	4769.82 (4762.86)	6308.93 (5827.87)	7830.45
II	Receipts from the Government of India			
	(a) State's share of divisible Union taxes	587.16	638.59	719.33
	(b) Grants-in-aid	398.65	520.34	827.08
	Total-(II)	985.81	1158.93	1546.41
III	Total Receipts of State Government (I+II)	5755.63 (5748.67)	7467.86 (6986.80)	9376.86**
IV	Percentage of I to III	83	84	84

Of the total receipts (Rs.9376.86 crore) for 2000-2001, 84 per cent was raised by the State Government and remaining 16 per cent came from the Union Government.

(ii) Tax revenue raised by the State

The breakup of tax revenue raised during the year 2000-2001 alongwith figures for the preceding two years are given below:

* Represents gross receipts including receipts from lotteries.

** For details, please see Statement number 11-Detailed accounts of revenue by minor heads in Finance Accounts of the Government of Punjab for the year 2000-2001. Figures under the head 0021-Taxes on income other than Corporation tax share of net proceeds assigned to States booked in the Finance Accounts under A-Tax Revenue have been excluded from revenue raised by State and included in the State's share of divisible Union taxes in this statement.

(In crore of rupees)					
Revenue head	1998-99	1999-2000	2000-2001	Increase in 2000-2001 over 1999-2000	Percentage of Increase
1. Taxes on Sales, Trade etc.	1489.65	1977.28	2644.41	667.13	34
2. State Excise	1204.27	1231.57	1324.67	93.10	8
3. Stamp duty and Registration Fees	258.12	325.65	424.06	98.41	30
4. Taxes on vehicles (including special road tax)	266.72	321.37	338.31	16.94	5
5. Taxes and Duties on Electricity	31.90	76.47	145.08	68.61	90
6. Other taxes and Duties on Commodities and Services (including Entertainment tax)	8.91	10.29	11.52	1.23	12
7. Land Revenue	2.90	4.84	7.17	2.33	48
Total	3262.47	3947.47	4895.22	947.75	-

Reasons for increase where reported by the concerned departments were as under:-

- (a) "Taxes on Sales, Trade etc.": due to increase in rates of taxes of various commodities.
- (b) "Stamp duty and Registration fees": due to increase in various fees and charges under section 78 and 79 of Registration Act, 1908.
- (c) "Taxes and duties on Electricity": due to deposit of Rs.140 crore by Punjab State Electricity Board on account of Electricity duty of the previous year i.e. 1999-2000.
- (d). "Land Revenue": due to increase in rates of mutation fees, copying fees and preparation of five year abstracts of yields etc.

(iii) Non-Tax revenue of the State

The details of the non-tax revenue raised during 2000-2001 along with the figures for the preceding two years under the principal revenue heads are given below:

(In crore of rupees)					
Revenue head	1998-99	1999-2000	2000-2001	Increase (+)/ decrease (-) in 2000-2001 over 1999-2000	Percentage of increase (+) / decrease (-)
Road Transport	214.72	210.95	242.46	(+) 31.51	(+) 15
Interest Receipts	104.86	535.02	706.11	(+) 171.09	(+) 32
State Lotteries*	14.22 (7.26)	505.86 (24.80)	1670.95	(+) 1165.09	(+) 230
Major and medium Irrigation	16.28	17.69	11.68	(-) 6.01	(-) 34
Crop Husbandry	5.36	7.95	6.62	(-) 1.33	(-) 17
Forestry and wild life	6.52	10.79	14.37	(+) 3.58	(+) 33
Others	1145.39	1073.20	283.04	(-) 790.16	(-) 74
Total	1507.35 (1500.39)	2361.46 (1880.40)	2935.23	(+) 573.77	-

Reasons for increase/decrease as reported by the concerned departments were as under:-

- (a) "Road Transport": Increase was due to more buses plying under kilometre scheme.
- (b) "State Lotteries": The increase was due to start of weekly lotteries in January/ February 2001 and increase in sale of number of tickets of weekly lotteries.
- (c) "Crop Husbandry": The decrease was due to less renewal of licences for the sale of fertilizer as compared to last year.
- (d) "Forestry and wild life": The increase was due to the cash realisation of royalty receipts from the Corporation.

1.2 Variations between Budget estimates and Actuals

The variations between Budget estimates of revenue for the year 2000-2001 and the actual receipts under principal heads of tax and non-tax revenue are given below:-

* Figures in brackets represent net receipts.

(In crore of rupees)				
Revenue head	Budget estimates	Actual receipts	Excess (+)/ Shortfall (-)	Percentage of excess (+)/ shortfall (-)
1. Taxes on Sales, Trade etc.	3000.00	2644.41	(-) 355.59	(-) 12
2. State Excise	1385.80	1324.67	(-) 61.13	(-) 4
3. Stamp Duty and Registration Fees	450.00	424.06	(-) 25.94	(-) 6
4. Taxes on Vehicles (including Special Road Tax)	350.00	338.31	(-) 11.69	(-) 3
5. Taxes and Duties on Electricity	152.30	145.08	(-) 7.22	(-) 5
6. Other Taxes and Duties on commodities and services (including Entertainment Tax)	9.60	11.52	(+) 1.92	(+) 20
7. Land Revenue	2.75	7.17	(+) 4.42	(+) 161
Non -Tax Revenue				
8. Road Transport	347.17	242.46	(-) 104.71	(-) 30
9. Interest Receipts	620.33	706.11	(+) 85.78	(+) 14
10. Major and medium Irrigation	15.62	11.68	(-) 3.94	(-) 25
11. Crop Husbandry	7.50	6.62	(-) 0.88	(-) 12
12. State Lotteries	1668.00	1670.95	(+) 2.95	(+) 0.17
13. Forestry and Wild Life	7.90	14.37	(+) 6.47	(+) 82

The reasons for variations between Budget estimates and the actuals as furnished (between May and July 2001) by the concerned departments were as under:-

- (a) "Land revenue": due to revision of rates of mutation fees, copying fees of jamabandis and preparation of five year abstract of yields etc.
- (b) "Road Transport": due to old fleet strength 56.5% of the fleet has out lived its life and their replacement is due.
- (c) "Forestry and Wild Life": due to increased volume of large scale drying of sheesham and kikkar trees at increased rates.

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 1998-99, 1999-2000 and 2000-2001 alongwith the relevant All India average percentage of expenditure on collection to gross collections for the year 1999-2000 are given below:-

(In crore of rupees)

Revenue head	Year	Collections	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage of collection for the year 1999-2000
1.Taxes on Sales, Trade etc.	1998-99	1489.65	28.33	1.90	1.56
	1999-2000	1977.28	26.83	1.35	
	2000-2001	2644.41	27.99	1.05	
2.State Excise	1998-99	1204.27	33.09	2.75	3.31
	1999-2000	1231.57	13.55	1.10	
	2000-2001	1324.67	11.95	0.90	
3.Stamp Duty and Registration Fees	1998-99	258.12	7.05	2.73	4.62
	1999-2000	325.65	5.59	1.71	
	2000-2001	424.06	4.48	1.05	
4.Taxes on Vehicles	1998-99	266.72	4.23	1.59	3.56
	1999-2000	321.37	4.36	1.35	
	2000-2001	338.31	5.25	1.55	

1.4 Arrears of revenue

The details of arrears of revenue at the end of March 2001, as furnished by some of the departments are indicated below:-

Revenue head	Arrears at the end of March 2001	Arrears more than five years old	Remarks
(In crore of rupees)			
1.Taxes on Sales, Trade etc.	273.52*	100.16	Out of arrears of Rs.273.52 crore, recovery of Rs.198.90 crore had been stayed by the Judicial/Departmental authorities, recovery of Rs.6.42 crore was likely to be written off and Rs.2.68 crore was covered by recovery certificates and balance amount of Rs.65.52 crore was at different stages of action.
2.State Excise	11.80	10.54	Demands of Rs.2.42 crore covered by recovery certificates. Rs.2.88 crore likely to be written off and balance amount of Rs.6.50 crore at different stages of action.

* Does not include figures of arrears of Moga District.

3. Taxes on Vehicles	148.51	31.56	Recovery of Rs.3.05 crore stayed by Judicial /Departmental authorities, Rs.0.11 crore covered by recovery certificates and balance amount of Rs.145.35 crore at different stages of action.
4. Taxes and Duties on Electricity	246.98	0.71	Out of arrears of Rs.246.98 crore an amount of Rs.245.26 crore was incorrectly retained by the PSEB, Rs.0.71 crore was recoverable from MED Amritsar, recovery of Rs.0.90 crore was deferred by State Government and recovery of Rs.0.11 crore was stayed by Judicial authorities.
5. Interest Receipts			
(i) PSEB**	2684.83	277.83	Non-payment of interest liability was attributed (April/May 2001) to paucity of funds.
(ii) PRTC***	22.24	3.72	
(iii) PSTC****	31.49	31.49	
6. Forestry and Wild Life	19.14	0.58	Recovery of Rs.0.01 crore stayed by Judicial/Departmental authorities, demands of Rs.0.22 crore covered by recovery certificates and balance amount of Rs.18.91 crore at different stages of action.
Total	3438.51	456.59	

1.5 Frauds and Evasions

Cases of frauds and evasions pending finalisation as on 1 April 2000, cases detected during the year 2000-2001, cases where investigations/assessments were completed during the year and the cases pending finalisation at the close of the year 2000-2001, as reported by some of the departments are given as under:-

(In crore of rupees)

		Taxes on Sales, Trade etc.	State Transport	Revenue Department	Public Health	Total
	Particulars	No. of cases/ Amount	No. of cases / Amount	No. of cases/ Amount	No. of cases/ Amount	No. of cases/ Amount
A	(i) Cases pending as on 1.4.2000	<u>1433</u> [*] 3.66	<u>33</u> 0.12	<u>244</u> 0.20	<u>4</u> 0.05	<u>1714</u> 4.03
	(ii) Cases detected during the year 2000-2001	<u>1891</u> 2.56	-	<u>15</u> 0.01	-	<u>1906</u> 2.57
B	Cases in which investigations / assessments were completed during 2000-2001					
	(i) Out of A (i) above	<u>376</u> 0.79	<u>32</u> 0.09	<u>43</u> 0.01	-	<u>451</u> 0.89

- ** Punjab State Electricity Board.
- *** Pepsu Road Transport corporation.
- **** Punjab State Tubewell Corporation.
- Does not include figures of Moga District.

	(ii) out of A (ii) above	<u>1548</u> 2.01	-	<u>7</u> -	-	<u>1555</u> 2.01
C	Cases pending as on 31.3.2001					
	(i) Out of A (i) above	<u>1057</u> 2.87	<u>1</u> 0.03	<u>201</u> 0.19	<u>4</u> 0.05	<u>1263</u> 3.14
	(ii) Out of A (ii) above	<u>343</u> 0.55	-	<u>8</u> 0.01	-	<u>351</u> 0.56

During the year 2000-2001, additional demand of Rs.1.36 crore and penalty amounting to Rs.1.46 crore were raised as a result of completion of assessments. The above table shows that 1263 cases involving frauds and evasions of Rs.3.14 crore detected prior to March 2000 had not been finalised during 2000-2001.

1.6 Write off, waiver and remission of revenue

Details of write off, waiver and remission of revenue during the year 2000-2001, as furnished by some of the departments, are indicated below:-

(In crore of rupees)

	Revenue head	Number of cases	Amount
1.	Taxes on Sales, Trade etc.	200	4.76
2.	State Excise	61	0.39

(In crore of rupees)

Reasons for write off, waiver and remission	Taxes on sales, trade etc.		State Excise	
	Number of cases	Amount	Number of cases	Amount
1. Whereabouts of defaulters not known	123	3.17	11	0.09
2. Defaulters adjudged insolvent	3	0.16	-	-
3. Defaulters not having any property	23	0.43	21	0.16
4. Defaulters no longer alive	13	0.34	29	0.14
5. Records being not traceable	31	0.15	-	-
6. Other reasons	7	0.51	-	-
Total	200*	4.76	61	0.39

1.7 Results of audit

Test check of the records of Taxes on Sales, Trade etc., Taxes on Vehicles, State Excise, Stamp Duty and Registration Fees, Land Revenue and other departmental offices conducted during the year 2000-2001 revealed under assessment/short levy/non levy/loss of revenue and other observations amounting to Rs.160.83 crore in 1858 cases. During 2000-2001, the

* Does not include figures of Moga District.

concerned departments accepted audit observations involving Rs.1.76 crore in 335 cases of which 215 cases involving Rs.1.21 crore, had been pointed out in audit during 2000-2001 and the rest in the earlier years. During 2000-2001, the departments/Government recovered an amount of Rs.72.43 lakh in 186 cases at the instance of Audit.

This report contains 29 audit paragraphs and 3 reviews, involving financial effect of Rs.572.62 crore which illustrate some of the major findings of audit. The departments/Government have accepted audit observations involving financial effect of Rs.6.14 crore. Audit observations with a total revenue effect of Rs.4.01 crore have not been accepted by the departments/Government but their contentions, having been found at variance with facts or legal provisions, have been appropriately commented upon. Replies/final replies have not been received in respect of the balance amount.

1.8 Internal audit

(i) The internal audit was introduced in Revenue Department in September 1981. The State Government shifted (November 1991) the emphasis of internal audit from revenue to expenditure except in Passengers and Goods Tax and Stamp Duty and Registration Fees. During 2000-2001, out of 1248 units, the internal audit of 559 units was conducted and 1122 audit objections involving Rs.3.25 crore were raised. It was further observed that internal audit of 24 units relating to Passengers and Goods Tax (merged with Transport Department) and 689 units of Stamp Duty and Registration Fees were pending from 1989-90 and 1994-95 respectively.

(ii) Further, 2939 internal audit notes containing 8650 objections involving Rs.8.98 crore were outstanding as on 31 March 2001. The department attributed (July 2001) the reasons for this pendency to shortage of staff and diversion of field parties to the work relating to the District Planning Boards.

1.9 Outstanding audit inspection reports and audit observations

(i) Audit observations on irregularities relating to assessment, levy and realisation of receipts and defects in the maintenance of initial records noticed during local audit, which are not settled on the spot, are communicated to the Heads of offices and other departmental authorities through inspection reports. Important irregularities are also reported to the Heads of Departments and Government. For expeditious settlement of objections, Audit Committees had been constituted (March 1985) in all the departments. During the year 2000-2001, no Audit Committee meeting was convened by any department.

The State Government have prescribed that first replies to audit inspection reports/observations should be sent to Audit within a period of 4 weeks. The number of audit inspection reports and observations issued upto 31 December 2000, which were pending settlement by the department as on 30 June 2001 along-with the corresponding figures in the preceding two years, are given below:-

Particulars	As at the end of June		
	1999	2000	2001
Number of outstanding audit inspection reports	4217	4891	5157
Number of outstanding audit observations	8751	9647	10160
Money value of outstanding audit observations (in crore of rupees)	325.37	533.63	551.42

Head-wise break-up of these audit inspection reports/audit observations together with the amounts involved as on 30 June 2001 was as follows:-

(In crore of rupees)

Revenue head	Total outstanding			Outstanding pertaining to the period prior to 1997-98			No. of Inspection reports to which even first replies were not received
	Inspection Reports	Audit observations	Amount	Inspection reports	Audit Observations	Amount	
1.Taxes on sales, trade etc.	1783	3561	130.57	991	1667	26.87	54
2.Stamp duty and Registration fees	750	1211	7.91	491	626	3.73	-
3.MotorVehicles Tax	666	1825	163.97	531	1185	7.00	-
4.Land Revenue	452	754	13.25	300	462	6.40	-
5.Entertainment Tax	197	375	13.04	94	145	0.71	-
6. State Excise duty	283	428	70.41	210	324	21.34	-
7. Forest Receipts	128	320	34.04	61	166	7.59	-
8.Electricity Duty	9	20	77.52	4	14	0.10	-
9. Other receipts	889	1666	40.71	571	1076	6.86	-
Total	5157	10160	551.42	3253	5665	80.60	54

Of the 5157 outstanding reports, even the first replies had not been received in respect of 54 inspection reports. This was brought to the notice of the Chief

Secretary to Government Punjab, (May 2001), reply has not been received (July 2001).

(ii) Follow up on audit report-Summarised position

To ensuring accountability of the executive in respect of all the issues dealt within various Audit Reports, the Public Accounts Committee (PAC), Department of Finance issued instructions to all the departments in August 1992 to initiate suo-moto positive and concrete action on all paragraphs/reviews figuring in the Audit Reports irrespective of whether the cases were taken up for examination by the PAC or not. Out of 234 paragraphs/reviews included in Audit Reports relating to the period 1989-90 to 1998-99 which had already been laid before the State Legislature, ATNs in respect of 72 paragraphs/reviews were not received in Audit office for vetting as on May 2001 even after the lapse of the prescribed period of 3 months. The outstanding ATNs date back to as far as 1989-90 as detailed below:-

Year of Report	Date of presentation of the Audit Report to the Legislature	No. of paragraphs/ Reviews included in the Audit Report	No. of paragraphs/ Reviews on which ATNs are due from the department
1989-90	8.4.1992	74	1
1993-94	20.3.1995	31	3
1994-95	15.3.1996	25	4
1996-97	27.3.1998	32	15
1997-98	8.9.1999	35	14
1998-99	5.9.2000	37	35
	Total	234	72

Though the Audit Report for the year ended March 1998 and March 1999 were laid on the table of the State Vidhan Sabha in March 1999 and September 2000 and the time limit of three months for furnishing the ATNs elapsed in June 1999 and December 2000, the departments did not submit/ furnish remedial ATNs on 49 paragraphs.

(iii) Response of the ministries/departments to Draft paragraphs

On the recommendation of the PAC, the Department of Finance, Government of Punjab issued directions to all ministries in October 1967 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.

114 Draft paragraphs/reviews proposed for inclusion in the report of the Comptroller and Auditor General of India for the year March 2001 were forwarded to the Secretaries of the respective ministries/departments demi-officially. But their replies to draft paragraphs were only received which comes to 14 *per cent*. As such paragraphs have been included in this report without the response of the ministries/departments.