

CHAPTER-I – GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non tax revenue raised by Government of Uttar Pradesh during the year 2004-05, State's share of divisible Union taxes and grants in aid received from Government of India during the year and corresponding figures for the preceding four years are given below:

(Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
I. Revenue raised by the State Government					
(a) Tax revenue	10,979.97	10,388.82	12,783.81	13,601.23	15,692.61
(b) Non tax revenue	1,944.65	1,787.07	1,913.49	2,282.08	2,720.29
Total	12,924.62	12,175.89	14,697.30	15,883.31	18,412.90
II. Receipts from the Government of India					
(a) State's share of divisible Union taxes	9,045.47	10,130.49	10,814.87	13,272.97	15,055.26 ¹
(b) Grants in aid	2,773.18	3,291.53	2,309.02	2481.69	4,149.28
Total	11,818.65	13,422.02	13,123.89	15,754.66	19,204.54
III. Total receipts of the State (I + II)	24,743.27	25,597.91	27,821.19	31,637.97	37,617.44
IV. Percentage of I to III	52	48	53	50	49

1.1.2 The details of tax revenue for the year 2004-05 along with the figures for the preceding four years are given in the following table:

(Rupees in crore)

Sl. No.	Revenue Head	2000-01	2001-02	2002-03	2003-04	2004-05	Increase (+) or decrease (-) in 2004-05 with reference to 2003-04	Percentage of increase or decrease with reference to 2003-04
1.	Trade Tax	5,436.52	5,052.40	6,850.93	7,684.13	8,888.31	(+) 1204.18	(+) 15.67
2.	State Excise	2,238.54	1,961.38	2,555.05	2,472.37	2,686.19	(+) 213.82	(+) 8.65
3.	Stamp Duty and Registration Fees	1,269.75	1,429.29	2,078.68	2,296.06	2,682.36	(+) 386.30	(+) 16.82
4.	Taxes on Goods and Passengers	85.81	76.65	77.33	80.21	81.74	(+) 1.53	(+) 1.91
5.	Taxes on Vehicles	543.08	503.04	618.84	676.96	775.84	(+) 98.88	(+) 14.61
6.	Taxes and Duties on Electricity	136.30	9.22	145.29	174.72	354.36	(+) 179.64	(+) 102.82
7.	Land Revenue	69.85	72.93	64.23	117.67	102.44	(-) 15.23	(-) 12.94
8.	Other Taxes and Duties on Commodities and Services	504.58	152.34	100.02	92.78	112.28	(+) 19.50	(+) 21.03
9.	Other (Hotel receipts and corporation tax, etc.)	4.49	3.67	3.70	6.33	9.09	(+) 2.76	(+) 43.29
	Total	10,979.97	10,388.82	12,783.81	13,601.23	15,692.61	(+) 2091.38	(+) 15.38

The reasons for variation where it was substantial, though called for (December 2005) from the State Government, have not been received (January 2006).

¹ For details, please see statement No. 11- detailed accounts of revenue by Minor Heads in the Finance Accounts of the Government of Uttar Pradesh for the year 2004-05 figures under the major heads "0020 – Corporation Tax, 0021 – Other Taxes on Income and Expenditure, 0028 – Taxes on Income other than Corporation Tax, 0032 – Taxes on Wealth, 0037- Customs, 0038 – Union Excise Duties, 0044 – Service Tax and 0045- Other Taxes and Duties on commodities and Services- 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.

1.1.3 The details of non tax revenue for the year 2004-05 along with the figures for the preceding four years are exhibited in the following table:

(Rupees in crore)

Sl. No.	Revenue Head	2000-01	2001-02	2002-03	2003-04	2004-05	Increase (+) or decrease (-) in 2004-05 with reference to 2003-04	Percentage of increase/decrease with reference to 2003-04
1.	Misc. General Services	55.48	39.44	48.28	41.80	58.02	(+) 16.22	(+) 38.80
2.	Interest Receipts	525.17	543.49	515.38	658.09	597.93	(-) 60.16	(-) 9.14
3.	Forestry and Wild Life	76.86	68.31	86.27	60.96	107.42	(+) 46.46	(+) 76.21
4.	Major and Medium Irrigation	282.13	115.76	90.12	136.10	176.60	(+) 40.50	(+) 29.76
5.	Education, Sports, Art and Culture	177.24	137.66	255.35	227.68	581.02	(+) 353.34	(+) 155.19
6.	Other Administrative Services	61.51	131.47	110.95	116.91	128.23	(+) 11.32	(+) 9.68
7.	Non ferrous Mining and Metallurgical Industries	196.44	190.19	262.54	251.05	292.01	(+) 40.96	(+) 16.32
8.	Police	85.29	67.38	95.40	75.91	97.58	(+) 21.67	(+) 28.55
9.	Crop Husbandry	58.36	75.77	25.58	188.73	18.60	(-) 170.13	(-) 90.14
10.	Social Security and Welfare	23.53	36.33	19.59	33.65	17.25	(-) 16.40	(-) 48.74
11.	Medical and Public Health	31.74	31.14	41.44	42.69	42.03	(-) 0.66	(-) 1.55
12.	Minor Irrigation	18.96	17.73	12.11	18.53	12.53	(-) 6.00	(-) 32.38
13.	Roads and Bridges	29.93	16.27	17.97	41.79	31.67	(-) 10.12	(-) 24.22
14.	Public Works	26.94	14.66	25.26	19.92	31.44	(+) 11.52	(+) 57.83
15.	Cooperation	6.54	5.23	6.18	7.57	8.15	(+) 0.58	(+) 7.66
16.	Others	288.53	296.24	301.07	360.70	519.81	(+) 159.10	(+) 44.11
	Total	1,944.65	1,787.07	1,913.49	2,282.08	2,720.29	(+) 438.20	(+) 19.20

The reasons for variation where it was substantial, though called for (December 2005) from the state Government, have not been received (January 2006).

1.2 Variations between budget estimates and actuals

The variations between budget estimates and actuals of tax and non tax revenues during the year 2004-05 are given in the table below:

(Rupees in crore)

Revenue Head	Budget estimates	Actuals	Variation Increase (+) short fall (-)	Percentage of variations
1	2	3	4	5
A. Tax Revenue				
1. Trade Tax	9000.00	8888.31	(-) 111.69	(-) 1.24
2. State Excise	3000.00	2686.19	(-) 313.81	(-) 10.46
3. Stamp duty and Registration fee	2564.00	2682.36	(+) 118.36	(+) 4.62
4. Taxes on Goods and Passengers	582.91	81.74	(-) 501.17	(-) 85.98
5. Taxes on Vehicles	501.58	775.84	(+) 274.26	(+) 54.68
6. Other Taxes and Duties on Commodities and Services	112.58	112.28	(-) 0.30	(-) 0.26
7. Taxes and Duties on Electricity	187.41	354.36	(+) 166.95	(+) 89.08
8. Land Revenue	75.00	102.44	(+) 27.44	(+) 36.59

1	2	3	4	5
B. Non tax Revenue				
1. Misc. General Services	81.10	58.02	(-) 23.08	(-) 28.46
2. Interest Receipts	438.34	597.93	(+) 159.59	(+) 36.41
3. Forestry and Wild Life	79.31	107.42	(+) 28.11	(+) 35.44
4. Major and Medium Irrigation	196.50	176.60	(-) 19.90	(-) 10.13
5. Education, Sports, Art and Culture	55.82	581.02	(+) 525.20	(+) 940.88
6. Non Ferrous Mining & Metallurgical Industries	290.00	292.00	(+) 2.00	(+) 0.69

The reasons for variation where it was substantial, though called for (December 2005) from the State Government, have not been received (January 2006).

1.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on their collection and percentage of such expenditure to the gross collection during the years 2002-03, 2003-04 and 2004-05 along with the relevant all India average percentage of expenditure on collection to gross collection for 2003-04 are given below:

Revenue head	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	(Rupees in crore)
					All India average for the year 2003-04
Trade Tax	2002-03	6850.93	167.40	2.4	1.15
	2003-04	7684.13	197.13	2.6	
	2004-05	8888.31	178.53	2.0	
Taxes on Vehicles, Goods & Passengers	2002-03	696.17	11.76	1.7	2.57
	2003-04	757.17	12.71	1.7	
	2004-05	857.58	¹ 12.99	1.6	
State Excise	2002-03	2555.05	25.75	1.0	3.81
	2003-04	2472.37	28.51	1.2	
	2004-05	2686.19	29.66	1.1	
Stamp Duty and Registration Fees	2002-03	2078.68	36.63	1.8	3.66
	2003-04	2296.06	50.59	2.2	
	2004-05	2682.36	58.84	2.2	

1.4 Arrears in assessment

The number of assessments pending at the beginning of the year, cases becoming due during the year, cases disposed of during the year and the cases pending finalisation at the end of the year, as reported by the Trade Tax Department for the years 1999-00 to 2004-05 are given in the table:

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 column 5 to 4
1	2	3	4	5	6	7
1999-00	4,57,508	4,89,838	9,47,346	4,89,357	4,57,989	51.66
2000-01	4,57,989	4,61,697	9,19,686	4,90,853	4,28,833	53.37
2001-02	4,28,833	5,24,561	9,53,394	4,85,771	4,67,623	50.95
2002-03	4,67,623	5,29,858	9,97,481	5,21,969	4,75,512	52.33
2003-04	4,75,512	4,83,428	9,58,940	4,76,263	4,82,677	49.67
2004-05	4,82,677	5,83,693	10,66,370	5,38,168	5,28,202	50.47

¹ As intimated by Department.

1.5 Collection of trade tax per assessee

Number of assesses, trade tax revenue and revenue per assessee during the years 2000-01 to 2004-05 as intimated by the Department are given in table:

(Rupees in lakh)

Year	No. of assessee (in lakh)	Trade tax revenue	Revenue per assessee
2000-01	3.83	5,82,892	1.52
2001-02	3.85	6,15,855	1.59
2002-03	4.07	7,10,393	1.74
2003-04	4.52	7,65,135	1.69
2004-05	4.76	8,88,831	1.87

1.6 Arrears of revenue

As on 31 March 2005, arrears of revenue under principal heads of revenue as reported by the concerned departments were as under:

(Rupees in crore)

Sl. No.	Heads of revenue	Arrears pending collection		Remarks
		Total	More than 5 years old	
1	2	3	4	5
1	Trade Tax	7209.68	N.A. ¹	Out of Rs.7209.68 crore, demand for Rs.711.00 crore had been certified for recovery as arrears of land revenue. Recoveries amounting to Rs.1018.06 crore and Rs.352.76 crore had been stayed by the Courts and Government respectively. Recoveries amounting to Rs.95.90 crore is outstanding on government departments and Rs.119.62 crore is outstanding on semi government departments. Demand of Rs.979.52 crore was likely to be written off. Rs.126.72 crore is outstanding on transporters. Recovery certificates amounting to Rs.651.39 crore has been sent to other states. Remaining arrears of Rs.3154.71 crore, not covered under recovery certificates is under specific action of Department.
2	Entertainment Tax	12.17	3.61	Analysis of arrears of revenue has not been given by the department.
3	State Excise	60.13	N.A.	Out of Rs.60.13 crore, recoveries amounting to Rs.16.81 crore and Rs.1.46 crore had been stayed by the Courts and Government respectively. Demand amounting to Rs.2.22 crore is likely to be written off. Remaining arrears of Rs.39.64 crore is recoverable by the department.
4.	Taxes on vehicles goods and passengers			N.A. ¹
	Road Tax	4.81	2.84	
	Goods Tax	5.60	2.82	
	Passenger Tax	629.18	228.07	

1.7 Results of audit

Test check of records of trade tax, state excise, taxes on vehicles, goods and passengers, stamp duty and registration fee, land revenue, and public works department, irrigation, housing and urban development, education, mines and minerals, police, finance department, etc. conducted during the year 2004-05 revealed underassessments/short levy/loss of revenue amounting to Rs.642.86

¹ Not available.

crore in 2,114 cases. During the course of the year 2004-05 the concerned departments accepted underassessments etc. of Rs.27.73 crore involved in 133 cases, of which Rs.1.63 crore in 119 cases had been recovered upto March 2005.

This report contains 22 paragraphs including two reviews relating to non/short levy of tax, duty, interest, penalty etc. involving Rs.449.74 crore. The departments/Government accepted audit observations during discussion between August 2005 and September 2005 involving Rs.30.39 crore in 25 cases out of which Rs.1.13 crore have been recovered in three cases. No replies have been received in remaining cases (August 2005).

1.8 Outstanding inspection reports and audit observations

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. The more important 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.

The number of inspection reports and audit observations relating to revenue receipts issued up to 31 December 2004 which were pending settlement by the departments as on 30 June 2005, along with corresponding figures for the preceding two years are as given below:

Sl. No.		2003	2004	2005
1.	Number of inspection reports pending settlement	9,308	8,412	8,567
2.	Number of outstanding audit observations	15,741	17,506	17,394
3.	Amount of revenue involved (Rupees in crore)	2,727.30	4,296.86	4,102.33

Department-wise break-up of the inspection reports and audit observations outstanding as on June 2005 is given in the following table:

Sl. No.	Nature of receipts	Number of outstanding inspection reports	Number of outstanding audit observations	Amount of revenue involved (in crores of rupees)	Year to which the observations relate
1	Forestry and Wild life	835	1517	1441.11	1991-92 to 2004-05
2	Trade Tax	1228	5685	1628.31	1984-85 to 2004-05
3	State Excise	661	959	382.38	1984-85 to 2004-05
4	Land Revenue	924	1297	43.25	1987-88 to 2004-05
5	Taxes on Vehicle, Goods and Passengers	1105	2421	71.30	1984-85 to 2004-05
6	Public Works	455	754	30.93	1985-86 to 2004-05
7	Irrigation	393	672	88.92	1984-85 to 2004-05
8	Taxes on purchase of sugarcane	97	113	58.93	1985-86 to 2004-05
9	Stamp Duty and Registration Fee	1931	2705	253.20	1984-85 to 2004-05
10	Agriculture	209	311	24.58	1985-86 to 2004-05
11	Electricity Duty	320	365	41.96	1985-86 to 2004-05
12	Food and Civil supplies	119	187	19.81	1991-92 to 2004-05
13	Cooperation	105	113	5.97	1985-86 to 2004-05
14	Entertainment Tax	132	169	5.83	1986-87 to 2004-05
15	Medical & Public Health	42	112	1.34	2002-03 to 2004-05
16	Jail	11	14	4.51	2002-03 to 2004-05
	Total	8567	17394	4102.33	

This was brought to the notice of Government in May 2005; intimation regarding steps taken by the Government to clear the outstanding inspection reports and audit observations has not been received (August 2005).

1.9 Audit Paragraphs/Reviews outstanding for discussion by Public Accounts Committee

The details of audit paragraphs and reviews awaiting discussion by the Public Accounts Committee as on 31 July 2005 are as follows:

Year	Trade Tax	State Excise	Taxes on Vehicle, Goods and Passengers	Stamp Duty and Registration Fees	Land Revenue	Other Tax Receipts	Forest Receipts	Other Departmental Receipts
1984-85	10	Nil	09	09	02	Nil	11	09
1985-86	11	07	16	04	05	07	11	14
1986-87	12	04	23	04	03	05	11	14
1987-88	14	10	17	05	05	06	08	Nil
1988-89	19	11	09	04	04	05	07	16
1989-90	12	10	09	02	06	04	11	20
1990-91	17	06	07	02	04	05	11	16
1991-92	13	06	05	04	02	05	06	11
1992-93	13	09	11	03	02	05	09	14
1993-94	15	07	12	03	02	04	06	13
1994-95	09	07	12	03	02	NIL	08	NIL
1995-96	05	03	05	01	NIL	05	08	03
1996-97	13	06	08	03	01	04	01	05
1997-98	NIL	NIL	NIL	NIL	NIL	04	NIL	04
1998-99	03	NIL	NIL	05	NIL	02	NIL	NIL
1999-00	08	01	08	04	04	NIL	03	NIL
2000-01	05	04	01	02	01	02	01	05
2001-02	14	NIL	05	02	01	04	NIL	03
2002-03	13	02	03	03	01	02	01	01
2003-04	12	02	03	05	01	NIL	NIL	02
Total	218	95	163	68	46	69	113	150
Grand Total								922

1.10 Follow up on Audit Reports -- Summarised position

To ensure accountability of the executive in respect of all the issues dealt in the various Audit Reports, the Department of Finance issued instructions in June 1987 to initiate suo moto 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 paragraphs/reviews included in Audit Reports relating to the period 1999-2000 to 2003-04 which have already been laid before the State Legislature, Explanatory Notes (ENs) in respect of paragraphs/reviews were not received in audit office as on December 2005 even after the lapse of the prescribed period of three months. The outstanding ENs date back to 1999-2000 are as detailed below.

Year of Report	Date of presentation of Audit Report to the legislature	No. of paragraphs/reviews included in the Audit Reports	No. of paragraphs/reviews on which EN has been received from the Departments	No. of paragraphs/reviews on which EN is awaited from the Departments
1999-2000	31-05-2001	39	39	Nil
2000-2001	17-09-2003	32	29	03
2001-2002	27-07-2004	34	25	09
2002-2003	08-11-2004	26	11	15
2003-2004	20-07-2005	25	10	15
	TOTAL	156	114	42

The Audit Reports for the year ended March 2000, March 2001, March 2002, March 2003 and March 2004 were laid on the table of the State Vidhan Sabha in May 2001, September 2003, July 2004, November 2004 and July 2005. Though the time limit of three months for furnishing the ENs for the Audit Reports for the period from 1999-2000 to 2003-04 has since been elapsed, the Department have not submitted/furnished remedial ENs on 42 paragraphs.

