

## CHAPTER-1: GENERAL

### 1.1 Trend of revenue receipts

The tax and non tax revenue raised by Government of Uttar Pradesh during the year 2001-2002, 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 two years are given below:

(Rupees in crore)

	1999-2000	2000-01	2001-02
<b>I. Revenue raised by the State Government</b>			
(a) Tax revenue	9400.91	10979.97	10388.82
(b) Non tax revenue	2011.74	1944.65	1787.07
<b>Total</b>	<b>11412.65</b>	<b>12924.62</b>	<b>12175.89</b>
<b>II. Receipts from the Government of India</b>			
(a) State's share of divisible Union taxes	7478.90	9045.47	10130.49 <sup>^</sup>
(b) Grants-in-aid	2603.57	2773.18	3291.53
<b>Total</b>	<b>10,082.47</b>	<b>11818.65</b>	<b>13422.02</b>
<b>III. Total receipts of the State (I + II)</b>	<b>21495.12</b>	<b>24743.27</b>	<b>25597.91</b>
<b>IV. Percentage of I to III</b>	<b>53</b>	<b>52</b>	<b>48</b>

(i) The details of tax revenue for the year 2001-2002 along with the figures for the preceding two years are given in the following table :

(Rupees in crore)

Revenue Head	1999-2000	2000-01	2001-02	Increase (+) or decrease (-) in 2001-02 with reference to 2000-01	Percentage of increase or decrease with reference to 2000-01
1	2	3	4	5	6
1. Trade Tax	3703.59	5436.52	5052.40	(-) 384.12	(-) 7.07
2. State Excise	2126.33	2238.54	1961.38	(-) 277.16	(-) 12.38
3. Stamp Duty and Registration Fees	1177.57	1269.75	1429.29	(+) 159.54	(+) 12.56
4. Tax on Sale of Motor Spirit and Lubricants	1359.31	586.39	1105.70	(+) 519.31	(+) 88.56
5. Taxes on Goods and Passengers	100.26	85.81	76.65	(-) 9.16	(-) 10.67
6. Taxes on Vehicles	512.10	543.08	503.04	(-) 40.04	(-) 7.37

<sup>^</sup> 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 2001-2002. Figures under the *Major Heads* "0020 – Corporation Tax, 0021 Taxes on Income other than Corporation Tax, 0032 – Taxes on Wealth, 0037 – Customs, 0038 – Union Excise Duties and 0044 – Service 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.

7. Tax on Purchase of Sugarcane	36.35	95.45	5.00	(-) 90.45	(-) 94.76
8. Taxes and Duties on Electricity	126.41	136.30	9.22	(-) 127.08	(-) 93.24
9. Land Revenue	116.09	69.85	72.93	(+) 3.08	(+) 4.41
10. Other Taxes on Income and Expenditure	0.56	0.00	17.20	(+) 17.20	(+) 100
11. Taxes on Immovable Properties other than Agricultural Land	1.16	9.22	0.00	(-) 9.22	(-) 100
12. Other Taxes and Duties on Commodities and Services	135.89	504.58	152.34	(-) 352.24	(-) 69.81
13. Other (Hotel receipts and corporation tax, etc.)	5.29	4.49	3.67	(-) 0.82	(-) 18.26
<b>Total</b>	<b>9400.91</b>	<b>10979.97</b>	<b>10388.82</b>	<b>(-) 591.15</b>	<b>(-) 5.38</b>

The reasons for variation where it was substantial, though called for (August 2003), from the State Government, have not been received (September 2003).

(ii) The details of non-tax revenue for the year 2001-2002 along with the figures for the preceding two years are exhibited in the following table:

**(Rupees in crore)**

<i>Revenue Head</i>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-02</b>	<b>Increase (+) or decrease (-) in 2001- 02 with reference to 2000-01</b>	<b>Percentage of increase / decrease with reference to 2000-01</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
1. Misc. General Services	126.80	55.48	39.44	(-) 16.04	(-) 28.91
2. Interest Receipts	476.68	525.17	543.49	(+) 18.32	(+) 3.49
3. Forestry and Wild Life	160.52	76.86	68.31	(-) 8.55	(-) 11.12
4. Major and Medium Irrigation	40.16	282.13	115.76	(-) 166.37	(-) 58.97
5. Education, Sports, Art and Culture	137.63	177.24	137.66	(-) 39.58	(-) 22.33
6. Other Administrative Services	103.70	61.51	131.47	(+) 69.96	(+) 113.74
7. Non-ferrous Mining and Metallurgical Industries	180.17	196.44	190.19	(-) 6.25	(-) 3.18
8. Police	53.17	85.29	67.38	(-) 17.91	(-) 21.00
9. Crop Husbandry	16.51	58.36	75.77	(+) 17.41	(+) 29.83
10. Social Security and Welfare	26.37	23.53	36.33	(+) 12.80	(+) 54.40

11. Medical and Public Health	34.97	31.74	31.14	(-) 0.60	(-) 1.89
12. Minor Irrigation	36.61	18.96	17.73	(-) 1.23	(-) 6.49
13. Roads and Bridges	24.30	29.93	16.27	(-) 13.66	(-) 45.64
14. Public Works	26.77	26.94	14.66	(-) 12.28	(-) 45.58
15. Co-operation	17.76	6.54	5.23	(-) 1.31	(-) 20.03
16. Others	549.62	288.53	296.24	(+) 7.71	(+) 2.67
<b>Total</b>	<b>2011.74</b>	<b>1944.65</b>	<b>1787.07</b>	<b>(-) 157.58</b>	<b>(-) 8.10</b>

The reasons for variation where it was substantial, though called for (August 2003) from the state Government, have not been received (September 2003).

## 1.2 Variations between Budget estimates and actuals

The variations between Budget estimates and actuals of tax and non-tax revenues during the year 2001-2002 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
<b>A. Tax Revenue</b>				
1. Trade Tax	5571.32	5052.40	(-) 518.92	(-) 9.31
2. State Excise	2460.16	1961.38	(-) 498.78	(-) 20.27
3. Stamp duty and Registration fee	1750.50	1429.29	(-) 321.21	(-) 18.35
4. Tax on Sale of Motor Spirit and Lubricants	1590.38	1105.70	(-) 484.68	(-) 30.48
5. Taxes on Goods and Passengers	564.10	76.65	(-) 487.45	(-) 86.41
6. Taxes on Vehicles	381.00	503.04	(+) 122.04	(+) 32.03
7. Other Taxes and Duties on Commodities and Services	151.74	152.34	(+) 0.60	(+) 0.40
8. Tax on Purchase of Sugarcane	7.01	5.00	(-) 2.01	(-) 28.67
9. Taxes and Duties on Electricity	159.08	9.22	(-) 149.86	(-) 94.20
10. Land Revenue	90.60	72.93	(-) 17.67	(-) 19.50
<b>B. Non-Tax Revenue</b>				
1. Misc. General Services	81.10	39.44	(-) 41.66	(-) 51.37
2. Interest Receipts	431.57	543.49	(+) 111.92	(+) 25.93
3. Forestry and Wild Life	71.06	68.31	(-) 2.75	(-) 3.87
4. Major and Medium Irrigation	196.50	115.76	(-) 80.74	(-) 41.09

5. Education, Sports, Art and Culture	213.96	137.66	(-) 76.30	(-) 35.66
6. Non Ferrous Mining & Metallurgical Industries	240.00	190.19	(-) 49.81	(-) 20.75

The reasons for variation where it was substantial, though called for (August 2003) from the state Government, have not been received (September 2003).

### 1.3 Cost of collection

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

(Rupees in crore)

Revenue head	Year	Gross Collection	Expenditure on Collection	Percentage of expenditure to gross collection	All India Average for the year 2000-01
1	2	3	4	5	6
Trade Tax	1999-2000	3703.59	133.05	3.6	1.31
	2000-2001	6059.47	135.62	2.2	
	2001-2002	6158.55*	139.99	2.3	
Taxes on Vehicles, Goods & Passengers	1999-2000	612.36	0.18	0.03	3.48
	2000-2001	641.00	10.57	1.6	
	2001-2002	644.10*	11.27	1.7	
State Excise	1999-2000	2126.33	24.16	1.1	3.10
	2000-2001	2237.75	28.09	1.3	
	2001-2002	1963.89*	11.27	0.6	
Stamp Duty and Registration fees	1999-2000	1177.57	20.80	1.8	4.39
	2000-2001	1268.86	25.56	2.01	
	2001-2002	1473.88*	19.82	1.3	

### 1.4 Performance of assessment work in Trade Tax Department

#### (a) 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 1997-98 to 2001-2002 are given below:

\* As intimated by Department.

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
1997-98	669353	451315	1120668	730551	390117	65.19
1998-99	442379	466899	909278	489535	419743	53.84
1999-2000	457508	489838	947346	489357	457989	51.66
2000-2001	457989	461697	919686	490853	428833	53.37
2001-2002	428833	524561	953394	485771	467623	50.95

It was seen that the opening balance of the years 1997-98, 1998-99 and 1999-2000 differs from the closing balance of the preceding years. The department stated that this was due to information received from other departments during the year and rectification of mistakes. The department needs to correct the system of maintenance of records to ensure consistency and correctness of statistics.

**(b) Appeal and revision cases**

- (i) The number of appeal and revision cases due for disposal and finalised by the Trade Tax Department during the years 1997-98 to 2001-2002 together with the number of appeal and revision cases pending at the end of 2001-02 as reported by the Department are indicated in the following table:-

Year	Opening Balance	Number of appeals filed during the year	Total	Number of appeals disposed of during the year	Balance at the close of the year	Percentage of cases disposed of to the total number of cases
1	2	3	4	5	6	7
<b>Appeal cases</b>						
1997-98	66132	48794	114926	54932	59994	48
1998-99	59994	61931	121925	61339	60586	50
1999-2000	60586	55194	115780	64168	51612	55
2000-2001	51612	46876	98488	58905	39583	60
2001-2002	39583	44626	84209	56839	27370	67
<b>Revision cases</b>						

1997-98	57112	9544	66656	16609	50047	25
1998-99	50047	14225	64272	14858	49414	23
1999-2000	* 4768 9	15395	63084	10639	52445	17
2000-2001	52445	16170	68615	10792	57823	16
2001-2002	57823	14872	72695	10295	62400	14

(ii) Year -wise break up of the appeal and revision cases pending as on 31 March 2002 was as under:

Year	Pending as on 31 March 2002	
	Appeal cases	Revision cases
Upto 1999	104	Not available
2000	304	Not available
2001	16154	Not available
2002	10808	Not available
<b>Total</b>	<b>27370</b>	<b>Not available</b>

### 1.5 Analysis of collection

The break-up of total collection (at pre-assessment stage and after regular assessment) of Trade Tax during 2001-2002 and corresponding figures for preceding two years as furnished by the Department are given below:

(Rupees in crore)

Year	Amount collected at pre-assessment stage	Amount collected after regular assessment	Amount refunded	Net collection of tax	Percentage of Col.2 to 5
1	2	3	4	5	6
1999-2000	3732.35	107.33	55.04	3784.64	98
2000-2001	5934.99	124.48	37.44	6022.03	98
2001-2002	6003.61	134.24	23.70	6114.15	97

### 1.6 Arrears of Revenue

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

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\* Difference of 1725 cases due to formation of Uttaranchal State.

(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	6509.55	Not available	Out of Rs. 6509.55 crore, demand for Rs. 894.08 crore had been certified for recovery as arrears of land revenue. Recoveries amounting to Rs. 112.90 crore and Rs. 39.33 crore had been stayed by the courts and Government respectively. Recoveries amounting to Rs.228.70 crore were held up due to rectification / review applications. Demand for Rs. 2332.40 crore was likely to be written off. Specific action taken in respect of remaining arrears of Rs. 2902.14 crore had not been intimated by the Department.
2	Entertainment Tax	6.53	2.93	Out of Rs. 6.53 crore, demand for Rs. 1.79 crore had been certified for recovery as arrears of land revenue. Recoveries amounting to Rs. 4.01 crore and Rs. 0.40 crore had been stayed by the courts and Government respectively. Specific action taken in respect of remaining arrears of Rs. 0.33 crore, not intimated by the Department.
3	State Excise	34.75	Nil	Out of Rs. 34.75 crore demand for Rs. 10.41 crore had been certified for recovery as arrears of land revenue. Recoveries amounting to Rs. 22.11 crore had been stayed by the court and 2.23 crore declared insolvent.
4	Taxes on vehicles, goods and passengers	38.00	2.73	Out of Rs. 38 crore demand of Rs. 8.41 crore had been certified for recovery as arrear of land revenue. Recoveries amounting to Rs. 0.65 crore and Rs. 0.44 crore had been stayed by the court and Government respectively. Specific action taken in respect of arrears of Rs. 28.50 crore had not been intimated by department.
5	Stamp Duty and Registration Fees	204.93	Not available	Out of Rs. 204.93 crore, demand of Rs. 19.82 crore had been certified for recovery as arrears of land revenue. Recoveries amounting to Rs. 108.94 crore had been stayed by the court and appellate authority respectively. No action was taken on realisation of arrears

				amounting to Rs. 76.17 crore.
6	Forestry and wild life	11.50	Not available	Out of Rs. 11.50 crore, demand of Rs. 7.95 crore had been certified for recovery as arrear of land revenue. Recovery amounting to Rs. 0.34 crore had been stayed by the court. Specific action taken in respect of remaining arrears of Rs. 3.21 crore had not been intimated by the department.

## **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, Electricity duty, Tax on Purchase of Sugarcane, Entertainment Tax, Public Works Department, Irrigation Department and Forest Receipts etc. conducted during the year 2001-2002 revealed under assessments/short levy/loss of revenue amounting to Rs. 1298.13 crore in 2621 cases. During the course of the year 2001-2002 the concerned departments accepted under assessments etc. of Rs.50.95 crore involved in 1026 cases, of which 109 cases involving Rs. 43.03 lakh had been pointed out in audit during 2001-2002 and the rest in earlier year.

This report contains 31 paragraphs and 3 reviews relating to non levy, short levy of tax, duty, interest, penalty etc. involving Rs. 987.71 crore. The departments/Government have accepted audit observations involving Rs. 50.95 crore in 1026 cases, of which Rs. 17.27 crore had been recovered till March 2002. No replies have been received in remaining cases (November 2002).

## **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 upto 31 December 2001 which were pending settlement by the departments as on 30 June 2002, along with corresponding figures for the preceding two years are as given below:

Sl. No.	2000	2001	2002



1.	Number of inspection reports pending settlement	7300	8504	9323
2.	Number of outstanding audit observations	14709	15867	17168
3.	Amount of revenue involved (Rs. in crore)	1828.98	5080.99	5196.31

Department wise break-up of the inspection reports and audit observations outstanding as on June 2002 is given below: -

Sl. No.	Nature of receipts	Number of outstanding inspection reports	Number of outstanding audit observations	Amount of revenue involved (Rs. in crore)	Year to which the observations relate
1	2	3	4	5	6
1	Forestry and Wild Life	940	1997	1413.24	1990-91 to 2001-2002
2	Trade Tax	2735	5300	3069.53	1984-85 to 2001-2002
3	Irrigation	313	711	355.31	1984-85 to 2001-2002
4	State Excise	591	852	147.45	1984-85 to 2001-2002
5	Land Revenue	979	1453	28.21	1987-88 to 2001-2002
6	Taxes on Vehicle, Goods and passengers	761	2340	45.31	1984-85 to 2001-2002
7	Public Works	316	661	22.57	1984-85 to 2001-2002
8	Taxes on purchase of sugarcane	77	91	15.78	1985-86 to 2001-2002
9	Stamp duty and Registration fee	1776	2564	63.75	1983-84 to 2001-2002
<b>Other Departments</b>					
A	Agriculture	169	311	1.50	1984-85 to 2001-2002
B	Electricity Duty	364	413	21.58	1988-89 to 2001-2002
C	Food and Civil supplies	82	157	0.70	1984-85 to 2001-2002
D	Cooperation	88	109	5.79	1984-85 to 2000-2001
E	Entertainment Tax	132	209	5.59	1986-87 to

					2001-2002
	<b>Total</b>	<b>9323</b>	<b>17168</b>	<b>5196.31</b>	

This was brought to the notice of Government in December 2002, intimation regarding steps taken by the Government to clear the outstanding inspection reports and audit observations has not been received (September 2003).

### **1.9 Audit Paragraphs / Reviews outstanding for discussion by Public Accounts Committee as on 31 December 2002**

The details of audit paragraphs and reviews awaiting discussion by the Public Accounts Committee 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
1	2	3	4	5	6	7	8	9
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	05	Nil	Nil	05	Nil	04	Nil	Nil
1999-2000	14	01	08	05	05	04	05	Nil
<b>Total</b>	<b>182</b>	<b>87</b>	<b>151</b>	<b>57</b>	<b>43</b>	<b>67</b>	<b>113</b>	<b>139</b> <b>(G.T. 839)</b>