

## CHAPTER I GENERAL

### 1.1 Trend of revenue

Tax and non tax revenue raised by Government of West Bengal during the year 2005-06, the State's share of divisible Union taxes and grants in aid received from Government of India during the year and the corresponding figures for the preceding four years are given below:

*(Rupees in crore)*

Receipts		2001-02	2002-03	2003-04	2004-05	2005-06
<b>I.</b>	<b>Revenue raised by the State Government</b>					
	• Tax revenue	6,534.48	7,046.40 <sup>1</sup>	8,767.91	9,924.46	10,388.38
	• Non tax revenue	775.88	654.33	605.84	1,345.66	1,018.81
	<b>Total</b>	<b>7,310.36</b>	<b>7,700.73</b>	<b>9,373.75</b>	<b>11,270.12</b>	<b>11,407.19</b>
<b>II.</b>	<b>Receipts from the Government of India</b>					
	• State's share of net proceeds of divisible Union taxes	4,289.37	4,586.74	5,341.65	6,384.89	6,668.33 <sup>2</sup>
	• Grants in aid	2,938.69	2,237.98	1,893.10	2,263.18	5,650.37
	<b>Total</b>	<b>7,228.06</b>	<b>6,824.72</b>	<b>7,234.75</b>	<b>8,648.07</b>	<b>12,318.70</b>
<b>III.</b>	<b>Total Receipts of the State Government (I+II)</b>	<b>14,538.42</b>	<b>14,525.45</b>	<b>16,608.50</b>	<b>19,918.19</b>	<b>23,725.89<sup>3</sup></b>
<b>IV.</b>	<b>Percentage of I to III</b>	<b>50</b>	<b>53</b>	<b>56</b>	<b>57</b>	<b>48</b>

<sup>1</sup> In the Report for 2002-03, share of net proceed of Rs.31.34 crore from Central Government was wrongly treated as receipts of the State Government and has since been corrected.

<sup>2</sup> For details, please see statement No.11 'detailed account of revenue by minor heads' in the Finance Accounts of the Government of West Bengal for the year 2005-06.

<sup>3</sup> Figures under the heads 0020-corporation tax, 0021-taxes on income other than corporation tax, 0032-taxes on wealth, 0037-customs, 0038-union excise duties, 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.

*Audit Report (Revenue Receipts) for the year ended 31 March 2006*

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**1.1.1 Tax revenue**

The details of the tax revenue raised during the year 2005-06 along with the figures for the preceding four years are given below:

*(Rupees in crore)*

Sl. No.	Head of revenue	2001-02	2002-03	2003-04	2004-05	2005-06	Percentage of increase (+)/ decrease (-) in 2005-06 over 2004-05
1.	• Sales tax	3,499.80	3,668.41	4,276.12	5,086.33	5,394.81	(+)6.06
	• Central sales tax	302.66	523.10	554.46	629.97	713.97	(+)13.33
2.	State excise	512.43	566.85	619.96	671.56	743.46	(+)10.71
3.	Stamp duty and registration fees	555.39	720.41	794.52	1,006.54	1,177.59	(+)16.99
4.	Taxes and duties on electricity	354.76	145.42	396.16	269.65	382.46	(+)41.84
5.	Taxes on vehicles	208.65	249.40	535.37	527.66	537.56	(+)1.88
6.	Other taxes on income and expenditure-tax on professions, trades, callings and employment	223.04	223.34	229.89	237.43	249.15	(+)4.94
7.	Other taxes and duties on commodities and services	163.68	287.33	366.17	359.68	269.36	(-)25.11
8.	Land revenue	711.22	658.29	993.26	1,132.55	917.11	(-)19.02
9.	Other taxes	2.85	3.85	2.00	3.09	2.91	(-)5.82
	<b>Total</b>	<b>6,534.48</b>	<b>7,046.40</b>	<b>8,767.91</b>	<b>9,924.46</b>	<b>10,388.38</b>	<b>(+)4.67</b>

**1.1.2 Non tax revenue**

The details of major non tax revenue raised during the year 2005-06 along with the figures for the preceding four years are given below:

<i>(Rupees in crore)</i>							
Sl. No.	Head of revenue	2001-02	2002-03	2003-04	2004-05	2005-06	Percentage of increase (+) / decrease (-) in 2005-06 over 2004-05
1.	Interest	122.90	102.75	110.11	589.31	378.08 <sup>4</sup>	(-)35.84
2.	Dairy development	56.62	59.30	50.27	38.42	26.44	(-)31.18
3.	Roads and bridges	20.42	22.30	22.08	19.57	19.98	(+)2.10
4.	Forestry and wildlife	26.72	56.52	45.97	40.44	38.61	(-)4.53
5.	Non-ferrous mining and metallurgical industries	7.95	6.87	13.91	18.94	19.88	(+)4.96
6.	Food, storage and warehousing	220.79	81.29	27.67	180.23	191.50	(+)6.25
7.	Housing	7.93	9.94	11.12	13.96	9.67	(-)30.73
8.	Medical and public health	45.63	48.62	47.71	71.51	53.16	(-)25.66
9.	Education, sports, art and culture	39.61	17.28	21.20	30.67	22.64	(-)26.18
10.	Public works	5.52	4.78	6.39	7.29	6.73	(-)7.68
11.	Police	60.99	64.30	44.69	56.85	57.05	(+)0.35
12.	Others	160.80	180.38	204.72	278.47	195.07	(-)29.95
<b>Total</b>		<b>775.88</b>	<b>654.33</b>	<b>605.84</b>	<b>1,345.66</b>	<b>1,018.81</b>	<b>(-)24.29</b>

The reasons for variations in receipts during the year 2005-06 compared to those of the year 2004-05 in respect of principal heads of revenue as shown in the Finance Accounts were as follows:

- **Stamp duty and registration fees:** The increase (16.99 *per cent*) was mainly due to larger receipts from fees for registering documents.
- **State excise:** The increase (10.71 *per cent*) was mainly due to larger receipts from duty on foreign liquor and spirits.
- **Land revenue:** The decrease (19.02 *per cent*) was mainly due to less receipts on rates and cesses on land.
- **Interest receipts:** The decrease (35.84 *per cent*) was mainly due to less receipts on interest from Public Sector undertakings.

## **1.2 Initiative for mobilisation of additional resources**

In the budget for 2005-06, the Government emphasised the need for mobilizing additional resources primarily through a modern and improved tax system by introduction of value added tax (VAT). Besides, it proposed suitable increase in excise duty on foreign liquor with abolition of annual licence fee and additional licence fee on the same and expected additional revenue collection of Rs.100 crore on that account in the financial year. Accordingly, VAT was introduced in the State with effect from 1 April 2005

<sup>4</sup> Includes credit of Rs.36.44 crore and Rs.29.66 crore by book adjustment per contra debit to 2701-Major and Medium Irrigation and 2711-Flood Control and Drainage respectively.

and the excise duty on foreign liquor was enhanced with effect from 1 May 2005. The Government's budget estimate for collection of tax and non tax revenue was Rs.11,735 crore in 2005-06 against which actual collection was Rs.11,407 crore resulting in overall shortfall in revenue of Rs.328 crore. The shortfall was mainly due to less collection from sales tax, motor vehicles tax, other taxes and duties on commodities and services, profession tax and non tax receipts except interest receipts.

### **1.3 Analysis of budget preparation**

As per provision of the Budget Manual, the Finance Department shall collect budget estimate (BE) and related information both for receipts and expenditure from the concerned administrative departments and prepare BE of the State after necessary changes according to the policy of the Government. In case of non receipt of relevant budgetary proposals from the administrative departments, the Finance Department prescribes a guideline for preparation of the BE.

Scrutiny of relevant records relating to budget for the year 2005-06, however, revealed that the Finance Department did not receive budgetary materials from most of the administrative departments for preparation of BEs in respect of tax as well as non tax receipts for the year 2005-06 and therefore prepared the BEs taking into account the proposals received from the departments concerned, on the basis of its guidelines as under:

BEs for tax receipts for 2005-06 was prepared with a growth rate of 10 *per cent* over the revised estimate (RE) for 2004-05, while the BE of non tax receipts for 2005-06 was prepared by decreasing RE for 2004-05 by 29 *per cent*.

BE and actuals of tax and non tax revenue for the year 2005-06 and preceding four years were as follows:

*(Rupees in crore)*

Year	Budget estimate	Actuals	Percentage of variation of actual collection over budget estimate
<b>Tax revenue</b>			
2001-02	8,044	6,534	(-) 18.77
2002-03	8,275	7,046	(-) 14.85
2003-04	8,707	8,768	(+) 0.70
2004-05	10,448	9,924	(-) 5.02
2005-06	10,694	10,388	(-) 2.86
<b>Non tax revenue</b>			
2001-02	1,009	776	(-) 23.09
2002-03	1,808	654	(-) 63.83
2003-04	1,144	606	(-) 47.03
2004-05	1,403	1,346	(-) 4.06
2005-06	1,041	1,019	(-) 2.11

From the table it is evident that except in the case of tax revenue for the year 2003-04, the targets set in the budget have never been achieved and the actual receipts fell short of the BE. During 2005-06, there were wide variations between BEs and actual receipts especially in respect of land revenue, sales tax, motor vehicles tax, stamp duty and registration fees and electricity duty. The actual receipts from non tax revenue, except in 2004-05, have shown a decreasing trend compared to BEs.

This indicates that the procedure followed in preparation of the budget by the Finance Department to increase/decrease the RE at a certain percentage to arrive at the BE proved to be unrealistic, especially in respect of non tax revenue.

#### **1.4 Variations between budget estimates and actuals**

The variations between the BEs and actuals of revenue receipts for the year 2005-06 in respect of the principal heads of tax and non-tax revenue are given below:

*Audit Report (Revenue Receipts) for the year ended 31 March 2006*

*(Rupees in crore)*

<b>Heads of revenue</b>	<b>Budget estimates</b>	<b>Actuals</b>	<b>Variations excess(+) or shortfall(-)</b>	<b>Percentage of variation</b>
<b>Tax revenue</b>				
1. Sales tax	6,503	6,109	(-)394	(-) 6.06
2. State excise	751	743	(-)8	(-) 1.07
3. Land revenue	742	917	(+)175	(+) 23.58
4. Taxes on vehicles	700	538	(-)162	(-) 23.14
5. Stamp duty and registration fees	1,051	1,178	(+)127	(+) 12.08
6. Professions tax	300	249	(-)51	(-) 17.00
7. Electricity duty	288	382	(+)94	(+) 32.64
8. Other taxes and duties on commodities and services	357	269	(-)88	(-) 24.65
9. Others	2	3	(+)1	(+) 50.00
<b>Total</b>	<b>10,694</b>	<b>10,388</b>	<b>(-)306</b>	<b>(-) 2.86</b>
<b>Non tax revenue</b>				
10. Forest receipts	58	39	(-)19	(-) 32.76
11. Interest receipts	152	378	(+)226	(+)148.68
12. Dairy development	52	26	(-)26	(-) 50.00
13. Food storage and warehousing	222	192	(-)30	(-) 13.51
14. Medical and public Health	99	53	(-)46	(-) 46.46
15. Education, sports, art and culture	39	23	(-)16	(-) 41.03
16. Public works	8	7	(-)1	(-) 12.50
17. Roads and bridges	28	20	(-)8	(-) 28.57
18. Police	89	57	(-)32	(-) 35.96
19. Major and medium irrigation	5	5	Nil	--
20. Minor irrigation	20	19	(-)1	(-) 5.00
21. Others	269	200	(-)69	(-) 25.65
<b>Total</b>	<b>1,041</b>	<b>1,019</b>	<b>(-)22</b>	<b>(-) 2.11</b>

The reply of the departments on the variation between BEs and actuals in respect of forest receipts electricity duty and amusement tax were as follows:

- **Forest receipts:** Ban on felling of trees above 1,000 meter altitude in North Bengal, reduction in forest working due to restriction in the Working Plans etc. leading to shortfall in collection of revenue.
- **Electricity duty:** Non payment of duty by licensees and others.
- **Amusement tax:** Retention of entertainment tax by some cinema halls for subsidy granted to them and default by Royal Calcutta Turf Club in payment of betting tax for three months.

The reasons for variation in respect of other receipts, though called for in April 2006, have not been received (October 2006).

### 1.5 Analysis of collection

Break-up of total collection at pre assessment stage and after regular assessment of sales tax, agricultural income tax, amusement tax for the year 2004-05 and the corresponding figures for the preceding two years as furnished by the department is as follows:

*(Rupees in crore)*

Head of revenue	Year	Amount collected at pre-assessment stage	Amount collected after regular assessment (additional demand)	Penalties for delay in payment of taxes and duties	Amount refunded	Net collection <sup>5</sup>	Percentage of column 3 to 7
1	2	3	4	5	6	7	8
Sales tax	2003-04	4,766.86	64.75	12.68	104.14	4,740.15	101
	2004-05	5,572.88	81.23	23.95	33.95	5,644.11	99
	2005-06	5,919.51	86.28	25.44	36.10	5,995.13	99
Agricultural income tax	2003-04	1.30	0.76	0.04	0.43	1.67	78
	2004-05	1.17	0.40	Nil	0.17	1.40	84
	2005-06	2.04	0.26	Nil	0.78	1.52	134
Amusement tax	2003-04	49.18	2.03	0.09	0.01	51.29	96
	2004-05	55.36	2.33	0.31	0.01	57.99	95
	2005-06	57.19	8.51	0.11	7.11	58.70	97

### 1.6 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2003-04 to 2005-06 along with the relevant all India average percentage of expenditure on collection to gross collection were as follows:

*(Rupees in crore)*

Head of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage of expenditure on collection for the year 2004-05
Sales tax	2003-04	4,831.00	73.84	1.52	0.95
	2004-05	5,716.00	75.20	1.32	
	2005-06	6,109.00	80.10	1.31	
State excise	2003-04	620.00	38.53	6.21	3.34
	2004-05	672.00	38.45	5.72	
	2005-06	743.00	39.38	5.30	
Stamp duty and registration fees	2003-04	794.00	35.26	4.44	3.44
	2004-05	1,007.00	39.65	3.94	
	2005-06	1,178.00	42.94	3.65	
Taxes on vehicles	2003-04	535.00	8.83	1.65	2.74
	2004-05	528.00	9.32	1.77	
	2005-06	538.00	9.70	1.80	

It would be seen from the above that the expenditure on collection under the respective heads is higher as compared to the national average except taxes on vehicles.

<sup>5</sup> The discrepancy in the net collection of revenue furnished by the department with the Finance Accounts needs reconciliation.

### **1.7 Collection of sales tax per assessee**

The sales tax is the major source of revenue of the state contributing more or less 60 *per cent* of the total revenue collection. The collection of sales tax per assessee during the last five years as on 2005-06 as furnished by the Finance Department is tabled below:

<b>Year</b>	<b>No. of assessees</b>	<b>Sales tax revenue (Rupees in crore)</b>	<b>Revenue/assessee (Rupees in lakh)</b>
2001-02	1,78,273	3,802	2.13
2002-03	1,85,050	4,192	2.27
2003-04	1,97,292	4,831	2.45
2004-05	2,20,305	5,717	2.59
2005-06	2,98,181	6,109	2.05

The above table shows that collection of tax per assessee after showing steady increase from 2001-02 to 2004-05 came down in 2005-06.

### **1.8 Analysis of arrears of revenue**

The arrears of revenue as on 31 March 2006 in respect of some principal heads of revenue as furnished by the departments amounts to Rs.1,936.82 crore of which Rs.91.51 crore were outstanding for more than five years as detailed in the following table:

*(Rupees in crore)*

<b>Head of revenue</b>	<b>Amount outstanding as on 31 March 2006</b>	<b>Amount outstanding for more than five years as on 31 March 2006</b>
Sales tax	1,305.99	53.82
Electricity duty	547.52	Nil
Amusement tax	40.80	15.14
Agricultural income tax	30.17	17.19
Excise duty	12.34	5.36
<b>Total</b>	<b>1,936.82</b>	<b>91.51</b>

### **1.9 Arrears in assessments**

The details of cases pending assessment at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of each year during 2003-04 to 2005-06 as furnished by the departments are given below:



Year	Opening balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the close of the year	Arrears in percentage (against total cases)
<b>Sales tax</b>						
2003-04	1,55,033	2,14,471	3,69,504	1,74,088	1,95,416	53
2004-05	1,95,416	1,62,071	3,57,487	1,73,289	1,84,198	52
2005-06	1,84,198	1,30,038	3,14,236	1,45,160	1,69,076	54
<b>Professions tax</b>						
2003-04	1,67,405	38,955	2,06,360	54,224	1,52,136	74
2004-05	1,52,136	48,331	2,00,467	39,505	1,60,962	80
2005-06	1,60,962	61,765	2,22,727	90,614	1,32,113	59
<b>Amusement tax</b>						
2003-04	5,215	3,709	8,924	2,575	6,349	71
2004-05	6,349	2,890	9,239	1,986	7,253	79
2005-06	7,253	3,872	11,125	3,085	8,040	72
<b>Agricultural income tax</b>						
2003-04	2,245	485	2,730	255	2,475	91
2004-05	2,475	495	2,970	324	2,646	89
2005-06	2,646	467	3,113	553	2,560	82

It would be seen from the above table that percentage of cases pending disposal at the end of each financial year was between 52 and 91.

### 1.10 Evasion of tax

The details of cases of evasion of tax detected by the State Excise department, cases finalised and the demands for additional tax raised as reported by the departments is given below:

Name of tax/duty	Cases pending as on 31 March 2005	Cases detected during 2005-06	Total	No. of cases in which assessments/investigations completed and additional demand including penalty etc., raised		No. of cases pending finalisation as on 31 March 2006
				No. of cases	Amount demanded	
State excise	7	Nil	7	Nil	Nil	7
Amusement tax	20	9	29	10	NA*	19

\*Not available.

### 1.11 Refunds

The number of refund cases pending at the beginning of the year 2004-05, claims received during the year and refunds at the close of the year 2005-06, as reported by the departments were as follows:

*Audit Report (Revenue Receipts) for the year ended 31 March 2006*

	Sales tax		Amusement tax		Agricultural income tax	
	No. of cases	Amount (Rs. in crore)	No. of cases	Amount (Rs. in lakh)	No. of cases	Amount (Rs. in crore)
Claims outstanding at the beginning of the year	178	3.20	4	7.32	12	0.35
Claims received during the year	385	3.30	4	704.35	30	3.77
Refunds made during the year	330	4.16	6	711.34	23	0.78
Balance outstanding at the end of the year	233	2.34	2	0.33	19	3.34

**1.12 Results of audit**

Test check of records of sales tax, land revenue, stamp duty and registration fees, motor vehicles tax, state excise, electricity duty, other tax receipts, forest receipts and other non tax receipts conducted during the year 2005-06 revealed under assessment/short levy/loss of revenue amounting to Rs.1388.89 crore in 990 audit observations. During the course of the year the departments accepted Rs.719.58 crore in 497 audit observations of which 382 audit observations involving Rs.705.92 crore were pointed out in audit during 2005-06 and the rest in earlier years and Rs.3.67 crore has been recovered at the instance of audit. No replies have been received in respect of the remaining cases.

This Report contains 36 paragraphs including one review relating to non/short levy of taxes, duties, interest and penalties etc., involving Rs.711.36 crore. The departments accepted audit observations involving Rs.170.81 crore of which Rs.6.83 lakh had been recovered. The departments have contested paragraphs involving Rs.70.58 crore and no reply has been furnished in other cases.

In respect of observations not accepted by the department, gist of reasons for department's non acceptance has been included in the related paragraph itself along with suitable rebuttal. However, replies from the Government have not been received (October 2006).

### **1.13 Status of recovery against audit observations accepted by Government**

A review of Government replies to paragraphs of the Audit Reports for the last five years from 2000-01 to 2004-05, shows that although the magnitude of acceptance by the departments of audit paras is relatively high (Rs.2,407.35 crore) as compared to the revenue effect of audit observations (Rs.3,472.24 crore), the actual recovery of Rs.161.48 crore only is extremely low. A year-wise breakup of recovery of revenue till October 2006 against the acceptance as pointed out in the Audit Report concerned was as follows:

*(Rupees in crore)*

<b>Year of Audit Report</b>	<b>Revenue effect of the Report</b>	<b>Amount accepted by the departments</b>	<b>Amount recovered</b>
2000-01	1,243.45	1,205.83	0.98
2001-02	133.89	125.27	130.56
2002-03	204.77	150.96	0.29
2003-04	1,335.20	483.13	29.44
2004-05	554.93	442.16	0.21
<b>Total</b>	<b>3,472.24</b>	<b>2,407.35</b>	<b>161.48</b>

### **1.14 Departmental audit committee meetings**

For prompt settlement of very old outstanding inspection reports through discussion among senior officers of concerned administrative department, the Finance Department and the officers of the office of the Accountant General, West Bengal, departmental audit committees were constituted by the Government in the year 1985.

For this purpose, meetings of audit committees comprising the secretary of the administrative department concerned, a senior officer of the Finance Department not below the rank of Joint Secretary and representative of the office of the Accountant General, West Bengal should be convened by the administrative department concerned.

During the last three years, total number of meetings held and number of paragraphs settled are detailed below:

*(Rupees in crore)*

Year	Name of the Department	Number of meeting(s) held	Number of paragraphs settled	Money Value of the paragraphs settled
2003-04	Public works	1	Nil	Nil
	Forest	1	Nil	Nil
2004-05	Public works	1	Nil	Nil
	State excise	1	16	0.17
2005-06	State excise	2	45	2.17

The above table shows that out of eight departmental audit committees only three committees held their meetings during the last three years. Out of those three, audit committee on State excise settled 61 audit observations involving money value of Rs.2.34 crore and other two committees held the meeting without settling any audit observation. The other departments did not hold audit committee meeting till October 2006 despite several reminders.

### **1.15 Failure of senior officials to enforce accountability and protect interest of the Government**

Accountant General (Receipt, Works and Local Bodies Audit), West Bengal arranges periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounts and other records as per prescribed rules and procedures. These inspections are followed up with Inspections Reports (IRs). When important irregularities are detected during inspection but not settled on the spot, these are included in IRs issued to the heads of offices inspected with copies to next higher authorities for taking prompt corrective action. Government have provided that first replies to the IRs may be furnished within three weeks of receipt thereof by the heads of offices. The heads of offices/Government are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the office of the Accountant General within two months from the dates of issue of the IRs. Serious irregularities are also brought to the notice of the heads of the departments by the office of the Accountant General.

Inspection reports issued up to December 2005 disclosed that 3,303 paragraphs involving money value of Rs.780 crore relating to 1,152 IRs

remained outstanding at the end of June 2006. Of these, 244 IRs containing 435 paragraphs involving money value of Rs.57.07 crore had not been settled for more than 10 years by the Finance Department in respect of sales tax, amusements tax, agricultural income tax, professions tax, electricity duty and stamp duty and registration fees, by the Forest Department in respect of forest receipts, by the Commerce and Industries Department in respect of mines and minerals, by the Transport Department in respect of taxes on motor vehicles, by the Land and Land Reforms Department in respect of land revenue and other departments in respect of other departmental receipts. Even the first replies, required to be received from the heads of offices within three weeks from the date of issue of the IRs, were not received in respect of 1,821 paragraphs of 472 IRs issued between October 1986 and December 2005. As a result, the serious irregularities commented upon in these IRs had not been settled as of 30 June 2006.

Department wise break up of IRs and audit observations outstanding as on 30 June 2006 is given below:

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*(Rupees in crore)*

Sl. No.	Department	Position of IRs issued up to December 2005 but not settled at the end of June 2006			Position of IRs and paragraphs not settled for more than 10 years			Position of IRs in respect of which first reply not received		
		No. of IRs	No. of paragraphs	Money value	No. of IRs	No. of paragraphs	Money value	No. of IRs	No. of paragraphs	Earliest year to which IR relates
1.	<b>Finance</b>									
	(a) Sales tax	133	708	48.92	11	18	0.38	75	557	2000-01
	(b) Professions tax	97	254	14.29	29	43	4.12	23	124	2000-01
	(c) Stamp duty and registration fees	258	392	38.30	34	41	1.75	128	182	1995-96
	(d) Electricity duty	52	94	151.43	16	22	2.08	6	39	1998-99
	(e) Agricultural income tax	17	25	1.84	3	6	0.04	5	6	1992-93
	(f) Amusements tax	67	125	20.47	21	30	0.96	22	47	1985-86
	(g) Luxury tax	17	25	0.09	--	--	--	11	11	2002-03
2.	<b>Forest</b>									
	Forest receipts	99	234	62.70	17	23	0.77	42	164	1996-97
3.	<b>Commerce and Industries</b>									
	Mines and minerals	63	223	52.32	15	33	0.88	27	139	1992-93
4.	<b>Land and Land Reforms</b>									
	Land revenue	90	505	142.74	39	127	15.26	31	207	1992-93
5.	<b>Excise</b>									
	State excise	50	148	69.07	1	1	10.07	22	92	1992-93
6.	<b>Transport</b>									
	Motor vehicles	116	346	12.43	29	40	0.03	53	185	2000-01
7.	<b>Other</b>									
	Departmental receipts	93	224	164.79	29	51	20.73	27	68	1994-95
	<b>Total</b>	<b>1,152</b>	<b>3,303</b>	<b>779.99</b>	<b>244</b>	<b>435</b>	<b>57.07</b>	<b>472</b>	<b>1,821</b>	<b>--</b>

The above position indicates the failure of departmental officials to initiate action in regard to defects, omissions and irregularities pointed out in the IRs by the Accountant General. The Principal Secretaries/Secretaries of the departments, who were informed of the position through half-yearly reports, also failed to ensure that the concerned officers took prompt and timely action.

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### **1.16 Settlement of paragraphs of the Audit Reports**

The State Legislature constitute a Committee on Public Accounts (PAC) for discussion of all the paragraphs of the Receipt Audit Reports after laying of the reports in the State Legislature and to recommend comments for compliance by Government. Normally 20 *per cent* of the total numbers of paragraphs of the Audit Report are selected every year for such discussion on the basis of questionnaires to the replies of the Government. The remaining paragraphs not selected for discussion are disposed of on the basis of replies of Government only.

The number of selected and unselected paragraphs in respect of which explanatory notes have not been furnished by the Government stood at 30 and 757+ 416 (Part)<sup>6</sup> respectively.

With the passage of time the outstanding paragraphs are losing the attention of the Government on account of non availability of relevant records etc. and remain unsettled for want of specific replies of Government. This inaction on the part of Government would have an adverse impact on Government revenue.

### **1.17 Follow up on Audit Reports-summarised position**

As per the Rules of Procedure of the PAC of the West Bengal Legislative Assembly (Internal Working) framed in 1997, the concerned department shall take necessary steps to send its action taken notes (ATN) on the recommendations contained in the Report of the PAC on the Audit Report within six months from the date of its presentation to the House. The position of outstanding ATNs due from the departments is shown below:

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<sup>6</sup> Unselected paragraphs of Audit Reports for the years 1981-82 to 1991-92 have since been included in the outstanding list awaiting replies from Government.

*Audit Report (Revenue Receipts) for the year ended 31 March 2006*

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<b>Particulars of the PAC Report</b>	<b>Date of presentation in the Assembly</b>	<b>Name of the Department</b>	<b>Year of Audit Report</b>	<b>No. of ATNs due</b>
Sixth Report of 1987-88	20 April 1988	Excise	1978-79 1980-81	3 3
Seventeenth Report of 1988-89	5 May 1989	Irrigation and Waterways	1978-79 1983-84	3 1
Twenty second Report of 1990-91	26 March 1991	Transport	1979-80 1980-81	1 1
Second Report of 1991-92	9 April 1992	Board of Revenue	1980-81 1982-83 1983-84 1984-85	4 1 1 1
Seventh Report of 1991-93	23 March 1993	Finance	1983-84	1
Seventeenth Report 1993-94	31 March 1994	Land and Land Reforms	1981-82 1985-86 1986-87	1 2 2
Twenty second Report of 1994-95	17 April 1995	Excise	1984-85	2
Twenty fifth Report of 1994-96	1 August 1995	Transport	1983-84	1
		Home (Police)	1988-89	1
Seventeenth Report of 1998-99	28 June 1999	Land and Land Reforms	1988-89 1990-91 1992-93	1 1 1
Twenty ninth Report of 1999-2000	2 December 1999	Irrigation and Waterways	1990-91	1
Sixteenth Report of 2002-03	8 July 2003	Finance	1997-98 1998-99	1 2
Twenty second Report of 2003-04	7 July 2004	Finance	1998-99	8
Thirty-fifth Report of 2004-05	8 July 2005	Land and Land Reforms	1999-2000	5
<b>Total</b>				<b>49</b>

Department failed to submit ATNs within six months in respect of 49 paragraphs included in the Audit Reports upto the year ended March 2000.