

CHAPTER 1 GENERAL

1.01 Trend of Revenue Receipts

The tax and non-tax revenue raised by the Government of West Bengal during the year 2000-2001, State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding 2 years are given below :

(Rupees in crore)

Receipts		1998-99	1999-2000	2000-2001
I.	Revenue raised by the State Government			
(a)	Tax Revenue	4774.46	5100.83	5944.72
(b)	Non-tax Revenue	384.50	587.22	1214.53
	Total	5158.96	5688.05	7159.25
II.	Receipts from the Government of India			
(a)	State's share of divisible Union taxes	2692.14	2984.41	4208.44
(b)	Grants-in-aid	1535.62	1538.64	3154.49
	Total	4227.76	4523.05	7362.93
III.	Total Receipts of the State Government (I+II)	9386.72	10211.10	14522.18¹
IV.	Percentage of I to III	55	56	49

(i) The details of the tax revenue raised under major heads of revenue during the year 2000-2001 along with corresponding figures for the preceding 2 years are given below :

(Rupees in crore)

Sl. No.	Head of revenue	1998-99	1999-2000	2000-2001	Percentage of increase(+)/decrease (-) in 2000-2001 over 1999-2000
1.	Sales Tax	3117.97	3428.79	3671.42	(+) 07.08
2.	State Excise	400.04	442.85	461.61	(+) 04.24
3.	Land Revenue	325.36	148.44	510.80	(+) 244.11
4.	Stamps and Registration Fees	372.19	411.72	474.01	(+) 15.13
5.	Other Taxes	558.90	669.03	826.88	(+) 23.59
	Total	4774.46	5100.83	5944.72	(+) 16.54

¹ 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 2000-2001.

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 assign 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.

(ii) The details of major non-tax revenue receipts during the year 2000-2001, along with corresponding figures for the preceding 2 years are given below:

(Rupees in crore)

Sl. No.	Head of revenue	1998-99	1999-2000	2000-2001	Percentage of increase (+) / decrease (-) in 2000-2001 over 1999-2000
1.	Interest	48.64	110.08	673.60	(+) 511.92
2.	Medical and Public Health	35.18	60.41	45.91	(-) 24.00
3.	Dairy Development	54.23	59.47	53.41	(-) 10.19
4.	Forestry and Wildlife	19.21	24.01	22.26	(-) 7.29
5.	Others	227.24	333.25	419.35	(+) 25.84
Total		384.50	587.22	1214.53	(+) 106.83

The reasons for variations in receipts during the year 2000-2001 compared to those of the year 1999-2000, as appeared in the Finance Accounts for the year 2000-2001 are mainly as under:

- (a) Land Revenue : The increase (244.11 per cent) was due to larger collection of land revenue,
- (b) Stamps and Registration Fees : The increase (15.13 per cent) was due to escalation of duties on judicial and non-judicial stamps,
- (c) Interest : The increase (511.92 per cent) was due to larger interest receipts from Public Sector and other Undertakings,
- (d) Medical and Public Health : The decrease (24 per cent) was due to less collection from ESIS.

1.02 Variations between Budget Estimates and Actuals

The variations between Budget Estimates and Actuals for the last 5 years are given below:

(Rupees in crore)

Year	Tax Revenue		Non-tax Revenue	
	Budget Estimates	Actual	Budget Estimates	Actual
1996-97	4487	4259	451	417
1997-98	5481	4517	458	449
1998-99	5046	4774	574	385
1999-2000	5658	5101	532	587
2000-2001	6513	5945	1331	1215

From the above table it seems that, except in the case of non-tax revenue during 1999-2000, the actual receipts were always lower than the BE figures.

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

(Rupees in crore)

Sl. No.	Heads of revenue	Budget estimates	Actual receipts	Variations increase(+)/shortfall(-)	Percentage of variation increase (+)/shortfall (-)
(A) Tax Revenue					
1.	Sales Tax	4000.00	3671.42	(-) 328.58	(-) 8.21
2.	State Excise	510.00	461.61	(-) 48.39	(-) 9.49
3.	Land Revenue	807.18	510.80	(-) 296.38	(-) 36.72
4.	Stamps and Registration Fees	475.00	474.01	(-) 0.99	(-) 0.21
5.	Other Taxes on Income and Expenditure ²	200.00	214.91	(+) 14.91	(+) 7.46
6.	Taxes on Vehicles	206.00	282.53	(+) 76.53	(+) 37.15
7.	Taxes on Goods and Passengers	0.04	0.02	(-) 0.02	(-) 50.00
8.	Taxes and Duties on Electricity	151.21	160.19	(+) 8.98	(+) 5.94
9.	Other Taxes and Duties on Commodities and Services ³	155.01	165.12	(+) 10.11	(+) 6.52
10.	Taxes on Agricultural Income	8.00	2.93	(-) 5.07	(-) 63.38
11.	Taxes on Immovable Property ⁴	0.50	1.18	(+) 0.68	(+)136.00
Total		6512.94	5944.72	(-) 568.22	(-) 8.72
(B) Non-tax Revenue					
1.	Interest	603.86	673.60	(+) 69.74	(+) 11.55
2.	Medical and Public Health	92.82	45.91	(-) 46.91	(-) 50.54
3.	Dairy Development	78.27	53.41	(-) 24.86	(-) 31.76
4.	Forestry and Wildlife	39.95	22.26	(-) 17.69	(-) 44.28
5.	Police	55.00	54.75	(-) 0.25	(-) 0.45
6.	Non-ferrous Mining and Metallurgical Industries	15.38	13.51	(-) 1.87	(-) 12.16
7.	Roads and Bridges	16.00	24.79	(+) 8.79	(+) 54.94
8.	Industries	14.00	4.12	(-) 9.88	(-) 70.57
9.	Education Sports, Arts and Culture	10.18	17.63	(+) 7.45	(+) 73.18
10.	Minor Irrigation	15.31	6.24	(-) 9.07	(-) 59.24
11.	Social Security and Welfare	4.42	2.10	(-) 2.32	(-) 52.49
12.	Other cases	385.94	296.21	(-) 89.73	(-) 23.25
Total		1331.13	1214.53	(-) 116.60	(-) 8.76

² This head includes receipts under Taxes on Professions, Trades, Callings and Employments.

³ This head includes taxes under Entertainment, Betting, Luxury and receipts under the Jute Taxation Act.

⁴ This head includes receipts under the West Bengal Multi-storeyed Building Tax Act, 1975.

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The reasons for variations though called for (between March and July 2001) from all the departments were not furnished (October 2001).

1.03 Cost of collection

Expenditure incurred on collection of revenue under some principal heads of revenue during the year 2000-2001 and preceding 2 years is given below :

(Rupees in crore)

Sl. No.	Head of revenue	Year	Collection	Cost of collection	Percentage of cost of collection to collection	
					West Bengal	All India average
1.	Sales Tax	1998-99	3117.97	60.82	1.95	--
		1999-2000	3428.79	69.11	2.02	1.56
		2000-2001	3671.42	69.56	1.89	--
2.	State Excise	1998-99	400.04	29.10	7.27	--
		1999-2000	442.85	30.39	6.86	3.31
		2000-2001	461.61	36.02	7.80	--
3.	Stamps & Registration Fees	1998-99	372.18	34.22	9.19	--
		1999-2000	411.72	35.83	8.70	4.62
		2000-2001	474.01	37.65	7.94	--
4.	Taxes on Vehicles	1998-99	158.07	7.34	4.64	--
		1999-2000	185.56	7.80	4.20	3.56
		2000-2001	282.53	8.26	2.92	--

1.04 Arrears in assessment

Timely and proper assessment of Government dues is a prerequisite to ensure a steady inflow of revenue to the State.

The details of information regarding arrears in assessment from the Finance, Forest, Land and Land Reforms, Transport, Home, Public Works and Housing Departments though called for in March 2001 followed by reminder issued in August 2001, were not received (October 2001). The details in respect of other departments are as under:

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)
Sales Tax						
1999-2000	2,90,887	2,08,990	4,99,877	3,12,836	1,87,041	37
2000-2001	1,87,041	1,11,645	2,98,686	1,60,965	1,37,721	46
Professions Tax						
1999-2000	1,76,484	93,713	2,70,197	71,468	1,98,729	74
2000-2001	1,98,729	86,661	2,85,390	78,790	2,06,600	72
Electricity Duty						
1999-2000	567	19	586	337	249	42
2000-2001	249	96	345	43	302	88

The increasing arrears in assessments call for revision of norms of assessment by the Finance Department.

1.05 Results of audit

Test check of records of Sales Tax, Land Revenue, State Excise, Motor Vehicles Tax, Taxes on Agricultural Income, Forest and other departmental offices conducted during the year 2000-2001 revealed underassessment/short levy/loss of revenue etc amounting to Rs.3502.45 crore in 1522 cases. During the course of the year 2000-2001, the concerned departments accepted underassessment etc of Rs.2818.49 crore involved in 934 cases of which 719 cases involving Rs.2779.26 crore were pointed out in audit during 2000-2001 and the rest in earlier years.

This Report contains 43 paragraphs and 2 reviews involving financial effect of Rs.1243.45 crore which illustrate some of the major findings of audit. The Government/department(s) have accepted audit observations involving Rs.1205.83 crore. An amount of Rs.39.64 lakh has been realised at the instance of audit.

1.06 Failure of senior officials to enforce accountability and protect the interest of the Government

(a) Replies to the Inspection Reports

Accountant General, Audit arranges to conduct periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspections Reports (IRs). When important irregularities etc detected during inspection are not settled on the spot, these IRs are 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 AG 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 AG.

Inspection Reports issued up to December 2000 disclosed that 3532 paragraphs involving money value of Rs.3545.62 crore relating to 1151 IRs remained outstanding at the end of June 2001. Of these, 169 IRs containing 477 paragraphs involving money value of Rs.47.64 crore had not been settled for more than ten years by the Finance Department (in respect of Sales Tax, Amusements Tax, Agricultural Income Tax, Electricity Duty and Stamp Duty and Registrations Fees), the Forest (in respect of Forest Receipts), the Commerce and Industries (in respect of Mines and Minerals), the Transport (in respect of Motor Vehicles), the Land and Land Reforms (in respect of Land Revenue) and the other (in respect of Departmental Receipts) departments. 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 720 paragraphs of 251 IRs issued between March 1984 and December 2000. As a result, the serious irregularities commented upon in these IRs had not been settled as of 30 June 2001.

Department-wise break-up of IRs and audit observations outstanding as on 30 June 2001 is given below:

(Rupees in crore)

Sl. No.	Department	Position of Inspection Reports issued up to December 2000 but not settled at the end of June 2001			Position of Inspection Reports and paragraphs not settled for more than 10 years			Position of Inspection Reports 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	Finance									
	(a) Sales Tax	373	1409	78.24	61	265	23.35	23	172	1997-99
	(b) Professions Tax	65	122	8.39	--	--	--	9	21	1996-97
	(c) Stamp Duty and Registration Fees	99	139	6.03	9	21	0.39	83	104	1992-93
	(d) Electricity Duty	32	60	12.20	6	9	1.40	1	2	1985-86
	(e) Agricultural Income Tax	12	22	0.34	1	3	0.02	4	9	1991-92
	(f) Amusements Tax	80	146	5.23	14	17	0.14	46	112	1982-83
	(g) Luxury Tax	5	9	0.08	--	--	--	5	9	1997-98
2.	Forest									
	Forest Receipts	63	150	17.05	2	5	0.07	16	46	1995-96
3.	Commerce and Industries									
	Mines and Minerals	89	322	14.56	8	14	0.39	12	52	1989-90
4.	Land and Land Reforms									
	Land Revenue	103	573	239.03	33	78	2.81	10	72	1984-85
5.	Excise									
	State Excise	29	111	337.23	--	--	--	6	13	1991-92
6.	Transport									
	Motor Vehicles	120	257	11.64	14	31	0.17	19	53	1998-99
7.	Other									
	Departmental Receipts	81	212	2815.60	21	34	18.90	17	55	1989-90
	Total	1151	3532	3545.62	169	477	47.64	251	720	

A review of the IRs which were pending due to non-receipt of replies, in respect of the above departments revealed that the Heads of the Offices, whose records were inspected by AG, and the Heads of the Departments failed to discharge due responsibility as they did not send any reply to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the AG. The

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Principal Secretary/Secretary of the Departments, who was informed of the position through half-yearly reports, also failed to ensure that the concerned officers of the Departments take prompt and timely action.

(b) Follow-up on Audit Reports

As per the Rules of Procedure of the Committee on Public Accounts 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 Public Accounts Committee (PAC) on the Audit Report within six months from the date of presentation to the House. The position of outstanding ATNs due from the departments is shown below :

No. of the PAC Report	Date of presentation in the Assembly	Name of the department	Year of Audit Report	No. of ATNs due
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
Twentysecond 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	1981-82 1982-83 1983-84	2 3 4
Seventeenth Report of 1993-94	31 March 1994	Land and Land Reforms	1981-82 1985-86 1986-87	1 2 2
Twentysecond Report of 1994-95	17 April 1995	Excise	1984-85	2
Twentythird Report of 1994-96	1 August 1995	Finance	1981-82	1
Twentyfifth 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
Twentyfourth Report of 1998-99	16 July 1999	Forest	1992-93	1
Twentyninth Report of 1999-2000	2 December 1999	Irrigation and Waterways	1990-91	1
Total				43

In respect of the Audit Reports from 1992-93 to 1999-2000 departmental replies to 20 selected and 46 unselected paragraphs out of total 51 selected and 513 unselected paragraphs have been received (July 2001).