

CHAPTER-VI REVENUE RECEIPTS

GENERAL

6.1 Trend of revenue receipts

The tax and non tax revenue raised by the Government of Nagaland during the year 2002-03, the 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 preceeding four years are given below:

Table 6.1

(Rupees in crore)

		1998-99	1999-00	2000-01	2001-02	2002-03
I.	Revenue raised by the State Government					
	(a) Tax revenue	30.56	39.50	46.24	54.90 ¹	62.00 ²
	(b) Non-tax revenue	44.15	38.86	39.23	43.41	43.94
	Total: I	74.71	78.36	85.47	105.80	105.94
II.	Receipts from Government of India					
	(a) State's share of divisible Union Taxes	437.19	526.04	96.48	30.71	46.01
	(b) Grants-in-aid	477.48	527.06	1072.15	1195.51	1194.95
	Total: II	914.67	1053.10	1168.63	1218.73	1240.96
III.	Total receipts of the State Government (I plus II)	989.38	1131.46	1254.10	1324.53	1346.90 ³
IV.	Percentage of I to III	8	7	7	8	8

Source : Finance Accounts

6.2 Analysis of revenue receipts

The details of tax revenue raised during the year 2002-03 alongwith the figures for the preceeding four years are given below:

¹ Components of net share of divisible Union Taxes i.e., Corporation Tax – Rs.7.09 crore, Tax on Wealth – Rs.0.09 crore and Service Tax– Rs.0.31 crore which were included in Table 6.1 and 6.2 as State's Own Tax Revenue in the Audit Report for the year 2001-02 is now rectified and included in the State's share of Divisible Union Taxes.

² Figures under the share of net proceeds assigned to States under the following Major heads booked in the Finance Accounts under 'A'-Tax revenue' have been excluded from Revenue raised by the state Government and included in state's share of divisible union taxes in this table:

0020-Corporation Tax	0037-Customs
0021-Taxes on Income other than Corporation Tax	0038-Union Excise Duties
0028-Other taxes on Income and Expenditure	0044-Service Tax
0032-Taxes on Wealth	0045-Other taxes and duties on Commodities and Services

³ For details, please see Statement No.10 of Detailed Accounts by Minor Heads in the Finance Accounts-Government of Nagaland for the year 2002-03.

Table 6.2

(Rupees in crore)

Major heads of Revenue		1998-99	1999-00	2000-01	2001-02	2002-03	Percentage of Increase (+)/ Decrease (-) in 2002-03 with reference to 2001-02
1.	Sales Tax	16.10	23.04	27.30	34.42	41.15	(+)20
2.	Taxes on Vehicles	4.37	4.59	5.28	5.35	4.74	(-)11
3.	Other Taxes on Income and Expenditure	6.02	7.87	9.63	11.32	12.23	(+)8
4.	State Excise	1.88	1.73	1.77	1.87	1.98	(+)6
5.	Stamps and Registration Fees	1.94	1.85	1.77	0.91	0.57	(-)38
6.	Other Taxes and Duties on Commodities and Services	0.12	0.15	0.14	0.30	0.10	(-)66
7.	Land Revenue	0.12	0.26	0.35	0.62	0.41	(-)34
8.	Taxes and Duties on Electricity	0.01	0.01	0.01	0.01	0.01	---
9.	Taxes on Immoavable property other than Agricultural Land	---	---	---	---	--	---
10.	Taxes on goods and passengers	---	---	---	0.10	0.81	(+)699
Total:-		30.56	39.50	46.25	54.90⁴	62.00	(-)1

Reasons for variations, though called for have not been intimated by the concerned departments (January 2004).

The details of major non tax revenue raised during the year 2002-03 alongwith the figures for the preceeding four years are given below:

Table 6.3

(Rupees in crore)

Major heads of Revenue		1998-99	1999-00	2000-01	2001-02	2002-03	Percentage of Increase(+)/ Decrease(-) in 2002-03 with reference to 2001-02
1.	Interest Receipts	1.44	4.59	3.50	1.62	1.72	(+)6
2.	Public Service Commission	0.04	0.03	0.03	0.06	0.13	(+)116
3.	Police	0.21	0.15	0.24	0.51	0.56	(+)10
4.	Stationery and Printing	---	0.01	0.01	0.01	0.01	---
5.	Public Works	0.14	0.32	0.32	0.97	0.62	---
6.	Other Administrative Services	3.28	6.11	1.85	3.14	3.14	---
7.	Contribution and recoveries towards Pension & Other Retirement Benefits	0.08	0.08	0.09	1.04	0.11	(-)89
8.	Miscellaneous General Services	14.83	0.79	1.22	0.44	2.11	(+)380
9.	Education, Sports, Art and Culture	0.12	0.15	0.14	0.46	0.15	(-)67
10.	Medical & Public Health	0.02	0.02	0.07	0.12	0.15	(+)25

⁴ Components of net share of divisible Union Taxes i.e., Corporation Tax – Rs.7.09 crore, Tax on Wealth – Rs.0.09 crore and Service Tax– Rs.0.31 crore which were included in Table 6.1 and 6.2 as State's Own Tax Revenue in the Audit Report for the year 2001-02 is now rectified and included in the State's share of Divisible Union Taxes.

Audit Report (Civil) for the year ended 31 March 2003

Major heads of Revenue		1998-99	1999-00	2000-01	2001-02	2002-03	Percentage of Increase(+)/ Decrease(-) in 2002-03 with reference to 2001-02
11.	Water Supply and Sanitation	0.18	0.33	0.29	0.36	0.63	(+)75
12.	Housing	0.22	1.89	2.25	2.22	2.25	(+)1
13.	Social Security and Welfare	---	---	0.01	0.01	0.13	(+)1,200
14.	Crop Husbandry	0.03	0.03	0.14	0.10	0.10	---
15.	Animal Husbandry	0.10	0.21	0.17	0.22	0.20	(-)9
16.	Forestry and Wildlife	3.05	1.70	2.64	2.04	3.54	(+)73
17.	Food storage and Warehousing	0.02	0.08	0.06	0.07	0.01	(-)74
18.	Co-operation	0.06	0.08	0.08	1.30	0.97	(-)86
19.	Other Agricultural Programmes	0.04	0.03	0.04	0.03	0.02	(-)33
20.	Minor Irrigation	---	---	---	0.01	---	(-)100
21.	Power	17.21	17.85	19.87	22.93	19.59	(-)15
22.	Village and Small Industries	0.10	0.14	0.15	0.18	0.62	(+)244
23.	Non-ferrous Mining and Metallurgical Industries	0.03	0.01	0.10	0.02	0.01	(-)50
24.	Road Transport	2.50	3.81	5.16	5.10	5.52	(+)8
25.	Tourism	0.14	0.18	0.09	0.10	0.16	(+)60
26.	Other General Economic Services	0.06	0.05	0.05	0.05	0.06	(+)20
Total:-		43.90	38.64	38.57	43.11	42.51	(+)1

Reasons for variations, though called for, have not been intimated by the concerned departments (January 2004).

6.3 Variations between Budget estimates and actuals

Variations between Budget estimates and actuals of revenue receipts for the year 2002-03 are given below:

Table 6.4

Major heads of revenue		Budget estimates	Actual receipts	Percentage of variations Increase (+)/ Decrease (-) of actuals over budget estimates
(1)		(2)	(3)	(4)
1.	Other taxes on Income and expenditure	13.06	12.32	(-)6
2.	Stamps and Registration Fees	0.70	0.57	(-)19
3.	State Excise	1.90	1.98	(+)4
4.	Sales Tax	37.98	41.16	(+)8
5.	Taxes on Vehicles	5.76	4.74	(-)18
6.	Other Taxes and Duties on Commodities and Services	1.03	3.15	(+)206
7.	Interest Receipts	1.00	1.72	(+)72
8.	Police	0.05	0.56	(+)1,020
9.	Stationery and Printing	0.22	0.01	(-)95
10.	Public Works	1.35	0.62	(-)54
11.	Other Administrative Services	4.28	3.14	(-)27

Major heads of revenue		Budget estimates	Actual receipts	Percentage of variations Increase (+)/ Decrease (-) of actuals over budget estimates
(1)		(2)	(3)	(4)
12.	Miscellaneous General Services	1.40	2.11	(+)51
13.	Education, Sports, Art & Culture	0.29	0.15	(-)48
14.	Medical and Public Health	0.12	0.15	(+)25
15.	Water Supply and Sanitation	0.75	0.63	(-)16
16.	Housing	5.36	2.25	(-)58
17.	Social Security and Welfare	0.15	0.13	(-)13
18.	Crop Husbandry	0.15	0.10	(-)33
19.	Dairy Development	0.14	---	(-)100
20.	Forestry & Wildlife	2.50	3.54	(+)42
21.	Food, Storage and Warehousing	---	0.01	(+)100
22.	Co-operation	0.02	0.97	(+)4,750
23.	Other Agricultural Programmes	0.08	0.02	(-)75
24.	Power	21.00	19.59	(-)7
25.	Village and Small Industries	0.16	0.62	(+)288
26.	Non-ferrous Mining and Metallurgical Industries	4.41	0.01	(-)100
27.	Road Transport	6.65	5.52	(-)17
28.	Tourism	0.13	0.16	(+)20
Total:-		110.64	105.93	(-)4

Reasons for variations, though called for, have not been intimated by the concerned departments (January 2004).

6.4 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 collections during the years 2000-01, 2001-02 and 2002-03 along with the relevant all India average percentage of expenditure of collection to gross collections for the year 2001-02, were as follows:

Table 6.5

(Rupees in crore)

Sl. No.	Revenue head	Year	Gross Collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year 2001-02
1.	Sales Tax	2000-01	27.30	2.83	10	1.26
		2001-02	34.42	3.51	11	
		2002-03	41.15	3.01	7	
2.	State Excise	2000-01	1.77	3.83	216	3.21
		2001-02	1.87	4.24	227	
		2002-03	1.98	4.36	220	
3.	Taxes on Vehicles	2000-01	5.29	1.54	29	2.99
		2001-02	5.35	1.64	31	
		2002-03	4.74	1.64	35	
4.	Stamps and Registration Fees	2000-01	1.77	0.09	5	3.51
		2001-02	0.91	0.11	12	
		2002-03	0.57	0.09	16	

The State is facing a anomalous situation where the cost of collection of State excise is more than twice the collection. The reasons for increase in expenditure as compared to the corresponding All India Average percentage for the year 2001-02 under the head State excise was mainly due to excess establishment charges.

SECTION-B – AUDIT PARAGRAPHS

HEALTH AND FAMILY WELFARE/HOME/WORKS AND HOUSING (ROADS AND BRIDGES) DEPARTMENT

6.5 Non-deduction of tax on works contract – loss of revenue

Government suffered loss of revenue of Rs.1.12 crore due to non-deduction of tax on works contract at source

Schedule III Section 5A (2) (e) of Nagaland Sales Tax (NST) Act, 1967 read with Nagaland Sales Tax Rules, 1970 as amended upto 31 March 1996 provides that the tax on works contract should be deducted from the contractors' bill at source at the rate of four *per cent* on the value of work done after allowing deduction of 30 *per cent* on account of labour and other charges.

Government of Nagaland, vide their notification dated 27 March 2001 revised the rate of tax on works contract from four *per cent* to eight *per cent* and the allowable deductions from 30 *per cent* to 25 *per cent* effective from 1 April 2001.

Test check of records (March 1996 to August 2002) of three * works divisions revealed that Rs.20.29 crore was paid to different contractors between March 2000 and August 2002 for executing various civil construction and up-gradation works without deducting tax on works contract to the tune of Rs.1.12 crore from the bills of contractors.

Failure to deduct works contract tax from the contractors' bills at source resulted in loss of Rs.1.12 crore to the Government.

The matter was reported to the Government and the respective departments in July 2003; in reply, the Executive Engineer, Medical Engineering Division, Kohima stated in July 2003 that the deduction of the works contract tax could not be done due to non-receipt of government notification. The Government and the Executive Engineer, Public Works Department (Roads and Bridges) stated in October 2003 and September 2003 respectively that the tax would be deducted from the final bills of the contractors. The replies were not tenable as the tax should have been deducted on the value of work done from the contractors' bills at source as the rule was already in force.

Reply from the Government is still awaited (January 2004).

* (1) Executive Engineer, Medical Engineering Division, Kohima
(2) Project Engineer, Police Engineering Project, Chumukedima and
(3) Executive Engineer, Public Works Department (Road and Bridges), Dimapur