

## 25. STATE FINANCE

Finance Department is responsible for all financial administration of the state government, including preparation of the States Annual Budget. It exercises control and supervision over the receipts and expenditure of the government and initiates various measures for improvement in fiscal management, additional resources mobilization, economy and efficiency in

government expenditures etc. It also formulates policies relating to levy and collection of various taxes such as value added tax, petroleum tax, central sales tax, profession tax, entertainment tax etc. The department exercises administrative control and supervision over the three Directorates of Treasuries and Accounts, Nagaland State Lotteries and Taxes.

### Activities undertaken under state Taxes Department:

The department's role and activities are quasi-judicial in nature. It ensure registration, payment of tax and filling of tax return by all reliable dealers. The department of taxes conducts scrutiny of the tax return filed by the dealers and also conducts audit assessment on the basis of parameters set under the tax law. The department of taxes has strict vigil over

the entire business activities of the tax payers and takes some remedial measures under the tax laws to prevent evasion and avoidance of tax by unscrupulous taxpayers. The department of taxes also compiles the sales tax revenue deposited by the tax payers and submits collection statements to the government at regular intervals.

Table No. 25.1  
Revenue collection statement for the last five years (₹ in lakhs)

Sl. No.	Year	Particulars					Total
		P/tax	VAT	Pet. Tax	CST	A/ tax	
1	2	3	4	5	6	7	8
1.	2006-07	1616.77	5128.30	2785.77	351.84	0.50	9883.18
2.	2007-08	1763.75	6162.49	2693.40	327.44	0.00	10947.08
3.	2008-09	1920.93	8095.63	3002.70	436.87	0.10	13456.23
4.	2009-10	2234.45	9870.35	2808.90	536.06	0.29	15450.05
5.	2010-11	1656.65	6759.40	2612.37	299.65	0.18	49736.54

*(Source: Finance Department, Government of Nagaland)*

Figures for 2010-11 are upto December 2010 only. The project collection for the month of January 2011 to March 2011 is

₹ 6671.75. The department is expected to collect a total revenue of ₹ 18000.00 during the financial year 2010-11.

Table No. 25.2  
Total number of registered dealers under all acts as on 31/12/09

Sl. No.	District	VAT	CST	Pet. Tax	Prof. tax	Total
1.	Dimapur	3639	2475	47	3945	10106
2.	Kohima	885	569	7	1156	2617
3.	Mokokchung	560	112	9	600	1281
4.	Tuensang	153	17	2	320	492
5.	Mon	56	19	3	136	214
6.	Phek	65	2	1	105	173
7.	Wokha	165	33	2	319	519

Sl. No.	District	VAT	CST	Pet. Tax	Prof. tax	Total
8.	Zunheboto	407	61	4	488	960
9.	Peren	11	10	2	45	68
10.	Kiphire	39	1	1	102	143
11.	Longleng	21	0	1	98	120
	Grand total	6001	3299	79	7314	16693

(Source: Finance Department, Government of Nagaland)

### Receipt and expenditure of the department during the last five years:

#### A. Receipts (non-plan):

Table No. 25.3

(₹ in lakhs)

Sl. No.	Source of receipts	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Salaries of regular staff	373.22	377.39	392.70	426.20	498.94
2.	Wages of fixed pay	1.60	2.37	2.37	2.37	1.80
3.	Others	73.22	76.65	94.15	90.65	246.54
	Total	448.04	456.41	489.22	519.22	747.28

#### B. Expenditure

##### (i) Non-plan:

Table No. 25.4

(₹ in lakhs)

Sl. No.	Nature of expenditure	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Salaries of regular staff	361.24	373.22	393.01	476.93	428.26
2.	Wages of W/C staff	1.56	1.60	1.80	1.80	1.35
3.	Grant-in-aid	-	-	-	-	-
4.	Scholarship etc	-	-	-	-	-
5.	Others	71.55	72.94	94.09	105.41	105.82
	Non-plan total	434.35	447.76	488.90	584.14	535.43

##### (ii) Plan:

Table No. 25.5

(₹ in lakhs)

Sl. No.	Nature of expenditure	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Salaries of regular staff	-	-	-	-	-
2.	Wages of W/C staff	-	-	-	-	-
3.	Grant-in-aid	-	-	-	-	-
4.	Scholarship etc	-	-	-	-	-
5.	Work expenditure/ MMPC	50.00	50.00	-	30.45	171.23
6.	Others	-	-	-	-	-
	Plan total	50.00	50.00	0	30.45	171.25

\* Note: Details for 2010-11 are upto December 2010

(Source: Finance Department, Government of Nagaland)

## Revenue target and plans and activities and for the ensuing year:

### A. District-wise revenue target for 2010-11

Table No. 25.6

(₹ in lakhs)

Sl. No.	District	Target
1.	Dimapur including Peren	9588.48
2.	Kohima	6575.94
3.	Mokokchung	528.94
4.	Mon	178.86
5.	Phek	200.77
6.	Tuensang including Longleng & Kiphire	393.41
7.	Wokha	160.33
8.	Zunheboto	219.46
9.	Anticipated BT from AG	153.81
10.	Grand total	18000.00

(Source: Finance Department, Government of Nagaland)

**Amendment of the provisions of various tax laws:** Various tax provisions Act such as the Nagaland professions trade calling and employment taxation Act, 1968 and Rules 1970 and the Nagaland Amendment tax Act 1965 and Rules 1965 has submitted proposal to the government for suitable amendment in order to augment revenue of the state.

It is expected that the above measures once implemented will help the state to earn additional revenue of not less than ₹ 10.00 crores and ₹ 60.00 lakhs respectively from the first year of operation/implementation.

**Commercial taxes- mission mode project (CT-MMF) under e-Governance plan (NeGP):** CT-MMP is one amongst the 27 mission mode projects identified by the GOI as the Tax Department is a critical

from the point of view of generating the highest resources for the state and having significant citizen interface in its day-to-day functioning. Taking advantage of opportunity offered by the Government of India, the department in association with NIC, Karnataka and NIC Nagaland has prepared detail project report and forward to the Ministry of Finance, Government of India. The total approval cost of this initiative stands at ₹ 635.11 lakhs, out of this ₹ 571.59 lakhs is the amount contributed by Ministry of Finance and ₹ 63.52 lakhs is to be contributed by the state of Nagaland in the pattern of 90:10 cost sharing arrangement. Accordingly, the state has received the 1<sup>st</sup> installment of ₹ 60.00 lakhs and ₹ 6.00 lakhs is to be contributed by the state.

As part of this project plans to computerized the administration of VAT and CST Acts through the implementation of an application developed by NIC

Karnataka called VAT soft. The application would automated the work flow involved the following;

Table No. 25.7

Registration	Issuance of statutory forms
* Returns	Returns
*Electronic payments	Transfer & cancellation of registration
*Check post operations	Audit and assessment
*Declaration by dealers of thin purchased & sales	Declaration by dealers of thick TDS deductions

(Source: Finance Department, Government of Nagaland)

The project has been commissioned with effect from the 6<sup>th</sup> of January 2011 and is scheduled to be completed within a period of 18 months. M/S Wipro Ltd. has been appointed as the management consultant for the project. The department

is in the process of function of the project emission team for continuous monitoring and handholding of the project. The department has already completed the following activities crucial for the implementation of the project;

Table No. 25.8

*Current state assessment	*Identification of business process re-engineering requirement
*GAP assessment w.r.t. envisaged scenario	*Designing to be process for post VATSoft implementation
*Identification of site preparation requirements	*Identification of Hardware & Networking equipment requirement
*Identification and initiation of the legal changes for delivery of services electricity	*Identification and communication to BSNL about the connectivity plan and requirement

(Source: Finance Department, Government of Nagaland)

(c) In the subsequent months and subject to the release of funds, the following

activities are scheduled :

Table No. 25.9

*Procurements of leased lines for connecting the offices of the department	*Procurements and installation of hardware such as computers, printers, scanners for the department official
*Procurement and installation of networking equipments	*Deployment of the VATSoft application in a phased manner
*Capacity building of the department	*Training and awareness programme for the stakeholders including dealers of the state.

(Source: Finance Department, Government of Nagaland)

## Treasuries and Accounts Department

The Department of Treasuries and Accounts is the main organ of the state government that administers and enforces the financial rules and regulations in the functioning of all government departments. It also enforces financial discipline through the accounts officers posted to the directorate and work divisions as well as in the treasuries and accounts. The Treasuries and Accounts department also carries out Internal Audit of all the Departments of the government, local bodies and private institutions that receive government grants. These agencies serve as financial advisors and guide to the Head of Departments (HODs) and the Drawing and Disbursing Officer (DDOs). They also help the departments maintain correct service records as well as accounts and submit them to the concerned authorities. Through the departments officers posted at various levels in

the department, the budget and expenditure of the departments are regulated and controlled.

The department of Treasuries and Accounts also hold the responsibility of maintaining accounting system and records of the accounts of the state and keep a watch on the accounting system to ensure its work effectively.

### Revenue receipts and expenditure of the department and budgetary allocation:

During 2009-10, the department of Treasuries and Accounts has incurred an expenditure of ₹ 1159.96 lakhs under non-plan and ₹ 130.00 lakhs under plan expenditure the department has also receipt and revenue of ₹ 119.39. The revenue receipts and expenditure of the Treasuries and Accounts Department and budgetary allocation during the last five years are shown below;

#### A. Receipts:

Table No. 25.10

(₹ in lakhs)

Source of receipt	2005-06	2006-07	2007-08	2008-09	2009-10
0030- stamps and registration	82.83	108.27	107.29	100.69	119.39

#### B. Expenditure

##### (i) Non-plan:

Table No. 25.11

(₹ in lakhs)

Sl. No.	Nature of expenditure	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Salaries of regular staff	603.15	648.90	699.47	869.29	878.37
2.	Wages	7.49	7.08	7.09	7.68	14.09
3.	Grant-in-aid	-	-	-	-	-
4.	Scholarship etc	-	-	-	-	-
5.	Others	197.32	199.11	239.90	265.05	267.50
	Non-plan total	807.96	855.09	946.46	1072.02	1159.96

##### (ii) Plan:

Table No. 25.12

(₹ in lakhs)

Sl. No.	Nature of expenditure	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Salaries of regular staff	-	-	-	-	-
2.	Wages	-	-	-	-	-
3.	Grant-in-aid	-	-	-	-	-
4.	Scholarship etc	-	-	-	-	-
5.	Work expenditure/ MMPC	175.00	200.00	505.00	828.00	130.00
6.	Others	-	-	-	-	-
	Plan total	175.00	200.00	505.00	828.00	130.00

(Source: Finance Department, Government of Nagaland)

**Budget and expenditure as on 31/3/2010:**

Table No. 25.13

(₹ in lakhs)

Items	Budget allocation	Amount spent
Salaries	912.28	878.36
Wages	14.70	14.08
T. E.	25.00	24.92
O. E.	67.82	67.79
M. V.	54.47	54.77
RRT	11.06	10.23
Maintenance	12.00	11.99
System improvement	37.30	37.29
M & E	10.00	9.99
Computerisation	5.00	4.94
Stamps	25.00	15.54
4059 capital outlay on public works office building	130.00	130.00
053(12) maintenance of public building under TFC	30.00	30.00
Total 2054 -Revenue	1334.63	1289.90

(Source: Finance Department, Government of Nagaland)

**List of schemes being implemented during 2010-11:** During the year 2010-11, the following schemes are being implemented

under state plan through negotiated loan from HUDCO;

Table No. 25.14

(₹ in lakhs)

Name of the works/schemes	Location	Amount allocated
(a) Extension of Tseminyu Sub-try for SBI	Tseminyu	15.47
(b) Const. of Mangkolemba Sub-try office building	Mokokchung	50.00
(c) Const. of Aboi Sub-try office building	Mon	50.00
(d) Const. of Longleng Sub-try office building	Gongling	54.53
Grand total 2010-2011		170.00

(Source: Finance Department, Government of Nagaland)

**Nagaland State Lotteries**

The Directorate of Nagaland State Lotteries was established in the year 1972 under the supervision of the State Finance Department. The main objective of establishing the department was to

generate a dependable source of revenue for the State Government. Therefore, the initial activity of the department is to organize and conduct lotteries in different district headquarters within the state.

## Expenditure and receipts

**(a) Expenditure:** Most of the fund allocation of the directorate is made under non-plan, since it does not implement any

developmental activities. The year-wise expenditure of the directorate from the year 2005-06 onwards is shown in the Table No. 25.15.

Table No. 25.15

(₹ in lakhs)

Sl. No.	Year	2005-06	2006-07	2007-08	2008-09	2009-10
	Budgeting allocation	86.18	90.48	102.50	110.94	133.75
	Items of expenditure					
1.	Salaries	61,74,387	60,04,575	67,25,792	77,12,462	89,59,928
2.	Wages	48,120	57,278	83,970	88,800	88,671
3.	Travel expenses	3,99,999	3,99,978	4,99,927	4,99,980	4,99,821
4.	Office expenses	5,47,931	6,00,000	5,99,923	7,99,684	6,99,975
5.	Motor vehicles	1,00,000	4,00,000	9,98,389	3,99,802	10,79,683
6.	RRT	1,99,997	1,99,965	3,99,898	3,99,871	3,99,761
	Machinery & equipment	39,879	39,134	39,932	40,000	40,000
	Adv. Sales & publicity	10,40,000	10,41,906	4,44,000	10,41,971	14,91,993
	Total	85,50,313	87,42,836	97,91,831	1,09,82,570	1,19,17,832

(Source: Finance Department, Government of Nagaland)

**(b) Revenue receipts:** The revenue achievements of the department during the

last five preceding years is given in the table below;

Table No. 25.16

Sl. No.	Year	Target	Achievement
1.	2005-06	₹ 10.50 crore	₹ 15,81,13,762/-
2.	2006-07	₹ 10.80 crore	₹ 10,83,20,731/-
3.	2007-08	₹ 5.50 crore	₹ 3,66,52,057/-
4.	2008-09	₹ 5.00 crore	₹ 5,84,30,503/-
5.	2009-10	₹ 5.50 crore	₹ 7,03,28,626/-

(Source: Finance Department, Government of Nagaland)

It is seen that during the last five years, the department has earned an average revenue of ₹ 8.60 crore per year against the average yearly target of ₹ 7.46 crore. After the framing of the Lotteries (regulation) Rules, 2010 by the Ministry of Home Affairs, Government of India w.e.f. 1<sup>st</sup> April 2010.

**Policy initiative during 2010-11:** In order to improve revenue performance, the state lotteries department has initiated the following measures;

(i) To charge a minimum of ₹ 2,000/- per draw from other state lotteries being sold in Nagaland as per the lotteries

(regulation) Rules, 2010.

(ii) To encourage the distributors of Nagaland state lotteries to conduct more bumper draws, if this attempt is successful, the government revenue may shoot up substantially as the existing rate is fixed at ₹ 7.50 lakhs per bumper draw.

(iii) In order to earn additional revenue for the state, the department has fixed the chargeable rate per draw at ₹ 15,000/- (Rupees fifteen thousand) only.

**Current achievement of the department (2010-11):**

- (i) The revenue target of the department was initially projected at ₹ 5.50 crore which was later revised to ₹ 1.65 crore for 2010-11. However, on the basis of the various measures taken, the department of lotteries has been able to earn ₹ 12.42 crore (as on 28/2/2010). This reflects on surplus of ₹ 6.92 crore over the earlier target.
- (ii) No court case has been filed against the department during the current financial year 2010-11 by any individual/ party/ state. Rather, the state lotteries department has won two court cases which were filed in the High Court of Sikkim and High Court of Karnataka relating to violation of lotteries rules.
- (iii) The department of state lotteries has upgraded its working system by providing internet connectivity and introducing e-Banking facilities.