

CHAPTER VI: NON-TAX RECEIPTS

6.1 Results of audit

Test check of the records in departmental offices relating to Home (Police), Public Works, Forest, Co-operation, Urban Development, Mines and Geology, Medical and Public Health, Animal Husbandry, Food and Supplies and Agriculture conducted in audit during the year 2008-09, revealed underassessments of tax and loss of revenue amounting to Rs. 55.52 crore in 29,614 cases which fall under the following categories:

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
A: Home (Police)			
1.	Receipts of Police Department (A review)	1	32.55
2.	Miscellaneous irregularities	26,756	0.43
Total		26,757	32.98
B: Public Works Department			
(i) Water services and sanitation			
1.	Non-recovery of water and sewerage charges	15	9.53
2.	Loss due to non-levy of charges on un-metered supply of water to industrial institutions/commercial connections	1,457	3.24
3.	Miscellaneous irregularities	131	0.17
Total		1,603	12.94
(ii) Irrigation			
1.	Miscellaneous irregularities	341	0.19
(iii) Buildings and Roads			
1.	Miscellaneous irregularities	20	0.09
C: Forest			
1.	Miscellaneous irregularities	369	5.86
D: Co-operation			
1.	Non/short recovery of dividend on share capital	28	1.15
2.	Non/short recovery of audit fees	94	0.19
3.	Non-recovery of loans and interest	1	0.15
Total		123	1.49

Sl. No.	Category	Number of cases	Amount
E: Urban Development			
1	Non-collection of external development charges/Infrastructure Development Charges and interest thereon	23	1.01
2.	Short recovery of license fee and conversion charges	3	0.02
Total		26	1.03
F: Mines and Geology			
1.	Non-recovery of royalty and interest	215	0.66
2.	Non-recovery of interest on late deposit of contract money	56	0.11
3.	Miscellaneous irregularities	18	0.04
Total		289	0.81
G: Medical and Public Health			
1.	Miscellaneous irregularities	20	0.09
H: Animal Husbandry, Food and Supplies and Agriculture			
1.	Non-deposit of revenue receipts into treasury	66	0.04
Grand total		29,614	55.52

During the year 2008-09, the departments accepted non/short realisation and other deficiencies of Rs. 2.00 crore involved in 487 cases of which 180 cases involving Rs. 1.49 crore had been pointed out during the year 2008-09 and the remaining in the earlier years. The departments recovered Rs. 23.28 lakh in 172 cases during the year 2008-09, of which 19 cases involving Rs. 9.23 lakh related to the year 2008-09 and balance to the earlier years.

A review of “**Receipts of Police Department**” involving Rs. 32.55 crore and a few illustrative audit observations involving Rs. 1.76 crore are mentioned in the succeeding paragraphs.

HOME DEPARTMENT

6.2 Review of Receipts of Police Department

6.2.1 Highlights

- Failure on the part of department to raise and realise the police cost from Railways resulted in non-realisation of revenue of Rs. 19.96 crore.

(Paragraph 6.2.8.1 and 6.2.8.2)

- Acceptance of payment of incentive money from Ministry of External Affairs (MEA) in the absence of any control mechanism for recovery of dues for passport verification reports (PVRs) led to short reimbursement of Rs. 1.26 crore.

(Paragraph 6.2.9)

- Failure to raise and collect demand timely on provisional basis quarterly as per Government of India (GOI) instructions resulted in non-realisation of revenue of Rs. 5.29 crore.

(Paragraph 6.2.13)

- Police cost amounting to Rs. 1.14 crore was under assessed due to non-inclusion of different elements of cost.

(Paragraph 6.2.14.2)

- Delay in disposal of 728 confiscated arms valuing Rs. 29.89 lakh resulted in blockage of revenue.

(Paragraph 6.2.16)

6.2.2 Introduction

The State Government is responsible for maintenance of law and order in the State. This responsibility is discharged through the Police Department whose duties and functions are governed under the Police Act, 1861 and the Rules framed thereunder i.e. the Punjab Police Rules, 1934 as applicable to Haryana. While the services rendered by the police personnel for maintenance of general law and order in the State is the normal function of the Government, their services are extended on special occasions and lent to other departments of the State, Central or other State Governments, autonomous bodies, private organisations and individuals on payment of charges fixed by the Government from time to time.

The receipts of the Police Department mainly comprise recovery of the cost of police personnel provided to the Public Sector Undertakings (PSUs), Banks, Railways and private persons within the State of Haryana towards guarding chest/remittance, performing watch and ward duties, for maintenance of law and order etc. The incidence of recovery of expenditure on the cost of police personnel provided to other State Governments also arises for maintenance of

law and order in other States in unusual circumstances like communal riots, natural calamities and at the time of elections etc. at the request of that Government. Other police receipts conform to fees, fines and forfeiture in respect of services controlled by the department, receipts under Arms Act and sale of confiscated arms and ammunition, unserviceable vehicles and other material.

6.2.3 Organisational set up

At the Government level, the Financial Commissioner and Principal Secretary, Home Department is responsible for the administration of Police Department. Overall control and superintendence of police force vests with the Director General of Police Haryana, Panchkula (DGP). Claims on account of cost of police force supplied to other State Governments/Union Territories (UTs) are preferred by the DGP. The DGP is assisted by Inspector General of Police (IGP) at four¹ range level and Senior Superintendent of Police (SSP)/ Superintendent of Police (SP) at 21 district levels. Besides, Haryana Armed Police (HAP) having five battalions in reserve, each under the charge of a Commandant is placed at the disposal of the DGP for any emergency duty within or outside the State. Government Railway Police (GRP) is headed by SP at Ambala Cantonment and provides security to railway passengers within the State and is responsible to recover 50 *per cent* of its cost to be shared by the Railways. Telecommunication wing headed by IGP/Telecom (Controlling officer) assisted by Deputy Inspector General (DIG) Telecom/SP Telecom is functioning as head of office have been constituted (November 1966) to provide services of telecommunication in the department for immediate sending messages to the police officers in the field offices.

6.2.4 Audit objectives

The review was conducted to ascertain whether:-

- the system and procedure relating to assessment, raising and collection of police receipts was efficient and effective;
- the rules and regulations governing realisation of police receipts were adequate and complied with;
- a system of periodical reporting to the Government/DGP existed;
- obsolete, confiscated/seized arms/ammunitions, other office equipments and machinery were being disposed off regularly and receipts remitted in the Government treasury; and
- the internal control mechanism in the department was effective.

¹ Ambala, Faridabad, Hisar and Rohtak.

6.2.5 Scope and methodology of audit

Records relating to the period from 2003-04 to 2007-08 kept in the office of the DGP Haryana, nine² (out of 21) SP offices and ten³ (out of 21) other police offices in the State were test checked between June 2008 and March 2009. Selection of the offices was made by statistical random sampling method.

6.2.6 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Home Department in providing the necessary information and records for audit. An entry conference was held in December 2008 and attended by the Financial Commissioner and Principal Secretary, Home Department and IGP. The objectives of the review and the audit methodology were discussed and agreed upon. The draft review report was forwarded to the Government and the department in May 2009 and was discussed in the exit conference held on 14 July 2009. The Inspector General of Police (IGP) represented the department. The views of the department have been incorporated in the respective paragraphs.

A review of the systems and procedures pertaining to levy, collection and accounting of the receipts of the Police Department revealed a number of system and compliance deficiencies which are discussed in the following paragraphs.

6.2.7 Trend of revenue

The budget estimates (BEs), actual realisation of revenue, variation in actual receipts over the BE and percentage of variation for the period 2003-04 to 2007-08 is mentioned in the table below:

(Rupees in crore)

Year	Budget estimates	Actual Receipts	Variation of actual receipts over BE increase (+)/shortfall (-)	Percentage of variation
2003-04	17.30 ⁴	11.71	(-) 5.59	(-) 32
2004-05	17.61	26.45	(+) 8.84	(+) 50
2005-06	29.90	7.49	(-) 22.41	(-) 75
2006-07	13.40	22.79	(+) 9.39	(+) 70
2007-08	20.00	41.44	(+) 21.44	(+) 107

² Ambala, Faridabad, Gurgaon, Hisar, Karnal, Panchkula, Panipat, Sirsa and Yamunanagar.

³ SP (GRP) Ambala, Commandant 1st IRB Bhondsi, SP (Commando) Karnal, Commandant 2nd Bn, Madhuban, Commandant 4th Bn, Madhuban, Forensic Science Laboratory (FSL), Madhuban, Director Police Training College Madhuban, ADGP (CID) Panchkula, SP (Telecom) Panchkula and IGP Rohtak.

⁴ During 2003-04 the figure of revised estimates as Rs. 17.52 crore was shown in para 1.4 of Audit Report for the year ended 31 March 2004. This is the reason for variation in figure of Chapter I and figure as indicated here.

The department attributed decrease in revenue receipts during 2005-06 to less receipt for police supplied to other Governments and abolition of Haryana State Industrial Security Force during 2004-05. The increase in revenue receipts during 2004-05, 2006-07 and 2007-08 was due to higher receipt of payment from the Railways and other State Governments/GOI on account of deployment of police forces. In the exit conference, the department stated (July 2009) that there were high variations between the BEs and the actual receipts as it was not always possible to foresee the actual receipts.

Audit findings

System deficiencies

6.2.8 Non-realisation of police cost from Railways

As per provisions of the Police Act, 1861 and Government Accounting Rules, 1990, the cost of GRP shall be shared between the State Government and the Railways on 50:50 basis provided the strength and deployment is determined with the approval of Railways. The cost for this purpose include pay and allowances, office expenses and contingencies, contribution towards leave salary and pension of the establishment as well as rent of the building occupied by the staff of the Railway Police.

Claims of reimbursement of cost of police deployed to Railways were sent directly by SP (GRP) and SP (Telecom) to the Chief Security Commissioner-cum-IG (Railway Protection Force) {IG (RPF)}.

Audit observed that there is no prescribed system for raising and collection of police cost from Railways as discussed in the succeeding paragraphs:

6.2.8.1 Test check of records of the office of SP (GRP) Ambala Cantonment in July 2008 revealed that demands to realise the police cost (50 per cent share) from Railways were generally sent at an interval of six months as given below:

(Rupees in crore)

Name of Railway Department	Period of dues	Date of raising bills	Amount
Northern Railway	1 October 2006 to 31 March 2007	13 June 2007	5.17
	1 April 2007 to 30 September 2007	10 January 2008	6.33
	1 October 2007 to 31 March 2008	17 June 2008	6.62
Western Railway	1 October 2006 to 31 March 2007	13 June 2007	0.04
Total			18.16

No payment on account the above bills have been received. Further the department has not raised the demand to Western Railways for the period 1 April 2007 to 31 March 2008.

After the case was pointed out in June 2008, the department stated in September 2008 that Northern Railways had accorded sanction for Rs. 18.13 crore in July 2008 but the payment was still awaited. Further progress of recovery and reply in respect of recovery from Western Railways has not been received (August 2009).

6.2.8.2 Test check of the records of the office of SP (Telecom), Panchkula in June 2008 revealed that the department had deployed telecommunication staff on Railways duty on its own since December 1990 without obtaining the approval of the Railways. The deployment was made to set up a separate control room in the GRP at Ambala in view of terrorist violence on the Railways. The instructions to establish the control room were stated to have been conveyed by the then DGP on 24 July 1987. However, no bill was raised for recovery of police cost. The lapse was pointed out by audit in October 2002. Even after that the department failed to take immediate steps to raise and realise the cost from Railways.

The department raised two claims towards cost of staff deployed during the period between December 1990 and December 2006 amounting to Rs. 1.80 crore⁵ on IG (RPF) in July 2006 and May 2007. The Railway authorities returned the bill in December 2006 (Rs. 1.19 crore raised in July 2006) for want of a copy of Railway Board concurrence order. SP (Railways) Haryana, Ambala Cantonment requested the DGP in April 2008 that correspondence with the Railway Board may be made for obtaining their approval as desired by the Railway authorities. However, no reply had been sent to Railway authorities upto June 2008. Delays in raising the bills and non-obtaining of approval of the Railways even after lapse of more than seventeen years, resulted in non-realisation of revenue to the extent of Rs. 1.80 crore. However, given the railway refusal to honour the claims, it is unlikely that these claims would ever be paid by them.

During the exit conference, the department stated that efforts would be made to effect recovery from Railways and as regard deployment of police staff without obtaining approval from Railways, the matter would also be looked into.

6.2.9 Non-existence of system to monitor the raising of claims for incentive money for passport verification reports

With a view to encourage timely receipts of PVRs in respect of passports, GOI, MEA introduced a scheme in October 2003 for payment of incentive money of Rs. 100 and Rs. 50 per PVR referred directly by the passport office to the State Government provided it was received within 30 days and after 30 days respectively. From 1 September 2005, the MEA decided to disburse

⁵ Rs. 1.19 crore: December 1990 to September 2003; Rs. 60.86 lakh: October 2003 to December 2006.

Rs. 100 and Rs. 25 per PVR provided it was received within 20 days and after 20 days respectively. Apart from the above, the MEA also disbursed an amount of Rs. 200 to the State Government for each passport application received through District Passport Cell (DPC) alongwith the PVR with effect from 1 April 2002.

Audit observed that no system had been prescribed for monitoring the receipts of incentive claims from SP/SSP offices in respect of PVRs cleared during the year. Further State Government/DGP was not aware of the actual amount due from MEA. Absence of any control system for recovery of dues led to short payment to the State Government.

As per information provided by 18 offices⁶ of SSP/SP (between October 2008 and February 2009) the department cleared 2,05,460 PVRs and 1,37,421 applications for passport received from passport offices and DPCs during the period from January 2004 to December 2007. Though the department had not raised claims, the MEA paid incentive money of Rs. 3.12 crore (between January 2004 and December 2007) to the State Government against incentive money payable amounting to Rs. 4.38 crore. Thus, an amount of Rs. 1.26 crore was short paid by MEA to the State Government as per details given below:-

Particular	Period	Number of PVRs cleared	Amount (Rupees In lakh)	Number of PVRs for which payment received for MEA	Amount of incentive money passed by MEA (Rupees in lakh)
Passports received for verification from the passport offices					
Within 30 days	1 January 2004 to 31 August 2005	50,830	50.83	2,085	2.08
After 30 days	1 January 2004 to 31 August 2005	18,485	9.24	49,556	12.39
Within 20 days	1 September 2005 to 31 December 2007	93,156	93.15	2,357	2.36
After 20 days	1 September 2005 to 31 December 2007	42,989	10.75	80,775	20.19
Passport received from DPC					
	1 January 2004 to 31 December 2007	1,37,421	274.84	1,37,726	275.45
Total		3,42,881	438.81	2,72,499	312.47

⁶ Ambala, Bhiwani, Faridabad, Fatehabad, Gurgaon, Hisar, Jind, Kaithal, Kurukshetra, Mewat, Narnaul, Panchkula, Panipat, Rewari, Rohtak, Sirsa, Sonipat and Yamunanagar.

It is evident from the table above that the MEA had paid incentive money at the rate of Rs. 100 per PVRs cleared within 30/20 days for 4,442 PVRs as against 1,43,986 PVRs and at the rate of Rs. 25 per PVRs cleared after 30/20 days for 1,30,331 instead of payable at Rs. 50 per PVRs for 18,485 and at Rs. 25 per PVRs for 42,989. Furthermore, delay in sending 61,474 PVRs (after 30 days: 18,485, after 20 days: 42,989) from police authorities during the period January 2004 to December 2007 led not only a public inconvenience due to delay in issuance of passports but also revenue implication for the State Government resulting in less receipts of Rs. 41.48 lakh⁷.

During the exit conference, the department stated that delay in PVRs in respect of passport was due to the fact that passport documents for verifications were firstly sent to the office of District Magistrate (DM) and Criminal Investigation Department (CID) and thereafter to the police department. However, the department agreed to take up the matter with the State Government for monitoring.

6.2.10 Absence of provision to realise interest for belated payments

The Punjab Police Act/Rules do not prescribe any time limit for the demand and payment of the cost of police guards deployed to other State Governments and Railways and for levy of interest in case of delay in payment.

It was also noticed in audit that there was no provision for levy of interest on delay in payment as a result of which no interest can be charged on the revenue of Rs. 25.25 crore remained outstanding against Railways and other State Governments as pointed out in paragraphs 6.2.8 and 6.2.13. It is pertinent to mention that the expenditure on the salary of police staff deployed on such duty and other charges are met by the State Government out of its budget on which the State Government incurs an interest liability on account of its borrowings. It is, therefore, logical that the burden of any delay in reimbursement of this cost to the State Government should be passed on to the parties which requisition the services of the police personnel.

During the exit conference, the department agreed to take up the matter with the State Government for inserting a provision of interest in the Punjab Police Rules.

6.2.11 Delay in submission of inventory of unclaimed vehicles

As per section 25 of the Police Act, 1861, it shall be the duty of every police officer to take charge of all unclaimed property and to furnish an inventory thereof to the DM.

Audit observed that there is no provision in the Punjab Police Rules, 1934 regarding time limit for submission of inventory of unclaimed vehicles to the DM.

⁷ Rs. 41,48,425 = (18,485 X Rs. 50 = Rs. 9,24,250; 42,989 X Rs. 75 = Rs. 32,24,175)

As per information collected from nine offices⁸ of SSP/SP, it was observed that 950 vehicles were lying unclaimed with the district police stations as on 31 March 2008. The delay⁹ in submission of inventory ranged between six and 106 months as shown in the table below:-

Delay in submission of inventory of unclaimed vehicles

Particulars	Exceeding 60 months	Between 48 and 60 months	Between 36 and 48 months	Between 24 and 36 months	Between 12 and 24 months	Less than 12 months	Total
Number of unclaimed vehicles	148	38	29	139	141	357	852
Percentage	17	5	3	16	17	42	

Due to delay in submission of inventory report, the disposal of these vehicles was also delayed resulting in deterioration of the condition of these vehicles consequently resulting in realisation of less revenue. Further, misuse of these vehicles also could not be ruled out.

During the exit conference, the department stated that the system would be streamlined.

6.2.12 Internal Control

Internal audit provides assurance to an organisation that the internal control system instituted by it for its efficient and cost effective functioning is adequate and effective. There was no internal audit cell upto March 2007. However, internal audit cell headed by an Accounts Officer and assisted by two Section Officers and one Junior Auditor had started functioning since April 2007.

As per information supplied by the office of the DGP Haryana, Panchkula, internal audit cell conducted audit of 16 (out of 45) units only resulting in shortfall of 64 *per cent* during the year 2007-08. The internal audit party raised only four objections in the audit of 16 units and settled two objections after compliance of the department. The irregularities discussed in this review can easily go undetected due to non-existence or ineffective internal control mechanism. It, therefore, needs to strengthen the internal audit cell to ensure timely detection and correction of errors in levy and collection of revenue.

During the exit conference, the department agreed to take up the matter with the State Government to strengthen the internal audit cell.

⁸ SSP/SP: Ambala, Faridabad, Hisar, Karnal, Panchkula, Panipat, Sirsa and Yamunanagar and Deputy Commissioner of Police (HQ) Gurgaon.

⁹ Delay calculated after allowing six months from the date of Daily Demand Register.

Compliance deficiencies

6.2.13 Failure to raise/realise demands quarterly in advance

As per instructions issued by the GOI in September 1995, the borrowing State/UT/Authority should reimburse expenditure on the Armed Police Battalions loaned to them on quarterly basis to the extent of Rs. 50 lakh per quarter per battalion at the end of June, September, December and March every year. These provisional payments will be adjusted subsequently on the basis of audited figures and final payment, if any due, shall be released to the lending States immediately on receipt of audit certificates. The State Government whose battalions are deputed to ex-State may raise their claims for provisional payments/final payments in accordance with the aforesaid procedure to the State/UT. The payments shall be made by the borrowing States/UT within one month from the close of relevant quarter/receipt of audited figures. Failure in timely payment will lead to withdrawal of forces from the defaulting States.

During test check of the records of the office of the DGP Haryana in June 2008, it was noticed that the State Government had deployed police forces in six¹⁰ States and UT Chandigarh between October 2005 and December 2007 for law and order duty at the request of borrowing States/UT. The department failed to raise the claims for provisional payments at the end of each quarter. The police forces were received back from these borrowing States/UT between November 2005 and December 2007. The department had raised their final claims amounting to Rs. 5.16 crore (out of total claims of Rs. 5.29 crore) between May 2007 and January 2008 i.e. after a delay¹¹ ranging between six and 15 months. Failure to raise and collect the demand timely on provisional basis quarterly as per GOI instructions resulted in non-realisation of revenue of Rs. 5.29 crore even after a lapse of three to 27 months.

After the cases were pointed out, the department stated in July 2008 that it was not possible to raise claims on provisional basis because police forces were deployed for uncertain duration in other States for law and order duty. The reply of the department is not in consonance with the instructions issued by the GOI in this regard. Moreover, the uncertainty in period of deployment could not be a hindrance in raising advance bills as these were to be raised on a provisional basis subject to their final adjustment on the basis of an audit certificate.

6.2.14 Non/short raising of bills

Rule 10.21 of the Punjab Police Rules, 1934 requires the Superintendent to raise bills one month in advance on parties and corporate bodies supplied with additional police force. Additional police shall not be supplied until the advance payment required by this rule has been received. Further, claim of police cost should include pay, dearness pay, pension and leave salary

¹⁰ Bihar, Gujarat, Kerala, Tamil Nadu, Uttar Pradesh and West Bengal.

¹¹ Delay calculated after allowing three months from the date of return of police force.

contribution and other indirect charges in respect of establishment for the period of deployment.

6.2.14.1 During test check of the records of five¹² police offices between February 2007 and January 2009, it was noticed that the police forces were deployed to PSUs, commercial companies, corporations and banks between April 1974 and March 2008. However, the department failed to recover the cost of police in advance for police personnel deployed to banks, Haryana Urban Development Authority (HUDA), Indian Oil Corporation (IOC) and departments of State Government/GOI, resulting in amount of Rs. 4.18 crore remaining blocked for long periods.

After the cases were pointed out, the SP Faridabad stated in February and September 2008 that efforts were being made to recover the amount of Rs. 1.32 crore from Thermal HPCCL and banks and action would be taken on receipt of orders from HUDA. The Commandant 1st Battalion Ambala city stated in October 2008 that the matter was being pursued with the IOC authorities for the early payment of outstanding dues. The SP/SSP Ambala, Karnal and Panchkula stated in September 2008 and January 2009 that the matter was under correspondence with the Government. Further reply has not been received (August 2009).

6.2.14.2 During test check of the records in the offices of SP (GRP), Ambala Cantonment, SP Karnal and Sirsa between December 2007 and January 2009 for the year 2004-05 to 2007-08, it was noticed that a sum of Rs. 1.14 crore was claimed less due to non-inclusion of different elements at the time of claims lodged with the Railways, Civil Aviation Club and banks.

After the cases were pointed out, the SP Sirsa admitted the audit observations and stated in April 2008 that concerned parties had been asked to deposit the differential amount. SP Karnal stated in January 2009 that the matter regarding recovery of police cost of Rs. 80.61 lakh and less claim of Rs. 10.84 lakh was under correspondence with the Government. Reply from SP (GRP) Ambala has not been received (August 2009).

During the exit conference, the department stated that the Government had agreed to write off the amount due (Rs.10.84 lakh) from Civil Aviation Department.

6.2.15 Suppression of income

As per Rule 10.11 of the Punjab Police Rules, 1934, all transactions to which an officer of Government is a party in his official capacity must, without reservation, be brought to account, and all money received shall be lodged in full in the Government treasury to be credited to its appropriate account, or shall be kept in the police cash chest. Thus Police Rules *ibid* strictly prohibit the appropriation of departmental income to the departmental expenditure.

¹² SSP/SP Ambala, Faridabad, Karnal, Panchkula and Commandant, Ist Battalion, Ambala City.

The Commandant, 3rd Battalion, HAP, Hisar was holding Government land measuring 83 *acre*, out of which 45 *acre* was fit for agriculture as per site map.

A scrutiny of the records of the office of the Commandant, 3rd Battalion HAP, Hisar in August 2006 and July 2007 revealed that sale proceeds of 45 acres of land in possession of the battalion did not appear in the accounts books of the battalion since 2002. As per copies of *Girdawari*¹³ for the years 2002-03 to 2006-07 supplied by the Tehsildar, Hisar in February 2008, it was observed that crops like wheat, cotton, barley, vegetables etc. were sown on the chunk of 45 acres of land since 2002. Forty five *acres* of land was leased out at the rate of Rs. 6,050 per acre for the year 2007-08. It was observed that Rs. 2.72 lakh was received as lease rent of the land for 2007-08. In reply to audit query regarding use of the land in the previous years, the Commandant replied (August 2007) that vegetables and other crops were sown by contributing free labour by jawans during 2002-07 and earnings were spent on the welfare of jawans on various counts and for making annual payment of canal water charges to the Revenue Department.

DGP Haryana stated in August 2008 that crops had not been used for personal benefits of any individual rather they had utilised for the welfare of jawans and after being pointed out in audit the land had been leased out in 2007-08. The reply was not in consonance with the provision of the financial rules since they had neither deposited the Government revenue into Government treasury nor accounted for in the account books of the Department. In the absence of maintenance of proper record, veracity of the revenue realised, and its magnitude and utilisation could not be verified in audit.

6.2.16 Non-disposal of arms and ammunition

As per Rule XIV of Appendix to Rule 20.14 of the Punjab Police Rules, 1934 (Volume 2), arms and ammunition which can be utilised by the police or by any department under Government may be retained or brought into use with the sanction of local Government. Arms and ammunition not so retained may be sold to the licensed dealers or other persons entitled to possess them. State Government laid down the policy for allotment of fire arms in July 1994 of non-prohibited category to eligible person in specified proportion¹⁴. A committee headed by Chief Secretary Haryana with the Financial Commissioner and Principal Secretary, Home Department and DGP as members for the allotment of confiscated weapons was constituted in July 1994.

¹³ Girdawari is the record of land cultivation and records the crop and ownership of the crop.

¹⁴ Ministers (20 *per cent*); MP and MLA (15 *per cent*); Zila Parishads/District Councils and Municipal Corporations members (10 *per cent*); Police Officers (25 *per cent*); Retired/Retiring members of Central para-military forces (10 *per cent*); Private citizens (10 *per cent*), and Ministry of Home Affairs reserve (to be allotted by central Government) (10 *per cent*).

A scrutiny of the records of the State Fire Arms Bureau (SFAB) in the office of the SP Ambala in January 2009 revealed that 877 serviceable arms, confiscated between December 1970 and May 2007, were lying in stock as on March 2008. Out of these, 728 arms were valued as Rs. 29.89 lakh by the Valuation Committee. Though the quantum of arms was reported to the Government every month by means of a monthly statement, State Government did not sell even a single arm to the licensed dealer or dispose it off as per policy laid down during the years 2003-04 to 2007-08.

During the exit conference, the department stated that the reserve price of arms was kept on higher side to discourage the general public from acquiring the same. However, the fact remains that the Government had not made any efforts for their disposal.

6.2.17 Non-disposal of condemned vehicles

Financial Rules as well as instructions issued by the State Government from time to time stress upon the need to survey and dispose off quickly through auction, vehicles which become off-road due to aging and maintenance/repairs of which become uneconomical. Due to delay in their disposal after condemnation, the condition of the vehicles may deteriorate and they may not fetch the expected/reserve price fixed by the competent authority.

As per information supplied by 16 offices¹⁵ during August 2008 and March 2009, it was observed that 81 vehicles were declared condemned between June 2002 and March 2008 and their reserve price was fixed at Rs. 42.35 lakh but these were not auctioned till March 2008. Thus, the Government was deprived of revenue to the extent of Rs. 42.35 lakh.

Thus, continued delay in auction will result in loss of Government revenue apart from blockage of departmental receipts.

During the exit conference, the department stated that condemned vehicles would be disposed off soon.

6.2.18 Conclusion

The State Police lends its personnel to other departments within the State, other Governments, Railways, Corporate bodies, institutions etc. on their requisitions and recovers the cost of such deployment from these parties. The onus of such recovery rests on the lending Police department. Audit observed that the systems in the department were not fully geared to ensure complete and timely recovery. There were delays in raising of bills and following them up, police personnel were deployed in Railways without obtaining their

¹⁵ SP: Ambala, Faridabad, Hisar, Jhajjar, 2nd Battallion Haryana Armed Police (HAP) Madhuban, FSL Madhuban, 3rd Bn Madhuban, Narnaul, Panipat, Palwal, Rewari, Sirsa, Yamunanagar, SP (Railway) Ambala, SP (Telecom) Panchkula, ADGP (CID) Panchkula and SSP Sonipat.

consent first, proper and efficient procedures were lacking for ascertaining the amount due to the department for issuing PVRs and for disposal of surplus arms and ammunition etc. Since the initial expenditure on deployment of police guards outside their core domain is borne by the State budget, there was a direct cost to the State in the event of delay in realising the payments. This underpinned the argument for introduction of a provision for levy of interest on delayed payments.

6.2.19 Recommendations

The Government may consider implementation of the following recommendations for rectifying the system and compliance issues:-

- introduce a monitoring system for the deployment of police force only on requisition from Railways/other States;
- prescribe a periodical return from district police offices and devise ways to ascertain the correctness of the assessment and collection of incentive money received from MEA for PVRs;
- include a provision in the Police Act/Rules for levy of interest which may act as a deterrent for belated payment of dues so that blockage of revenue and loss of interest can be avoided;
- prescribe a specific time limit for submission of inventory of unclaimed vehicles to the DM and also time limit for disposal of unclaimed vehicles;
- strengthen the internal control cell for timely detection and correction of errors; and
- issuing specific guidelines to raise claims of police cost to borrowing States/UT on provisional basis quarterly.

6.3 Other Audit observations

Scrutiny of records in departmental offices relating to Medical and Public Health, Mines and Geology and other departments revealed several cases of non-observance of provisions of Government order, non-compliance of provisions of the Punjab Financial Rules and other cases as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out in audit. There is need for the Government to improve the internal control system including strengthening of internal audit.

PUBLIC HEALTH DEPARTMENT

6.4 Non-recovery of water charges

The Department did not observe some of provisions of Government order of November 2006 in some cases which resulted in non-recovery of water charges of Rs. 73.44 lakh.

As per Haryana Government, Urban Development Department order dated 10 November 2006, all the existing water supply un-metered connections in commercial, institutional or industrial establishment shall be converted into metered connections by the occupants in a period of three months from the date of order otherwise the rate charged shall be minimum of Rs. 1,000 per month and as assessed by the concerned Executive Engineer (EE) of the Public Health (PH) department.

During test check of records of the offices of six¹⁶ EE of PH/Water Supply and Sanitation (WSS) Divisions for the years from 2002-03 to 2007-08 between October 2007 and October 2008, it was noticed that there were 576 un-metered water supply connections of commercial, institutional and industrial establishments as of 10 November 2006. All these existing un-metered connections were required to be converted into metered connections by the occupants of these establishments by 10 February 2007. Neither the occupants of these establishments had got their un-metered connections converted into metered connections even up to March 2008 nor the department made any efforts to raise water charges at the prescribed minimum rate. This resulted in non-recovery of water charges at minimum rate, aggregated to Rs. 73.44 lakh for the period between December 2006 and March 2008.

After the cases were pointed out between October 2007 and October 2008, the EE, PH Division No. 1 and 2, Karnal and EE, WSS Division, Jind and Panipat stated in January and June 2009 that a sum of Rs. 4.23 lakh had been recovered in 136 cases and notices had been issued (between October 2007 and January 2008) to recover the balance amount of Rs. 38.13 lakh. Further

¹⁶ Executive Engineer, Water Supply and Sanitation (WSS) Division, Ambala Cantonment; Executive Engineer, WSS Division, Fatehabad; Executive Engineer, Engineering Division No. 1, Karnal; Executive Engineer, Engineering Division No. 2, Karnal; Executive Engineer, WSS Division, Jind and Executive Engineer, WSS Division, Panipat

they had installed metered connections in 44 cases and disconnected connections in 21 cases between November 2007 and March 2009. The EE, WSS Division, Fatehabad stated between October 2008 and June 2009 that notices had been issued to the concerned parties to recover the dues. The EE, WSS Division, Ambala Cantonment stated in April and June 2009 that efforts were being made to recover the amount of Rs. 15.12 lakh and in 13 connections meters had been installed during April and May 2009. Further report has not been received (August 2009).

The matter was pointed out to the Engineer-in-Chief, Public Works (PH) Department between October 2007 and October 2008 and reported to the Government in May 2009; their reply has not been received (August 2009).

CIVIL AVIATION DEPARTMENT

6.5 Unauthorised retention of Government revenue outside Consolidated Fund of the State

Non-compliance of provisions of the Punjab Financial Rules Volume I by the Haryana Institute of Civil Aviation resulted in unauthorised retention of Government revenue of Rs. 69.36 lakh outside the Consolidated Fund of the State. This action is against budgetary control and it tantamount to by passing the legislative authority of the State assembly.

Under Rule 7 (1) of the Punjab Financial Rules, Volume I, as applicable to Haryana, all moneys received by or tendered to Government Servant on account of the revenues of the Government or public money raised or received by the State Government shall, without undue delay be paid in full into the treasury/bank and shall be included in the 'Consolidated Fund of the State'. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure nor otherwise kept apart from the Consolidated Fund of the State. No department of the Government may require that any moneys received by it on account of the revenues of the State be kept out of the Consolidated Fund of the State.

Haryana Institute of Civil Aviation (HICA), Karnal was registered as a society on 10 September 1998 under the Society Registration Act, 1860 for promoting 'Art and Science of Aviation and Aeronautics' in all its aspects and all matters connected therewith. The Executive Committee of HICA in its meeting held in May 2000 decided to lease the surplus land of five¹⁷ Civil Aerodromes for agricultural purposes by open auction for one year immediately. It was also desired that a proposal for allotting the land of aerodromes to HICA should be sent to the Government so that the income to be received from the lease of surplus land could be retained by HICA. But no such proposal was sent to the Government.

During test check of the records of the office of the Advisor, Civil Aviation Haryana, Chandigarh in January 2005 and January 2006 and information collected in April 2008 revealed that these civil aerodromes, which had

¹⁷ Bhiwani, Hisar, Karnal, Narnaul and Pinjore.

243 acre¹⁸ surplus land, were maintained by the Department from its budget. HICA leased out surplus land through auction for agricultural purposes and received auction money of Rs. 69.36 lakh during the period 2000-01 to 2007-08. HICA retained the auction money of surplus land instead of depositing the same into treasury. This resulted in unauthorised retention of Government revenue of Rs. 69.36 lakh outside the Consolidated Fund of the State in violation of the Treasury Rules and General Principle of Budgeting.

After the case was pointed out, the Advisor, Civil Aviation Haryana stated in February 2009 that HICA had refunded Rs. 25.34 lakh to the Department which was deposited into Government treasury between April 2008 and January 2009. Efforts were being made to recover the outstanding lease money. Further report on recovery has not been received (August 2009).

The matter was reported to the Government in December 2007, the Special Secretary to Government Haryana, Civil Aviation Department stated in June 2008 that HICA retained income received from surplus land amounting to Rs. 69.36 lakh on the basis of decision of its meeting in May 2000. HICA refunded Rs. 18.63 lakh to the Department in April 2008 and the delay in refunding the lease money was due to their lean financial position. HICA was expected to refund more amount during 2008-09.

MINES AND GEOLOGY DEPARTMENT

6.6 Non-recovery of royalty and interest

The Mines and Minerals (Development and Regulation) Act and Punjab Minor Mineral Concession Rules provide for levy of royalty on mineral removed from leasehold area and levy of interest on belated payment of royalty.

The Mining Officers did not observe some of the provisions of the above Rules in some cases which resulted in non-realisation of royalty/interest of Rs. 33.56 lakh.

Rule 24 of the Punjab Minor Mineral Concession Rules, 1964, as applicable to Haryana, provides that brick kiln owners (BKO) shall pay annual amount of royalty at the prescribed rate in advance by 30th April of every year. State Government revised the rates of fixed royalty of various categories of BKOs from June 2005. In case of default, interest at the rate of 24 *per cent* per annum is chargeable for the period of default. BKOs register is maintained at each mining office for levy and collection of royalty. The permits of such BKOs, by giving one months notice are required to be cancelled by the department, who do not pay royalty and any sum due from the permit holders on account of royalty and interest thereon is recoverable as arrears of land revenue. The Assistant Mining Engineers (AMEs)/Mining Officers (MOs) are responsible for monitoring recovery of outstanding dues.

During test check of records of the offices of MOs, Rohtak and Jind for the years 2006-07 and 2007-08 between May 2007 and September 2008, it was noticed that 150 BKOs were issued permits between April 2005 and April 2006 for the period of two years. The BKOs were required to pay

¹⁸ Bhiwani: 70 acre; Hisar 100 acre; Karnal: 48 acre and Pinjore: 25 acre.

royalty for the year 2006-07 and 2007-08 by 30 April 2006 and 30 April 2007 respectively. Though a period ranging between 21 and 33 months had elapsed yet royalty of Rs. 21.95 lakh was neither paid by the BKO's nor was it demanded by the MO's. No action to cancel the permits and/or to recover the dues as arrears of land revenue was taken. Lack of action on the part of the department resulted in non-realisation of revenue of Rs. 33.56 lakh (including interest of Rs. 11.61 lakh).

After the cases were pointed out between May 2007 and September 2008, MO Rohtak and Jind intimated in October 2008 and May 2009 that royalty of Rs. 2.41 lakh (including interest of Rs. 64,119) had been recovered in 12 cases between May 2007 and March 2009 and sincere efforts were being made to recover the balance amount from the BKO's. A report on recovery of balance amount has not been received (August 2009).

The matter was pointed out to the Director, Mines and Geology Department between July 2007 and September 2008 and reported to the Government in January 2009; their reply has not been received (August 2009).

**Chandigarh
The**

**(SUSHAMA V. DABAK)
Principal Accountant General (Audit) Haryana**

Countersigned

**New Delhi
The**

**(VINOD RAI)
Comptroller and Auditor General of India**