

CHAPTER VIII NON-TAX RECEIPTS

8.1 Results of audit

Test check of records of the offices of Technical Education Department, Forest Department, Police Department and Co-operation Department conducted during the year 2008-09 revealed misappropriation of Government dues, re-auction loss, supply/sale of raw material, short demand of cost of establishment etc., amounting to Rs. 7.53 crore in 21 cases which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	No. of cases	Amount
A. Forest Receipts			
1.	Revenue loss on supply/sale of raw materials	5	0.95
2.	Loss due to re-auction	3	0.40
3.	Other lapses	10	1.91
B. Other Non-Tax Receipts			
4.	Misappropriation of Government dues	1	3.65
5.	Short demand of cost of establishment	2	0.62
Total		21	7.53

During the year 2008-09, the concerned departments accepted underassessments and other deficiencies of Rs. 41.26 lakh involved in six cases, of which, one case involving Rs. 6.71 lakh was pointed out during 2008-09. The departments recovered Rs. 34.55 lakh in five cases pointed out in the earlier years.

A few audit observations involving Rs. 4.27 crore is mentioned in the succeeding paragraphs.

8.2 Audit observations

Scrutiny of records of various aided colleges under the Technical Education Department, Forest Department, Police Department and Co-operative Department revealed several cases of non-compliance of the provisions 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. Such omissions on the part of the departmental officers are pointed out in audit each year but not only the irregularities persist; these remain undetected till an audit is conducted. There is need for Government to improve the internal control system including strengthening of internal audit.

A. FOREST RECEIPTS

8.3 Non-revision of seignorage rate

Due to non-revision of seignorage rate of sand in tune with those in Public Works Department (PWD), the Government was deprived of additional revenue of Rs. 57.12 lakh.

The Government of India in July 2001, approved diversion of 10.452 ha of forest land for various purposes from three divisions¹ on the basis of guidelines prescribed by the State Government for collection of sand. As per paragraph 2.1.1 (36) of Kerala Forest Code Vol. I, seignorage rate is the rate fixed as the minimum amount that must be assured to Government by the sale of trees and other forest produce collected from within the forest. The seignorage rate of Rs. 78/m³ was fixed in 1996 and the PWD schedule rate for sand was also Rs. 78/m³ at that time. Though the PWD schedule of rates was revised four times in 12 years enhancing the rate to Rs. 200/m³ in 1999, Rs. 400/m³ in 2004, Rs. 900/m³ in 2007 and Rs. 990/m³ in 2008, the seignorage rate was not revised in the Forest Department.

During scrutiny of the records in Divisional Forest Office, Thiruvananthapuram in June 2008, it was noticed that 12,798 m³ of sand was removed during the period from 2005 to 2008 in seven river sites comprised in 5.8 ha at the seignorage rates of Rs. 78/m³ fixed in 1996. Due to non-revision of seignorage rate in tune with the rates of PWD, the Government was deprived of additional revenue of Rs. 57.12 lakh.

After the case was reported to the Government in January 2009, the Government stated (April 2009) that action is being taken to revise the seignorage rate. Further report has not been received (September 2009).

¹ Thenmala, Thiruvananthapuram and Ranni.

B. OTHER NON-TAX RECEIPTS

TECHNICAL EDUCATION

8.4 Misappropriation of Government receipts

Revenue of Rs. 3.65 crore was unauthorisedly utilised for meeting other expenses by the polytechnic/engineering colleges.

Technical education colleges are administered by Government aided managements. Government extends financial assistance to aided institutions and exercise control over the structure of fees to be collected by them. Government have earmarked a portion of the special fee collected from students of aided colleges as non-tax revenue and the balance can be utilised by the colleges. At the time of enhancement of fees in 2003 and as part of mobilisation of non-tax revenue, Government revised the rate of special fees to be collected by the educational institutions. By an order issued in April 2003, Government have ordered to remit the revenue portion of special fee collected by aided polytechnic and engineering colleges into the Government account.

Scrutiny of records between June 2008 and March 2009 revealed that in cases of six polytechnic colleges² and three engineering colleges³, the revenue portion of special fee collected by these colleges for the year 2003-04 to 2007-08 had not been remitted into the Government accounts. This has resulted in non-remittance of revenue of Rs. 3.65 crore.

After the cases were pointed out, the principals of the colleges stated between July 2008 and April 2009 that the revenue portion of special fee collected was utilised for purchasing consumables, student stationary items, library books etc., and hence not remitted to Government account. The reply was not correct as it was unauthorised appropriation of revenue towards expenditure bypassing budgetary controls.

The matter was reported to the Government in April 2009; their reply has not been received (September 2009).

POLICE RECEIPTS

8.5 Short demand of cost of establishment

While calculating the fees for providing police guards, the element of dearness allowance was not taken into account resulting in short demand of Rs. 47.13 lakh.

Government of Kerala in the order issued in 17 February 2004 revised the rate of fee for providing service of police personnel for private parties/ entertainments/film shooting etc. Besides the rates so fixed, dearness allowance at the rates admissible was also to be recovered.

² Carmel polytechnic college, Alappuzha, NSS polytechnic college, Pandalam, Seethi sahib polytechnic college, Tirur, SN polytechnic college, Kottiyam, Swami Nithyananda polytechnic college, Kanhangad and Thyagaraja polytechnic college, Thrissur.

³ Mar Athanasius college of engineering, Kothamangalam, NSS college of engineering, Palakkad and TKM college of engineering, Kollam.

During scrutiny of records in the office of District Superintendent of Police, Kottayam in July 2008, it was noticed that while demanding the cost of establishment in respect of service rendered to some private parties, the element of dearness allowance was not included. This resulted in short demand of cost of establishment of Rs. 47.13 lakh.

After the case was pointed out, the Accounts Officer stated in July 2008 that the claim would be regularised after receiving clarification from headquarters. Further developments have not been reported (September 2009).

The matter was reported to the department in September 2008 and Government in April 2009; their reply has not been received (September 2009).

CO-OPERATION DEPARTMENT

8.6 Short demand of cost of audit

Due to issuance of irregular mode of calculation by the Registrar, there was short recovery of cost of audit of Rs. 14.64 lakh.

Under the Kerala Service Rules (Rules), average cost calculated for the purpose of recovery of audit cost is subject to periodical enhancement consequent on the revision of pay, dearness allowance and other compensatory allowances of State Government employees. Cost of service in respect of officials of Co-operative Department who are deputed to Co-operative Banks are to be realised from the respective banks, based on the calculation prescribed in the Rules.

During scrutiny of records in the five⁴ offices of Assistant Registrar (Audit) in August 2008, it was noticed that the Registrar had issued a circular prescribing the average cost which was calculated against the provisions of Rules. On the basis of this irregular circular, the Assistant Registrars had demanded the cost of service in respect of officials deputed to co-operative banks. This resulted in short demand of cost of service of Rs. 14.64 lakh.

After the cases were pointed out, the Assistant Registrars stated in August 2008 that the cost of service was worked out based on the directions of Registrar and the matter would be taken up with higher authorities for rectification of the irregularity. Further development has not been reported (September 2009).

⁴ Offices of the Assistant Registrar: Koyilandy, Manjeri, Perinthalmanna, Ponnani and Tirur.

The matter was reported to the department in September 2008 and Government in April 2009; their reply has not been received (September 2009).

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