

CHAPTER-VII: NON-TAX RECEIPTS

7.1 Results of audit

We reported non-recovery of fees, charges and interest of ₹ 364.99 crore in 80 cases as shown below on the basis of test check of the records of non-tax receipts conducted during the year 2009-10.

(Rupees in crore)			
Sl. no.	Category	No. of cases	Amount
1.	Non-recovery of guarantee fees and interest	2	322.63
2.	Loss of revenue due to deterioration in transit/in-sale/in re-sale due to non-extraction/non-lifting of material other than bamboo	11	5.80
3.	Loss of forest revenue	4	5.71
4.	Loss of revenue on sale of <i>tendu</i> leaves	6	2.10
5.	Non-recovery of escort charges	34	1.35
6.	Loss on miscellaneous items	23	27.40
Total		80	364.99

In response to the observation made in the local audit reports during the year 2009-10 as well as during earlier years, the Department accepted under assessments and recovered ₹ 2.10 lakh in one case which was pointed out during earlier years.

A few audit observations involving ₹ 19.49 crore are mentioned in the succeeding paragraphs.

7.2 Non-recovery of guarantee fees

As per the Government Resolutions dated 18 November 1988 and 15 April 1997, the rate of guarantee fees varies between 0.50 to 2 *per cent* per annum. The guarantee fees on the guaranteed sums outstanding on 31 March and 30 September are to be credited to the Government account on 1 April and 1 October respectively every year by the loanee corporations/organisations. For delays in payment of guarantee fees, penal interest is payable at the rate of 16 *per cent* per annum for the first three months and at the rate of 24 *per cent* thereafter.

On the basis of detailed analysis of the records of two corporations under two administrative Departments relating to funds raised through bonds and loans on the basis of guarantees given by the Government, we noticed that the two corporations have not paid the guarantee fees due for the period April 2006 to March 2009. The concerned administrative Departments have also not taken any effective steps to recover the

dues. This resulted in non-recovery of guarantee fees and penal interest aggregating ₹ 322.63 crore payable upto 31 March 2009 as shown below:

Sl. No.	Name of Department Name of the Unit	Amount Guaranteed	Date of Guarantee Due date of payment	(Rupees in crore)		
				Guarantee Fees	Penal Interest	Total
(I)	Public Works Department: Maharashtra State Road Development Corporation (MSRDC), Mumbai					
A)	Bond Series No. II, VIII to X, XIII and XVI to XXIII	1,996.40	Between July 1999 and January 2005 April 2006 to March 2009	89.92	146.69	236.61
B)	Loans from banks (14 loans)	1,115.67	Between November 2003 and June 2005 April 2006 to March 2009	20.06	47.82	67.88
(II)	Industry, Energy and Labour Department: Maharashtra State Financial Corporation (MSFC), Mumbai					
A)	Open market borrowings	385.57	Between March 1997 and January 2004 April 2008 to March 2009	2.57	15.57	18.14
Grand total (I+II)		3,497.64		112.55	210.08	322.63

After we pointed out these cases, the Public Works Department stated (November 2010) that out of ₹ 773.63 crore payable to the Government on account of guarantee fees by MSRDC upto February 2010, ₹ 454 crore had

been converted into equity share capital (ESC) as per the Government Resolution dated 23 March 2010. Further, it was stated that the Planning Department had approved conversion of the balance amount into ESC for which supplementary budget provision was being made in the year 2010-11.

During the discussion of a similar para (Paragraph 6.3) of the Report of the Comptroller and Auditor General of India (Revenue Receipts) – Government of Maharashtra, for the year ended 31 March 2006, in the Public Accounts Committee (PAC) meeting held on 29 September 2010, we pointed out that conversion of such huge amounts due to the Government into ESC would tantamount to write-off of the dues as the corporation is a loss making entity. This aspect also finds mention in the minutes of the meeting issued by the Maharashtra Legislative Secretariat on 7 October 2010. In respect of MSFC, the Finance Department had asked (July 2010) the Industry, Energy and Labour Department to furnish compliance to this office. Reply is awaited (November 2010).

7.3 Non-recovery of escort charges

Superintendent of Police (Rural), Nashik

As per paragraph 484(i) of the Maharashtra Police Manual (Vol. III) and under section 47 and 48 of the Bombay Police Act, 1951, the cost of deployment of police forces is recoverable from the individuals/organisations in advance. The cost of deployment of police includes pay, dearness pay, special pay, house rent allowances and other admissible allowances including leave salary and pension contribution and supervision charges at the rates prescribed from time to time.

On the basis of test check of the records in February 2010, we noticed that in respect of 33 cases, for various periods between 2005-06 and 2009-10, the Department had short-recovered the escort charges due to not taking into account the revision of pay structure of the Sixth Pay commission in the demand raised for recovery of escort charges for deployment of police force on the Food Corporation of India (FCI), (Manmad) and Executive Engineer, Vaitarna

Project. The short recovery of escort charges from FCI (Manmad) was ₹ 95.29 lakh and in respect of the Vaitarna Project was ₹ 39.94 lakh which aggregated to ₹ 1.35 crore.

After we pointed out the lapse, Superintendent of Police (Rural), Nashik while accepting our observation stated that action would be taken to recover the differential amounts. A report on recovery has not been received (November 2010).

We reported the matter to the Government in June 2010; their reply is awaited (November 2010).

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