

## CHAPTER 6 : Non-Tax Revenue

### 6.1 Results of audit

Test check of records of non-tax receipts conducted during the year 2001-2002 revealed under-assessment/short levy/loss of revenue *etc.*, of Rs 204.44 crore in 74 cases, which broadly fall under the following categories:

Sr. No	Category	No. of cases	Amount (Rupees in crore)
1	Loss of tendu leaves	4	0.19
2	Loss of forests revenue	24	15.06
3	Loss of revenue due to deterioration in transit, on sale, non-extraction/non-lifting of material other than tendu leaves and bamboo	13	21.72
4	Loss on miscellaneous items	25	19.76
5	Others	7	7.55
6	Review on receipts of Police Department	1	140.16
	<b>Total</b>	<b>74</b>	<b>204.44</b>

During the course of the year 2001-2002, the department accepted under-assessments, *etc.*, of Rs 529.14 lakh involved in 35 cases pointed out in earlier years and recovered the same.

A review on receipts of the Police Department involving financial effect of Rs 140.16 crore is given in the following paragraph.

### 6.2 Review on receipts of the Police Department

#### 6.2.1 Introduction

Police receipts include, (i) recovery of expenditure on the cost of police personnel provided to the Central Government/Public Sector Undertakings/Banks/Railways within the State and to the Government of other States towards guarding chests/remittances or performing watch and ward for maintenance of law and order, (ii) fees, fines and forfeitures, (iii) receipts under Arms Act and (iv) other receipts. As a general rule, cost of police deployed to municipalities and others should be charged at regular intervals as

far as possible every year and in advance from private companies or private individuals.

A part of police receipts comprises of recoveries effected in cities having municipal corporation towards annual police licence fee/certificate fee from owners of hotels, restaurants/bars, etc.

### **6.2.2 Rules and Procedures**

The system of assessment/collection and accounting of police receipts is governed by the Maharashtra Police Manual Vols. I to III/Bombay Police Act, 1951 and the Indian Arms Act, 1959 and regulations made thereunder and Government orders issued from time to time. Cost of police personnel includes pay and allowances and other direct and indirect expenditure incurred on them. While, demand for the cost of permanent police guard deployed is raised in arrears, charges for escort provided as a temporary measure is realised in advance before the deployment.

### **6.2.3 Organisational set up**

For maintaining law and order in the State, there exists a police force under the superintendence of the Secretary to the, Government of Maharashtra in the Home Department, who exercises control with the help of the Director General of Police for the entire State. The Director General of Police is assisted by the Additional Director General of Police/Deputy Director General of Police/Special Director General of Police. They are responsible for maintenance of law and order in the regions. There are Commissioners of Police/Superintendents of Police (SP) and other staff posted at various level.

The responsibility of assessment and collection of police cost lies with the Director General of Police (Railways) for deployment of police personnel for railways and the Director General of Police for deployment outside the State. The Commissioner of Police in cities and Superintendent of Police of districts are responsible for assessment and collection of police cost within their jurisdiction.

### **6.2.4 Scope of audit**

With a view to verify the adequacy of the system and procedures adopted by the police department for levy, collection and deposit of police receipts into Government accounts under the existing rules and regulations, a test check of records in the office of the Director General of Police, Mumbai, 4 out of 9 Commissioners of Police and 6 out of 35 District Superintendents of Police<sup>1</sup> for the period from 1996-97 to 2000-01 was conducted between January 2002 and May 2002. The results of test check are given in the following paragraphs:

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<sup>1</sup> Commissioner of Police, Mumbai, Nagpur, Pune and Thane

### 6.2.5 Trend of revenue

The budget estimates and the actuals for the years from 1996-97 to 2000-01 were as under:

(Rupees in crore)				
Year	Budget Estimates	Actual collection	Variations (+) excess (-) Shortfall	Percentage of variation
1996-97	49.85	71.67	(+) 21.82	(+) 43.77
1997-98	74.58	41.85	(-) 32.73	(-) 44.00
1998-99	78.31	42.71	(-) 35.10	(-) 45.00
1999-2000	65.00	83.55	(+) 18.55	(+) 28.00
2000-2001	65.00	91.38	(+) 26.38	(+) 41.00

It was revealed that annual collections during 1996-97, 1999-2000 and 2000-01 was in excess ranging from 28 *per cent* to 44 *per cent* while during 1997-98 and 1998-99, the actual collection was less by 44 and 45 *per cent* compared to the budget estimates. The reasons for variations between budget estimates and actuals were not made available by the Home Department.

### 6.2.6 Highlights

- **Demand for recovery of cost of police of Rs 3.90 crore was not raised for deployment of police personnel.**

*(Paragraph 6.2.7(a))*

- **Escort/guard charges amounting to Rs 131.13 crore for the period from 1996-97 to 2000-01 remained unrecovered.**

*(Paragraph 6.2.7(b))*

- **Under-assessment of cost of police of Rs 2.32 crore was noticed due to non-inclusion of elements of leave salary and pension contribution.**

*(Paragraph 6.2.8)*

- **Licence fee at enhanced rate amounting to Rs 2.38 crore was not recovered from star hotels for dance, disco and stage play.**

*(Paragraph 6.2.9)*

- **Passport verification incentive of Rs 0.43 crore was not got reimbursed from the Government of India.**

*(Paragraph 6.2.10)*

**6.2.7(a) Non-raising of demands for recovery of cost of police**

As per provisions under Rule 484 of the Maharashtra Police Manual Vol. III and under Sections 47 and 48 of the Bombay Police Act, 1951 the cost of police from private persons or private companies should be recovered in advance and that from other State/Central Government authorities or bodies, at regular intervals.

A test check of records in the offices of 4 Commissioners of Police and 6 Superintendents of Police revealed that police guards/escorts were supplied to various authorities/bodies/Central Government and Railways during the years from 1996-97 to 2000-2001 by the Police Department but demand for recovery of dues was not raised resulting in loss of revenue of Rs 3.90 crore as detailed below:

Sr. No.	Name of the agency, body from whom cost of police is to be recovered	Period of recovery	Amount to be recovered for which demand was not raised (Rupees in crore)
1	Trombay Thermal Power Station Mumbai	1996-97 to 2000-2001	0.52
2	Body Guards to private persons at Ahmednagar, Jalgaon, Mumbai, Pune, Ratnagiri, Thane and Yavatmal	1996-97 to 2000-01	1.54
3	Municipal Corporation Kolhapur and sugar factories at Ahmednagar, Jalgaon, Kolhapur and Yavatmal	1996-97 to 2000-2001	0.42
4	Municipal Council, Ahmednagar, Jalgaon and Yavatmal	1996-97 to 2000-2001	0.19
5	States of (SRPF) Gujarat, Madhya Pradesh, Tamilnadu and West Bengal	1996-97 to 2000-2001	1.23
<b>Total</b>			<b>3.90</b>

**b) Non-recovery of escort/guard charges**

A test check of records in the above mentioned offices, further, revealed that for police guards/escorts deployed for various authorities/bodies/Central Government and railways during the years from 1996 to 2001, eventhough demands for recovery of dues of Rs 131.13 crore were raised<sup>21</sup> from time to time, the recoveries which are required to be effected regularly or at least by the end of the respective years, were not made as detailed below:

<sup>21</sup> Actual date on which demand was raised is not available

Sr. No.	Name of the Agency/body from whom escort charges are to be recovered	Period of recovery	Amount to be recovered (Rupees in crore)
1	DIG Railways, Mumbai	1998-99 to 1999-2000	55.64
2	From other States (on deployment of SRPF to other States)	1997 to 2000	2.20
3	Maharashtra Cricket Association Mumbai, Vidarbha Cricket Association Nagpur and Cricket Association Pune	1996 to 2001	0.97
4	Mumbai Port Trust	1996-97 to 1999-2000	23.44
5	Banks and other autonomous bodies, Mumbai, Nagpur and Thane	1996 to 2001	6.93
6	International Airport Authority at Kolhapur, Mumbai, Nagpur and Pune	1996 to 2001	14.12
7	Municipal Corporation and Municipal Councils Ahmednagar, Jalgaon, Kolhapur, Mumbai, Nagpur, Pune and Thane	1996-97 to 2000- 2001	24.70
8	Government of India, Anti Naxalite Abhiyan	1999 to 2000	3.13
<b>Total</b>			<b>131.13</b>

On this being pointed out (between January to May 2002), the department stated that all out efforts were being made for recovery of all outstanding dues; however, necessary guidance of higher authorities/Government will be obtained in this regard.

#### **6.2.8 Under-assessment of police cost due to omission to include elements of leave salary and pension contribution**

According to the provisions in the Maharashtra Police Manual Vol. III, the cost of deployment of police force permanently to the different organisations will include pay, special pay, dearness allowance, house rent allowance, medical allowance and other admissible allowances including leave salary and pension contribution at the prescribed rates applicable from time to time.

During test check of records of Commissioner of Police, Mumbai and Pune it was noticed that while assessing the demands for cost of police against International Airport Authority of India, the elements of leave salary and pension contribution was not included resulting in under-assessment and consequential short recovery amounting to Rs 2.32 crore as detailed below:

(Rupees in crore)

Sr. No.	Name of the authority from whom escort charges to be recovered	Authority who deployed police force	Period	Leave salary contribution	Pension contribution	Total
1	International Airport Authority of India, Pune	Commissioner of Police, Pune	1 March 1996 to 31 December 2001	0.27	0.23	0.50
2	International Airport Authority of India, Mumbai	Commissioner of Police, Mumbai	1 August 1996 to 31 December 2001	1.37	0.45	1.82
<b>Total</b>				<b>1.64</b>	<b>0.68</b>	<b>2.32</b>

On this being pointed out in audit whereas the Commissioner of Police, Pune stated that the amount of leave salary and pension contribution would be recovered from the International Airport Authority of India, the Commissioner of Police, Mumbai stated that there was no provision under the Maharashtra Civil Service Rules for recovery of leave salary/pension contribution along with escort charges. However, it was stated that the matter would be referred to Government for guidance.

The reply of the Commissioner of Police, Mumbai was not correct as there were clear provisions in the Maharashtra Police Manual Vol. III for inclusion of the element of leave salary and pension contribution while fixing the rates of guard/escort charges.

#### **6.2.9 Non-recovery of licence fee at increased rate from star hotels**

The Government of Maharashtra had enhanced in September 2001, the rates of licence fee and renewal of licence fee from Rs 25 to 1500 per day per stage show for public amusements including cabaret performances, melas and tamashas.

A test check of records of Commissioners of Police, Mumbai, Pune and Thane, revealed that the licence fee at the enhanced rates were not recovered from 113 star hotels where dances, disco and stage plays were performed. This resulted in loss of revenue of Rs 2.38 crore.

On this being pointed out (between January and May 2002), the department stated that necessary action would be taken to recover the amount and credit it to Government treasury.

#### **6.2.10 Non-reimbursement of passport verification incentive charges**

The Government of India, Ministry of External Affairs (Passport Verification Division), agreed (January 1985), to make payment at the rate of Rs 3 per application as an incentive payment for completing the security verification in respect of passport applications within a stipulated period of 15 days (raised to 4 weeks from 17 August 2000) by the Police Department.

A test check of the records in the offices of 4 Commissioners of Police and in 5 Superintendents of Police revealed that the passport incentive towards ~~security verification in connection with 1431868 applicants for issue of~~

passport during the years from 1996-97 to 2000-2001 was not demanded by the Police Department from the Government of India. This resulted in non-realisation of revenue of Rs 0.43 crore as detailed below:

Sr. No.	Name of the Office	Total no. of passport verification certificates issued	Total (Rupees in crore)
1	Commissioner of Police, Mumbai	936891	0.28
2	Commissioner of Police, Nagpur	102381	0.03
3	Commissioner of Police, Pune	166624	0.05
4	Commissioner of Police, Thane	160497	0.05
5	Superintendent of Police, Ratnagiri	21975	0.007
6	Superintendent of Police, Latur	5630	0.002
7	Superintendent of Police, Ahmednagar	12496	0.003
8	Superintendent of Police, Kolhapur	15630	0.005
9	Superintendent of Police, Jalgaon	9744	0.003
<b>Total</b>		<b>1431868</b>	<b>0.43</b>

On this being pointed out (February 2002), the Commissioner of Police Mumbai stated that the matter had been taken up with the Government of India for reimbursement of the amount.

The above points were reported to Government in July 2002; their reply has not been received (December 2002).

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