

CHAPTER VI : Non-Tax Revenue

6.1 Results of audit

Test check of records of non-tax receipts conducted during the year 2002-2003 revealed under-assessment/short levy/loss of revenue *etc.*, of Rs 1,263.25 crore in 75 cases, which broadly fall under the following categories:

Sr. No	Category	No. of cases	Amount (In crore of rupees)
1.	Loss of forests revenue	36	13.89
2.	Loss of revenue due to deterioration in transit, on sale, non-extraction/non-lifting of material other than tendu leaves and bamboo	7	1.47
3.	Loss of tendu leaves	1	0.04
4.	Miscellaneous	14	7.15
5.	Others	14	0.34
6.	Levy and collection of guarantee fees	1	1,032.78
7.	Review: User charges for service from irrigation projects	1	108.70
8.	Review: Disposal of sand ghats	1	98.88
Total		75	1,263.25

During the course of the year 2002-2003, the Department accepted under-assessments, *etc.*, in 32 cases involving Rs 518.46 crore pertaining to earlier years and recovered Rs 1.58 crore in 31 cases.

Two reviews, **User charges for water supply from irrigation projects** and **Disposal of sand ghats** involving financial effect of Rs 207.58 crore and a few illustrative cases involving financial effect of Rs 1,039.34 crore noticed during 2002-03 and in earlier years are detailed in the following paragraphs :

6.2 Levy and collection of guarantee fees

6.2.1 Introduction

According to Article 293 of the Constitution of India, a State Government can give guarantees on the Consolidated Fund of the State. Such guarantees constitute contingent liabilities for the state. Guarantee fee is levied at the rates prescribed by Government from time to time. No ceiling has been fixed by the legislature on guarantees which could be extended by the state.

6.2.2 Guarantees given by government

Details of guarantees issued by government for repayment of loans etc., raised by statutory corporations, co-operative societies including banks, government companies, local bodies including municipal corporations and others and outstanding as on 31 March 2002 were as under:

(Amount in crore of rupees)

Sr. No.	Guarantees issued in favour of	Maximum amount guaranteed	Sum guaranteed outstanding on 31 March 2002
i)	State corporations including statutory boards	20,499.78	990.78
ii)	Co-operative banks	6,955.67	Information not furnished
iii)	Government companies	760.48	238.10
iv)	Co-operative sugar factories	1,872.44	Information not furnished
v)	Municipal corporations/ municipalities/ zilla parishads and other local bodies	1,238.29	305.19
vi)	Other co-operatives and institutions	2,647.53	0.89
Total :		33,974.19	1,534.96

Note : For details see statement No. 6 in the Finance Accounts of the Government of Maharashtra for the year 2001-2002.

The information regarding sum guaranteed outstanding as on 31 March 2002 in respect of co-operative banks and co-operative sugar factories, though called for in September 2003, has not been received (December 2003).

6.2.3 Budget estimates and actuals

The Budget estimates and actual receipts of guarantee fees for the years 1997-98 to 2001-2002 were as under:

(Amount in crore of rupees)

Year	Budget Estimates	Actual receipts	Difference (+) Increase (-) Decrease	Percentage of variation column (4) to column (2)
1.	2.	3.	4.	5.
1997-98	38.72	44.62	(+) 5.90	(+) 15
1998-99	97.33	45.39	(-) 51.94	(-) 53
1999-2000	53.00	113.37	(+) 60.37	(+) 114
2000-01	47.23	145.28	(+) 98.05	(+) 208
2001-02	104.00	38.94	(-) 65.06	(-) 63

The increase in revenue during 1997-98 was attributed by Government to enhancement of the rate of guarantee fee from 1 April 1997. The shortfall in 1998-99 was attributed to proposals for raising money by public sector undertakings through issue of bonds not materializing. The increase in revenue during the years 1999-2000 and 2000-01 was stated to be due to better monitoring of recovery. The decrease in receipts during the year 2001-02 was attributed to recession and reluctance of investors to invest in government undertakings.

On an enquiry regarding the basis for framing of budget estimates and revised estimates for a year, the Finance Department stated that the same are prepared by adding 10 *per cent* to the previous years actuals. This is indicative of lack of system for framing realistic estimates.

6.2.4 Lack of internal control and monitoring

Despite reiteration of non-maintenance of records resulting in lack of internal control and monitoring in the earlier audit reports, the Public Works, Irrigation and Industries, Energy & Labour Departments had not maintained records and had not prescribed any return for monitoring the recovery of guarantee fees. The Co-operation & Textiles and Finance Departments had made a beginning in maintenance of records; however, information regarding guarantee fees due, collected and in arrears is not as yet available/maintained.

6.2.5 Non-payment of guarantee fees

As per government resolutions dated 18 April 1988 and 15 April 1997 guarantee fees at the rate of 2 *per cent* per annum is chargeable on the principal and interest due from institutions/bodies other than specific co-operative institutions. There is no system of raising demands for guarantee fees either by the Administrative Departments or by the Finance Department. Guarantee fees on the outstanding amounts as on 31 March and 30 September is to be credited to government account on 1 April and 1 October respectively every year by the loanee corporations.

A. PUBLIC WORKS DEPARTMENT

Maharashtra State Road Development Corporation (MSRDC)

The Public Works Department extended guarantees to the MSRDC between December 1997 and March 2002 for the issue of market bonds aggregating to Rs 3,600 crore. Against these guarantees, the corporation raised Rs 3,217.23 crore through issue of bonds. The Chief Accounts and Finance Officer of the corporation was made responsible for remittance of guarantee fees.

The guarantee fees of Rs 151.70 crore payable at the rate of 2 *per cent* per annum for the periods falling between October 2000 and March 2003, had not been paid by the corporation. Neither the Public Works Department nor the Finance Department had raised any demand for collection of guarantee fees due from the corporation (May 2003).

B. IRRIGATION DEPARTMENT

The Irrigation Department issued sanctions between July 1996 and July 2002 to stand guarantee for the issue of 38 series of bonds aggregating Rs 11,144.49 crore by five corporations. The corporations raised Rs 10,280.68 crore as subscription between 9 July 1996 and 7 January 2003.

A scrutiny of the government resolutions and sanctions relating to levy and collection of guarantee fees in respect of these corporations revealed that the Chief Accounts and Finance Officer of the respective corporations were made responsible for recovery and remittance of guarantee fees. However, the guarantee fees payable at the rate of 2 *per cent* per annum was not paid for various periods falling between May 1998 and March 2003 amounting to Rs 516.88 crore

On this being pointed out, the corporations stated that due to poor cash flow and financial constraint guarantee fees could not be paid to Government. The Irrigation Department had accorded permission to the corporations in April 2002 to adjust the amount of guarantee fees and penal interest due to Government against the capital contributions payable by Government to the corporations. However no resolutions adjusting the amount of guarantee fees and penal interest payable by any of the corporations had been issued upto September 2003. Hence, the said amount was neither recovered nor adjusted against the capital contribution. Failure to pursue recovery by the Department resulted in the dues remaining unpaid.

The above facts indicate that a strong internal control mechanism was missing to ensure prompt collection and remittance of guarantee fees to Government.

6.2.6 *Non-levy of penal interest on delayed payment*

Guarantee fees on the amount outstanding as on 31 March and 30 September is to be credited to government account on 1 April and 1 October respectively every year. As per government resolution dated 18 November 1988, for delay in payment of guarantee fees, penal interest is payable at the rate of 16 *per cent* per annum for the first 3 months and at the rate of 24 *per cent* per annum thereafter.

Test check of records maintained by 6 corporations in April 2003 and May 2003 revealed that penal interest amounting to Rs 364.20 crore for various periods between 1 May 1998 and 31 March 2003 on overdue payments of guarantee fees was not levied and recovered. The period of delay ranged between 6 to 78 months resulting in loss of Rs 364.20 crore in the shape of penal interest.

6.2.7 Co-operation and Textiles Department

According to information furnished by the Director of Marketing, Pune, Commissioner for Cooperation & Registrar of Co-operative Societies Pune, Commissioner of Sugar, Pune and Director of Handlooms, Powerlooms & Textiles, Nagpur, the guarantee fees and penal interest due but not received as on 31 March 2003 amounted to Rs 166.45 crore as indicated in the following table:

Sr. No.	Name of the institution	Head of the department.	Arrears as on	Arrears of revenue (In crore of rupees)
1	2	3	4	5
(i)	Maharashtra State Co-operative Cotton Growers Marketing Federation Ltd, Mumbai.	Director of Marketing, Pune.	31 March 2002	72.96
(ii)	Maharashtra State Co-operative Agricultural & Rural Development Bank Ltd, Mumbai.	Commissioner for Co-operation & Registrar of Co-operative Societies, Pune.	31 March 2003	13.13
(iii)	Maharashtra State Co-operative Housing Finance Corporation, Mumbai.	Commissioner for Co-operation & Registrar of Co-operative Societies, Pune.	31 March 2003	0.22
(iv)	Sugar factories	Commissioner of Sugar, Pune.	31 March 2003	46.30
(v)	Co-operative spinning mills	Director of Handlooms, Powerlooms & Textiles, Maharashtra, Nagpur.	31 March 2003	33.84
Total				166.45

Despite provision for levy of penal interest for delay in payment of guarantee fees, in none of the cases it was levied or demanded.

On the reasons for non-recovery being called for in audit, the heads of the Departments stated that due to weak financial position of the institutions the amounts remained unpaid.

The above points were reported to Government in July 2003; their reply has not been received (December 2003).

6.3 Non-realisation of revenue due to non-enforcement of contract conditions

An agreement for supply of bamboo to Ballarpur Industries Ltd. from government forests for the period of ten years was executed in February 2000 with retrospective effect from 1 October 1991. The agreement provided that forest areas specified in it shall be deemed as bamboo available areas for cutting and removal by the company. The company was liable to pay for all such bamboo, irrespective of whether the company had cut and removed them, at the sale price for respective supply years.

During audit scrutiny, it was observed that the Department had issued allotment orders for extraction of bamboo for the year 1994-95 at 15,000 MT as annual estimated yield. However, the estimated yield was not approved by Government after 1994-95. Taking the annual yield as same for subsequent years the total yield of bamboo for the period from 1995-96 to 2000-01 works to 1,05,000 MT valued at Rs 8.33 crore. However, the company paid royalty of Rs 3.89 crore on 47,631.732 MT. This resulted in non-realisation of revenue of Rs 4.44 crore.

On this being pointed out, the Department accepted the audit observation in September 2003 stating that demand for recovery of Rs 4.56 crore had been raised against the company in June 2003. Report on recovery has not been received (December 2003).

The matter was referred to Government in April 2003; their reply has not been received (December 2003).

6.4 Non-recovery of dues

Under the provisions of the Maharashtra Public Works Manual and the Rules framed thereunder, where a bungalow, flat or other building or land belonging to Government is let out to a person not in government service, the full rent should be recovered in advance and any outstanding dues shall be recoverable as arrears of land revenue.

It was noticed in the Presidency Division, Mumbai that barracks and hutments on government owned land in the prime localities of Mumbai city covering a carpet area of 36,669 square feet were allotted to different political parties, state corporations, state authorised bodies, news agencies and authorised stall owners on monthly rent to be recovered in advance. However, due to lack of pursuance by the Public Works Department, rent amounting to Rs 2 crore for the period 1971-72 to November 2002 was not recovered from the occupants and had remained outstanding as shown in the following table :

Sr. No	Name of tenant	Number of allottees	Kind of place	Area in Sq. Ft.	Period for which outstanding	Amount (In crore of rupees)
1	Political Parties	16	Barracks & Hutments	24,063	1971-72 to November 2002	1.71
2	State Authorised Bodies	4	-do-	4,645	May 1976 to November 2002	0.20
3	News Agencies	3	-do-	774	April 1984 to November 2002	0.06
4	State Authorised Stalls	8	-do-	1,276	April 1982 to November 2002	0.02
5	State Corporations	5	-do-	5,911	May 2002 to November 2002	0.01
Total				36,669		2.00

On this being pointed out, the Department stated in December 2002 that notices had been issued to the defaulters for the recovery of rent. However, revenue recovery certificate could not be issued as the recovery proceedings were stayed by Government.

No action was taken to get the stay vacated, resulting in non-recovery of government dues.

The matter was reported to Government in July 2003; their reply has not been received (December 2003).

6.5 Review: Disposal of sand ghats

6.5.1 Highlights

- **Non-auction of 2,971 out of 5,175 identified sand ghats in river beds and nalla beds and 6 sand ghats in creeks resulted in loss of revenue of Rs 95.96 crore.**

(Paragraph 6.5.6)

- **Royalty/penalty for unauthorised extraction of sand amounting to Rs 2.11 crore was not recovered.**

(Paragraph 6.5.7)

- **Balance auction money of Rs 0.81 crore was not paid by the highest bidders.**

(Paragraph 6.5.8)

6.5.2 Introduction

Under the provisions of the Maharashtra Land Revenue (MLR) Code, 1966 the right to all minerals including sand at whatever places found, whether on surface or underground, including all derelict¹ or working mines and quarries, old dumps², pits, fields, bandhas, nallas, creeks, riverbeds and such other places and declared to be expressly reserved, shall vest in the State Government, which shall have all powers necessary for the proper enjoyment of such rights. In Maharashtra, minor mineral extraction is governed by three sets of rules. (i) The Bombay Minor Mineral Extraction Rules, 1955 (for Western Maharashtra Region), (ii) The Maharashtra Minor Mineral Extraction (Vidarbha Region) Rules, 1966 and (iii) Rules regulating the working of Minor Minerals, 1954 (for Marathwada Region). No specific procedure for disposal of sand ghats has been laid down in the Maharashtra Land Revenue Code or the Minor Mineral Rules. The Government had issued detailed guidelines in March 1989 and July 1998 for identification of sand ghats, fixation of upset price and their disposal. Apart from auction in accordance with the guidelines, sand is disposed of by the issue of temporary permits by charging royalty. As per the limits prescribed by Government in January 1970, officials are empowered to issue temporary permits as follows:

- i) Tahasildars upto 100 brass³
- ii) Sub-Divisional Officers upto 1,000 brass
- iii) Collectors upto 10,000 brass

The permits are issued to the applicants for specific periods and the Department issues transport permits to the applicants for the quantity of sand permitted for extraction.

¹ Abandoned, ownerless, ruined

² Depressions

³ Brass: A unit of measurement of mineral. 4 metric tonnes or 2.83 cubic meters of sand is equal to one brass.

6.5.3 Organisational set-up

The District Collectors under the administrative control of the Revenue and Forests Department administer the provisions of the Act and Rules. They are assisted by the District Mining Officers, Sub-Divisional Officers (SDO) and Tahasildars who are responsible for identification and disposal of sand ghats in the district. Senior Geologist of the Ground Water Survey and Development Agency (GSDA) is the technical advisor for assessing the feasibility of sand ghats from environmental point of view. As regards sand ghats in creeks, the Chief Executive Officer, Maharashtra Maritime Board (MMB) is the competent authority for inspection and certification of the extractability of sand.

6.5.4 Audit Objectives.

A review through test check of connected records of 10⁴ out of 35 districts and the Director of Geology and Mining, Nagpur was conducted covering the period from 1997-98 to 2001-02 between March 2003 and June 2003 in order to ascertain.

- i) the adequacy and effectiveness of the system and procedures followed, and the compliance to the provisions of the MLR Code, Minor Mineral Extraction Rules and the guidelines issued by the Government;
- ii) whether records were being maintained for the identification of sand ghats and appropriate procedure followed for their disposal;
- iii) whether revenue collections are being made correctly and promptly.

6.5.5 Trend of revenue

The receipts from minor minerals included in the budget estimates and the actuals during the last five years ending March 2002 were as under:

(Amount in crore of rupees)

Year	Budget Estimates	Actuals	Variation [Increase(+) or Decrease (-)]	Percentage of variation
1997-98	33.27	58.23	(+) 24.96	75
1998-99	58.23	50.67	(-)7.61	13
1999-2000	81.03	60.53	(-) 20.50	25
2000-01	84.78	82.28	(-) 2.50	3
2001-02	82.59	88.43	(+) 5.84	7

The above receipts include royalty received on sale of sand for which no separate records had been maintained, in the absence of which, the factual position of receipts on this account could not be ascertained.

⁴Ahmednagar, Aurangabad, Bhandara, Chandrapur, Nagpur, Nanded, Pune, Raigad, Sangli, Thane

It would be further seen that there is a huge variation ranging from 3 to 75 per cent between the budget estimates and actual receipts. This indicates that the estimates are not realistic.

6.5.6 Non-auction of sand ghats

(i) Loss due to non-auction of sand ghats in river/nalla beds

As per guidelines issued by the Government of Maharashtra, the Collector of a district is required to identify the sand ghats and also to assess through mining Officers/Tahasildars the approximate quantity of sand likely to be available from each ghat. The assessment is to be done at the end of April/ May each year and the upset price of each ghat is to be fixed either based on the amount of royalty recoverable on assessed quantity of sand or the amount arrived at after increasing the previous year's auction price by 15 per cent, whichever is higher. The norms prescribed by Government for fixing the upset price were applicable throughout the state uniformly. Apart from auction, sand could be disposed of by the issue of temporary permits by charging royalty.

The total number of sand ghats fit for auction during 1997-98 to 2001-02 in the state was not maintained by Government. However, during the test check of records in the 10 districts, it was noticed that 5,175 sand ghats were identified for auction. Out of these, 2,971 sand ghats were not auctioned. This resulted in loss of Rs 77.41 crore during the period from 1997-98 to 2001-02 as detailed in the following table :

Year	Sand ghats identified as fit for auction	Sand ghats actually auctioned	Sand ghats not auctioned	Upset price of sand ghats not auctioned (In crore of rupees)	Percentage of Col. 4 to 2
1	2	3	4	5	6
1997-98	1,011	528	483	14.04	48
1998-99	1,056	440	616	13.47	58
1999-2000	984	399	585	15.95	59
2000-01	1,038	431	607	13.04	58
2001-02	1,086	406	680	20.91	63
Total	5,175	2,204	2,971	77.41	

On this being pointed out, nine Collectors attributed in June 2003 the reasons for non-auction to unreasonably high upset price, absence of approach road for removal of sand, substandard sand and inadequate replenishment of sand due to scanty rain fall. The Collector, Ahmednagar stated that the identified ghats remained undisposed due to litigation in the Mumbai High Court from 1997 onwards.

The reply is not tenable as the sand ghats are identified departmentally and upset price is also fixed by them as per approved guidelines. Moreover, sand could have been disposed of by issue of temporary permits.

Out of the 243 cases in which the upset price was stated to be fixed unreasonably high in 3 districts, the Collector, Sangli referred in January 2002,

64 cases involving Rs 1.72 crore to the Divisional Commissioner, Pune for reducing the upset price. However, no decision was taken by the Divisional Commissioner (April 2003). In other cases, none of the Collectors had referred the matter to higher authorities for reducing the upset price where the upset price was found to be not commensurate with the quality/ quantity of sand or due to other reasons.

Government had also not prescribed any system for reporting the progress and results of annual auction of sand ghats to the Divisional Commissioners and to the Government by the respective Collectors. The Collectors did not submit any return to the higher authorities for exercise of proper control over the identification and timely auction of sand ghats.

(ii) Loss of revenue due to non-auction of sand in creeks

Government had issued detailed guidelines in March 1989 and July 1998 in connection with disposal of sand in river and nalla beds. No specific guidelines were issued in respect of sand available in creeks. Therefore, sand in creeks at Raigad and Thane Districts were disposed of by the respective Collectors on ad-hoc basis. This resulted in loss of revenue of Rs 18.55 crore to Government as detailed below:

(a) Disposal of sand in creeks in Raigad District

Sr. No.	Name of Sand ghat in Raigad District	Period of non-auction	Nature of Irregularities	Amount involved (In crore of rupees)
1.	Dharmtar Creek No.3	1996-97 to 2001-02	The sand ghat was auctioned in 1995-96 for Rs 80.11 lakh. Thereafter, no efforts were made to dispose of the sand ghat.	8.06
The sand was not disposed of from this ghat due to opposition by local villagers since 1996-97. However, no action was taken by the collector to settle the dispute with the villagers to save the government from loss. The collector also did not refer the matter to Government.				
2.	Ulwa Creek No.4	1999-2000 to 2000-01	The sand ghat was auctioned in 1998-99 for Rs 1.74 crore. Thereafter, the ghat remained idle for 2 years from 1999-2000 to 2000-2001 leading to a loss of Rs 4.30 crore. During 2001-2002 the upset price was fixed at Rs 81.01 lakh instead of Rs 2 crore. Consequently, the ghat fetched less price of Rs 1.19 crore.	5.49
Maharashtra Maritime Board responsible for inspection of creeks for these two years had demanded advance payment of inspection fee of Rs 6.72 lakh. However, payment was not made due to absence of budget provision. Perusal of the record indicated that no advance fee was demanded for the subsequent year i.e. 2000 -2001 nor was it demanded earlier i.e. prior to 1999-2000. The Department should have taken up the matter with the Board in advance to save the Government from loss.				

Sr. No.	Name of Sand ghat in Raigad District	Period of non-auction	Nature of Irregularities	Amount involved (In crore of rupees)
3	Savitri River No. 1	1999-2000	Permits were issued upto September 1999 for disposal of sand. Thereafter, no extraction was done upto February 2000. This resulted in loss of Rs 0.65 crore based on the price fixed during 2000-01	0.65
The Maharashtra Maritime Board had demanded in February 1999 an advance payment of inspection fee of Rs 8.50 lakh and the payment was not made. Hence, no inspection was conducted in this creek. The Department should have taken up the matter with the Board in advance to save the Government from loss on account of non-extraction of sand during 1999-2000				
Total				14.20

(b) Disposal of sand in creeks in Thane District

In Thane District, permits were issued for extraction of sand from three creeks manually by charging royalty of Rs 28 per brass as prescribed by Government. A comparison of the sale of sand made in auction in the creeks in Raigad District with the sale of sand in adjoining Thane District revealed that the price of sand per brass prescribed by Government was far less than that obtained from auction in Raigad District. This resulted in loss of revenue of Rs 4.35 crore due to the difference between the auction price of the sand from creek in Raigad vis-à-vis the royalty recovered in Thane during the year 2000-01 as detailed below :

Year	Cost of sand as per auction in Raigad (Rupees per brass)	Cost of sand fixed by Government (Rupees per brass)	Difference in rate (Rupees per brass)	Quantity of sand sold by permit in Thane (brass in lakh)	Difference in amount realised (In crore of rupees)
2000-01	36	28	8	10.75	0.86
2001-02	55	28	27	12.94	3.49
Total :				23.69	4.35

On this being pointed out, Government stated in March 2003 that on the basis of the recommendations of the collectors of the various districts, the rate for sand was fixed at Rs 150 per brass in June 1992. However, due to protest from contractors, Government reduced the rate of royalty on sand to Rs 50 per brass in January 1994 and further reduced it to Rs 28 per brass in June 1998. However, the fact remains that for want of auction of sand ghats, and levy of royalty at the rate of Rs 28 per brass fixed in June 1998, Government had to sustain loss of revenue.

6.5.7 Non-recovery of royalty and penalty for unauthorised removal of sand.

Under the MLR Code, 1966 every person against whom a demand has been raised/issued shall pay the dues, within the period, specified in the demand notice provided that the demands have not been stayed by courts or departmental authorities. The arrears remaining unpaid can be recovered as arrears of land revenue. No time limit has been fixed for disposal of appeals by Departmental authorities.

It was noticed in 20 cases, 64,819 brass of sand was extracted and removed unauthorisedly in 4 districts⁵ between 1999-2000 and 2001-2002. A penalty of Rs 2.11 crore was levied between 1999-2000 and 2001-02 and demand notices asking the offenders to pay the dues immediately were also issued by the Department. However, the dues could not be recovered.

On this being pointed out in audit, the Collectors attributed non-recovery to pendency of one case in court and 19 cases with Departmental Appellate Authorities. The reply is not tenable as no stay was granted in any of the cases, and the Department should have recovered the dues as arrears of land revenue. Besides, a time limit should have been fixed by the Department for finalisation of appeal cases by its officers.

6.5.8 Non-payment of balance auction money by the highest bidders

As per the guidelines issued in March 1989 by the Government for disposal of rights for removal of sand by auction, the highest bidder, whose bid is accepted is required to deposit 25 *per cent* of the bid money at the close of the auction. The balance auction money is to be paid in one installment within 15 days. If the agreement is not executed within the prescribed time, the area is to be re-auctioned and the amount deposited by the bidders forfeited. In case of any deficit in re-auction, the deficit amount was to be recovered from the original bidders.

It was seen from the records in 4 district⁶ Collectorates that 19 sand ghats were auctioned to 19 bidders for Rs 97.00 lakh. The bidders paid Rs 16.04 lakh at the time of auction. However, thereafter neither any agreement was signed/executed by the bidders nor the balance amount of Rs 80.96 lakh was paid by them. The Department did not take action to re-auction the ghats at the cost of the original bidders. This resulted in loss of Rs 80.96 lakh.

6.5.9 Monitoring and control mechanism

Despite clear instructions issued by the Government for maintenance of all records relating to production and dispatch of sand, and ensuring availability of such records at site for inspection by the Revenue Officers/Mining Officers concerned, no monitoring and control was exercised by them by conducting spot verification surprise check of records etc., to prevent illegal as well as unlimited extraction of sand.

On this being pointed out in audit, Government stated in March 2003 that it had received complaints about unlimited extraction of sand causing adverse

⁵ Aurangabad, Bhandara, Nanded and Pune

⁶ Aurangabad, Bhandara, Nanded and Pune

effect on the ecology and depriving government of revenue. These were the main reasons due to which Government had to ban extraction of sand in November 2002 which was subsequently lifted in March 2003.

The reply is not tenable as the Government itself had issued detailed guidelines in 1989 but no proper monitoring was done or control exercised to prevent illegal and unlimited extraction.

6.5.10 Conclusion

No monitoring of operation of sand ghats/extraction of sand was done by the Department nor any returns prescribed for the purpose. Government may consider the following suggestions for prompt levy and realisation of government revenue.

- (i) Introduce controls to ensure monitoring of identification and disposal of sand ghats at higher level;
- (ii) Prescribe norms for and monitor disposal of appeals to prevent blockage of revenue.



6.6 Review: User charges for water supply from irrigation projects

6.6.1 Highlights

- **Arrears of water charges amounting to Rs 591.71 crore were pending recovery as on 31 March 2002.**

(Paragraph 6.6.7)

- **Shortfall in utilisation of irrigation facilities created resulted in loss of revenue of Rs 34.99 crore during the years from 1997-98 to 2001-02.**

(Paragraph 6.6.9)

- **Loss of water owing to various reasons resulted in non-availability of water with consequential loss of revenue of Rs 3.53 crore.**

(Paragraph 6.6.10)

- **Non-utilisation of reserved water in three districts during the periods 1996-97 and 2001-02 resulted in claims for Rs 1.27 crore remaining outstanding against various agencies.**

(Paragraph 6.6.11)

6.6.2 Introductory

The levy and collection of irrigation receipts is governed by the Maharashtra Irrigation Act, 1976 (MIA) and The Bombay Canal Rules, 1934 (BCR). Supply of water for irrigation and non-irrigation purposes is mainly from the reservoirs, tanks, flowing canals of the irrigation projects or from any part of the rivers including its tributaries, streams, lakes, natural collection of water, lift irrigation works or from wells under the command of irrigation projects as notified by Government. The water rates for irrigation purpose are levied on the basis of seasonal cropping pattern per hectare except water supplied to users association which is on volumetric basis. For non-irrigation purposes, the rates are based on the quantity of water supplied to the user and the location of the source for lifting the water. The water for non-irrigation purposes is supplied mainly to industries and for drinking to water supply schemes. Water charges are levied and recovered at prescribed rates from time to time. The rates were revised effective from July 1998 and September 2001.

In addition to water rates, a local cess at 20 paise on every rupee of water rate is also leviable. For unauthorized use of water, penalty upto 3 times the normal rate is levied.

6.6.3 Organisational set up

The Irrigation Department is headed by Secretary, Irrigation and Secretary, Command Area Development Authority at government level and Chief Engineer (CE) at the departmental level. The Chief Engineer is assisted by

Superintending Engineers who are assisted by Executive Engineers, Sub Divisional Officers and Patwaris at the field level. In addition, Government created five Irrigation Development Corporations between February 1996 and August 1998. For the purpose of revenue receipts, the state has been divided into two regions. Viz. Konkan and Nagpur located at Mumbai and Nagpur respectively and each under a Chief Engineer.

6.6.4 Audit Objectives

The review was conducted to ascertain the efficiency and efficacy of

- (i) the system of levy and collection of water charges from beneficiaries;
- (ii) accounting of the outstanding dues and action taken for its recovery.

6.6.5 Scope of Audit

Due to formation of the five⁷ Irrigation Development Corporations, water charges collected by the divisions (30) under the Chief Engineers, Konkan and Nagpur regions only are credited to Government Account. Records for the periods between 1996-97 and 2001-02 relating to levy and collection of water charges in Mantralaya, offices of the Chief Engineers, Konkan and Nagpur Regions and 13 divisions⁸ under these regions were test checked between October 2002 and April 2003.

6.6.6 Trend of revenue

The details of budget estimates and actual receipts during the last five years are as follows :

⁷ Maharashtra Krishna Valley , Vidharbha Irrigation, Tapi Irrigation, Konkan Irrigation and Godavari Marathwada Irrigation Development Corporations.

⁸ Surya Canal Divn. No. 1, Dist. Thane, Bhatsa Dam Divn. No. 1, Bhatsanagar, Dist. Thane, Bhatsa Canal Divn. No. 1 Shahapur Thane, Raigad Irrigation Divn. , Kolad, Thane minor irrigation Divn. Kalwa, Ratnagiri Irrigation Divn., Ratnagiri, Akola Irrigation Divn., Akola, Yeotmal Irrigation Divn. Yeotmal , Pench Pilot Project Divn. Nagpur, Nagpur Minor Irrigation Divn. Nagpur, Bagh Itiadoh Irrigation Divn. Gondia , Chandrapur Irrigation Divn. Chandrapur and Bhandara Irrigation Division, Gondia.

(In crore of rupees)

Sr. No.	Year	Head of Revenue	Budget estimates	Actuals	Variations increase (+) Decrease(-)	Percentage of variation Column 6 to Column 4
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	1997-	A) Major and Medium	53.92	52.07	(-) 1.85	3
	1998	B) Minor Irrigation	3.33	5.91	(+) 2.58	77
2.	1998-	A) Major and Medium	57.38	33.65	(-) 23.73	41
	1999	B) Minor Irrigation	3.84	19.85	(+) 16.01	417
3.	1999-	A) Major and Medium	45.97	61.63	(+) 15.66	34
	2000	B) Minor Irrigation	3.52	5.24	(+) 1.72	49
4.	2000-	A) Major and Medium	56.89	62.49	(+) 5.6	10
	2001	B) Minor Irrigation	3.56	5.69	(+)2.13	60
5.	2001-	A) Major and Medium	64.00	86.03	(+) 22.03	34
	2002	B) Minor Irrigation	6.00	5.55	(-) 0.45	8

The table indicates that variation between budget estimates and actual receipts ranged between 3 to 41 *per cent* for major and medium irrigation and between 8 to 417 *per cent* for minor irrigation respectively. Reasons for variation, though called for have not been received (December 2003).

6.6.7 Position of Arrears

A monthly statement is submitted by the Department to the Government. Based on these monthly returns the arrears pending as on 31 March 2002 amounted to Rs 591.71 crore. The yearwise/regionwise details for the preceding 3 years is given below:

(In crore of rupees)

Year	C.E. Konkan Region, Mumbai			C.E. Nagpur Region, Nagpur			Total
	Irrigation	Non-irrigation	Total	Irrigation	Non-irrigation	Total	
1999-2000	3.14	241.73	244.87	22.05	15.40	37.45	282.32
2000-2001	3.51	427.07	430.58	27.67	17.84	45.51	476.09
2001-2002	3.71	543.02	546.73	29.55	15.43	44.98	591.71

6.6.8 Analysis of arrears

A scrutiny of the information revealed the following:

6.6.8 (a) CE Konkan Region, Mumbai

- i) 17 industries against whom Rs 2.08 crore were outstanding had been closed.
- ii) Dues of Rs 43.46 crore from 17 units were stayed by the courts.
- iii) Owing to disputes regarding payment of water charges, Rs 182.08 crore levied as penalty charges on various units of the Maharashtra Industrial Development Corporation and the Maharashtra Jeevan Pradhikaran were outstanding.

The details of the balance amount of Rs 315.40 crore from various agencies and Rs 3.71 crore outstanding on account of irrigation dues were not made available by the Department.

6.6.8 (b) CE Nagpur Region, Nagpur.

Out of the irrigation dues of Rs 29.55 crore relating to Nagpur Region, Rs 8.81 crore constituted charges levied for unauthorized use of water. The details of the balance of Rs 20.74 crore and Rs 15.43 crore on account of non- irrigation dues were not made available by the Department.

The agewise break up of Rs 591.71 crore outstanding as on 31 March 2002 was not made available.

Despite provisions in Section 88 of the Maharashtra Irrigation Act, 1976 for recovery of arrears as arrears of land revenue, except for sending notices in a few cases, no action was taken to recover the dues. The arrears pending collection as on 31 March 2003 has not been received from Government (September 2003).

A WATER CHARGES FOR IRRIGATION PURPOSES

6.6.9 *Irrigation potential*

The irrigation potential projected, created and utilised under different projects in Konkan and Nagpur Regions as furnished by the Department is shown in the following table

Name of the Project		Average created potential	Potential utilised					Average potential utilised during the last 5 years	
			1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	%	
Major Projects	Bhatsa,Thane	4,982	762	946	1,016	1,200	810	947	19
	Surya,Thane	10,286	2,330	900	1,590	2,160	2,000	1,796	17
	Kal, Raigad	5,037	4,175	4,118	4,184	4,264	4,080	4,164	83
	Pench,Nagpur	1,04,476	55,264	67,421	74,246	48,261	44,607	57,960	55
	Katepurna, Akola	8,325	2,087	2,336	2,693	5,940	3,898	3,391	41
	Bor, Wardha	16,194	2,802	5,244	7,831	7,960	3,182	5,404	33
	Bagh & Kalisaras, Gondia	36,777	28,743	30,355	31,832	24,198	27,879	28,601	78
	Itiadoh, Gondia	29,680	22,978	27,421	28,352	20,687	28,469	25,582	86
	Pus, Yeotmal	8,960	3,922	3,890	3,023	4,432	4,887	4,031	45
Total		2,24,717	1,23,063	1,42,631	1,54,767	1,19,102	1,19,812	1,31,876	59
Medium Projects in the District	Nagpur	29,254	3,623	7,809	9,562	9,658	10,471	8,225	28
	Wardha	3,557	1,177	1,290	1,572	1,616	1,422	1,415	40
	Akola	13,245	1,798	3,097	4,072	4,283	5,000	3,650	28
	Yeotmal	26,121	3,791	3,250	6,949	9,719	9,756	6,693	26
	Ratnagiri	2,050	250	240	152	139	160	188	9
	Raigad	2,599	2,294	2,313	2,251	2,130	2,120	2,222	85
	Thane	2,044	536	224	770	786	730	609	30
Total		78,870	13,469	18,223	25,328	28,331	29,659	23,002	29
Minor Schemes in the District	Nagpur	18,919	2,385	5,998	7,653	7,818	9,097	6,590	35
	Wardha	5,970	1,528	2,010	2,626	2,780	2,009	2,191	37
	Akola	6,238	413	1,706	1,624	1,855	1,977	1,515	24
	Yeotmal	29,978	2,163	4,711	6,131	7,634	8,317	5,791	19
	Ratnagiri	3,485	138	120	158	153	190	152	4
	Raigad	5,759	2,007	1,460	2,032	2,770	2,210	2,095	36
	Thane	4,726	1,214	1,285	1,500	1,625	1,185	1,362	29
	Sindhudurg	3,385	758	773	656	524	743	691	20
Total		78,460	10,606	18,063	22,380	25,159	25,728	20,387	26

The average percentage of utilisation during the last five years was 59 per cent in respect of major projects, 29 per cent in respect of medium projects and 26 per cent in respect of minor schemes. Further, in Ratnagiri District, the utilisation in respect of minor schemes and medium projects was as low as four and nine per cent respectively for the period under review which clearly indicates that excessive potential was created without requirement for this region. In Thane District, in respect of Bhatsa and Surya Projects, the average utilisation was only 18 per cent.

The potential loss of revenue on account of shortfall in utilisation of the irrigation facilities created, worked out to Rs 34.99 crore (approximately) for the years from 1997-1998 to 2001-2002 as detailed in the following table :

Project	Average potential created (In Hectares)	Potential utilised		Shortfall (in Hectares)	Minimum paddy rate in rupees	Loss (In lakh of rupees)
		Year	Hectares			
Major	2,24,717	1997-1998	1,23,063	1,01,654	300	304.96
		1998-1999	1,42,631	82,086	300	246.26
		1999-2000	1,54,767	69,950	330	230.84
		2000-2001	1,19,102	1,05,615	365	385.49
		2001-2002	1,19,812	1,04,905	400	419.62
Medium	78,870	1997-1998	13,469	65,401	300	196.20
		1998-1999	18,223	60,647	300	181.94
		1999-2000	25,328	53,542	330	176.69
		2000-2001	28,331	50,539	365	184.47
		2001-2002	29,659	49,211	400	196.84
Minor	78,460	1997-1998	10,606	67,854	300	203.56
		1998-1999	18,063	60,397	300	181.19
		1999-2000	22,380	56,080	330	185.06
		2000-2001	25,159	53,301	365	194.55
		2001-2002	25,728	52,732	400	210.93
Total						3,498.60

The Department attributed the shortfall in utilisation to (i) small land holdings of the farmers (ii) tendency to grow traditional crop like paddy (iii) illiterate and tribal farmers (Thane) (iv) work of some distributaries, canals pending for want of clearance from Forests Department (v) leakages from canals, distributaries resulting in non-assurance of supply, (vi) field to field irrigation, (vii) low demand for water in kharif season (Akola, Bagh-Itiadoh projects). The reply of the Department is not tenable because the Department was well aware of the type of holding, cropping pattern and other aspects when the project was planned and there is no drastic change in these even now. This clearly indicated improper planning on the part of the Department. Government had not taken effective steps to utilize the created potential.

6.6.10 Loss of water released for irrigation purposes.

In respect of two major projects⁹ in Thane District and medium and minor projects in Ratnagiri and Sindhudurg Districts of Konkan Region, the actual irrigation carried out by farmers with reference to water released indicated huge loss of water. The consequential loss of revenue for the period from 1996-1997 to 2001-2002 amounted to Rs 1.52 crore as detailed in the following table :

⁹ Bhatsa Right Bank Canal and Surya Left Bank Canal

Year	Quantity of water released for irrigation by projects		Area of land to be irrigated in the projects		Area of land actually irrigated in the projects		Area of land less irrigated in the projects		Loss of revenue from projects (In lakh of rupees)	
	Major in m.cum	Medium and minor in m.cum	Major in hectare	Medium and minor in hectare	Major in hectare	Medium and minor in hectare	Major in hectare	Medium and minor in hectare	Major	Medium and minor
1996-97	N.A.	62.7792	N.A.	6,277.20	N.A.	1,245.80	N.A.	5,031.64	N.A.	15.09
1997-98	N.A.	59.100	N.A.	5,909.00	N.A.	745.35	N.A.	5,163.00	N.A.	15.49
1998-99	N.A.	63.244	N.A.	6,323.00	N.A.	1,133.35	N.A.	5,189.00	N.A.	15.57
1999-2000	N.A.	64.876	N.A.	6,486.00	N.A.	965.98	N.A.	5,519.00	N.A.	18.20
2000-01	97.87	70.793	9,787	7,079.00	1,371	816.27	8,416	6,263.00	30.71	22.86
2001-02	99.197	N.A.	9,920	N.A.	1,464.90	N.A.	8,455	N.A.	33.81	N.A.
									64.52	87.21

N.A. Not made available by the department.

On this being pointed out in November and December 2002, the Department stated that the loss was due to the following reasons :

- canals not being lined with concrete.
- some canal works, like distributaries, etc., being held up for want of forest land (Thane District).
- leakage in structures.
- field to field irrigation by beneficiaries in tribal area.

However, action taken to eradicate the loss was not intimated.

In Surya Project, pending sanction of forest land, only 166.523 m.cum of water was stored in the dam every year as against the full capacity of 285.31 m.cum by closure of gates and the remaining water was allowed to go waste. Due to non-storage of 118.79 m.cum of water every year, there was a consequential reduction in the created potential to the extent of 11,879 hectares resulting in loss of revenue of Rs 2.01 crore during the last five years ended 31 March 2002 as under :

Year	Vol. of water which could not be stored in m.cum.	Area of land which would have been irrigated in hectares [#]	Rate for paddy per hectare	Loss of Revenue (in lakh of rupees)
1997-98	118.79	11,879	300	35.63
1998-99	118.79	11,879	300	35.63
1999-2000	118.79	11,879	330	39.20
2000-01	118.79	11,879	365	43.36
2001-02	118.79	11,879	400	47.52
Total				201.34

[#] 1 m.cum. of water is required to irrigate 100 hectares

6.6.11 Non-utilization of reserved water

As per government instructions from time to time, the Collector can reserve water from the irrigation dam for drinking purposes during scarcity period as per requirements of different agencies such as zilla parishads, Maharashtra Jeevan Pradhikaran etc.

A test check of records in three districts revealed that in spite of instructions of government to reserve water after making proper assessment, 49 per cent of water reserved by the Collectors for various periods between 1996-97 and 2001-2002 remained unutilised. This resulted in less realisation of government revenue of Rs 12.44 lakh on account of water not being available for irrigation. Moreover, water charges amounting to Rs 1.27 crore on account of reservation of water remained outstanding against various agencies located at Bhandara, Yeotmal and Gondia between 1996-97 and 2001-02.

Name of district	Year	Water Reserved Water utilised in m. cum.	Unutilised Water in m. cum.	Area that could be irrigated in hectares*	Minimum Paddy Rate Rs./ hectare	Loss of revenue (in lakh of rupees.)
Bhandara	1996-97	<u>10</u> 8.76	1.24	124	300	0.37
	2000-01	<u>4.24</u> 0.18	4.06	406	365	1.48
Yeotmal	1997-98	<u>12.4</u> 8.20	4.20	420	300	1.26
	1998-99	<u>4.0</u> 3.5	0.50	50	300	0.15
	1999-2000	<u>2.00</u> 0.95	1.05	105	330	0.35
	2000-01	<u>7.27</u> 4.05	3.22	322	365	1.18
Gondia	1999-2000	<u>0.10</u> 0.10	Nil	Nil	NA	NA
	2000-01	<u>10.8</u> 7.11	3.69	369	365	1.35
	2001-02	<u>17.92</u> 2.17	15.75	1575	400	6.30
Total		<u>68.73</u> 35.02	33.71			12.44

* 1 m. cum of water is required to irrigate 100 hectares.

6.6.12 Fixation of water charges

Various Commissions¹⁰ appointed by Government have been suggesting since 1960 that the rates of water charges for operation and irrigation projects

¹⁰ (i) Finance Commission(s) (8th, 9th & 10th)

(ii) Maharashtra Water & Irrigation Commission (1999), (iii) National Water Policy

should be re-fixed so as to recover the expenditure on maintenance and a part of the capital cost of the project. The rates of water charges both for irrigation and non-irrigation purposes were revised in July 1998 and again in October 2001 effective from September 2001. However, for industries, the rates were reduced w.e.f. November 2002 with retrospective effect. In respect of Maharashtra Industrial Development Corporation, which was a major customer, revised rates were made applicable only from December 2002 instead of from September 2001 as per directives of the Irrigation Department.

An analysis of information furnished by the Department in respect of 5 major projects and 5 medium and minor projects revealed that expenditure incurred on operation and maintenance charges was far more than the actual receipts in most of the projects as detailed below:

(a) Major Projects

(Amount in lakh of rupees)

Sr. No.	Name of major project	1997-98		1998-99		1999-2000		2000-2001		2001-2002	
		<u>Irrigation revenue</u> O&M Expdr	Percent- age	<u>Irrigation revenue</u> O&M Expdr	Percent- age	<u>Irrigation revenue</u> O&M Expdr	Percent- age	<u>Irrigation revenue</u> O&M Expdr	Percent- age	<u>Irrigation revenue</u> O&M Expdr	Percent- age
1	Pus, Yeotmal	<u>9.46</u> 20.25	46.7	<u>12.39</u> 19.14	64.73	<u>8.75</u> 25.68	34	<u>17.67</u> 8.58	205.94	<u>8.61</u> 21.34	40.34
2	Pench, Nagpur	<u>19.07</u> 316.57	6.02	<u>118.90</u> 350.00	33.97	<u>118.30</u> 359.50	32.9	<u>55.26</u> 313.81	17.60	<u>132.88</u> 285.00	46.62
3	Bagh & Kalisarar Gondia	<u>4.91</u> Nil	--	<u>26.16</u> Nil	--	<u>50.84</u> 322.10	15.7	<u>9.77</u> 220.00	4.44	<u>36.51</u> 171.05	21.34
4	Itiadoh, Gondia	<u>9.52</u> Nil	--	<u>40.35</u> Nil	--	<u>53.08</u> 319.91	16.59	<u>11.86</u> 227.20	5.22	<u>54.00</u> 225.13	23.98
5	Surya, Thane	<u>2.06</u> 31.00	6.6	<u>2.58</u> 94.40	2.73	<u>0.36</u> 217.22	0.16	<u>4.07</u> 59.99	6.78	<u>0.27</u> 93.81	0.29

(b) Medium and Minor Projects

(Amount in lakh of Rupees)

Sr. No.	Name of the district	1997-98		1998-99		1999-2000		2000-2001		2001-2002	
		<u>Irrigation revenue</u> O&M Expdr	Percent- age	<u>Irrigation revenue</u> O&M Expdr	Percent- age	<u>Irrigation revenue</u> O&M Expdr	Percent- age	<u>Irrigation revenue</u> O&M Expdr	Percent- age	<u>Irrigation revenue</u> O&M Expdr	Percent- age
1.	Thane	<u>2.89</u> 34.61	8.35	<u>3.64</u> 19.96	18.23	<u>3.90</u> 110.56	3.52	<u>5.85</u> 51.8	11.29	<u>5.89</u> 135.65	4.34
2.	Ratnagiri & Sindhudurg	<u>4.74</u> 20.86	22.72	<u>4.09</u> 61.50	6.65	<u>4.03</u> 50.24	8.02	<u>2.72</u> 39.85	6.82	<u>7.23</u> 19.94	36.25

3.	Chandrapur	<u>53.96</u> 265.80	20.30	<u>87.89</u> 466.17	18.85	<u>112.06</u> 764.13	14.66	<u>56.05</u> 323.00	17.35	<u>123.34</u> 402.20	30.66
4.	Yeotmal	<u>9.04</u> 126.68	7.13	<u>18.39</u> 263.81	6.97	<u>24.49</u> 235.84	10.38	<u>35.81</u> 90.75	39.46	<u>21.40</u> 163.72	13.07
5.	Bhandara	<u>10.25</u> 221.60	4.62	<u>85.12</u> 304.01	27.99	<u>64.92</u> 288.68	22.48	<u>29.50</u> 217.42	13.56	<u>43.59</u> 236.26	18.45

B. WATER CHARGES FOR NON-IRRIGATION PURPOSES

6.6.13 Non-execution of agreements

As per Section 59 of the Irrigation Act, 1976 the water charges for non-irrigation purposes are levied and recovered at prescribed rates notified from time to time.

The Public Accounts Committee in Para 16.10 of the Seventh Report of the Sixth Maharashtra Legislative Assembly (1981-82) had recommended that expeditious steps be taken to execute agreements with industrial units for supply of water in all the irrigation divisions in the state. As a follow up, Government decided in February 1985 that no water should be supplied without sanction and without execution of agreement.

A test check of records in 13 divisions revealed that water was being drawn for non-irrigation purposes by 38 agencies as detailed in the table without executing formal agreements with the appropriate authorities. Due to non-observance of PAC's recommendation, Government was running the risk of non-recovery of the outstanding dues of Rs 269.11 crore from the agencies.

(Amount in crore of rupees)

Sr. No.	Name of agency	No of Units	Amount
1	Brihan Mumbai Municipal Corporation	2	242.00
2	MSEB ¹¹	2	4.29
3	MIDC ¹²	6	20.70
4	Nagar Parishad	6	0.36
5	Gram Panchayat	16	1.72
6	Thane Municipal Corporation	1	--
7	M.J.P ¹³	2	0.004
8	Private	3	0.04
Total		38	269.11

¹¹ MSEB: Maharashtra State Electricity Board

¹² MIDC: Maharashtra Industrial Development Corporation

¹³ MJP: Maharashtra Jeevan Pradhikaran

6.6.14 Inadequate recovery of security deposit

As per revised instructions issued by Government in June 2002, security deposit equivalent to two months of probable water charges in cash or in the form of bank guarantee was to be furnished by the user. Prior to this, 90 per cent of the probable annual water charges were required to be paid as deposit.

Test check of the register of 13 divisions revealed that security deposit as required under government instructions has not been obtained. A few illustrative cases are detailed in the following table:

(Amount in lakh of rupees)

Sr. No.	Name of agency	Security deposit obtained	Outstanding dues as on March 2002
(i)	MIDC Akola	Nil	19.19
(ii)	Murtijapur city water supply scheme	Nil	49.26
(iii)	Akola District sahakari sakhar karkhana . Ltd.	Nil	24.56
(iv)	Z.P. Akola water supply scheme . to different villages	Nil	77.54
(v)	Maharashtra Jeevan Pradhikaran Daryapur	Nil	0.33
(vi)	Maharashtra Jeevan Pradhikaran Division No. 1 Nagpur	0.84	15.63
(vii)	Ram Ganesh Sahakari Sakhar. Karkhana, Nagpur M.I.Dn	Nil	4.49
(viii)	Chief Officer M.C. Mohpa	Nil	8.50
(ix)	MIDC, Poynad	Nil	1,685.14
x)	MIDC, Dhatav	Nil	142.85
xi)	MJP, Ambarnath	0.64	405.38
xii)	Ulhas Oil Mills, Thane M.I.Dn	0.12	3.35
xiii)	Bharat Fertilizer, Thane M.I.Dn	0.20	12.08
xiv)	M/s Tarkeshwari Hatcheries, Shahapur Dn, Thane	0.22	30.91
Total		2.02	2,479.21

The Department had a security deposit of only Rs 2.02 lakh, against the outstanding dues of Rs 24.79 crore which was insufficient. Thus, lack of action on the part of department to obtain the security as envisaged in the instruction not only resulted in non-recovery of the government revenue but also rendered it unsafe. Moreover, under Section 88(2) of the Irrigation Act, the dues are recoverable as arrears of land revenue. However, report on action taken to recover the dues as arrears of land revenue was not forthcoming from the Department (September 2003).

In Raigad Division, security deposit register was not being maintained in Form 74 as required under para 15.6.1 of the Maharashtra Public Works Account Code.

6.6.15 Non-recovery of water charges.

As per instructions issued in September 2001 by the Commissioner of Co-operation, outstanding water charges from cultivators of sugarcane crop were to be recovered by the respective sugarcane factories from the payments due to the cultivators and credited to the Irrigation Department. In five divisions¹⁴, amounts aggregating Rs 46.91 lakh were pending recovery by 7 sugar factories from the cultivators.

6.6.16 Short recovery of water charges

Test check of records in four divisions revealed the following short recoveries of water charges due to application of rates lesser than those prescribed by the Department.

(Amount in lakh of rupees)

Sr. No.	Name of customer Name of Division	Nature of objection	Quantum of water used in units Period	Water charges including cess to be recovered	Water charges actually recovered	Short recovery
1.	<u>MJP</u> Surya Canal Division, Palghar	Incorrect application of rate	<u>2,140,775</u> 21.4.94 to 30.6.99 <u>3,52,190</u> 1.7.99 to 16.5.2000	38.53 6.97	25.69 4.64	12.84 2.33
2.	<u>NPL</u> ¹⁵ Thane Minor Irrigation Division	Incorrect application of rate	<u>4,532.08</u> January 2003 to March 2003	3.37	1.79	1.58
3.	<u>B.S.E.S.</u> ¹⁶ Dahanu Surya Canal Division, Palghar	Defective meter	<u>2,27,316</u> September 2001 to October 2002	99.43	98.97	0.46
4.	Industrial units (percolation water from <u>wells</u>) Bhatsa Dam Division-I	Half the canal rate levied instead of canal rate.	<u>N.A.</u> 1999 to 2001	0.68	0.34	0.34
Total						17.55

Note : 1 unit = 10000 litres

¹⁴ Akola, Bhandara, Buldhana, Pench Nagpur, Wardha

¹⁵ National Peroxide Ltd.

¹⁶ Bombay Suburban Electric Supply Ltd.

On this being pointed out, the Executive Engineer stated that appropriate action would be taken after reviewing the observations. Report on action taken has not been received (September 2003).

The above points were reported to the Department and Government in July 2003; their replies have not been received (December 2003).

6.6.17 Conclusion/recommendations

Audit check revealed that the Department had failed to utilize the full potential of water available with it. Though the rates for water charges had been revised, it did not cover operation and maintenance charges as suggested by various Finance Commissions.

Despite PAC recommendations, agreements were not executed with industrial units utilizing water for industrial use and security deposit was not obtained in a number of cases.

Government may consider the following steps to enhance government revenue and improve collection:

- (i) Take steps to tap the potential of water so as to enhance receipts of the Department.
- (ii) Enter into agreements with industries utilizing water resources, and obtain security from the user agencies to safeguard government money.

(K. S. MENON)
Principal Accountant General (Audit)-I, Maharashtra

Mumbai,
The

Countersigned

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

New Delhi,
The