

## CHAPTER-VIII : OTHER DEPARTMENTAL RECEIPTS

### 8.1 Results of audit

Test check of the assessment records and other connected documents pertaining to the departmental receipts in the departments of Co-operation, Energy, Food Supplies and Consumer Welfare, General Administration (Rent) and Health and Family Welfare during 2007-08 revealed non-realisation of revenue, non/short levy of duties, fees, etc., of Rs. 226.21 crore in 66,451 cases which fall under the following categories.

**(Rupees in crore)**

Sl. No.	Category	No. of cases	Amount
1.	Non/short realisation of duties/fees	312	56.93
2.	Non-realisation of revenue	19,869	43.00
3.	Other irregularities	46,270	126.28
<b>Total</b>		<b>66,451</b>	<b>226.21</b>

During the year 2007-08, the concerned departments accepted non/short levy, loss of revenue, etc., of Rs. 53.46 crore in 48,875 cases pointed out in 2007-08 and recovered Rs. 1.05 crore in 772 cases.

A few illustrative cases highlighting important audit observations involving Rs. 16.22 crore are discussed in the following paragraphs.

## **Energy Department**

### **8.2 Non-realisation of electricity duty**

Under the provisions of the Orissa Electricity (Duty) Act, 1961 (OED Act), electricity duty (ED) is payable to the State Government by those who generate electricity for their own consumption. In the event of delay in payment of ED beyond 30 days, interest at the rate of 18 *per cent* per annum is leviable for the period of such delay. Further, under the Industrial Policy Resolutions (IPR) promulgated from time to time by the Government of Orissa, industrial units are granted exemption from the payment of ED on fulfilment of certain terms and conditions.

Scrutiny of the records of the Superintending Engineer (Projects)-cum-Electrical Inspector (Generation), Circle I, Keonjhar in December 2007 revealed that one industrial unit installed a captive power generation unit and started production in July 2001. The firm applied in February 2002 for exemption from payment of ED under the IPR 1996. The Director of Industries (DI), Orissa, after a lapse of about three years, recommended (January 2005) for sanction of the exemption. The Chief Engineer (Projects)-cum-Chief Electrical Inspector (Generation) sought clarification in August 2005 from the Government regarding the eligibility of the unit for exemption from payment of the ED under the IPR 1996. The Government dismissed the claim of the unit in November 2007.

It was further seen that though the department raised several demands between February and September 2003 and filed a certificate of requisition in January 2004 it could not collect any amount. A consolidated demand of Rs. 8.13 crore upto March 2006 including interest was raised in July 2006.

Thus, due to inordinate delay of more than five years at various levels and failure of the department to pursue the case effectively for early settlement and recovery of the Government dues, revenue of Rs. 10.33 crore upto March 2007 including interest remained unrealised.

After the case was pointed out, the Chief Engineer (Projects)-cum-Chief Electrical Inspector (Generation), Orissa stated in June 2008 that an amount of Rs. 40.75 lakh has been realised during March and April 2008 and certificate proceeding was initiated in January 2008 for recovery of the balance dues.

The matter was reported to the Government in May 2008; their reply has not been received (November 2008).

### **8.3 Non-levy of electricity duty on internal consumption**

Under the provisions of the OED Act, ED is leviable on self consumption of the electricity generated including internal consumption, whereas ED is not leviable on transformation loss. As per the Government of India (GOI) notification of March 1992 and order of the Central Electricity Regulatory Commission of October 2000 circulated by the Chief Electrical Inspector, Orissa in March 2003, the maximum transformation loss is limited to 0.5 *per cent* of the gross generation for hydro electricity projects.

Scrutiny of the records of the Chief Engineer (Projects)-cum-Chief Electrical Inspector (Generation), Orissa in February 2008 and information collected (May 2008) from the Orissa Hydro Power Corporation Limited revealed that during 2006-07, five<sup>66</sup> generating units of the corporation generated 7,196.252 mega unit (MU) of electricity. Of this, 7,032.448 MU was sold to the GRIDCO<sup>67</sup> and 20.499 MU was shown as auxiliary consumption on which ED was paid by the units. After deducting 35.981 MU towards the maximum admissible transformation loss, the generating units were required to pay ED of Rs. 2.15 crore on the balance energy of 107.324 MU. The department, however, did not raise any demand for the above amount which resulted in non-levy of ED of Rs. 2.15 crore.

After the case was pointed out, the Chief Engineer (Projects)-cum-Chief Electrical Inspector (Generation) stated (February 2008) that ED is not leviable on the transformation loss. The fact remains that though ED is not leviable on entire transformation loss but the maximum permissible transformation loss is only 0.5 *per cent* and loss beyond that attracts ED.

The matter was reported to the Government in May 2008; their reply has not been received (November 2008).

#### 8.4 Non-raising of demand for inspection fee

As per the Government of Orissa notification of December 2001, a fee for inspection of service connections is leviable annually on all connections at the prescribed rates. The fees are to be collected and deposited in the Government account by the distribution companies.

Scrutiny of the records of the Electrical Inspector (Transmission and Distribution), Balasore in October 2007 revealed that neither were the fees for 2005-06 and 2006-07 deposited by a distribution company {North Eastern Electricity Supply Company of Orissa Limited (NESCO)} nor was any demand raised on that account by the department. This resulted in non-realisation of revenue of Rs. 2.08 crore as mentioned below.

Year	Domestic		Commercial		Total fee realisable
	No. of consumers	Fee realisable	No. of consumers	Fee realisable	
2005-06	4,10,797	82.16	37,882	18.94	101.10
2006-07	4,36,549	87.31	39,390	19.69	107.00
<b>Total</b>		<b>169.47</b>		<b>38.63</b>	<b>208.10</b>
<b>Note :</b> Calculated on the basis of information on the number of consumers collected from the Orissa Electricity Regulatory Commission.					

After the case was pointed out, the Electrical Inspector stated in October 2007 that demand would be raised after obtaining information from the NESCO. Further reply has not been received (November 2008).

66 Balimela Hydro Electric Project, Hirakud Power System, Rengali Hydro Electric Project, Upper Kolab Hydro Electric Project and Upper Indravati Hydro Electric Project.

67 Grid Corporation of Orissa Limited (GRIDCO).

The matter was reported to the Chief Electrical Inspector/Government in May 2008; their reply has not been received (November 2008).

## **Fisheries and Animal Resources Development Department**

### **8.5 Loss of revenue due to non-leasing of reservoir**

As per the State Reservoir Fishery Policy, Orissa, 2003, the fishing rights of reservoirs above 40 hectares were transferred to the Fisheries and Animal Resources Development Department which leases out the right to the Primary Fishermen Co-operative Society/Societies (PFCS) formed under the Orissa Co-operative Societies Act, 1962 or society/societies registered under the Orissa Self-Help Co-operative Act, 2001.

In case of a major reservoir, the lease value will be Rs. 200 per hectare per year, of which Rs. 40 per hectare per year will be deposited in the Government treasury. The remaining amount of Rs. 160 will be deposited with the concerned Fish Farmers Development Agency (FFDA) and the amount will be used for purchase of fish seed from the Government fish farm/Orissa Pisciculture Development Corporation (OPDC) Ltd. for rearing in captive nursery and stocking in the reservoir every year. Besides, royalty shall be collected along with the lease value at the rate of Rs. 10 per hectare per annum for major reservoirs. Where no PFCS can be formed or the existing PFCS do not show interest in taking the reservoir on lease, the said reservoir will be leased out to private individuals/entrepreneurs/public undertakings/registered companies through open auction/sealed tenders and in that case the entire lease value would be deposited in the Government account.

Scrutiny of the records of the Assistant Director of Fisheries (ADF), Sambalpur in March 2005 and April 2008 revealed that the Hirakud reservoir, Sambalpur (Sector I, II and III) had 52,577 hectares of maximum water spread area at full reservoir level, of which 17,612 hectares in sector III was considered as a security zone. The issue relating to lease of the Hirakud reservoir was reviewed by the Government in July 2004 and out of the lease value, Rs. 160 was decided to be exempted as the Hirakud reservoir is an autobreeding reservoir and as such there was no need for purchase of fish seeds. It was also decided to reassess the Mean Water Spread Area<sup>68</sup> (MWSA) by the Director of Fisheries. Accordingly, a technical committee was appointed in July 2004 which determined in August 2004 the MWSA of Sector I, II and III as 4,331, 7,868 and 25,175 hectares respectively. The department, therefore, had to lease out 19,762 hectares of Sector I, II and III excluding the security zone of the reservoir i.e. 17,612 hectares. However, the department neither leased out the reservoir to any of the PFCS nor initiated any action during the period from 2004-05 to 2007-08 to lease out the reservoir through auction to private individuals/entrepreneurs/public undertakings even though the Director of Fisheries in his letter of August 2004 instructed that the reservoir should be leased out through open auction or sealed tenders. Thus, inaction on the part of the department led to non-leasing of the reservoir resulting in loss of revenue of Rs. 1.66 crore.

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<sup>68</sup> The average of maximum and minimum water spread area.

After the case was pointed out, the ADF stated in April 2008 that Rs. 1 lakh was realised from one PFCS during 2004-05 and steps were being taken for leasing out the reservoir during 2008-09.

The matter was reported to the Government in May 2008; their reply has not been received (November 2008).

**Bhubaneswar  
The**

**(ATREYEE DAS)  
Accountant General (CW & RA)  
Orissa**

**Countersigned**

**New Delhi  
The**

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