

CHAPTER-8 OTHER DEPARTMENTAL RECEIPTS

8.1 Results of Audit

Test check of assessment records and other connected documents pertaining to departmental receipts in the Departments of Food Supplies and Consumer Welfare, Co-operation, Energy, General Administration, Works and Water Resources during 2001-2002 revealed non-realisation of revenue, non/short levy of duties, fees etc. of Rs.180.16 crore in 45,279 cases which may broadly be categorised as under:

(Rupees in crore)

Sl. No.	Category	No. of cases	Amount
1	Assessment, levy and collection of industrial water rate/licence fee	1	164.53
2	Non-realisation of revenue	44,816	9.02
3	Non/short levy of revenue	98	4.55
4	Other irregularities	364	2.06
Total		45,279	180.16

During the year 2001-2002 the Departments accepted non/short levy of revenue, non-realisation of revenue etc. of Rs.3.79 lakh in 11,501 cases which were pointed out during 1997-98 and 2001-2002. Of these the Departments recovered Rs.0.37 lakh in nine cases.

A few illustrative cases highlighting important audit observations involving Rs.147.62 crore are mentioned in the following paragraphs.

8.2 Assessment, levy and collection of industrial water rate/licence fee

The assessment, levy and collection of water rate in Orissa is governed by the Orissa Irrigation Act, 1959, Orissa Irrigation Rules 1961 and executive instructions issued by the Government/Board of Revenue from time to time. By an amendment of the above Act and Rules "Licence Fee "(water rate) for use of water from Government water source (a water source created naturally) for purposes other than irrigation was introduced from 26 September 1994. The Orissa Irrigation Rules, 1961 were further amended in 1998 revising the water rate with effect from 18 July 1998. There are, thus, two types of water rate -" Special water rate "for using water from irrigation works and "Licence fee" for using water from Government water source for industrial/commercial purpose.

8.2.1 Arrear water rate/licence fee

The position of arrear water rate/licence fee pending against 92 industrial units as on March 2002 furnished by the department is as follows:

(Rupees in crore)

Category	No. of units	Arrear up to March 1998-99	Arrear in 1999-2000	Arrear in 2000-2001	Arrear in 2001-2002	Total
Private units	61	9.10	0.87	2.43	2.43	14.83
Public sector units	31	17.91	11.52	9.31	9.08	47.82
Total	92	27.01	12.39	11.74	11.51	62.65

Out of Rs.62.65 crore, an amount of Rs.45.13 crore towards arrear water rate/licence fee is disputed and is subjudice. The balance arrears of Rs.17.52 crore includes Rs. 0.58 crore outstanding for realisation from closed units.

8.2.2 Blockage of revenue due to belated levy/non-levy of water rate

As per Orissa Irrigation Act, 1959 and Rules framed thereunder as amended from time to time, water rate at the rate of Rs. 2 from 17 December 1962, Rs.4 from 10 December 1981 and Rs.60 from 18 July 1998 per lakh gallon of water is chargeable upon the user of the water from irrigation source for industrial purpose and discharged back unpolluted or after purification into irrigation project from which the same was drawn.

Orissa Hydro Power Corporation (OHPC) and the erstwhile Orissa State Electricity Board (OSEB) have been drawing water from different projects since 1961 for generation of electricity. Though water rate is leviable from 17 December 1962 for such utilisation of project water, no demand was raised till February 2001. Subsequently demand of Rs. 2,344.26 crore for the period 1981-82 to 2001-02 was raised between March 2001 and July 2002, but no realisation has been made till date (August 2002). However, no demand has been raised for the period December 1962 to March 1990 in respect of Hirakud Dam Project amounting to Rs.144.90 crore. Thus the total dues of Rs.2489.16 crore as detailed below is still outstanding.

(R u p e e s i n c r o r e)

Sl. No.	Name of the Project	Arrears upto March 1999	Arrear in 1999-2000	Arrear in 2000-2001	Arrear in 2001-2002	Total
1	Hirakud	794.81	178.96	98.98	150.25	1223.00
2	Kolab	--	--	101.62 ⁵⁰	15.16	116.78
3	Balimela	122.98	27.61	18.10	22.89	191.58
4	Rengali	554.56	128.30	111.48	112.74	907.08
5	Indrabati	--	6.32	16.16	28.24	50.72
Total		1472.35	341.19	346.34	329.28	2489.16

In reply to the audit observation regarding delay in raising demand/ non-raising of demand and non-realisation of water rate from OHPC, the Chief Engineer, Water Services stated that prior to 1999-2000, the Tahasildars of Revenue Department were vested with the power to raise demand and collect water rate as it was their responsibility. Demands were raised by Executive Engineers during the year 2000-2001 only after they were declared Irrigation Officers. Regarding non-raising of demand by the revenue authority, Under Secretary, Board of Revenue replied (May 2002) that the concerned Collectors were being requested to clarify the position.

8.2.3 Loss of revenue due to irregular adjustment of capital deposit towards water rate

As per Section 11 of Orissa Irrigation Act, 1959 for the purpose of making use of the water of an irrigation work, the watercourses shall be constructed by the persons to be benefited at their own cost.

⁵⁰ Arrears for the period from March 1988 to March 2001.

In course of audit of Mahanadi South Division, Cuttack, it was noticed that at a high level review meeting held on 21 May 1999 between Government and M/s OSWAL Ltd., Paradeep it was decided that M/s. OSWAL Ltd. would deposit Rs.3 crore for improvement of Taladanda canal for drawal of 160 lakh gallon of water per day. The advance deposited of Rs.3 crore by M/s. OSWAL Ltd. would be adjusted towards capital and there would be no interest on such deposit. Out of the advance deposit of Rs.3 crore, an expenditure of Rs.2.11 crore was incurred by the Executive Engineer towards improvement of the water course. Audit scrutiny revealed that in the agreement entered into between Executive Engineer, Mahanadi South Division, Cuttack and M/s. OSWAL Ltd. for payment of water rate, an additional clause No.9 was incorporated on 24 July 2000 into the agreement to the effect that the advance deposit of Rs.3 crore would be adjusted towards monthly water charges. Incorporation of this clause in the agreement by the Executive Engineer was in contravention to the decision taken in the high level meeting and also in violation of Section 11 of Orissa Irrigation Act, 1959 which led to forfeiture of revenue of Rs.2.11 crore as of March 2002.

The Chief Engineer stated (September 2002) that the Executive Engineer has raised the demand on M/s OSWAL Ltd. However, no action to realise the amount has been taken (August 2002).

The matter was reported to Government (June 2002); their reply was awaited (November 2002).

8.3 Non-realisation of Electricity Duty

Under the provisions of Orissa Electricity Duty Act, 1961 as amended from time to time and rules made thereunder, Electricity Duty (ED) shall be collected from the consumer and paid to the State Government on the energy supplied by or on behalf of the State Government. The Act further envisaged that where such ED collected by a licensee from a consumer was not paid to the Government within 30 days of the expiry of the month in which the duty is collected such person shall be liable to pay interest at the rate of 18 *per cent* per annum.

Under provisions of clause 95 of Orissa Electricity Regulatory Commission (Conditions of supply) Code, 1998 the amount paid by the consumer shall be first adjusted towards ED provided that in case of part payment by the consumer, the proportionate share of duty from the total collection shall be adjusted first.

During the course of audit of Electrical Inspector, Rourkela it was noticed (March 2002) that Fertiliser Corporation of India, Talcher made part payment (i.e. Rs.22.33 crore out of Rs.23.03 crore of the energy bill for the period from January 1999 to January 2001. Against proportionate ED of Rs.1.43 crore payable, the Executive Engineer, Electrical Division, Chainpal deposited Rs.95.90 lakh up to February 2001. The Electrical Inspector raised (April 2001) a demand

of Rs.47.15 lakh towards ED and interest of Rs.12.70 lakh. Out of the demanded dues only Rs.5.00 lakh has been deposited in March 2001 and July 2001. No further steps were taken for realisation of the balance dues nor certificate proceedings initiated. Thus, Rs.42.15 lakh still remained unrealised. Besides interest of Rs.19.24 lakh was also payable on belated payment/non-payment (March 2002).

On this being pointed out in audit (March 2002), the Electrical Inspector stated that the matter was under correspondence.

The above matter was reported to Government (April 2002); their reply is awaited (November 2002).

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