

Chapter-VI: Non Tax Receipts

6.1. Results of Audit

Test check of records relating to Forest Department, Irrigation and Power Department, Hospitality Department, Department of Soil and Water Conservation and Waste Land Development, Public Works Department, Home Affairs and Justice Department etc. conducted in audit during the year 2002-2003, disclosed irregularities involving Rs.42.56 crore in 40 cases, which broadly fall under the following categories:

(In crore of rupees)

Sr. No.	Category	Number of cases	Amount
1	Short realisation of revenue due to delay in revision of royalty rates on realistic basis	1	1.49
2	Non recovery of interest/penal interest unauthorised retention of government money by various departments	31	40.36
3	Other irregularities	8	0.71
	Total	40	42.56

A few illustrative cases highlighting significant irregularity involving financial effect of Rs.41.85 crore is given in the following paragraphs:

Forest Department

6.2. Short realisation of revenue due to delay in revision of royalty rates on realistic basis

As per the project report of the Punjab State Forest Development Corporation Limited, the rate of royalty for the volume of standing trees transferred to the Corporation was to be fixed from year to year keeping in view the general prevailing market rates. The Government last revised in March 1999 the rates of royalty on adhoc basis by adding 5 per cent of rates in the previous year for the years 1996-97 to 1998-99.

During test check of records of Divisional Forest Officer, Faridkot, it was noticed in May 2002 that the rates received by the division from open auction during 2000-2001 for dead and dry trees, which were not lifted by the Corporation, were higher by 135 to 430 per cent of the royalty rates fixed and charged on the volume of standing trees transferred to the Corporation during the year 2000-2001. As the royalty rates had not been revised since March 1999, the delay in revising the rates on realistic basis had resulted in short realisation of revenue of Rs.1.49 crore as detailed below:

Species	Volume of trees handed over to the Corporation (in cum)	Auction rates per cum Rs	Royalty rates per cum Rs.	Difference Rs.	Revenue short realised (in lakh of rupees)	Variations in percentage column 3 to 4
1	2	3	4	5	6	7
Shisham	2,950.15	3,031.75	910	2,121.75	62.60	333
Eucalyptus	639.50	1,212.70	783	429.70	2.75	155
Misc.	364.75	1,212.70	315	897.70	3.27	385
Poplar (girth up to 3 feet)	37.10	1,212.70	900	312.70	0.12	135
Poplar (girth more than 3 feet)	33.90	1,212.70	638	574.70	0.19	190
Kikar	5,475.05	1,915.05	445	1,470.05	80.49	430
Total					149.42	

On this being pointed out, the Department stated in March 2003, that proposal for revision of royalty rates in respect of volume transferred during 1999-2000 to 2002-2003 had already been sent to State Government.

The matter was referred to the Government in August 2002; no reply was received (November 2003).

Irrigation and Power Department

6.3. Non recovery of interest /penal interest on loans

Under the provisions of the Punjab Financial Rules, interest is recovered on loans and advances sanctioned by the Government to various public sector

undertakings, local bodies, co-operative societies etc. and individuals including its employees. The mode of recovery of loan and rate of interest and penal interest are prescribed in the sanction governing the grant of loan.

Department of Irrigation and Power (Project Branch) granted five loans of Rs.16.10 crore between December 1988 to March 1991 to Punjab State Tubewell Corporation (PSTC) for lining of watercourses to be repaid within ten years from 2nd anniversary of drawals of loan along with interest at the rate of 14 *per cent* per annum, failing which penal interest at the rate of 3.5 *per cent* per annum was also recoverable.

Test check of records revealed in June 2003 that these loans were not repaid at all and were still outstanding. The Department neither worked out nor demanded the interest resulting in non-recovery of interest of Rs.35.77 crore including penal interest as on 31 March 2003.

On this being pointed out in June 2003, the Government stated in September 2003 that the Corporation could not refund these loans as it had no source of income and the matter was being taken up with Department of Finance for writing off/waiving off these loans and interest due.

6.4. Utilisation of departmental receipts towards expenditure

Under the Punjab Financial Rules, utilisation of departmental receipts towards expenditure is strictly prohibited. Further, under the State Treasury Rules, all moneys received by or tendered to a Government servant on account of revenue of the Government shall without undue delay be paid in full into the treasury.

Hospitality Department

6.4.1. During test check of records of Supervisors of Circuit Houses at Bathinda, Jalandhar and Ludhiana under the overall control of Director Hospitality, it was noticed that receipts on account of room rent of circuit houses collected between April 1999 and March 2002, aggregating to Rs.3.08 lakh were not deposited into treasury but utilised to meet the day to day expenditure in contravention of aforesaid Rules.

On this being pointed out, the Supervisors of Circuit Houses stated between September and December 2002, that the receipts were utilised to meet the day-to-day expenditure of circuit houses. The reply was not tenable as utilisation of departmental receipts was prohibited under the Rules and circumvented the legislative control over budget allocation and expenditure.

The matter was brought to the notice of the Department and referred to the Government in February 2003; no reply was received (November 2003).

Home Affairs and Justice Department

6.4.2 During the course of audit of records of Senior Superintendent of Police (SSP), Bathinda, it was noticed that receipts of Rs.3.67 lakh collected

during the period June 1995 to September 2002, on account of rent of room rented out to private contractors on yearly basis for opening a provision store in police colony, was not deposited into State treasury but deposited in private fund account in contravention of Financial Rules.

On this being pointed out in audit, SSP stated in April 2003, that provision store had been constructed with entirely private funds and the rent realised had been utilised for the welfare of families of police personnel. It was further stated that a proposal to the effect that 15 *per cent* of the rent realised would be deposited into Government accounts and the balance to be utilised for the welfare of the police personnel had however, been sent to Government. The reply of the Department is not tenable as the construction of store on Government land by the Residential Welfare Association was in violation of allotment rules relating to government accommodation. The retention of rent, being departmental receipts, outside Government accounts was strictly prohibited.

The matter was brought to the notice of the Department and referred to the Government in February 2003; no reply was received (November 2003).

Public Works Department

6.4.3. During test check of records of 21* Public Health Divisions, it was noticed that receipts aggregating Rs.3.70** crore collected on account of water charges, departmental charges, service rendered and interest etc. during the years 1999-2000 to 2001-2002 were not deposited into the treasury and were instead utilised for day to day expenditure in contravention of aforementioned Rules.

On this being pointed out, fifteen Executive Engineers stated between August 2002 and January 2003, that these receipts were utilised towards urgent departmental expenses due to lesser receipt in letters of credit (LOC). The reply was not tenable as the retention of money out side Government accounts and its utilisation was strictly prohibited under the Financial Rules and circumvented legislative control over budget allocation and expenditure. Two Executive Engineers stated that the amount would be deposited into treasury while other two Executive Engineers stated that action against defaulters was under process. Reply from the remaining two Executive Engineers had not been received.

The matter was brought to the notice of the Department and referred to the Government in March 2003; no reply was received (November 2003).

* **Rural Water Supply Divisions (13): Barnala, Bathinda-I, Bathinda-II, Ferozepur-1, Ferozepur-II, Garhshankar, Hoshiarpur, Jalandhar, Ludhiana-I, Ludhiana-II, Nawanshehar, Patiala and Talwara.**

Government Works Divisions (6): Bathinda, Faridkot, Hoshiarpur, Jalandhar, Ludhiana and Muktsar.

Mechanical Divisions (2):- Hoshiarpur and Patiala

** **Water charges: Rs.2.09 crore, Departmental charges: Rs. 0.86 crore, Service rendered: Rs.0.62 crore and Interest earned: Rs.0.13 crore.**

**Department of Soil and Water Conservation
and Waste land Development**

6.4.4. During the course of audit of records of the Divisional Soil Conservation Officer (DSCO) (Machinery) Mohali, it was noticed that in contravention of above provisions, the Department issued instructions in November 1999 that DSCO would run the machinery with the deposit money realised on account of hiring charges of machinery given to farmers for land levelling through the Divisional Soil Conservation Officers/Assistant Soil Conservation Officers all over the State. Accordingly, out of the total receipts of Rs.1.39 crore realised during April 1999 to March 2002, Rs.81.83 lakh was utilised for running and maintenance of machinery.

On this irregularity being pointed out in audit, the Department stated in December 2002, that there was no budget provisions during the abovesaid period so the amount out of money deposited by farmers was utilised for running and maintenance of machinery and that the amounts realised would be deposited in Government account on receipt of funds. Reply of the Department was not tenable as utilisation of departmental receipts was strictly prohibited and circumvented the legislative control over budget allocation and expenditure.


The matter was brought to the notice of the Department and referred to the Government in August 2002; no reply was received (November 2003).



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