

CHAPTER VIII NON-TAX RECEIPTS

8.1 Results of audit

Test check of records relating to forest receipts, receipts from mines and minerals and other non-tax receipts, conducted in audit during the year 2002-03, revealed underassessments, non-realisation and short realisation of revenue amounting to Rs.21.16 crore in 166 cases, which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Categories	No. of cases	Amount
	A. FOREST RECEIPTS		
1	Non/short realisation of revenue/royalty	16	1.34
2	Loss of revenue	20	2.05
3	Other cases	32	2.03
	Total	68	5.42
	B. RECEIPTS FROM MINES AND MINERALS		
1	Non/short assessment of cess on minor/major minerals	17	1.10
2	Non/short assessment/realisation of price of minor/major minerals extracted unauthorisedly	20	1.16
3	Non/short assessment/realisation of surface/dead rent	2	0.32
4	Non-assessment/non-realisation of royalty and cess	15	0.60
5	Other cases	10	3.92
	Total	64	7.10
	C. OTHER NON-TAX RECEIPTS		
1	Irregularities in Public Works	23	2.91
2	Irregularities in Irrigation and Waterways	11	5.73
	Total	34	8.64
	Grand Total:	166	21.16

During the course of the year 2002-03, the concerned Department accepted underassessments etc. of Rs.21.23 crore in 153 cases of which 99 cases involving Rs.12.47 crore had been pointed out in audit during the year 2002-03 and the rest in earlier years. An amount of Rs.52.86 lakh was realised at the instance of audit.

A few illustrative cases involving Rs.2.90 crore highlighting important observations are given in the following paragraphs:

A. FOREST RECEIPTS

8.2 Short realisation of royalty due to irregular deduction of service charge

The work of harvesting of timber and disposal thereof was entrusted to the West Bengal Forest Development Corporation (WBFDC) from 1988-89. The Corporation is required to remit the revenue realised from sale proceeds to concerned Divisional Forest Officers (DFOs) after deducting service charge at the rate of 10 per cent of gross revenue obtained by way of sale proceeds of timber. Service charge includes overhead charges, costs of carriage, storage and disposal.

Scrutiny of records of two¹ Divisional Forest Offices revealed that the Department itself harvested and auctioned timber in three cases between 1996-97 and 1997-98. But, while remitting the proceeds of auction sale, the WBFDC deducted service charges at the rate of 10 per cent of gross sale proceeds of timber. As the WBFDC did not render any service, deduction of service charge of Rs.36.31 lakh on gross sale value of Rs.3.63 crore was irregular. This resulted in short realisation of royalty to that extent. Besides, WBFDC did not deposit the sale value of Rs.36.31 lakh into Government account till March 2003. Thus irregular retention of Rs.36.31 lakh by WBFDC resulted in potential loss of interest of Rs.20.14 lakh upto March 2003 calculated at the average borrowing rate of 10 per cent.

On this being pointed out, the Department accepted the audit observation and stated in June 2003 that the matter was being taken up with WBFDC for recovery of the amount. Report on further development is awaited.

The cases were reported to Government between July and August 2000; their reply has not been received (November 2003).

8.3 Non-realisation of price of timber

According to the procedure for disposal of forest produce prescribed by the Government in January 1977, allotment sales of timber to Government undertakings and other wood-based industries are required to be made on cash and carry basis at the rates fixed by the State Price Fixation Committee. The Principal Chief Conservator of Forest in his circular issued in November 1990

¹ Burdwan Division and Bishnupur Panchet Soil Conservation Division

directed all the Divisional Forests Officers (DFOs) to follow the said procedure strictly and not to allow lifting of any produce without realisation of royalty.

Scrutiny of records of the DFO, Kurseong Division revealed in March 1999 that 240.575 cubic metre of sal timber was allowed to be lifted in 1994-95 by the Kurseong Logging Division, a unit of West Bengal Forest Development Corporation at a price of Rs.9.64 lakh. But the DFO had not realised the cost of timber. Failure of the Department to observe cash and carry system resulted in non-realisation of revenue of Rs. 9.64 lakh.

On this being pointed out, the DFO stated in June 2003 that the case had already been referred in January 2003 to Kurseong Logging Division for effecting recovery. Report on further development had not been received till November 2003.

The case was reported to Government in April 1999; their reply has not been received (November 2003).

8.4 Loss of interest due to delayed remittance of sale proceeds of timber

Under the provisions of the West Bengal Financial Rules, all monies received by or on behalf of Government either as dues of Government or for deposit, remittance or otherwise shall be brought to Government Account without delay. There is no provision for levy of interest for delay in remittance of money.

Scrutiny of records of three² Forest Offices under Northern Circle revealed that WBFDC remitted net revenue of Rs.4.56 crore between September 2000 and May 2002 to the concerned DFOs although the amount was realised between March 2000 and January 2002. Absence of interest provision resulted in potential loss of revenue of Rs.19.50 lakh calculated at different borrowing rates of interest prevailing between 2000-01 and 2001-02.

On this being pointed out in audit, one Divisional Forest Officer stated in June 2003 that the matter would be taken up with higher authority for speedy action in deposit of money received by the corporation while the remaining two Divisional Forest Officers stated in June 2003 that auction money was collected in instalments and the royalty could not be remitted by WBFDC without obtaining entire money from

² DFO Jalpaiguri Division, Wild Life Division-I and Deputy Field Director, Buxa Tiger Reserve (West)

buyers. The reply is not tenable as whatever money was received should have been remitted into the Government treasury without delay.

The cases were reported to Government between February and October 2002; their reply has not been received (November 2003).

B. RECEIPTS FROM MINES AND MINERALS

8.5 Non/short realisation of revenue from minor minerals extracted unauthorisedly

Under the provisions of the Mines and Minerals (Regulation and Development) Act, 1957, as amended in 1972, read with the West Bengal Minor Minerals Rules, 1973, no person is entitled to undertake mining operation in any area except under the authority of a valid quarry permit. In the event of unauthorised extraction of minor minerals, apart from other penal action, the State Government is empowered to recover either the minerals raised unlawfully, or, where such minerals have already been disposed of, the price thereof. Government clarified in August 1981 that quantity of minor minerals extracted or removed in excess of the quantity permitted should also be treated as unauthorised extraction and price thereof should be realised. By an order issued in September 1984, the Board of Revenue, West Bengal fixed the market price of brickearth at Rs.30 per 100 cft. for 1981 with an increase of Rs.1.50 per 100 cft. each year till fixation of a new price by the Director of Mines and Minerals, West Bengal.

Scrutiny of records of 10³ District Land and Land Reforms offices revealed that in 617 cases brick-field owners had extracted 242.48 lakh cft. of brickearth between 1995-96 and 2001-02 without any quarry permit. Out of total realisable amount of Rs.1.36 crore as price of brickearth, the District Authorities realised Rs.41.20 lakh only. This resulted in non/short realisation of price of Rs.95.16 lakh as detailed below:-

(Rupees in lakh)

Year	No. of cases	Quantity of unauthorised extraction of brick earth (lakh cft.)	Rate applicable (per 100 cft.)	Realisable amount	Amount realised	Non/short realisation
1995-96	26	4.45	51.00	2.27	0.98	1.29
1996-97	58	24.78	52.50	13.01	4.02	8.99
1997-98	81	37.96	54.00	20.50	8.24	12.26
1998-99	89	43.87	55.50	24.35	8.76	15.59
1999-2000	113	47.78	57.00	27.23	2.90	24.33
2000-01	211	78.87	58.50	46.14	15.77	30.37
2001-02	39	4.77	60.00	2.86	0.53	2.33
Total	617	242.48		136.36	41.20	95.16

³ Birbhum, Burdwan, East Midnapore, Hooghly, Jalpaiguri, Malda, Murshidabad, Nadia, North 24 Parganas and Purulia.

On this being pointed out, eight District Authorities accepted the audit observations and stated that action would be taken to realise the dues while the remaining two⁴ District Authorities did not furnish any specific reply.

The cases were reported to Government between May 1998 and August 2002; their reply has not been received (November 2003).

8.6 Non/short realisation of royalty and cesses on minor minerals

Under the West Bengal Minor Minerals Rules, 1973, extraction of minor minerals is permissible on obtaining quarry permit issued by the Collector on payment of royalty and other dues in advance at the rates prescribed by the Government. Besides, under the provisions of the Cess Act, 1880 as amended in 1984 read with the West Bengal Primary Education Act, 1973 and the West Bengal Rural Employment and Production Act, 1976, holders of quarry permits are liable to pay different kinds of cesses⁵ at the rate of Rs.2.50 per MT of minor minerals extracted and despatched from the quarries from 1 June, 1987.

Scrutiny of records of six⁶ District Land and Land Reforms Offices revealed that in 108 cases the quarry permit holders extracted and despatched 99,81,736 cft. of minor minerals (brick earth 83,29,786 cft., sand 11,10,600 cft. and stone 5,41,350 cft.) between 1998 -99 and 2001-02 without payment of royalty and cesses in advance though Block Land and Land Reforms Offices of the respective blocks were responsible for realisation of the same through Revenue Inspectors. Out of total realisable royalty and cesses of Rs.24.21 lakh, Rs.6.18 lakh had been realised as cesses. This resulted in non- realisation of revenue of Rs.18.03 lakh.

On this being pointed out, the concerned District Authorities accepted the audit observations and realised Rs.3.05 lakh in 19 cases and stated that action would be taken in the remaining cases to realise the dues.

The cases were reported to Government between November 2001 and August 2002; their reply has not been received (November 2003).

⁴ Nadia and North 24 Parganas

⁵ Public Works Cess – 50 paisa, Road Cess – 50 Paisa, Primary Education Cess – Re 1 and Rural Employment Cess – 50 Paisa

⁶ Birbhum, Dakshin Dinajpur, East Midnapore, Howrah, Jalpaiguri and West Midnapore.

8.7 Short levy of revenue due to violation of the provisions of the lease agreement

Under the Mines and Minerals (Regulation and Development) Act, 1957, as amended in 1972, the holder of a mining lease shall pay either royalty for any mineral removed or consumed by him or by his agent, manager, employee, contractor, sub-lessee from the leased area, or dead rent as prescribed in the third schedule for all areas in the instrument of lease whichever is greater.

Scrutiny of case records of a mining lease in Purulia Zonal Office revealed that as per lease agreement, a lessee had to extract at least 12.30 lakh cft. of sand every year and was liable to pay minimum royalty of Rs.7.38 lakh for the period between June 1998 and June 2000. However, while assessing, the Assessing Authority levied dead rent of Rs.0.04 lakh which was not correct. This resulted in short realisation of Rs.7.34 lakh.

On this being pointed out, Purulia Zone stated in June 2003 that action would be taken to recover the amount.

The case was reported to Government in October 2002 their reply has not been received (November 2003).

C. OTHER NON-TAX RECEIPTS

8.8 Short assessment and non-realisation of water rate

Under the provisions of the West Bengal Irrigation (Imposition of Water Rate) Act, 1974 assessment of water rate is made at the prescribed rates for payment by beneficiaries receiving the supply of water for irrigation, on the basis of test notes sent by the engineering divisions under the Irrigation and Waterways Department. Further, according to the instruction issued by the Department in June 1977, any difference between the area shown as irrigated in the test notes and that actually irrigated should be reconciled within a period of one month.

Scrutiny of records of the Mayurakshi Revenue Division I revealed that the Revenue Officer had made assessment of water rates between 1999-2000 and 2001-02 on 1,287.22 acres of land for boro⁷ crops and on 46,614.42 acres of land for kharif⁸ crops although the actual irrigated area during the said periods as per

⁷ 'Boro' means summer seasons, covering the months March to April.

⁸ 'Kharif' means the season of Autumn, the autumnal harvest, here the part of the year from July to October.

test notes of the Engineering Division, was 70,999.95 and 73,820.97 acres of land for boro and kharif crops respectively. This led to short assessment of Rs.38.94 lakh and consequent non-realisation to that extent. The Department did not take any action for assessment of the balance irrigated land as per test notes.

On this being pointed out, the Revenue Officer stated in June 2003 that the assessment was under process and necessary steps would be taken to reconcile the differences by joint verification with the Engineering Divisions. Further development had not been received till November 2003.

The case was reported to Government in April 2003; their reply has not been received (November 2003).

8.9 Non-realisation of royalty and cesses

Under the provisions of the West Bengal Minor Minerals Rules, 1973 read with the Cess Act, 1880, the extractor of any minor minerals is required to pay royalty and cess at the rates prescribed by the competent authority. In execution of Government works, the rate of 'carried earth' extracted from the land arranged by the contractor is inclusive of royalty and cesses and accordingly the Chief Engineer (Irrigation & Waterways Department) in a circular of December 1999 instructed all the Executive Engineers to recover royalty and cess from the contractors' bills in the absence of royalty clearance certificate.

Scrutiny of records in two Irrigation Divisions in the district of North Dinajpur and West Midnapore revealed that in 43 cases agencies engaged by the Department for execution of different Government works during the year between 1999-2000 and 2001-02 had extracted and removed 137.20 lakh cft earth for works but did not submit royalty clearance certificate. The Department also had not realised royalty and cesses on the earth extracted before making payments to those agencies. This resulted in non-realisation of revenue of Rs.44.59 lakh as royalty and cesses.

On this being pointed out, the Department stated in June 2003 that the matter was brought to the notice of the Superintending Engineer for inclusion of a clause regarding deduction of royalty charge in contract agreement in future. The reply

Audit Report (Revenue Receipts) for the year ended 31 March 2003

is not tenable as the royalty was required to be collected in accordance with the Departmental instruction. This resulted in non-realisation of revenue of Rs.44.59 lakh.

The cases were reported to Government between October 2001 and September 2002; their reply has not been received (November 2003).

**Kolkata,
The**

**(P. R. ACHARYA)
Accountant General (Local Bodies Audit)
West Bengal**

Countersigned

**New Delhi,
The**

**(Vijayendra N. Kaul)
Comptroller and Auditor General of India**