

Chapter VII: Non-Tax Receipts

7.1 Results of audit

Test check of records of the Housing and Urban Development, Industries, Lotteries, Home and Justice, Irrigation and Power and Water Supply and Sanitation departments during the year 2008-09, revealed irregularities amounting to Rs. 144.95 crore in nine cases, which broadly fall under the following categories:

(In crore of rupees)			
Sr. no.	Category	Number of cases	Amount
A: Housing and Urban Development			
1.	Receipts of Urban Development and Town Planning Department (A review)	1	95.89
B: Industries and Commerce Department			
2.	Non-recovery of guarantee fee	1	24.07
3.	Non-transfer of unclaimed amount to Government account	1	0.19
Total		2	24.26
C: Lotteries Department			
4.	Non-deduction of establishment cost	2	18.30
D: Home and Justice Department			
5.	Non-receipt of capitation fee in advance	1	4.25
6.	Failure to recover the cost of deployment of police force	1	2.06
Total		2	6.31
E: Irrigation and Power Department			
7.	Non-recovery of cess	1	0.06
F: Water Supply and Sanitation Department			
8.	Utilisation of departmental receipts towards expenditure	1	0.13
Grand total		9	144.95

A review on ‘**Receipts on Urban Development and Town Planning Department**’ involving Rs. 95.89 crore and a few illustrative audit observations involving Rs. 38.12 crore are discussed in the succeeding paragraphs.

A: Housing and Urban Development Department

7.2 Review of “Receipts of Urban Development and Town Planning Department”

Highlights

Failure on the part of Chief Town Planner to demand the licence/permission fee against the services rendered by the department resulted in loss of revenue of Rs. 46.02 crore.

(Paragraph 7.2.9)

Failure on the part of the Chief Town Planner, Punjab to recover the conversion charges resulted in irregular retention of Government receipts of Rs. 15.08 crore by Greater Mohali Area Development Authority.

(Paragraph 7.2.11)

Due to inaction on the part of the Chief Town Planner, planning charges of Rs. 34.73 crore remained to be realised.

(Paragraph 7.2.12)

7.2.1 Introduction

Under the provisions of the Punjab Regional and Town Planning and Development Act, 1995 (PRTPD Act), the State Regional and Town Planning and Development Board was constituted for guiding and directing the town planning and development processes in the State. Special Urban Planning and Development Authorities and New Town Planning and Development Authorities were constituted for effective and planned development of the areas, for undertaking urban development and housing programmes and schemes for establishing new towns.

The PRTPD Act provides that every person intending to change the existing use of any land in a controlled area, for the purpose of developing it into buildings for residential, industrial, commercial or other purposes, shall be granted permission after he makes payment of change of land use (CLU) charges and licence/permission fee at the prescribed rates. Separate rates of conversion charges have been notified for different places as well as different categories of land use (residential, commercial, institutional, industrial, etc.) by the Government from time to time.

The other receipts of the department consist of planning charges recoverable from Improvement Trusts, Municipal Corporations, Municipal Councils, Punjab State Marketing Board and other agency/department, who avails the services of the Chief Town Planner Punjab (CTP), Chandigarh for planning purposes; scrutiny fee of building plans; fee for access from scheduled roads; charges for installation of communications towers and antennas; permission fee for installation of petrol pumps and gas godowns; licence fee for setting up of residential colonies and sale of maps etc. The receipts from the above sources are required to be credited to the Government account.

Audit reviewed the assessment and collection of CLU/planning charges, license/permission fee and other receipts of the department. The review

revealed a number of system and compliance deficiencies, which are discussed in the succeeding paragraphs.

7.2.2 Organisational set up

The Secretary to the Government of Punjab, Housing and Urban Development is the overall incharge of the Urban Development and Town Planning Department. Subject to overall control and superintendence of the CTP, the administration of the PRTPD Act and Punjab Regional and Town Planning and Development (General) Rules, 1995 (PRTPD Rules) is carried out by six Senior Town Planners (STPs) and 17 District Town Planners (DTPs) and other allied staff at district level.

7.2.3 Scope and methodology of audit

With a view to evaluate the effectiveness of the department in realisation of the receipts, the relevant records of the CTP, two STPs (Ludhiana and Patiala) and seven DTPs¹ for the period from 2005-06 to 2007-08 were test checked between October 2008 and February 2009. The data/information collected from the CTP was cross verified with the records of the DTPs and examined with reference to the provisions of PRTPD Act/Rules and instructions issued by the Government from time to time.

7.2.4 Audit objectives

The review was conducted with a view to ascertain:

- the efficiency and effectiveness of the State machinery in the implementation of various provisions and instructions to assess, collect and account the fee/charges,
- the existence of effective internal control mechanism to avoid loss of revenue.

7.2.5 Acknowledgement

The Indian Audit and Accounts Department acknowledges the cooperation of the Housing and Urban Development Department and CTP, Punjab in providing necessary information and records for audit. An entry conference was held with the Secretary, Housing and Urban Development Department. The draft review was forwarded to the department and the Government in April 2009 and was discussed in an exit conference held on 25 May 2009 wherein the Government was represented by the Secretary, Housing and Urban Development. The views of the Government have been taken into account while finalising the review.

Audit findings

7.2.6 Trend of revenue

As per the provisions of Punjab Budget Manual (Manual), the actuals of the previous year and the revised estimates of the current year ordinarily serve as

¹ Amritsar, Bathinda, Gurdaspur, Jalandhar, Ludhiana, Mohali and Patiala.

guide in framing the budget estimates for the ensuing year. The reasons that led to adoption of the figures for the budget estimates should be briefly and clearly explained. The budget estimates and actual realisation of receipts for the years 2005-06 to 2007-08 were as under:

(In crore of rupees)

Year	Budget estimates	Actuals	Variations excess(+)/shortfall(-)	Percentage of variations
2005-06	0.30	25.07	(+)24.77	(+)8,256.67
2006-07	3.35	65.15	(+)61.80	(+)1,844.78
2007-08	11.50	63.28	(+)51.78	(+) 450.26

It may be noticed from the huge variations that the budget estimates were unrealistic and were made without any basis. Audit observed that levy of fee for access to scheduled roads, processing fee of applications for buildings outside the municipality limits introduced in April 2005, permission fee for installation of communication towers introduced in September 2007 and enhancement of rates of CLU in September 2007 were not taken into consideration while framing the budget estimates. The reasons for variation of the budget estimates with the actuals during 2006-07 called for in April 2009 were awaited (September 2009).

System deficiencies

7.2.7 Absence of database of plans

7.2.7.1 As per provisions of the PRTPD Act, no development in respect of or change of land use of any land shall be undertaken without obtaining permission from the competent authority. Any permission granted under this Act shall remain in force for a period of two years from the date of grant of such permission.

The State of Punjab consists of 167 towns and the development of the towns was executed by the CTP through seven development agencies². The Master plans of cities and towns prepared by the CTP contains proposals for development of the town, identifying areas for meeting the long term requirement of land for different uses such as residential, commercial, industrial, public utilities and services.

Scrutiny of the records maintained by the CTP revealed that a data base of the plans prepared by the CTP, approved by the Government and executed by the development agencies/developers between April 2005 and March 2008 had not been kept by the CTP. Consequently, the number of plans prepared by the CTP, plans approved by the State Government, plans executed by the development agencies/developers and the number of plans pending with the development agencies/developers could not be verified in audit. Besides this, the execution of plans within the specified period as prescribed in the PRTPD Act had not been quantified by the department/Government.

² Amritsar Development Authority (ADA), Bathinda Development Authority(BDA), Greater Ludhiana Area Development Authority (GLADA), Greater Mohali Area Development Authority (GMADA), Jalandhar Development Authority(JDA), Patiala Development Authority(PDA) and Punjab Urban Planning and Development Authority(PUDA).

7.2.7.2 Absence of database of promoters and estate agents

Under the Punjab Apartment and Property Regulation Act, 1995 (PAPRA), no person shall carry on the business of promoter or estate agent, or represent or hold himself out as carrying on such business except under the Act and in accordance with the terms and conditions of the certificate of registration. The PAPRA further provides that every certificate of registration of a promoter or an estate agent shall be valid for a period of five years and on the expiry of such period, it may be renewed for another period of five years by competent authority, on an application along with prescribed fee, made by the promoter or the estate agent. Every registered promoter or estate agent shall furnish to the competent authority periodical returns showing the details of transactions made by them.

Test check of records of CTP disclosed that no database of registration of the promoters or estate agents registered with the department, renewal of registration certificate and periodical returns filed by these promoters or estate agents and the fee realised from them were maintained by the CTP. Resultantly, the CTP was not in a position to ascertain the number of registered promoters or estate agents, renewal of their registration certificates, fee collected on this account and the number of promoters or real estate agents carrying out activities in the state without holding valid registration certificates.

7.2.8 Internal control

7.2.8.1 Internal controls are intended to provide reasonable assurance of proper enforcement of law, rules and departmental instructions. They help in prevention of irregularities. Internal control also helps in the creation of reliable financial and management information system for prompt and efficient service and for adequate safeguards against evasion of Government revenue.

It was noticed during review that the CTP did not develop any control mechanism for monitoring the work done and collection of revenue by the STPs/DTPs.

7.2.8.2 Internal audit

Internal Audit Organisation (IAO) is a vital component of the internal control mechanism and is generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well. IAO was set up in October 1981 as an independent organisation under the State Finance Department and was entrusted *inter alia*, with the internal audit of receipts to safeguard against any loss or leakage of revenue arising under the various revenue heads. By a notification of November 1991, the focus of audit was shifted from revenue to expenditure audit. In June 2004, the Government again introduced internal audit of receipts from the year 2004-05. However, it is seen from the duties entrusted to IAO that the audit of the CTP had not been entrusted by the Government. Thus, the department was not subjected to internal audit.

Compliance deficiencies

7.2.9 Loss of revenue

The Punjab Government by a notification in January 2005 appointed the STP and DTP as the competent authority to exercise and perform all or any of the powers and functions of PAPRA and Rules framed thereunder. These authorities were empowered to grant licences/permissions to the developers of colonies not exceeding an area of 10 gross acres. For area exceeding 10 gross acres, the powers were vested with the CTP. Licence/Permission fee is the fee for granting permission to the colonisers/ promoters for their projects. Further, as per instructions contained in another notification of January 2005, the application shall be submitted alongwith a demand draft in favour of the STP or DTP, as the case may be, at rates as prescribed for the issue of licence/permission fee under the PAPRA. In August/September 2007, the Government decided to levy the license/permission fee ranging from Rs. 0.25 lakh to Rs. 2 crore per gross acre in different categories for granting permission to the colonisers/promoters for their projects.

During test check of the records of CTP, it was noticed in April 2009 that the Punjab Government vide notifications³ issued in August 2007 and September 2007 authorised the urban development authorities (DAs) to grant licences/permissions and to retain the licence/permission fee for planning and development of the areas in their jurisdiction. These notifications were issued without mentioning any reference to the existing notifications and provisions of PAPRA. Audit observed that the notifications issued in January 2005 were still in force and the licence/permission fee continued to be the receipts of the Government to be credited to the Consolidated Fund of the State. Therefore, the licence/permission fee of Rs. 46.02 crore deposited by the developers/promoters with the various DAs against the licences/permissions granted by the CTP in 40 cases between September 2007 and February 2008 were required to be deposited in the Government account. Thus, failure on the part of CTP to collect the licence/permission fee from the concerned DAs resulted in loss of revenue of Rs. 46.02 crore.

The Government to whom the case was reported in April 2009, intimated in July 2009 that the notification of January 2005 was rescinded vide notification dated 20 March 2008 with immediate effect. The fact, however, remains that the notification dated 20 March 2008 was applicable on or after 20 March 2008 and the loss of revenue mentioned above pertains to the period from September 2007 to February 2008.

7.2.10 Delay in granting permission of CLU

Under the provisions of PRTPD Act, if the competent authority does not communicate to grant or refuse permission to the applicant within sixty days from the date of receipt of his application or within sixty days from the date of reply given by the applicant in respect of any observation made by the competent authority, whichever is later, such permission shall be deemed to

³ No. 17/17/01-5HG2/6666 dated 17 August 2007 and No. 17/17/01-5HG2/7623 dated 19 September 2007.

have been granted to the applicant on the date immediately following the date of expiry of sixty days.

It was noticed that permission of CLU in 14 out of 66 cases was granted during 2007-08 with a delay ranging from two to five months. Further scrutiny by audit revealed that no separate register/return was prescribed to watch progress of the cases in which observation was made. In such cases, the delay in finalisation could not be verified in audit.

7.2.11 Irregular retention of conversion charges

As per the notification issued by the Government on 17 August 2007, the promoters/developers seeking permission of CLU were required to pay the external development charges (EDC), license/permission fee and CLU charges at the rates prescribed by the Government from time to time. The EDC and licence/permission fee would be retained by the concerned DAs and conversion charges would be deposited in the Government treasury.

During test check of records of the CTP, it was noticed in January 2009 that a promoter applied for CLU in December 2006 to PUDA/GMADA (concerned DA) for the grant of permission for setting up a mega project on the land measuring 131.618 acres in Mohali. The promoter deposited an amount of Rs. 42.38 crore including conversion charges of Rs. 15.08 crore with PUDA/GMADA in January 2007. The permission required at the Governmental level was granted by the Government to the promoter in January 2007. Audit scrutiny disclosed that PUDA/GMADA had retained the conversion charges of Rs. 15.08 crore instead of crediting to the Government Account. Thus, failure on the part of the CTP to recover the conversion charges levied in terms of the aforesaid notification of August 2007 resulted in irregular retention of government receipts of Rs. 15.08 crore by PUDA/GMADA.

After the case was pointed out in January 2009, the CTP intimated in February 2009 that action had been initiated to recover the CLU charges from PUDA/GMADA.

7.2.12 Collection of arrears of planning charges

Under the provisions of PRTPD Act, application for permission to carry out any development in respect of any land shall be accompanied by such fee as may be prescribed. The State Government decided in January 2005 to levy the planning charges for the work connected with planning of colonies. The planning charges were also leviable on Improvement Trusts, Municipal Corporations, Municipal Councils, Notified Area Committees, Pepsu Township Development Board, Punjab State Marketing Board and any other agency/department for utilising the services of the CTP for planning purposes with effect from March 2005. The PRTPD Act also provides that any sum due to the Authority under this Act, rule or any regulation made thereunder shall be recoverable by the Authority from the defaulter as if they were arrears of land revenue. The Act is silent about the levy of interest for late payment of the planning charges.

Information collected from the CTP revealed that a sum of Rs. 34.73 crore was recoverable from three development agencies⁴ for the period 2005-06 to 2007-08. Though the dues can be recovered as arrears of land revenue, no revenue recovery certificate has been issued. Inaction on the part of CTP to recover the planning charges resulted in non-realisation of revenue amounting to Rs. 34.73 crore. Besides, there was a loss of revenue by way of interest of Rs. 3.42 crore, calculated upto March 2009 at Government borrowing rates; which could not be levied as there was no provision in the rules for levy of interest on belated payments.

Further scrutiny of the figures of arrears (Rs. 12.79 crore) shown by the CTP with the figures of arrears (Rs. 14.02 crore) collected by audit from the DTPs revealed that there was a difference to the extent of Rs. 1.23 crore. There was nothing on records to show that any action was initiated by the CTP to reconcile the figures of arrears with the DTPs.

7.2.13 Loss of interest due to delay in deposit of departmental receipts

Under the Punjab Financial Rules, departmental receipts collected during the day are required to be deposited in the treasury either on the same day or by the morning of the next working day.

Test check of the records of the CTP revealed that departmental receipts amounting to Rs. 21.31 crore collected during 2005-06 to 2007-08 were deposited in the treasury with a delay ranging from 11 to 53 days. This resulted in loss of interest of Rs. 5.91 lakh to the Government (calculated at the Government borrowing rates).

After the case was pointed out, the CTP stated that compliance of Financial Rules would be ensured in future.

7.2.14 Non-reconciliation of the deposits

The Punjab Financial Rules, Vol-I provide that departmental receipts collected and remitted into the treasury during the month be reconciled by the officer incharge with the figures appearing in the treasury records by 15th of the next month and discrepancy, if any, should be reconciled.

It was noticed that DTP Amritsar deposited an amount of Rs. 3.76 crore in the treasury between 2005-06 and 2007-08 and no reconciliation was done with the treasury by DTP. Non-reconciliation may lead to embezzlement and frauds which would remain undetected.

After the case was pointed out in February 2009, DTP stated that reconciliation would be conducted with the treasury and results thereof would be intimated to audit.

7.2.15 Conclusion

The deficiencies enumerated above indicate that management of assessment and collection of revenue receipts is not satisfactory. Compliance of Acts/Rules/instructions were not being followed. There exists no internal

⁴ PUDA Rs. 33.54 crore, BDA Rs. 1.10 crore and Punjab Mandi Board Rs. 0.09 crore.

control system to check the deficiencies and lapses in the implementation of various provisions of the Act/policies.

7.2.16 Recommendations

The Government may consider:

- streamline the system of monitoring the receipts by introducing reports and returns to be furnished by the DTPs showing the upto date position of arrears of revenue, amount recovered during the period under report, amount which could not be recovered and closing balance of arrears of revenue to be recovered at the end of the return period.
- entrusting audit to the IAO to ensure timely detection and correction of deficiencies in levy and collection of the departmental receipts.

7.3 Other audit observations

Scrutiny of records of industries, Lotteries, Home and Justice, Irrigation and Power and Water Supply and Sanitation Departments revealed cases of non-recovery of guarantee/capitation fee, non-observance of provisions of Government Financial Rules, non-recovery of cess and other cases as mentioned in the succeeding paragraphs. These cases are illustrative and are based on a test check carried out in audit. There is need for the Government to improve the internal control mechanisms so that such omissions can be avoided, detected and corrected.

B: Industries and Commerce Department

7.4 Non-recovery of guarantee fee

Non-compliance of the notifications issued between November 2000 and October 2006, resulted in non-recovery of guarantee fee of Rs. 24.07 crore.

According to the powers conferred by Article 293 of the Constitution of India, the State Government gives guarantees on the Consolidated Fund of the State, to various lending institutions/bond holders to assure them repayment of principal amount of loans/investments and interest payable thereon. Such guarantees constitute contingent liabilities of the State.

The State Government issued 10 notifications between November 2000 and October 2006 giving guarantee for the amount raised by Punjab State Industrial Development Corporation (PSIDC) and Punjab Financial Corporation (PFC). The guarantee fee on the guaranteed sum is payable at one time at the rate of two per cent and is to be credited to the Government account.

The information collected from PSIDC and PFC in January and February 2009 relating to the funds raised between November 2000 and October 2006 through issue of bonds on the basis of guarantee given by the Government, revealed that guarantee fee amounting to Rs. 24.07 crore was not deposited in the Government account by PSIDC and PFC as detailed below:-

(In crore of rupees)

Sr.no.	Name of institutions	Nature of guarantee	Year	Amount of loan	Guarantee fee not paid
1.	PSIDC	Placement of bonds	2000-01	100.00	2.00
			2001-02	79.47	1.59
			2002-03	174.59	3.49
			2003-04	143.38	2.87
			2004-05	237.11	4.74
			2005-06	184.28	3.69
			2006-07	130.00	2.60
2.	PFC	Placement of SLR bonds	2003-04	34.25	0.69
		Placement of non-SLR bonds	2005-06	119.76	2.40
Total				1,202.84	24.07

After the cases were pointed out in January 2009, the PFC intimated that matter regarding waiver of guarantee fee had been taken up with the Government but further progress was awaited. No reply was furnished by the PSIDC. Thus, the department did not monitor recovery of the guarantee fee.

The matter was reported to the department and the Government in February 2009; their replies have not been received (September 2009).

7.5 Non-transfer of un-claimed amount to Government account

Non-compliance of provision of Punjab Financial Rules, resulted in non-transfer of lapsed deposits of Rs. 18.82 lakh to the Government account.

The Punjab Financial Rules provide that every Government employee is personally responsible for the money which passes through his hands and for the prompt record of receipts and payments in the relevant account as well as for the correctness of the accounts in every respect. Further, codal provisions provide that earnest money received with the tenders or security deposits recovered from the contractors should be credited to Civil Deposits and be refunded/paid to them as and when claimed and balances remaining unclaimed for more than three financial years shall, at the close of March of each year, be credited to the Government account.

During test check of records of the Controller of Stores, Punjab, Chandigarh (Controller), it was noticed in July 2007 that the earnest money/security deposits amounting to Rs. 18.82 lakh (unclaimed balances) made by the intending tenderers between June 1999 and March 2004 were neither accounted for in the cash book nor were claimed by the tenderers. The Controller did not credit the unclaimed balances to the Government account as lapsed deposits (revenue) even after the unclaimed amount remained for more than three completed financial years. Thus, failure to take the envisaged action by the Controller had resulted in non-transfer of lapsed deposits of Rs. 18.82 lakh to the Government account.

After this was pointed out in July 2007, the Controller intimated in June 2008 that necessary action to credit the amount to Government account had been initiated. Final position of transfer of the unclaimed balances to Government account was awaited (September 2009)

The matter was reported to the department and the Government in February 2008; their replies have not been received (September 2009).

C: Lotteries Department

7.6 Non-deduction of the establishment cost

Non-compliance of provisions of the Punjab State Lotteries Rules, 1998, resulted in non-deduction of the establishment cost of Rs. 7.36 crore.

Under the Punjab State Lotteries Rules, 1998 (Rules) as amended in July 2000, the Directorate of Lotteries (Directorate) shall make deductions from the prizes of bumper draws of lottery as may be specified by the State Government from time to time towards the establishment cost of the Directorate enabling it to discharge its financial liabilities pertaining to the bumper draws of the lottery. The terms and conditions governing the schemes

of bumper draws prior to August 2004 contained provisions for deduction at the rate of 20 *per cent* of prize money paid in cash towards the establishment cost of the Directorate.

During test check of records of the Directorate, it was noticed in February 2009 that 13 bumper draws having total prizes valued Rs. 36.80 crore were paid in cash between January 2005 and March 2008, but the deductions towards the establishment cost were not made from the prizes of bumper draws as the terms and conditions of the bumper prizes schemes framed by the department did not provide for such deductions. Thus, failure on the part of the Directorate to approach the Government for the fixation of the quantum of deduction towards the establishment cost resulted in non-deduction of the establishment cost of Rs. 7.36 crore at the rate of 20 *per cent* of the prize money during January 2005 to March 2008.

After the cases were pointed out between December 2006 and February 2009, the Directorate intimated in October 2007 that the Finance Minister had announced during the prize distribution function held in August 2004 to make only the statutory deductions as per law. However, the Rules provide for the deductions.

The matter was reported to the department and the Government in March 2009; their replies have not been received (September 2009).

D: Home and Justice Department

7.7 Non-receipt of capitation fee in advance

Non-compliance of the instructions of the Director General of Police (January 2000) regarding charging of capitation fee in advance from other States for imparting training to police personnel, resulted in non-recovery of Rs. 4.25 crore.

As per instructions issued by the Director General of Police in January 2000, capitation fee from the trainees of other States should be charged in advance by settlement of terms and conditions and deposited in the Government account.

Scrutiny of records of the Commandant Police Recruitment Training Centre Jahan Khelan (Commandant PRTC) in February 2008 revealed that capitation fee of Rs. 4.25 crore was not collected in advance from the Government of Uttarakhand for the training imparted to their police personnel between April 2006 and February 2007. The failure on the part of Commandant PRTC resulted in non-recovery of Rs. 4.25 crore.

After the case was pointed out in February 2008, the Commandant PRTC stated that the matter remained under correspondence for quite some time due to confirmation of rates of the capitation fee to be charged. However, the fact remains that the State Government fixed the rates of capitation fee chargeable from trainees of other states for various courses as early as in May 2005.

The matter was reported to the department and the Government in January 2009; their replies have not been received (September 2009).

7.8 Failure to recover the cost of deployment of police force

Non-compliance of policy and instructions of the Railway Board (1979 and February 1983) regarding deployment of Government Railway Police for security of railways and reimbursement of cost thereof, resulted in failure to recover the cost of Rs. 2.06 crore for deployment of police force.

As per policy framed by the Railway Board (Board) in 1979 and provisions contained in the Government Accounting Rules, 50 per cent of the cost of police force deployed for security of railways within the State is to be reimbursed by the Board, provided the strength of Government Railway Police (GRP) is determined with the approval of the Board. As per the Railway Board's instructions dated February 1983, increase/strengthening of GRP can not be done without specific consultation/concurrence of the Board.

Mention was made in paragraph 7.3.5 of the Report of Comptroller and Auditor General of India (Revenue Receipts)-Government of Punjab for the year ended 31 March 2007, highlighting the unauthorised deployment of police force during the years from 2001-02 to 2005-06.

Scrutiny of records of Inspector General of Police, Government Railway Police, Patiala IG (GRP) during June 2008 revealed that the Director General of Police (Railway) Punjab had sought *ex post facto* sanction from the Board in December 2005 for 111 posts⁵ created by the State Government in 1990. The proposal, however, was not agreed to (September 2006) by the Board. Since the additional posts were created by the State without specific prior consultation/concurrence of the Board, the claim of Rs. 2.06 crore for the period from 2006-07 to 2007-08 required to be borne by Board could not be filed. Thus, the deployment of additional police personnel without prior concurrence led to forgoing of the claim for Rs. 2.06 crore for the period 2006-07 to 2007-08.

After the case was pointed out in June 2008, the IG (GRP) stated that matter was under consideration of the Board. The fact is that the IG (GRP) had neither withdrawn the additional police personnel deployed for security of railways after rejection of the proposal nor the matter regarding recovery from the Board was pursued seriously.

The matter was reported to the department and the Government in March 2009; their replies have not been received (September 2009).

E: Irrigation and Power Department

7.9 Non-recovery of cess

Non-compliance of the terms and conditions of the tripartite agreement resulted in non-recovery of cess of Rs. 6.05 lakh.

As per terms and conditions of the tripartite agreements⁶, Punjab Irrigation Department (PID) shall charge cess from the promoter at the rate of one paisa

⁵ 4 Sub Inspectors, 4 Assistant Sub Inspectors, 13 head constables and 90 constables.

⁶ Amongst Punjab Irrigation Department ; Punjab Energy Development Agency and M/s Aqua Power Ltd. Mohali.

per unit of electricity generated by the promoter as partial cost of maintenance of the canal system.

During test check of records of the Executive Engineer, Bathinda Canal Division, Bathinda, it was noticed in January 2009 that all the three Mini/Micro Hydro-electric Power Projects generated 6.05 crore units of electricity between November 2006 and December 2008. However, neither the demand of cess of Rs. 6.05 lakh was raised by PID nor it was paid by the promoter. Thus, failure on the part of the PID in raising the demand against the promoter resulted in non-recovery of cess amounting to Rs. 6.05 lakh.

After the case was pointed out in January 2009, the Executive Engineer stated that recovery would be made from the promoter.

The matter was reported to the department and the Government in April 2009; their replies have not been received (September 2009).

F: Water Supply and Sanitation Department

7.10 Utilisation of departmental receipts towards expenditure

Non-compliance of the Punjab Financial Rules and Government instructions of December 2002, resulted in un-authorized utilisation of departmental receipts towards expenditure.

Under the Punjab Financial Rules, utilisation of the departmental receipts towards expenditure is strictly prohibited. Further, under the State Treasury Rules, all moneys received by or tendered to Government servants on account of revenue of Government, shall without undue delay be paid in full into the treasury on the same day or on the next day. As per Government instructions (December 2002), the revenue collected from sale of dead/full grown trees, fines from wastage and wrong use of water and water tariff collected from private connections was allowed to be utilised for the payment of electricity bills, canal water charges and for the repair and maintenance of Rural Water Supply (RWS) Schemes.

During test check of records of the Executive Engineer, Water Supply and Sanitation (RWS) Division, Gurdaspur, it was noticed in February 2009 that departmental receipts amounting to Rs. 13.31 lakh collected on account of 1,408 new water connections during the period between January and December 2008, was utilised towards the expenditure for the repair and maintenance of RWS schemes in contravention of the Government instructions (December 2002) which *inter alia* did not permit the department to incur expenditure from the fee collected from new water connections.

After the case was pointed out, the Executive Engineer stated that receipts were utilised due to non-availability of funds for the payment of electricity bills. The departmental reply is contrary to the Government instructions (December 2002) and is against budgetary control and tantamount to by passing the legislative authority by the executive.

The matter was reported to the department and the Government in April 2009; their replies have not been received (September 2009).

Chandigarh:

(S.MURUGIAH)

The

Principal Accountant General (Audit), Punjab

Countersigned

New Delhi:

(VINOD RAI)

The

Comptroller and Auditor General of India