

## CHAPTER-V OTHER TAX AND NON-TAX RECEIPTS

### 5.1 Results of audit

Test check of the records of the offices of public works, finance, forest, entertainment tax, development authorities, irrigation and medical/public health department conducted during the year 2008-09, revealed non-payment of interest, etc. of Rs. 959.18 crore in 353 cases which fall under the following categories :

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
<b>Public Works Department</b>			
1.	<b>Performance review on Public Works Department receipts (a review)</b>	<b>1</b>	<b>74.61</b>
2.	Non-adjustment of Government receipts in proper head	5	0.90
3.	Non-realisation of centage charges	3	0.22
4.	Non-recovery of royalty	5	0.11
5.	Other irregularities	19	2.77
<b>Total</b>		<b>33</b>	<b>78.61</b>
<b>Finance Department</b>			
1.	Non-payment of interest	8	15.40
2.	Non-recovery of royalty	2	0.01
3.	Other irregularities	17	765.67
<b>Total</b>		<b>27</b>	<b>781.08</b>
<b>Forest Department</b>			
1.	Fraudulent draws, misappropriation, embezzlement, losses	30	59.89
2.	Idle investment, idle establishment, blocked of funds	19	1.96
3.	Regulatory issues	7	0.51
4.	Recoveries	48	19.13
5.	Non achievement of objectives	4	0.21
6.	Other irregularities	12	3.78
<b>Total</b>		<b>120</b>	<b>85.48</b>
<b>Entertainment tax Department</b>			
1.	Non-charging of interest	11	0.11
2.	Non-realisation of tax	19	1.41
3.	Other irregularities	29	0.49
<b>Total</b>		<b>59</b>	<b>2.01</b>
<b>Irrigation Department</b>			
1.	Non-realisation of centage charges	4	0.09
2.	Non-realisation of royalty	4	4.51
3.	Other irregularities	28	5.59
<b>Total</b>		<b>36</b>	<b>10.19</b>
<b>Medical and Public Health Department</b>			
1.	Non-increasing of medical charges at the rate of 10 <i>per cent</i> per annum	24	0.58
2.	Non-imposition of penalty on unregistered genetic centres	9	0.24
3.	Other irregularities	45	0.99
<b>Total</b>		<b>78</b>	<b>1.81</b>
<b>Grand Total</b>		<b>353</b>	<b>959.18</b>

During the year 2008-09, the department accepted and recovered Rs. 6.10 lakh in two cases which were pointed out in earlier years.

A Performance review on **Public Works Department Receipts** involving Rs. 74.61 crore and few illustrative audit observations involving Rs. 15.38 crore, are mentioned in the succeeding paragraphs.

## **5.2 Performance review on Public Works Department Receipts**

### **Highlights**

- Non-adherence of financial rules resulted in misappropriation of departmental receipts of Rs.13.24 crore towards departmental expenditure.  
**(Paragraph 5.2.7.1)**
- Non-credit of stock profit to revenue resulted in short account of revenue of Rs.6.73 crore.  
**(Paragraph 5.2.10.1)**
- Non-realisation of compensation on late payment of monthly installments of lease resulted in loss of Rs. 92.39 lakh.  
**(Paragraph 5.2.12.2)**
- Non-levy of centage charges on deposit works resulted in short realisation of revenue of Rs. 2.03 crore.  
**(Paragraph 5.2.13)**

### **5.2.1 Introduction**

Public Works Department (PWD) of the Government of Uttar Pradesh is responsible for planning and construction of Government buildings, roads and bridges and their maintenance as well as to carry out deposit works awarded by the other agencies in the entire State. PWD collects the non- tax receipts under the provisions of the Uttar Pradesh Financial Rules, Uttar Pradesh Public Works Manual as well as circulars and notifications, issued by the department/ Government from time to time. The public works receipts include rents of land and buildings, toll tax on roads and bridges, centage charges leviable on deposit works, profits on stock on revaluation, lapsed deposits, confiscated deposits, license fee, fines, sale of tender forms and other miscellaneous receipts.

### **5.2.2 Organisational set up**

The Principal Secretary is the administrative head of the department at Government level. Engineer-in-Chief (E-in-C) Development is the head of the department and E-in-C Planning and E-in-C Village roads are responsible for management, implementation and monitoring of various activities of the department. They are assisted by 28 Chief Engineers (CEs), 89 Superintending Engineers (SEs) and 393 Executive Engineers (EEs) in day to day activities of the department. Finance Controller (FC) is responsible for financial management and control over budget and receipts of the department and allied functions.

### 5.2.3 Scope of audit

In order to ascertain the correctness of non-tax revenue collection and its impact and extent of compliance with the provisions of UP Financial Rules and instructions issued by the Government of Uttar Pradesh, test check of the records of PWD offices in 24 districts<sup>1</sup> out of 70 districts of the State was done on the basis of statistical random sampling<sup>2</sup>. The review was conducted between May 2008 and March 2009 covering the receipts for the period 2003-04 to 2007-08.

### 5.2.4 Audit objectives

The test check of the records relating to non tax receipts of PWD was conducted with a view to ascertain that :

- adequate system exists to prepare realistic budget estimate and achievement there against to ensure financial discipline;
- effective control procedure exists for collection of public works receipts and their remittances in proper head;
- an effective and efficient the system of monitoring mechanism exists for realisation of tolls on road and bridges and
- whether an adequate internal control mechanism exists in the department to prevent loss and leakage of Government revenue.

### 5.2.5 Acknowledgement

Indian Audit & Accounts Department acknowledges the co-operation of PWD department in providing necessary information and records for audit. The objectives of the review were discussed in an entry conference held on 21 August 2008 with the E-in-C (Development) and other departmental officers. The exit conference was held on 13 July 2009. The department was represented by the E-in-C (Development). The views of the department have been incorporated in the relevant paragraphs.

### 5.2.6 Trend of revenue

As per the paragraph 25 of UP Budget Manual, the budget estimate of the revenue receipts has to be prepared as close an approximation as possible to the actual receipts. Further, the estimates shall be prepared in the light of existing rules and rates of taxes, duties, fees, etc. and also based on the actual

<sup>1</sup> (i) 10 districts under High risk area (revenue > Rs. 2 crore).

(ii) 04 districts under Medium risk area (revenue > Rs. 1 crore but < Rs. 2 crore).

(iii) 10 districts under Low risk area (revenue < Rs. 1 crore).

<sup>2</sup> High Risk Area-Lucknow, Allahabad, Bijnore, Meerut, Jaunpur, Gorakhpur, Saharanpur, Bagpat, Deoria, Farrukhabad (10).

Medium Risk Area - Kanpur Nagar, Siddharthnagar, Kheri, Unnao (4).

Low Risk Area- Agra, Kannauj, Barabanki, Basti, Sonebhadra, Maharajganj, Sitapur, Mau, Balrampur, Budaun (10).

receipts of previous years after allowing abnormal features of any extra items and may be actually realised in the ensuing year.

The budget estimates, actual receipts and percentage increase/decrease in receipts of the department during the last five years are mentioned below :

(Rupees in crore)

Head of account	Year	Budget estimate	Actual Receipts	Difference of actuals to estimate	Percentage of difference to estimate
"0059 Public Works"	2003-04	35.00	19.92	15.08	(-) 43.08
	2004-05	35.00	31.44	3.56	(-) 10.17
	2005-06	35.00	36.09	1.09	3.11
	2006-07	35.00	26.59	8.41	(-) 24.02
	2007-08	47.10	34.03	13.07	(-) 27.75
"1054 Roads and Bridges"	2003-04	32.30	41.79	9.49	29.38
	2004-05	32.30	31.67	0.63	(-) 1.95
	2005-06	32.30	55.36	23.06	71.39
	2006-07	82.30	58.83	23.47	(-) 28.51
	2007-08	106.04	74.24	31.80	(-) 29.99
"0216 Housing"	2003-04	25.21	10.40	14.81	(-) 58.74
	2004-05	25.21	9.85	15.36	(-) 60.93
	2005-06	23.46	10.84	12.62	(-) 53.79
	2006-07	23.46	12.21	11.25	(-) 47.95
	2007-08	34.64	11.36	23.28	(-) 67.21

There were wide variations between estimates and actual receipts.

- "0059 Public Works" actual receipts during the years 2003-04, 2004-05, 2006-07 and 2007-08 were less than budget estimate and ranged between from (-) 43.08 per cent to (-) 10.17 per cent.
- "1054 Roads and Bridges" actual receipts during the years 2006-07 and 2007-08 were less than budget estimate by (-) 28.51 per cent to (-) 29.99 per cent respectively.
- "0216 Housing" actual receipts during the years 2003-04 to 2007-08 were less than budget estimate and ranged between (-) 67.21 per cent to (-) 47.95 per cent.

The reasons for the variation though called for have not been received (August 2009).

## Audit findings

## System deficiencies

### 5.2.7 Mis-appropriation of departmental receipts

Paragraph 21 of UP Financial Hand Book volume-V Part I and paragraph 97 (iii) of budget manual lays down that the departmental authority are required to see whether all revenue receipts due to Government are correctly and properly assessed and credited into Government account without undue delay. Such receipts shall not be utilised towards departmental expenditure without proper authorisation by the Government.

**5.2.7.1** Test check of the records of 29 divisions revealed that during the years 2003-04 to 2007-08, amount received from seven agencies<sup>3</sup> on account of road cutting charges for different roads, was utilised on repair and maintenance of roads without sanction of competent authority/Government instead of remitting into treasury under head “0059 Public works”, which was in contravention of financial rules. This resulted in misappropriation of departmental receipts of Rs.13.24 crore as shown in Appendix-XI.

After this was pointed out, the concerned divisions stated that there was no provision to deposit the amount in the receipt head. The money received was utilised for the purpose for which it was received. However, the reply of the divisions is not in consonance with the provisions of Financial rules which stipulate the remittance of the receipt to revenue head “0059 PWD”. The approval of Government/legislature necessary for the utilisation of departmental receipts as departmental expenditure was also not obtained.

The matter was reported to the department and the Government in June 2009; their reply has not been received (August 2009).

**5.2.7.2** Test check of records of 21<sup>4</sup> divisions revealed that an amount of Rs. 6.39 crore received on account of road cutting charges of different roads from various agencies was lying under the head “8443 Civil Deposit” – Part III (Deposit for works to be done) at the end of 31 March 2008. This amount should have been credited under revenue head “0059 Public works”.

The matter was reported to the department and the Government in June 2009; their reply has not been received (August 2009).

<sup>3</sup> BSNL, M/s Reliance Ltd, Airtel, UP Network Ltd., Tata Telecom, UP Jal Nigam, UPSEB, etc.

<sup>4</sup> Construction Division (CD)-I Allahabad, CD Deoria, CD-II Gorakhpur, CD & CD-I Jaunpur, CD-II Kanpur, CD Lakhimpur kheri, CD-II Lucknow, CD Maharajganj, CD Saharanpur, CD-I Sitapur, Provincial Division (PD) Barabanki, PD Deoria, PD Farrukhabad, PD Gorakhpur, PD Jaunpur, PD Kannauj, PD Maharajganj, PD Meerut, PD Saharanpur and PD Sonebhadra.

### **5.2.8 Non-credit of miscellaneous receipts**

Under the provision of paragraph 621 of Financial handbook vol.-VI deposits classified as 'miscellaneous deposit' include until clearance all item of receipts, the classification of which cannot at once be determined or which represent errors in accounting awaiting adjustment.

Test check of the records of 22<sup>5</sup> divisions revealed that Government receipts<sup>6</sup> amounting to Rs. 33.37 crore were lying in "Civil Deposits"-Part-V (Miscellaneous deposits)<sup>7</sup> as on 31 March 2008. These were required to be credited to the concerned receipts heads which was not done. This resulted in understatement of the revenue receipts to that extent under these heads.

The matter was reported to the department and the Government in June 2009; their reply has not been received (August 2009).

### **5.2.9 Non-credit of balances/unclaimed amount into revenue head**

Paragraph 622 (iii) of the Financial Hand Book volume-VI provides that all balances of unclaimed deposits for more than three years lying in the public works deposits shall be credited into revenue of the State as lapsed deposits.

#### **5.2.9.1 Non-credit of unclaimed security deposits into revenue head**

Test check of the records of 25 divisions<sup>8</sup> revealed that during the period February 1981 to March 2005, security deposits of Rs 1.26 crore received from the contractors was shown as closing balance in public work deposits at the end of 31 March 2008. The amount remained unclaimed after an average delay of 8.27 years. These deposits were required to be credited into the revenue head of the department. However, no action was taken to credit these receipts into revenue head.

The matter was reported to the department and the Government in June 2009; their reply has not been received (August 2009).

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<sup>5</sup> CD-I Agra, CD-I Allahabad, CD Budaun, CD Jaunpur, CD-II Kanpur Nagar, CD-I Lakhimpur kheri, CD-II Lucknow, CD Maharajganj, CD-I Sitapur, CD-I Unnao, PD Agra, PD Allahabad, PD Budaun, PD Deoria, PD Farukhabad, PD Gorakhpur, PD Kannauj, PD Lakhimpur kheri, PD Meerut, PD Saharanpur, PD Unnao and Maintenance Division (MD)-III Civil Lucknow.

<sup>6</sup> Sale of tender forms & documents, Technical Audit Cell recovery, Stamp duty, royalty, commercial tax, toll tax and other miscellaneous receipts, etc.

<sup>7</sup> 0059-PWD Rs. 32.47, 1054-Road and bridges Rs. 0.51, 0216-Housing Rs. 0.02, 0021-I. Tax Rs. 0.01, 0040-TT Rs. 0.04, 0030-Stamp Rs. 0.02 and 0853-Mines and Mineral Rs. 0.03 (Figures in crore).

<sup>8</sup> CD-I Agra, CD-I & III Barabanki, CD-I Gorakhpur, CD Kannauj, CD-III Kanpur nagar, CD-I Lakhimpur kheri, CD-I Sitapur, CD Unnao, PD Agra, PD Allahabad, PD Baghpat, PD Bijnore, PD Budaun, PD Deoria, PD Farukhabad, PD Jaunpur, PD Kannauj, PD Lakhimpur kheri, PD Maharajganj, PD Meerut, PD Saharanpur, PD Sitapur, PD Sonebhadra and MD-I Civil Lucknow.

### 5.2.9.2 Non-credit of unspent balance of deposit to revenue

Test check of the records of 13 divisions<sup>9</sup> revealed that an unspent amount of Rs. 9.94 crore received from June 1973 to November 2005 for the construction works from different departments/units was lying in “Civil Deposits”-Part-III at the end of 31 March 2008. The balance amounts were to be credited to revenue head as per provisions but was not done resulting in short accountal of revenue to that extent.

The matter was reported to the department and the Government in June 2009; their reply has not been received (August 2009).

### 5.2.10 Stock profit not credited to revenue

**5.2.10.1** Paragraph 217-A of UP Financial Hand Book volume–VI provides that the amount of annual excess or short-fall representing the differences of value due to revision of rate or loss should be worked out *pro forma* and credited to revenue as receipt or charged off as “losses on stock”, as the case may be.

Test check of the records of 20 divisions<sup>10</sup> revealed that annual excess stock valued at Rs. 6.73 crore for the period September 2005 to March 2008 was not credited to revenue as receipt but was being carried forward in the store suspense accounts of the divisions. This resulted in short accountal of revenue to that extent.

The matter was reported to the department and the Government in June 2009; their reply has not been received (August 2009).

**5.2.10.2** As per the Government order dated 03 March 1997, the system of inter-divisional transfer of stock on credit basis has been stopped. Now, it has to be done on cash basis and the amount received has to be credited into revenue head.

Test check of the records of the EE, Provincial Division, Allahabad in May 2008 revealed that during the period September 1995 to March 2008, an amount of Rs. 33.25 lakh, received from the different divisions for supply of bitumen, pontoons etc. was lying in civil deposits-Part-V (Miscellaneous deposit) whereas it was required to be credited into revenue head. This resulted in short accountal of revenue to that extent.

The matter was reported to the department and the Government in June 2009; their reply has not been received (August 2009).

<sup>9</sup> CD-I Agra, CD-III Barabanki, CD-II Kanpur nagar, CD-II Lucknow, PD Baghpat, PD Bijnore, PD Budaun, PD Deoria, PD Farrukhabad, PD Lakhimpur kheri, PD Sonebhadra, MD-I & III Civil Lucknow.

<sup>10</sup> CD-I Allahabad, CD-I & III Barabanki, CD-II Budaun, CD Deoria, CD-I Gorakhpur, CD Kanpur nagar, CD-I Lakhimpur kheri, CD Maharajganj, CD-III Saharanpur, CD-I Sitapur, CD-I Unnao, PD Allahabad, PD Jaunpur, PD Kanpur nagar, PD Lakhimpur kheri, PD Lucknow, PD Maharajganj, PD Meerut and PD Sonebhadra.

**5.2.10.3** As per the Government order dated 03 March 1997, the proceeds of store material, sold to another division, cannot be utilised towards the payments of other works by obtaining deposit credit limit.

Test check of the records of three divisions<sup>11</sup> revealed that during the years 2004-05 to 2005-06, an amount of Rs. 9 lakh was received from various units for supply of bitumen, of this, Rs. 7.92 lakh was utilised in construction of the roads instead of crediting into the receipt of the department which was against the financial rules. The balance amount was lying in civil deposits at the end of March 2008.

After this was pointed out, the concerned divisions, stated that the amount received from the other divisions was utilised on the construction of the roads. The reply of the divisions was not in consonance with the Financial Rules and the Government order dated March 1997.

The matter was reported to the department and the Government in June 2009; their reply has not been received (August 2009).

### **5.2.11 Internal audit**

Internal Audit is a vital component of the internal control mechanism and it generally defined as the control of all controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well. It is entrusted with the interest to safeguard the receipts against any loss or leakage of revenue arising under the various revenue heads.

It was observed that internal audit wing was not functioning in the department. At present no staff was provided for conducting the internal audit of the department. The department stated in August 2008 that matter regarding the sanction of manpower for internal audit wing was under correspondence with the Government.

### **5.2.12 Collection of toll**

Provisions of UP Tolls Regulation, Levy & Collection Rules, 1980 and departmental instructions issued by the Chief Engineer lays down the procedures for levy and collection of toll for use of a bridge and its approach road. The toll can be levied only after the issue of Government notification and is collected either departmentally or through an agent. Further, in case a proposal for levy of toll is not feasible, prior approval for non-levy of toll shall be obtained before opening the road bridge to traffic.

#### **5.2.12.1 Non-issue of notification for the collection of toll tax**

Under the provisions of UP Tolls Regulation, Levy & Collection Rules, 1980, tolls on bridges can be levied or exempted only after the issue of the Government notification. As per *Mukhya Abhiyanta's* circular dated 23 March

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<sup>11</sup> Provincial Division Baghpat, Kanpur nagar and Meerut.



1966, EE of the concerned division is required to submit the proposal for levy of toll on newly constructed bridge three months before the bridge is likely to be completed. There is no time limit for issuing notification at Government level.

Test check of records of five divisions revealed that construction of 13 bridges valued at Rs. 32.86 crore were completed between March 2004 and January 2008. The proposals for levy of tolls in case of eight bridges were submitted by the department to the Government between December 2006 and October 2008. However, no notification of the Government has been issued till date. Further, proposal for levy of tolls in case of five bridges were not submitted for levy of tolls by the department. There was no system for watching the timely submission of the proposal either at the department or at the Government level. This resulted in non-realisation of tolls of Rs. 32.86 crore from bridges as mentioned below :

(Rupees in lakh)

Sl. No.	Name of division	No of bridge	Date of completion of work	Date of submission of proposal for levy of toll /toll free	Cost of bridge
1.	Provincial Division, Kannauj	5 <sup>12</sup>	April 2004 to June 2006	April 2008	1,351.84
2.	Provincial Division, Lakhimpur khiri	1 <sup>13</sup>	March 2007	October 2008	395.64
3.	Provincial Division, Saharanpur	2 <sup>14</sup>	March 2006 and January 2008	December 2006 and June 2008	624.14
4.	Construction Division, Kannauj	3 <sup>15</sup>	March 2004 to June 2006	-	618.22
5.	Provincial Division, Farrukhabad	2 <sup>16</sup>	June 2007	-	295.73
<b>Total</b>		<b>13</b>			<b>3,285.57</b>

The matter was reported to the department and the Government in June 2009; their reply has not been received (August 2009).

### Compliance deficiencies

#### 5.2.12.2 Non-realisation of compensation

As per term and condition No.11 (1) of lease deed for collection of toll executed under UP Tolls Regulation, Levy & Collection Rules, 1980, if a contractor fails to deposit monthly installments of annual toll, on due dates

<sup>12</sup> (i) Kali river bridge at km 26 on Shringirampur –Ibrahimpur road district Kannauj, (ii) Mallapurava ghat on from G.T.Road to miraganva road district Kannauj, (iii) Daraura Ghat bridge on river kali on Nauli Nandpur Daraura road district Kannauj, (iv) Kandauli Ghat bridge on kali river on Kandauli –Tajpur road district Kannauj and (v) Dhobi ghat bridge on Isan river on GurshahaiGanj Tirva Road district Kannauj.

<sup>13</sup> Gomti bridge at km 8 in Aurangabad –Barbar road at Gomti river district Lakhimpur Khiri.

<sup>14</sup> Gagangro river bridge on behat Shakumbhari road at Saharanpur and Hindan river bridge at km 1 on Ghoghare berilagu road district Saharanpur.

<sup>15</sup> (i) Nera Ghat bridge on Isan river at Dhadhiya manimau road district Kannauj, (ii) Isan river on Saurikh Tirva road district Kannauj and (iii) Pandu river bridge on Zanakhil Biharipur road district Kannauj.

<sup>16</sup> (i) Sota Nala setu on Amritpur to Fakarpur road district Farrukhabad and (ii) Ganga Nala Setu on Leelapur Kirachin road district Farrukhabad.

mentioned in the lease deed, he is liable to pay to the department compensation ranging from one *per cent* to 10 *per cent* of the amount of annual toll for such default.

Test check of the records of two divisions revealed that during the period 2003-04 to 2007-08, the contractors deposited the installment of annual toll late by two to 123 days beyond the grace period of seven days but no action was taken to recover compensation for the delay in payment of Government dues. This resulted in non-realisation of Government revenue of Rs. 92.39 lakh calculated at the minimum rate of one *per cent* of amount of annual toll as mentioned below :

(Rupees in lakh)					
Sl. No.	Name of division	Number of bridge	Lease period	Period of delay in days	Compensation leviable
1.	Provincial Division, Lucknow	1 <sup>17</sup>	2003-04 to 2007-08	5 to 64	90.47
2.	Provincial Division, Sonebhadra	1 <sup>18</sup>	2005-06 to 2007-08	2 to 123	1.92
<b>Total</b>					<b>92.39</b>

The matter was reported to the department and the Government in June 2009; their reply has not been received (August 2009).

### 5.2.13 Non-levy of centage charges on deposit works

Under the provisions of Financial Hand Book Volume-VI read with Government order dated 18 August 1998, centage charges at the rate of 12.5 *per cent* in respect of Public Works Department (PWD) on the actual outlay on works (road and bridges) are to be levied and credited to the Government account in respect of deposit works undertaken by the PWD on behalf of commercial departments and autonomous bodies/local bodies in the State.

Test check of records of four divisions revealed that during the years 2002-03 to 2007-08, the centage charges amounting to Rs. 2.03 crore on deposit works valued at Rs. 16.27 crore undertaken by the divisions on behalf of Development Authorities and Power Grid Corporation of India for construction of road and bridges, drains etc. were not levied. This resulted in non-realisation of centage charges of Rs. 2.03 crore as mentioned below :

(Rupees in lakh)					
Sl. No.	Name of division	Name of agency	Details of work	Cost of construction	Amount of centage charges leviable
1.	Provincial Division, Agra	Agra Development Authority, Agra	Strengthening and repairing of roads of Agra city and Fatehpur Sikri	135.36	16.92
2.	Provincial Division, Allahabad	Power Grid Corporation of India, Allahabad	Construction of road from Champatpur Primary school to Baghara	12.51	1.56

<sup>17</sup> B.R. Ambedkar bridge, Lucknow-Hardoi Road, Lucknow.

<sup>18</sup> Jamalpur Setu at Km.30 Bawatpur Jalalpur road on Basuhi River.

Sl. No.	Name of division	Name of agency	Details of work	Cost of construction	Amount of centage charges leviable
3.	Provincial Division, Sonebhadra	Shaktinagar Special Area Development Authority (SADA)	Construction of roads and bridges, drains and displacement of colony	10.15	1.27
4.	Construction Division, Sonebhadra		Construction of road from Bagaha Nala to Obra	1,468.73	183.59
<b>Total</b>				<b>1,626.75</b>	<b>203.34</b>

After this was reported the concerned divisions stated that constructed roads were the property of the Public works department therefore centage charges were not levied. The replies of the divisions were not consonance with the financial rules, which stipulated that centage charges were leviable as PWD was carrying the deposit works on behalf of agencies mentioned above.

The matter was reported to the department and the Government in June 2009; their reply has not been received (August 2009).

#### 5.2.14 Non-realisation of rents from occupants

Rent of residential buildings allotted to employees of different department are realised through pay bills on the basis of demands received from divisions maintaining the buildings. After effecting the recovery, the drawing and disbursing officer (DDO) sends a statement to maintenance divisions which records the particulars of recovery in a ledger.

Test check of the records of five divisions revealed that “Rent Recovery Register” was not maintained by the division with the result the divisions had no control to watch the recovery of rent. This resulted in non-realisation of rent of Rs. 32.20 lakh from 91 occupants of the Government residential buildings as mentioned below :

(Rupees in lakh)			
Sl. No.	Name of division	Period	Amount of rent
1.	Provincial Division, Agra	July 2003 to March 2008	4.07
2.	Construction Division-I, Allahabad	April 2006 to March 2008	4.03
3.	Construction Division-II, Kanpur	June 2004 to November 2005	4.32
4.	Construction Division-I, Gorakhpur	November 1999 to March 2008	10.84
5.	Maintenance Division-III, Civil, Lucknow	September 2003 to March 2008	8.94
<b>Total</b>			<b>32.20</b>

The concerned divisions intimated that non-realisation was due to non-receipt of recovery statement from the drawing and disbursing officers.

The matter was reported to the department and the Government in June 2009; their reply has not been received (August 2009).

### **5.2.15 Conclusion**

The review revealed that the department lacked mechanism for preparation of budget estimates and for timely issue of notification for collection of toll tax and for collection of centage charges. The practice of utilising the government receipts towards the expenditure without any lawful authority prevailing in the departmental was against the broad canons of financial propriety. This defeated the very purpose of appropriation by the legislature and need to be stopped forth with.

### **5.2.16 Summary of recommendations**

The Government may consider;

- to strengthen the system of preparation of budget estimates to ensure that the estimates are prepared in accordance with prescribed rules and are accurate and realistic;
- to evolve a mechanism to ensure that revenue receipts of the department are promptly credited to the concerned receipt heads and in no case these are utilised for meeting the departmental expenditure besides deposits that are due to be credited to the Government account should be credited to revenue head;
- establish internal audit wing in the department to safeguard the interest of revenue receipt; and
- to evolve system/mechanism for timely issue of notifications for levy of tolls and its collection of charges due to the department.

### **5.3 Other audit observations**

*Scrutiny of records in the offices of Finance, Entertainment tax, Irrigation, Forest and Medical & Public health departments revealed cases of non/short levy of guarantee fees, short payment of interest, irregular utilisation of Entertainment tax/Medical receipts, non-recovery of compensation and short realisation of lease rent as mentioned in succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out in audit. Such omissions are pointed out in audit each year, but not only the irregularities persist; these remain undetected till an audit is conducted. There is need for the Government to improve the internal control system so that recurrence of such lapses in future can be avoided.*

### **5.4 Non-compliance of provisions of standing Rules**

*Financial Hand Book (Vol-V Part-I) and UP Budget Manual provide that;*

- (i) all money realised by Government departments should be promptly remitted to Government account under relevant receipt head and*
- (ii) no receipts should be utilised for meeting any departmental expenditure.*

*The departments did not observe some of the provisions of the standing Rules in cases as mentioned in the paragraph 5.4.1 and 5.4.2 for remittance of Government money, which resulted in non-accountal of Rs. 18.12 lakh in Government account.*

## **MEDICAL AND PUBLIC HEALTH AND ENTERTAINMENT TAX**

**5.4.1** In June 2000, Government authorised medical department to utilise 50 per cent of the receipt of the department for meeting its expenditure.

Test check of the records of the offices of five Chief Medical Officers/Chief Medical Superintendents<sup>19</sup> between May 2008 and December 2008, revealed that out of total medical receipts of Rs. 16.08 lakh realised between January 2005 and March 2008, only Rs. 8.04 lakh was deposited into Government treasury and the balance amount of Rs. 8.04 lakh was utilised as departmental expenditure. Utilisation of Rs. 8.04 lakh of departmental receipts as departmental expenditure was against the provisions of the Financial Hand Book / UP Budget Manual.

The matter was reported to the department and the Government in February 2009; their reply has not been received (August 2009).

**5.4.2** In July 2000, Government authorised owners of Cinema Hall to utilise the entertainment tax collected from public as grants-in-aid sanctioned from time to time, with certain terms and conditions.

<sup>19</sup> Azamgarh, Bulandshahar, Faizabad, Mathura and Moradabad.

Test check of records of the District Entertainment Tax Officer, Pilibhit in January 2009 revealed that grants-in-aid of Rs. 11.76 lakh was sanctioned to an owner of a cinema hall during the years 2001-02 to 2006-07. The cinema hall owner was authorised to utilise the collected entertainment tax as grants-in-aid and out of that Rs. 10.08 lakh was utilised too. Authorisation to utilise the entertainment tax as grants-in-aid was against the provisions of Financial Hand Book and UP Budget Manual.

The matter was reported to the department and the Government in February 2009; their reply has not been received (August 2009).

### **5.5 Non-observance of Government instructions regarding safeguard of the revenue**

*The instructions issued from time to time by the Government/department provide for;*

- (i) the recovery of guarantee fees on outstanding amount of Government loan;*
- (ii) terms and conditions of the loan;*
- (iii) mode of recovery of rent of departmental guest house; and*
- (iv) mode of recovery of premium and lease rent of forest land.*

*Non-compliance of the Government instructions in some cases as mentioned in the paragraphs 5.5.1 to 5.5.4 resulted in non-realisation of Government revenue of Rs. 15.38 crore.*

## **FINANCE DEPARTMENT**

**5.5.1** Guarantee fees ranging between 0.25 to 2.5 *per cent* per annum is leviable on loanee institutions on the amount of guarantee including outstanding amount of guarantee on that date for which State Government has given guarantee vide Finance Department order dated 15 September 2000. The guarantee fee is to be recovered at the time of giving guarantee of loan and at the beginning of financial year for the outstanding amount of loan. In the event of default in payment, guarantee fee will be leviable at double the normal rate.

Scrutiny of records of the General Managers (Finance and Accounts), Uttar Pradesh Power Corporation Ltd., Lucknow (UPPCL) and Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd., Lucknow (nigam) and its three Thermal Power Stations between December 2008 and January 2009 revealed that Government gave guarantee worth Rs. 2,610.54 crore during the years 2002-03 and 2006-07 to raise loans from various financial institutions/banks and Power Finance Corporation (PFC), New Delhi. The guarantee fees amounting to Rs. 57.25 crore was payable but the nigam/undertakings paid only Rs. 42.50 crore. This resulted in non/short levy of guarantee fee of Rs. 14.75 crore as shown below :

(Rupees in crore)

Sl. No.	Name of Undertakings/ Nigam	Amount/ outstanding amount of guarantee	Guarantee fee payable	Guarantee fee paid	Guarantee fee non/short paid
1.	Uttar Pradesh Power Corporation Ltd., Lucknow	2,431.43	48.03	41.51	6.52
2.	Uttar Pradesh Vidyut Utpadan Nigam Ltd., Lucknow	135.90	5.17	0.99	4.18
	Thermal Power Station, Anpara 'A', Sonebhadra	8.73	0.77	--	0.77
	Thermal Power Station, Panki, Kanpur	15.71	1.55	--	1.55
	Thermal Power Station, Parichha, Jhansi	18.77	1.73	--	1.73
<b>Total</b>		<b>2,610.54</b>	<b>57.25</b>	<b>42.50</b>	<b>14.75</b>

Provision for payment of guarantee fee (non/short paid) was not made in the balance sheet of the loanee units.

It was observed that the essential details like financial status of the loanees, cabinet approval of guarantees, rate of guarantee fee and payments made/to be made on account of guarantee fee were neither recorded by the Administrative departments nor by the Finance Department in their records indicating therein that systems of maintenance of records was weak and needed improvement for effective monitoring.

The matter was reported to the department and the Government in February 2009; their reply has not been received (August 2009).

**5.5.2** Interest bearing loans are sanctioned from time to time for implementation of various development schemes of the development authorities of the State. As per terms and conditions of the loan, the responsibility for payment of interest and refund of loans rests with the development authority concerned.

Test check of the records of Meerut Development Authority, Meerut (MDA) in February 2009 revealed that an interest bearing loan of Rs. 6.77 crore was sanctioned (March 2000) to MDA for various development activities under a housing development scheme. The loan was repayable in ten equal installments in 10 years and interest thereon was payable by the loanee at the rate of 15.5 *per cent* per annum. The loanee paid interest of Rs. 4.97 crore only upto December 2008, at the rate of 12 *per cent* per annum, instead of accrued interest of Rs. 5.46 crore.

After the case was reported, the MDA stated that a rebate on interest at the rate of 3.5 *per cent* is allowable as the repayment of loan and payment of interest

was made on prescribed date (s). However, the facts revealed that there was no such provision of rebate in the Government sanction.

The matter was reported to the department and the Government in March 2009; their reply has not been received (August 2009).

## IRRIGATION DEPARTMENT

**5.5.3** As per the office memorandum issued by the Government of Uttar Pradesh on 17 October 1998, compensation in lieu of rent at the rate of Rs. 40 per day per suite for first seven days and Rs. 70 thereafter is payable from such visitors who occupy the Irrigation Department guest house for more than seven days and Rs. 100 is payable per day per suite for continuous stay for more than 30 days.

Test check of the records of the Executive Engineer Irrigation Division, Faizabad in March 2009 revealed that Central Reserve Police Force officers/officials occupied the guest house for 3,652 days during the period January 1999 to December 2008, for which compensation of Rs. 7.30 lakh was payable by the occupants. Although, the amount has not been paid yet, the department has neither assessed the compensation nor issued any notice to the occupants for recovery of the compensation. This resulted in non-realisation of revenue of Rs. 7.30 lakh.

The matter was reported to the department and the Government in March 2009; their reply has not been received (August 2009).

## FOREST RECEIPTS

**5.5.4** As per standing order of October 1976 of Forest Department (FD) also applicable to Uttar Pradesh Forest Corporation (UPFC) from 7 September 1978, lease rent at the rate of Rs. 1,000 per hectare per year was realisable for the forest land used for the purpose other than forest. Further, orders of Government of Uttar Pradesh (GO) of July 1989 and October 1992 also applicable to UPFC provides that the lessee will have to pay an amount of premium at the rate of market value of the forest land and ten *per cent* of premium amount per year as lease rent, in cases where leases are of permanent nature. The Government clarified in the year 1992 that rates of the lease rent would be applicable to all leases including forest corporation.

Test check of records of Divisional Forest Officer (DFO), FD, Renukoot, Sonbhadra revealed in February 2009 that 16.5 hectare (40.7715 acre) forest land was transferred to UPFC for establishing a depot at Govindpur in Muirpur forest area of Sonbhadra. The premium and lease rent of Rs. 7.34 lakh, worked out on the basis of market value, was recoverable from UPFC while Rs. 82,500 was recovered from FD on account of lease rent for the period April 2003 to March 2008. This resulted in short realisation of premium and lease rent amounting to Rs. 6.51 lakh.



After the case was reported in March 2008, the DFO stated that a meeting between officers of FD and UPFC was held in November 1992 and it was decided that lease rent at the rate Rs. 1,000 per hectare may only be realised from UPFC. The decision was also referred to the Government for approval in December 1993. However, no approval has been received (December 2008).

The matter was reported to the department and the Government in March 2008; their reply has not been received (August 2009).

**Lucknow,  
The**

**(REEMA PRAKASH)  
Accountant General (C&RA)  
Uttar Pradesh**

**Countersigned**

**New Delhi,  
The**

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