

CHAPTER IX OTHER NON-TAX RECEIPTS

9.1 Results of audit

Test check of the records of Agriculture, Finance, Housing, Power and Transport departments relating to interest receipts on loans, Guarantee Commission, receipts from forests, State Lottery and Irrigation and Waterways conducted during the year 2008-09, indicated non/short realisation, short assessment etc. of revenue amounting to Rs. 1,087.58 crore in 61 cases as mentioned below:

(Rupees in crore)			
Sl. no.	Nature of receipts	No. of cases	Amount
1.	Interest receipts	15	420.00
2.	Forest receipts	31	3.51
3.	Guarantee Commission	3	663.02
4.	Receipts from irrigation and waterways	8	0.77
5.	Receipts from state lottery	4	0.28
Total		61	1,087.58

During the course of the year 2008-09, the departments concerned accepted audit observations of Rs. 245.80 crore involved in 39 cases of which 33 cases involving Rs. 245.44 crore were pointed out during the year 2008-09 and the rest in the earlier years. An amount of Rs.8.45 lakh was realised in six cases at the instance of audit.

A few illustrative audit observations involving Rs. 615.55 crore are mentioned in the succeeding paragraphs.

9.2 Audit observations

Scrutiny of the records of Agriculture, Finance, Housing, Power and Transport Departments indicated non-realisation of interest on loan sanctioned, non-charging of guarantee commission and non-realisation of water rate as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on test check carried out in audit. There is need for the Government to improve the internal control system so that recurrence of such lapses in future can be avoided.

A. INTEREST RECEIPTS

9.3 Non-realisation of interest on Loans

Under the provisions of the West Bengal Financial Rules (WBFR), before sanctioning and disbursing a loan, the sanctioning authority is required to specify the terms and conditions including the date of commencement of payment of instalments, their periodicity and the time within which each loan has to be fully repaid with interest due. Interest is to be determined on the balance of loan remaining outstanding till the dues are fully paid. Any default in the payment of interest upon a loan or advance, or in the repayment of the principal will be promptly reported by the Accountant General to the authority which sanctioned the loan or the advance. On receipt of such a report, the authority concerned should immediately take steps to get the default remedied.

9.3.1 Scrutiny of the records of loans disbursed by the Transport Department indicated (January 2009) that, in 492 cases, loans aggregating to Rs. 282.94 crore were sanctioned and disbursed by the department to three state transport corporations and a company between April 1974 and January 1994 without fixing the terms and conditions for repayment of loan and the rate of interest of the loans which remained outstanding even after 179 to 416 months from the date of disbursement till the date of audit.

This resulted in non-levy of interest of Rs. 126.99 crore for the period from 2003-04 to 2007-08 calculated at the rate fixed by the Finance Department for contemporary loans as mentioned below:

(Rupees in crore)

Sl. no	Name of Loanee	Cases where terms and conditions not fixed	Delay in months		Amount of loan	Rate of interest (per cent)	Amount of interest
			From	To			
1.	CTC ¹	74	180	307	88.25	6.50 to 12.25	38.65
2.	SBSTC ²	207	179	416	14.78	6.00 to 12.25	12.92
3.	CSTC ³	90	179	345	109.79	5.25 to 12.25	47.34
4.	NBSTC ⁴	121	180	338	70.12	5.25 to 12.25	28.08
Total		492			282.94		126.99

¹ Calcutta Tramways Company Ltd.

² South Bengal State Transport Corporation.

³ Calcutta State Transport Corporation.

⁴ North Bengal State Transport Corporation.

The Government to whom the cases were reported in March 2009 stated (August 2009) that the principal amount of loan and interest thereon had not been paid by the corporations due to financial stringency. It was further stated that the loans and interest had neither been written off nor converted into equity.

9.3.2 Scrutiny of the records of Agriculture, Transport and Information & Cultural Affairs Departments between January and March 2009 indicated that 118 loans aggregating to Rs. 180.60 crore were disbursed by them to six corporations and one company between July 1984 and March 1998. The loans were repayable within 15 years alongwith interest of 6.25 to 13 *per cent* per annum. However, the corporations or the company had neither paid the principal due for repayment of Rs. 113.93 crore as of March 2008 nor the accrued interest. The amount of interest due for the period from April 2003 to March 2008 was Rs. 99.53 crore. The department-wise position is mentioned below:

(Rupees in crore)				
Sl. no.	Name of the department Name of loanee organisation	Amount of loan/No. of cases	Principal due for repayment	Interest due (2003-04 to 2007-08)
Agriculture				
1.	WBSSC Ltd. ⁵	32.50/11	32.50	10.56
2.	WBAIC Ltd. ⁶	15.75/17	15.75	5.96
Total		48.25/28	48.25	16.52
Transport				
1.	SBSTC	30.87/21	14.99	19.51
2.	NBSTC	38.95/21	19.02	24.65
3.	CSTC	35.35/20	18.87	22.29
4.	CTC Ltd	20.59/16	10.30	13.04
Total		125.76/78	63.18	79.49
Information and Cultural Affairs				
1.	W.B.F.D.C. ⁷	6.59/12	2.50	3.52
Grand total		180.60/118	113.93	99.53

Thus, failure of the department to take action resulted in non-realisation of interest of Rs. 99.53 crore and principal of Rs. 113.93 crore.

The Government to whom the cases were reported between March and April 2009 stated between June and August 2009 that;

- in 28 cases of WBSSC Ltd. and WBAIC Ltd. involving Rs. 64.77 crore, the authorities concerned had been requested to take urgent action for repayment of loans and interest thereon. A report on realisation has not been received (October 2009).

⁵ West Bengal State Seed Corporation Ltd.

⁶ West Bengal Agro Industries Corporation Ltd.

⁷ West Bengal Film Development Corporation.

- in 78 cases of four State Transport Corporations involving Rs. 142.67 crore, the corporations had not paid the principal and interest on loans due to financial stringency.

In case of WBFDC Ltd., the reply of the Government has not been received (October 2009).

9.3.3 Test check of the records in February 2009 indicated that the Micro and Small Scale Enterprise and Textile Department (MSSETD) sanctioned and disbursed 252 loans between March 1979 and March 2008 aggregating to Rs. 26.98 crore to the West Bengal Ceramic Development Corporation Ltd. (WBCDCL), West Bengal Leather Industries Development Corporations Ltd. (WBLIDCL) and West Bengal Handloom and Powerloom Development Corporation (WBHPDC). All the organisations had closed down their operation in 2006 without making payment of a single instalment of the loan and the interest thereon. The Government had disbursed loan of Rs. 75 lakh to the WBCDCL even after it had closed down its operation. The Departments did not take any action to recover the dues even after closure of the loanee organisations. Thus, principal of Rs. 26.98 crore and interest of Rs. 31.78 crore was due from the closed organisations as of March 2008 as shown in the table below:

(Rupees in crore)

Sl. no.	Name of the Loanee organisation	No. of loans	Date of closure	Amount of Loan	Amount of Interest
1.	W.B.C.D.C.L.	226	31.01.2006	23.44	26.03
2.	W.B.L.I.D.C.L.	16	31.03.2006	2.37	3.78
3.	W.B.H.P.D.C.	10	01.02.2006	1.17	1.97
Total		252		26.98	31.78

The Government to whom the cases were reported in March 2009 stated (July 2009) that the department will take up the matter with the Finance department to write off the loan and interest of those closed organisations. Report on further development has not been received (October 2009).

B. GUARANTEE COMMISSION

9.4 Non-charging of guarantee commission

According to the powers conferred by Article 293 of the Constitution of India, State Government may give guarantee upon the consolidated fund of the State, to various lending institutions/bond holders to assure them of the repayment of principal amount of the loan/investment and the interest payable thereon. Such guarantees constitute contingent liabilities of the State. As per the West Bengal Ceiling on Government Guarantees (WBCGG) Act 2001, the departments shall charge guarantee commission at the rate of one *per cent* per annum with effect from August 2001⁸ which shall not be waived under any circumstances.

⁸ Prior to August 2001, the rate was 0.5 *per cent* per annum vide Finance Department's notification No. 3336(60) FB dt. 12.6.1974.

For monitoring the guarantees given by the Government it is essential that a database of guarantees be maintained in the concerned departments in order to keep record of

- guarantees given and guarantee Commission outstanding;
- periodic reviews of the above to ensure that these are carried out regularly; and
- realisation of guarantee commission.

Scrutiny of the records of three departments between February and March 2009 indicated that the Housing and the Power departments did not maintain any records of guarantees and guarantee commission whereas the Finance department maintained records of guarantees given only. It was further noticed that the three departments in 68 cases had given guarantees for loans to six corporations/organisations⁹ amounting to Rs. 7,027.19 crore between March 1986 and August 2006 but did not charge guarantee commission of Rs. 83.85 crore and short charged guarantee commission by Rs. 52.12 crore. Besides, Rs. 79.97 crore was also not realised by the departments though guarantee commission was charged. This resulted in non/short charging and non-realisation of guarantee commission of Rs. 215.94 crore.

In their reply, the Government to whom the cases were reported between February and April 2009 did not touch upon the issue raised by audit (October 2009).

C. RECEIPTS FROM IRRIGATION AND WATERWAYS

9.5 Non-realisation of water rate

Under the provisions of the West Bengal Irrigation (Imposition of Water Rate) Act, 1974, occupiers of land receiving the benefit of irrigation from canals are required to pay water rates at the prescribed rate¹⁰. Assessment of water rates is made by the respective revenue division on receipt of test notes from the engineering divisions of the Irrigation and Waterways (I and W) Department. According to the instruction issued by the department in June 1977, any difference between the irrigated areas shown by the engineering divisions and assessment figure as shown by the revenue divisions should be reconciled by both the offices within one month.

Scrutiny of the records of the Revenue Officer (RO), Damodar Irrigation Revenue Division-II at Durgapur in August 2008 indicated that test notes received from the concerned engineering division indicated the area irrigated as 4.48 lakh acres during the assessment periods between 2006-07 and 2007-08. However, Galsi sub-division did not make any assessment of water rate on 27,790.50 acres in the assessment year 2007-08 whereas five sub divisions¹¹ made assessment on 3.41 lakh acres only against the area of 4.20 lakh acres indicated in the test notes. Thus, assessment of 1.07 lakh¹² acres of

⁹ West Bengal Housing Infrastructure Development Corporation, Durgapur Projects Limited, West Bengal State Electricity Transmission Company Ltd., West Bengal Power Development Corporation Ltd., West Bengal Infrastructure Development Finance Corporation Ltd. and West Bengal Finance Corporation.

¹⁰ Boro season - Rs. 50 per acre and Kharif season - Rs. 15 per acre.

¹¹ Avirampur, Durgapur, Guskara, Indus and Sonamukhi.

¹² 67,232 acres during boro season and 39,350 acres during Kharif season.

land was not done. No attempt was made by the RO to reconcile the difference between the area assessed and the area shown in the test notes. This led to non-realisation of revenue of Rs. 39.53 lakh.

The Government to whom the cases were reported in September 2008 stated (August 2009) that the matter had been taken up with the Land and Land Reforms Department to get a detailed picture of the use of land and the owners of lands for reconciliation of the whole position of the irrigated and non-irrigated land. A report on further development has not been received (October 2009).

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