

**CHAPTER-VI**  
**Forest, Other Tax and Non Tax Receipts**

**6.1 Tax Administration**

This chapter relates to receipts from Land Revenue and Marriage Registration (Revenue and Rehabilitation Department), Entertainment and Luxury Tax (Excise and Taxation Department), State Lotteries Department and Department of Forest and Wildlife. These departments are governed by Director (Land Records), Excise and Taxation Commissioner, Director (State Lotteries) and Principal Chief Conservator of Forest respectively.

**6.2 Results of Audit**

Test check of records of 54 units relating to Land Revenue, Entertainment and Luxury Tax, State Lotteries and Forest during 2015-16 revealed irregularities involving ₹ 346.95 crore in 7,616 cases which fall under the following categories as brought out in **Table 6.1** below.

**Table 6.1: Results of audit**

Sl. No.	Categories	No. of cases	Amount (₹ in crore)
<b>A : Other Tax Receipts</b>			
<b>(i) Land Revenue</b>			
1.	Non/short recovery of chowkidara tax	187	1.06
2.	Outstanding recoveries under other heads of account	65	23.36
3.	Short realisation of marriage registration fee	848	0.16
4.	Other irregularities	826	8.92
<b>TOTAL (i)</b>		<b>1,926</b>	<b>33.50</b>
<b>(ii) Other taxes and duties on commodities and services</b>			
1.	Non/short realisation of entertainment tax/duty	568	3.41
2.	Other irregularities	247	0.25
<b>TOTAL (ii)</b>		<b>815</b>	<b>3.66</b>

Sl. No.	Categories	No. of cases	Amount (₹ in crore)
<b>B: Non-tax Receipts (State Lotteries)</b>			
1.	Irregular expenditure in respect of advertisements	77	0.35
2.	Other irregularities	10	0.19
3.	<i>Thematic Audit titled "Conduct of Lotteries in Punjab"</i>	01	1.48
<b>TOTAL (B)</b>		<b>88</b>	<b>2.02</b>
<b>C: Forest Receipts</b>			
1.	Non/short realisation of royalty	13	92.16
2.	Unauthorised provision and expenditure	02	1.36
3.	Non-adherence of codal provision	01	5.83
4.	Other irregularities	4,770	19.21
<b>TOTAL (C)</b>		<b>4,786</b>	<b>118.56</b>
1.	<i>Thematic Audit titled "System in the State for collection of arrears of revenue"</i>	1	189.21
<b>GRAND TOTAL</b>		<b>7,616</b>	<b>346.95</b>

In 2015-16, the Department accepted and recovered amount of ₹ 16.69 lakh in 288 cases pertaining to Forest and Wildlife/Entertainment and Luxury Tax. Out of this, ₹ 0.17 lakh involved in 33 cases of Forest and Wildlife were pointed out in 2015-16 and rest in the earlier years.

Significant cases involving ₹ 191.10 crore are discussed in the succeeding paragraphs:

### 6.3 Conduct of Lotteries in Punjab

*Lottery schemes were organised without issuing advance notifications and agents for sale of these lottery schemes were appointed without inviting tenders. Department made payment of ₹ 1.48 crore on account of bonus/promoter's prize to sub-agent without observing compliance with the extant rules. There was no system in the Directorate for conducting annual financial and systems audit of various lottery schemes.*

Organisation of lotteries in Punjab is regulated by the Lotteries (Regulation) Act, 1998, the Lotteries (Regulation) Rules, 2010 (both framed by the Government of India) and the Punjab State Lotteries Rules, 2015. Prior to August 2015, the Punjab State Lottery, Rules, 1998 were applicable. The Government of Punjab has also enacted the Punjab Tax on Lotteries Act, 2005 which provides for levy and collection of tax on draw of lotteries.

The Director of Lotteries, Punjab is responsible for conducting various lottery schemes (Bumper, Monthly and Weekly paper lotteries) as per the provisions of the Act and Rules under the administrative control of Principal Secretary to the Government of Punjab, Department of Finance. The Director is assisted by a Deputy Director and a Deputy Controller (Finance and Accounts).

The Directorate of lotteries organized 21 Bumper Lotteries<sup>1</sup>, three monthly lottery schemes<sup>2</sup>, one fortnightly lottery scheme and two weekly lottery schemes<sup>3</sup> during the period 2010-11 to 2014-15. Targets fixed for revenue generation from lotteries, revenue realised from various lottery schemes and expenditure incurred thereon during the period 2010-11 to 2014-15 are given in **Table 6.2** below.

**Table 6.2: Trend of receipts and expenditure**

Sr. No.	Year	Revenue		Expenditure	Net Revenue	Shortfall with target (Per cent)
		Target	Realisation			
1.	2010-11	3,851.13	3,800.00	3,803.30	(-)3.30	51.13 (01.33)
2.	2011-12	81.00	63.12	49.33	13.79	17.88 (22.07)
3.	2012-13	68.00	60.99	47.28	13.71	07.01 (10.30)
4.	2013-14	81.00	77.44	50.14	27.30	03.56 (04.39)
5.	2014-15	84.00	69.83	54.92	14.91	14.17 (16.87)
<b>Total</b>		<b>4,165.13</b>	<b>4,071.38</b>	<b>4,004.97</b>	<b>66.41</b>	<b>93.75</b>

(Source: Departmental figures)

There was loss of ₹ 3.30 crore from various lottery schemes organised during 2010-11. The decrease in revenue realisation in the year 2011-12 as compared to 2010-11 was due to discontinuation of 48 weekly lottery schemes by the department. The shortfall of ₹ 14.17 crore in revenue realisation during 2014-15 was due to fewer sales of lottery tickets than desired. Shortfall in achievement of targets during the period 2010-11 to 2014-15 ranged between 1.33 and 22.07 per cent.

An audit was conducted between March and June 2016 covering the records of the office of Directorate of Lotteries, Punjab for the period 2010-11 to 2014-15 to assess whether revenues from lotteries had been properly realized and taxes deducted at source in accordance with the extant Act and rules made thereunder. The audit findings are brought out in following paragraphs.

<sup>1</sup> Diwali Bumper-4 (2011, 2012, 2013 and 2014), Baisakhi and Rakhi Bumper-10 (2010, 2011, 2012, 2013 and 2014), New Year Lohri Bumper-4 (2012, 2013, 2014 and 2015), Summer Cool Bumper-2011, Mother's Day Special Bumper-2013, Basant Panchmi Bumper-2011.

<sup>2</sup> Monthly Schemes (₹ 10, 30 and 50)

<sup>3</sup> Weekly Schemes (₹ 20 and 30)

### 6.3.1 Non-adherence to rules mandating advance notification of lotteries

Rule 3(2) of the Lottery (Regulation) Rules, 2010 (LRR) provides that a State Government may organise a lottery by issuing a notification in its official Gazette, outlining the purpose, scope, limitation and method thereof. Rule 3(3) of LRR provides that the organising State shall announce in advance by way of a notification in the official Gazette various information about every lottery scheme which *inter-alia* includes names of the distributors/selling agents with addresses and contact information.

Audit noted the following:

- (i) Five gazette notifications that were made available to audit out of 21 notifications of bumper lotteries were not issued in the official Gazette in advance but were issued after one to 67 days of conduct of draw.
- (ii) In all the 27 notifications issued from 2010-11 to 2014-15, names of distributors or selling agents with addresses and contact information were not mentioned.
- (iii) The notifications issued by the State Government in respect of lotteries did not mention the rule under which those were issued. In the absence of this, it was difficult to ascertain whether the notifications were issued under the power conferred by some Act or Rules made there under.

### 6.3.2 Appointment of distributors/selling agents without inviting tenders

Distributors/selling agents play a major role in sale of lottery tickets and generation of revenue. Hence, due care should be taken in appointing them to safeguard the interest of the State exchequer. Rule 4 (i) of Punjab State Lotteries Rules, 1998 provides, *inter alia*, that agents for sale of State lottery tickets, except bumper lottery<sup>4</sup>, will be appointed by inviting open tenders.

Audit scrutiny revealed that the distributors/selling agents were appointed in all the six<sup>5</sup> schemes (excluding bumper scheme) by inviting applications through public notices in newspapers. However, competitive bid for lifting highest number of tickets and/or lowest rates of commission for sale of lottery tickets was not explored by the department.

The Director stated (July 2016) that Punjab State Lotteries Rules, 1998 have been repealed by the Punjab State Lotteries Rule, 2015 (August 2015) and the new rules provided that selection of agents would be decided by the Government from time to time with respect to terms and conditions regulated

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<sup>4</sup> Bumper lottery means a special draw of lottery being conducted on or during any festival or other special occasion.

<sup>5</sup> Monthly lottery schemes-03(₹10,₹30,₹50), Fortnightly lottery schemes-01(₹30), Weekly lottery scheme -02. (₹10, ₹20)

by the agreements executed with them. However, the Director did not give any reason for not calling open tenders during the period 2010-11 to 2014-15.

### 6.3.3 Payment of promoter's prizes to Sub-Agents/Retailer(s) despite non-compliance with rules

A condition was included in Clause 2.3 of the Agreements entered into between Department of Lotteries, Punjab and Agents/Distributors in the year 2012-13 onwards which provided that Agent may, with the prior approval of the Government, appoint Sub-Agent/Retailer(s) to sell the lotteries on such terms and conditions as approved by the Government and as may be agreed between the Agent and such Sub-Agent/Retailer(s).

Audit scrutiny revealed that in all 17 cases<sup>6</sup> of bumper, monthly and weekly lottery schemes organised during 2012-13 to 2014-15, agents/distributors did not take prior approval of Government before appointing sub-agents/retailer(s). However, the department made payment of ₹ 1.48 crore on account of bonus/incentive/promoter's prize<sup>7</sup> to sub-agents/retailers without observing compliance of the above condition.

The Department replied that all schemes contain the clause of promoter prize/incentive to be paid to the sub-agents/sellers and the procedure for entitlement of payment of promoter prizes to the sub-agents and sellers. A list of sub-agents had been duly provided by the agents to the Government. All payments were made as per the provision and rates prescribed in the schemes.

The reply is not tenable as agents had appointed sub-agents for selling the lotteries without obtaining prior approval of the Government and therefore the payments made to such sub-agents were in contravention of the Clause 2.3 mentioned *ibid*.

### 6.3.4 Non-conducting of Annual Financial and System Audit

Rule 3(19) of the LRR, provides that every organizing State shall conduct an annual financial and system audit of the various lottery schemes organized by it. Audit scrutiny revealed that no annual financial and systems audit in all 27 lottery schemes were got conducted by the Director.

### Conclusion

Lottery schemes were organised without issuing advance notifications and agents for sale of these lottery schemes were appointed without inviting tenders. Department make payment of ₹ 1.48 crore on account of bonus/promoter's prize to sub-agent without observing compliance with the extant rules. There was no system in the Directorate for conducting annual financial and systems audit of various lottery schemes.

<sup>6</sup> Diwali Bumper-3 ( 2012, 2013 and 2014), Baisakhi and Rakhi Bumper-6 (2012, 2013 and 2014), New Year Lohri Bumper-3 (2013, 2014 and 2015), Mother's Day Special Bumper-2013, Fortnightly (₹ 30), Monthly (₹ 50), Weekly-2 (₹ 10 and 20).

<sup>7</sup> Amount payable to an Agent/Sub-Agent/Retailer(s) where tickets sold by them win prescribed prizes.

## 6.4 System for collection of arrears of revenue in the State

*Non-maintenance of records in prescribed form and lack of details of defaulters coupled with slow pace of recovery led to an exponential increase of the arrears of revenue by 254 per cent from ₹ 1057 crore in 2012-13 to ₹ 3,747 crore in 2014-15. Outstanding dues of ₹ 28.80 crore under different revenue heads were not even declared as arrears of land revenue while ₹ 10.21 crore were outstanding on account of water charges.*

### 6.4.1 Introduction

The Government levies various taxes/fees/cess to generate revenue for providing general, social and economic services to its citizens. These taxes have been prescribed under various Acts<sup>8</sup> and need to be paid into the government accounts within such time as prescribed in the respective Acts/Rules (*Appendix-I*). If the dues are not paid in the Government account within prescribed time, these become outstanding and are pursued by the Departments concerned for recovery under provisions prescribed in the respective Acts/Rules. These arrears of revenue may also be recovered as arrears of land revenue (*Appendix-II*).

The Punjab Land Revenue Act, 1887, provides that any sums recoverable as arrears of land revenue can be recovered by effecting service of writ of demand, arrest and detention of the defaulter, sale of movable property and crops, attachment of the estate or holding and by proceeding against other immovable property of the defaulter.

In order to assess the adequacy and effectiveness of process of recovery of arrears under various Acts, an audit of the system for collection of arrears of revenue in respect of six<sup>9</sup> receipt heads was conducted. Audit scrutiny (between November 2015 and July 2016) of records covered the period 2012-13 to 2014-15 of all Sub Registrars (SRs), Tehsildars, Assistant Excise and Taxation Commissioners (AETCs), District Transport Officers (DTOs) and Divisional Forest Officers (DFOs) in six<sup>10</sup> out of 22 districts selected through statistical sampling by applying the 'Probability proportional to size without replacement method'.

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<sup>8</sup> Punjab Value Added Tax Act, Motor Vehicle Taxation Act, Indian Stamp Act, State Excise Act, Land Revenue Act etc.

<sup>9</sup> 0029-Land Revenue, 0030-Stamps and Registration Fee, 0039-State Excise, 0040-Taxes on sales, trade etc., 0041-Taxes on vehicles and 0406-Forestry and Wild Life.

<sup>10</sup> Amritsar, Jalandhar, Mohali, Patiala, Sangrur and Sri Muktsar Sahib.

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### 6.4.2 Position of Arrears of revenue

The position of arrears of revenue and recoveries thereof during the period 2012-13 to 2014-15 is given in the Table 6.3 below.

**Table 6.3: Position of arrears of revenue**

(₹ in crore)

Major Head of Revenue	Arrears of Revenue													
	2012-13				2013-14				2014-15				Total	
	Opening Balance	Addition	Recovery	Closing Balance	Opening Balance	Addition	Recovery	Closing Balance	Opening Balance	Addition	Recovery	Closing Balance	Addition	Recovery
Land Revenue (0029) <sup>11</sup>	30.13	12.99	5.16	37.96	37.96	10.60	11.39	37.17	37.17	24.68	14.45	47.40	48.27	31.00
State Excise (0039)	14.15	0	0.02	14.13	14.13	0	0.13	14.00	14.00	0	0.02	13.98	0	0.17
Taxes on sales, trade etc. (0040)	905.47	1,047.99	171.89	1781.57	1,800.04 <sup>12</sup>	1,431.98	988.91	2,243.11	2,279.61 <sup>13</sup>	1,441.40	189.89	3,531.12	3,921.37	1,350.69
Taxes on Vehicles (0041) <sup>14</sup>	104.62	0	0	102.21	103.24	0	0	102.11	102.11	0	0	130.83	0	0
Forestry and Wild Life (0406)	3.32	0.22	0.24	3.30	3.30	0.82	0.72	3.40	3.40	21.84	1.13	24.11	22.88	2.09
<b>Total</b>	<b>1,057.69</b>	<b>1,061.20</b>	<b>177.31</b>	<b>1,939.17</b>	<b>1,958.67</b>	<b>1,443.40</b>	<b>1,001.15</b>	<b>2,399.79</b>	<b>2,436.29</b>	<b>1,487.92</b>	<b>205.49</b>	<b>3,747.44</b>	<b>3,992.52</b>	<b>1,383.95</b>

(Source: Departmental figures)

The opening balances of arrears differed from closing balances of the previous years in 2013-14 and 2014-15 under Taxes on Sales/Trade and in 2013-14 under Taxes on Motor Vehicles. Further, there were differences with the figures of arrears as supplied to audit in previous years and printed in Chapter-I of the Audit Reports.

The arrears of revenue increased from ₹ 1,057.69 crore to ₹ 3,747.44 crore (254 per cent) during 2012-15. The recovery of arrears grew from ₹ 177.31 crore in 2012-13 to ₹ 1,001.15 crore in 2013-14 due to increase in recovery of arrears under taxes on sales, trade, etc. but again dropped to ₹ 205.49 crore in 2014-15.

### 6.4.3 Accrual of arrears and record keeping

Maintenance of proper records of arrear details and reporting the same to higher authorities at regular intervals are the pre-requisites for proper follow up. Audit scrutiny revealed the following deficiencies in maintenance of records:

**Taxes on vehicles:** Tax ledgers are maintained in the office of DTOs to keep watch of demand vis-à-vis realisation of taxes on motor vehicles. Though the

<sup>11</sup> The figures of Arrear do not include the amount of Revenue Recovery Certificates (RRCs) received in the department from other offices/banks/autonomous bodies/corporations.

<sup>12</sup> The difference with closing balance of 2012-13 is mainly due to the reason that ₹ 18.65 crore was inadvertently taken as ₹ 18.65 lakh during 2012-13 in respect of Nawanshahar.

<sup>13</sup> The difference with closing balance of 2013-14 is mainly due to the reason that ₹ 49.86 crore was inadvertently taken as ₹ 13.34 crore during 2013-14 in respect of Kapurthala.

<sup>14</sup> Figures of addition and recovery during the years 2012-13 to 2014-15 were not provided

payment system has been made online, the State Transport Commissioner (STC) stated that there was no system in online module to generate total outstanding tax against any operator of the State. Consequently, only year-end balances of arrears were provided to audit by STC. The information as to arrears accumulated and recovery made during the years was not provided. Providing exception statement in online system or maintaining subsidiary registers would help in better recovery management.

**Stamps and Registration:** None of the SRs/JSRs of the selected districts maintained register of 47-A in Proforma-4 as prescribed in Rule 6 of the Punjab Stamp (Dealing of Under-valued Instruments) Rules 1983. Moreover, information pertaining to arrears of revenue in respect of stamp duty was not being compiled by Inspector General of Registration (IGR) at State level.

**Taxes on Sales, Trade etc.:** Arrears of ₹ 2,127.07 crore, which is 88 *per cent* of the total arrears of ₹ 2,408.16 crore of selected districts, were pending in appeals in different Courts/Tribunals as on 31 March 2015. The high percentage of cases under litigation indicated that there was scope of exercising greater rigour in making assessments and raising demands.

**Land Revenue:** As per instructions contained in the Standing Order No. 31<sup>15</sup>, Running Register (RR-II) containing 11 columns is required to be maintained in District Revenue Officer (DRO) and Tehsil offices for entering and monitoring the RRCs received from other offices. Moreover, at the end of the year, a statement of arrears showing all outstanding balances should be made and a certificate to the effect that all outstanding balances of previous year have been transferred to RR of the ensuing year should be recorded by the DRO/Tehsildar in RR-II. DRO Sangrur and Tehsildar Patiala, Sri Muktsar Sahib, Gidderbaha, Samana, Lehra and Nakodar had not maintained RR-II whereas the remaining DROs/Tehsildars in the selected districts had done so but not in the format prescribed in the standing order. Moreover, duplicate entries of RRCs were also noticed. These discrepancies resulted in difference between details of RRCs forwarded by the Collectors and those accounted by the Tehsildars. No periodic reconciliation was made to keep the records accurate and updated. The comparison of RR-II maintained in the office of the Collectors with those maintained in the Tehsils revealed that there were variations of 661<sup>16</sup> cases involving ₹ 95.45 crore between the RRCs forwarded by the five<sup>17</sup> Collectors and accounted for by the 20 Tehsildars falling under these five districts as detailed in **Table 6.4** below.

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<sup>15</sup> Originally issued on 14 July 1909 and last revised on 26 October 1982.

<sup>16</sup> Since DRO Sangrur did not maintain RR-II, comparison with records of Tehsildars could not be made.

<sup>17</sup> Amritsar, Jalandhar, Mohali, Patiala and Sri Muktsar Sahib.

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**Table 6.4: Details of RRCs forwarded and accounted**

Year	Requisitions forwarded by the Collectors		Requisitions accounted for by Tehsildars		Variation	
	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
2012-13	942	134.59	719	102.00	223	32.59
2013-14	1,024	150.92	689	65.92	335	85.00
2014-15	789	263.05	686	285.19	103	(-)22.14
<b>Total</b>	<b>2,755</b>	<b>548.56</b>	<b>2,094</b>	<b>453.11</b>	<b>661</b>	<b>95.45</b>

Statement of arrear showing all outstanding balances was not made at the end of the years and no certificate was found recorded by the DRO/Tehsildar in RR-II which would have ensured that all outstanding balances of previous year had been transferred to RR of the ensuing year. As reconciliation was not carried out, the differences between the cases referred by the Collectors to Tehsils and cases accounted for by the Tehsils did not come to the notice of the authorities and recovery in potential cases could not be pursued.

#### 6.4.4 Non-declaration of arrears as arrears of land revenue

**Stamps and Registration:** Audit scrutiny of records in 8 SRs<sup>18</sup> revealed that the Collectors had decided 450 cases of under-valued instruments involving ₹ 21.01 crore during 2012-15 in favour of the department against which recoveries of ₹ 14.51 crore in 271 cases were outstanding as given in Table 6.5 below.

**Table 6.5: Details of recoveries outstanding in cases decided by Collectors**

(₹ in crore)

Year	Cases decided by the collectors in favour of department		Cases out of (2) which remained outstanding		Cases out of (3) declared as arrear of land revenue		Cases out of (4) in which recovery was made	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	2		3		4		5	
2012-13	149	4.01	60	1.54	0	0.00	0	0.00
2013-14	179	13.85	115	9.99	1	0.01	1	0.01
2014-15	122	3.15	96	2.98	1	0.28	1	0.28
<b>Total</b>	<b>450</b>	<b>21.01</b>	<b>271</b>	<b>14.51</b>	<b>2</b>	<b>0.29</b>	<b>2</b>	<b>0.29</b>

Only two cases involving ₹ 0.29 crore were declared recoverable as arrears of land revenue against which full recovery was made. Action to declare the

<sup>18</sup> Dera Bassi, Kharar, Malout, Mohali, Sri Muktsar Sahib, Nakodar, Nabha and Sunam.

remaining outstanding cases recoverable as arrear of land revenue was not initiated.

**State Excise:** Out of total arrears of ₹ 14.15 crore as on 1 April 2012, AETCs made recovery of only ₹ 17 lakh. Yet, AETCs did not initiate any action in the remaining cases for getting those arrears declared recoverable as arrears of land revenue under Section 60 of the Punjab Excise Act, 1914.

On this being pointed out, AETC Amritsar-I stated that out of total outstanding arrears of ₹ 15.73 lakh, details of properties in the name of defaulters were being collected from tehsildars in a case of arrears of ₹ 3.42 lakh and in the remaining cases addresses of the defaulters were not traceable. AETCs of Amritsar-II, Jalandhar-I, Mohali and Sangrur stated that notices could not be issued due to the defaulters not being traceable and non-availability of any property in the names of the defaulters. Sri Muktsar Sahib stated that pending cases (16 cases amounting to ₹ 7.76 lakh) would be sent for recovery under PLR Act. AETC Patiala stated that the cases had been sent for writing off the arrears. AETCs Jalandhar-II did not furnish any reply.

The replies of AETCs were not acceptable as out of total arrears of ₹ 14.15 crore, arrears of ₹ 10.13 crore pertained to the period from 1958-59 to 2009-10. Non-recovery was due to lack of timely action by the department in recovering outstanding dues and non-maintenance of requisite details of defaulters. Moreover, in cases where the amount was not recoverable, action should have been initiated for getting such amount written off with the sanction of the competent authority.

**Forestry and Wildlife:** Audit scrutiny of records in two DFOs<sup>19</sup> revealed that arrears of ₹ 62.82 lakh in 56 cases were recoverable from employees at the end of March 2015 for the periods since 1993. However, only ₹ 0.82 lakh in one case could be recovered during 2012-15 and recovery of ₹ 1.37 lakh was stayed in three cases by Chief Conservator of Forests. DFO Patiala intimated in September 2016 that recovery of ₹ 3.56 lakh had been made in four cases from April 2015 to August 2016.

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<sup>19</sup> Mohali and Patiala.

**Recovery of arrears of land revenue by District Revenue Officers (DROs)****6.4.5 Abnormal delays in raising of demands**

Section 68 of the PLR Act provides for issuance of a writ of demand by the Revenue Officer on or after the day following that on which the arrear of land revenue accrues.

Audit scrutiny of records in four<sup>20</sup> Tehsildars revealed that 124 notices were issued with delay ranging from one month to three years. Moreover, no follow up of initial demand notices was made.

**6.4.6 Slow pace of recovery**

Position of the recovery certificates received for recovery of arrears as arrears of land revenue and recoveries made in these cases during the period 2012-15 in selected districts is detailed in **Table 6.6** below.

**Table 6.6: Recoveries made against recovery certificates**

(₹in crore)

Year	Recovery Certificates received		Recovery made		Rate of Recovery (per cent)
	No. of cases	Amount	No. of Cases	Amount	
2012-13	1522 <sup>21</sup>	152.50	174	2.02	1.32
2013-14	711	66.08	107	4.02	6.08
2014-15	747	297.75	156	5.32	1.79
<b>Total</b>	<b>2980</b>	<b>516.33</b>	<b>437</b>	<b>11.36</b>	<b>2.20</b>

During 2012-15, only 2.20 *per cent* of the total arrears against RRCs could be recovered. On this being pointed out, the Tehsildars stated that efforts would be made to recover the arrears at the earliest.

**6.4.7 Abnormal delay in returning the recovery certificates**

Under the provisions of the Revenue Recovery Act, 1890, recovery certificates for effecting recovery of dues as arrears of land revenue should be supported by complete and relevant documents and particulars of the defaulters to enable the Collector to make speedy recoveries.

Audit scrutiny of the records of five<sup>22</sup> DROs revealed that during the period 2012-15, 832 cases involving ₹ 150.17 crore were returned to the various issuing authorities without assigning any specific reasons or due to the reasons that addresses were incorrect/ incomplete, whereabouts of the defaulters were not known, there was no property in the names of defaulters, defaulter had passed away, after holding the recovery certificates for a period ranging from one month to five years. This was reflective of the poor internal mechanism to

<sup>20</sup> Ajnala, Amritsar-I, Amritsar-II and Baba Bakala

<sup>21</sup> It includes opening balance of 788 cases involving ₹ 47.81 crore.

<sup>22</sup> Amritsar, Jalandhar, Mohali, Patiala and Sri Muktsar Sahib

watch progress of recovery of the dues and the failure to maintain and update proper records.

DRO Jalandhar stated that efforts would be made to recover the outstanding amount at the earliest. DRO Mohali stated that recovery cases would be disposed of on priority. DROs of Sri Muktsar Sahib and Patiala replied that necessary instructions will be issued to the Tehsildars to realize the outstanding arrears well in time. DRO Amritsar did not reply.

#### **6.4.8 Non recovery of water charges**

Canal water charges for all canal systems in Punjab levied by Department of Irrigation, Punjab are collected by District Collectors. For this purpose, water charges are assessed by the Executive Engineers (Irrigation) and details of persons from whom the water charges are to be recovered are sent to the District Collector for collection.

Audit scrutiny of records in 14<sup>23</sup> Tehsildars revealed that an amount of ₹ 10.21 crore was outstanding on account of water charges as on 31 March 2015. However, no action was taken by the Tehsildars to recover this amount.

On this being pointed out, Tehsildar Dhuri stated that the matter was in the notice of higher authorities and the remaining Tehsildars stated that efforts would be made to recover the outstanding amount.

#### **6.4.9 Non recovery of collection charges**

Department of Finance levied<sup>24</sup> (January 2009 and April 2012) collection charges at the rate of five *per cent* of the amount recovered for the cases filed by the banks with DRO, SDO (Civil) and Tehsildar *in lieu of* service rendered by the State Government in recovering their dues.

In five<sup>25</sup> Tehsildars, audit scrutiny of records revealed that against 112 RRCs for ₹ 3.20 crore received from various banks and approved by the Collectors during 2012-15, recoveries of ₹ 42.15 lakh in 14 cases were made on which collection charges of ₹ 2.21 lakh were recoverable from the banks. However, collection charges of ₹ 0.86 lakh only were recovered and remaining amount of ₹ 1.35 lakh was still outstanding.

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<sup>23</sup> Ajnala, Amritsar-I, Amritsar-II, Dhuri, Gidderbaha, Lehra, Malerkotla, Nabha, Patran, Rajpura, Patiala, Samana, Sangrur and Sri Muktsar Sahib.

<sup>24</sup> No.III/13A/84/IF/1/226 dated 27 January 2009 and No.27/24/96-LR-3/3656-3677 dated 23 April 2012.

<sup>25</sup> Ajnala, Amritsar-I, Amritsar-II, Jalandhar-I and Sri Muktsar Sahib.

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## Conclusion

Non-maintenance of records in proper and prescribed form resulted in ineffective monitoring and follow-up of arrear led to an exponential increase of the arrears of revenue by 254 *per cent* from ₹ 1,057.69 crore in 2012-13 to ₹ 3,747.44 crore at the end of 2014-15. Outstanding dues of ₹ 28.77 crore in respect of Stamp duty, State Excise and Forestry and Wildlife that remained unrecovered under departmental procedures, were not declared as arrears of land revenue. While arrears of ₹ 150.17 crore could not be recovered due to lack of details of the defaulters.

The above points were reported to Government/Department (July 2016); their replies were awaited (October 2016).

## 6.5 Non-realisation of entertainment duty

***Non-compliance of the provisions of Punjab Entertainment Duty Act by cable operators resulted in non/short realisation of entertainment duty of ₹31.80 lakh.***

Section 3 of the Cable Television Networks (Regulation) Act, 1995 read with Rule 3 (4) of the Cable Television Networks Rules, 1994 makes it incumbent upon all cable operators<sup>26</sup> to get themselves registered with the Head Post Master of the area in which the office of the cable operator is situated. As per Section 3-B of the Punjab Entertainment Duty Act 1955 (PED Act), entertainment duty at the rate of ₹ 15,000 per annum is payable by the proprietor for providing entertainment with the aid of antenna or cable television to a connection holder.

Audit scrutiny (between May 2015 and December 2015) of the list of registered cable operators obtained from General Post Offices and records relating to entertainment duty of three<sup>27</sup> AETCs revealed that 79 cable operators were registered with the head post offices of Amritsar and Jalandhar. As per PED Act mentioned *ibid*, these cable operators were required to pay entertainment duty at the rate of ₹ 15,000 per annum. Entertainment duty of only ₹ 0.45 lakh was collected against ₹ 11.85 lakh due from these cable operators resulting in short realisation of entertainment duty of ₹ 11.40 lakh.

<sup>26</sup> 'Cable operator' means any person who provides cable service through a cable television network or otherwise controls or is responsible for the management and operation of a cable television network;

<sup>27</sup> Amritsar-I and Amritsar-II (43), Jalandhar-II (36)

Similarly, audit scrutiny of records of AETC Amritsar-I revealed that there were 136 local cable operators who were affiliated with a Multi System Operator<sup>28</sup>(MSO) and were engaged in the business of transmission of television channels to connection holders during 2014-15. These cable operators neither got themselves registered with the Head Post Master of the area concerned nor paid entertainment duty. Only the MSO was paying entertainment duty of ₹ 15,000 per annum under Section 3-B of the Punjab Entertainment Duty Act, 1955.

On being pointed out, AETC Jalandhar-II replied that the MSO was paying its dues and thus, the individual cable operators were not liable for payment of entertainment duty. The reply was not tenable as the onus for paying entertainment duty under the Act *ibid* is on the operator who delivers entertainment to consumers on payment whether or not the operator uses his own equipment or uses equipment of others. The liability to pay entertainment duty, at the rate of ₹ 15,000 is thus of the individual cable operators who deliver the entertainment on payment. Non-realisation of entertainment duty in accordance with the provisions of the Act resulted in loss of revenue of ₹ 20.40 lakh.

The matter was reported to the Government in May 2016; its reply was awaited.

#### **6.6 Short realisation of marriage registration fee**

***Non-application of correct rates resulted into short realisation of marriage registration fee of ₹9.66 lakh in 685 cases.***

Punjab Government notified (27 June 2013) the Punjab Compulsory Registration of Marriages Rules, 2013, for compulsory registration of marriages in the State of Punjab. These Rules provide that the parties to a marriage or any of their parents or relations, as the case may be, shall present the memorandum in Form-I, before the Registrar of Marriages concerned for registration of marriage within a period of three months from the date of such marriage accompanied with a fee of ₹ 1,500 in the form of court fee stamps. If the memorandum is not submitted within the prescribed time limit, late fee<sup>29</sup> shall be levied in addition to the normal fee.

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<sup>28</sup> "Multi-System Operator" means a cable operator who has been granted registration under Rule 11C of the Cable Television Networks Rules, 1994, as amended by Cable Television Networks (Amendment) Rules, 2012 and who receives a programming service from a broadcaster or its authorized agencies and re-transmits the same or transmits his own programming service for simultaneous reception either by multiple subscribers directly or through one or more local cable operators and includes his authorized distribution agencies, by whatever name called.

<sup>29</sup> ₹1,000, if memorandum is submitted after three months from marriage date but not after six months.

₹1,500, if memorandum is submitted after six months from marriage date but not after one year.

₹ 2,000, if memorandum is submitted after one year from marriage date subject to prior permission of Chief Registrar of Marriage.

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Audit scrutiny of the records of Tehsildar Ludhiana (East) for the period 2012-15 revealed that 685 marriages were registered between 28 June 2013 and 12 March 2014. Registration fee of ₹120 per case was levied instead of ₹ 1,500 per case as notified by the Government. Further, the Tehsildar did not charge any late fee in cases in which applications for registration of marriages were submitted after the expiry of three months from the date of marriage. Non-application of correct rates resulted into short realisation of marriage registration fee of ₹ 9.66 lakh including late fee of ₹ 0.21 lakh.

The matter was reported to the Government/Department (April 2016); their replies were awaited.



(JAGBANS SINGH)

Chandigarh

The 27 FEB 2017

Pr. Accountant General (Audit), Punjab

Countersigned



(SHASHI KANT SHARMA)

New Delhi

The 1 MAR 2017

Comptroller and Auditor General of India