

CHAPTER VII

NON TAX RECEIPTS

7.1 Results of Audit

Test check of records in various departmental offices relating to the following receipts conducted during 2001-02 revealed non/short recovery of receipts amounting to Rs.67.28 crore in 67 cases as detailed below:

(Rupees in crore)			
Sr.No.	Category	No. of cases	Amount
1	Geology & Mining	47	14.81
2	Forest Receipts	19	2.11
3	Review on “Receipts of Police Department”	01	50.36
	Total	67	67.28

During the year 2001-02, the department accepted audit observations amounting to Rs.24.53 lakh in 30 cases and recovered Rs.26.15 lakh in 19 cases pertaining to earlier years. A few illustrative cases highlighting important audit observations and the result of a review on “Receipts of Police Department” involving Rs.57.91 crore are given in the following paragraphs.

A POLICE RECEIPTS

7.2 Receipts of Police Department.

7.2.1 Introduction

Receipts of the Police department mainly comprise, recovery of cost of police personnel provided to the Central Government, public undertakings, banks or other bodies within the State of Gujarat towards guarding treasure/chest/

remittances or performing "Watch and Ward" duties either permanently or as temporary measures. Incidence of recovery from other State Governments also arises for discharging agency functions when so undertaken, for maintenance of law and order in unusual circumstances and at the time of elections etc. In addition to this, the fee and fines are also recovered on account of annual police licence fee/certificate fee from owners of hotels, restaurants, recoveries under the Indian Arms Act, 1959, as well as sale of unserviceable vehicles, unclaimed confiscated goods and wrecker charges for towing away the disabled and broken down vehicles on the road creating traffic obstructions.

The system of assessment, collection and accounting of receipts are governed by the Bombay Police Act, 1951, the Gujarat Police Manual, 1975 and Rules made thereunder.

7.2.2 Organisational set up

Subject to overall control and superintendence of the Home (Police) Department, Government of Gujarat, the Director General of Police, Gujarat is the overall incharge of the Gujarat Police while the Commissioners of Police are the heads of the Ahmedabad, Vadodara, Surat and Rajkot Police. The Director General of Police is assisted by the Additional Directors General, Inspectors General, Deputy Inspectors General in-charge of ranges, Superintendents of Police and Deputy Superintendents at district level. The responsibility for assessment and collection of police cost lies with the Director General of Police for deployment of police personnel for railways and outside the State, the Commissioners of Police of 4[&] major cities for deployment in the respective cities and the Superintendent of Police of each district for Gujarat Police.

7.2.3 Scope of audit

With a view to evaluating the efficiency and effectiveness of the system and procedure relating to assessment and collection of receipts under the Police Department, the records for the year 1996-1997 to 2000-2001 (and for the period prior to this wherever considered necessary) of 7* out of 25 districts in the State, the Superintendent of Police, Western Railway, Vadodara, 4** offices of the Commissioners of Police and of the Director General of Police, Gujarat, were test checked between July and September 2001. The results of review are given in subsequent paragraphs:-

& Ahmedabad, Rajkot, Surat & Vadodara.

* Gandhinagar, Godhra, Jamnagar, Junagadh, Kheda, Mehsana and Surendranagar.

** Ahmedabad, Rajkot, Surat and Vadodara.

7.2.4 Trend of Revenue

The budget estimates and the amount actually collected during the last five years ended March 2001 are as under:

Year	Budget estimates	Actuals	Variation (+) increase (-) decrease	Percentage of variation
	(Rupees in crore)			
1996-1997	16.00	23.55	(+)7.55	(+)47
1997-1998	20.82	28.02	(+)7.20	(+)35
1998-1999	37.09	30.25	(-)6.84	(-)18
1999-2000	40.00	29.33	(-)10.67	(-)27
2000-2001	40.00	43.17	(+)3.17	(+)08

The department stated that the excess receipts during the year 1996-97 and 1997-98, were due to realisation of receipts under Arms Act, and from other State Governments. The short fall during 1998-99 and 1999-2000 was due to less receipt under Arms Act and from other organisations and other States.

7.2.5 Highlights

1. **Outstanding police cost amounting to Rs.31.96 crore remained unrecovered from 37 organisations dating back to the period 1984-85.**

[Para 7.2.6]

2. **Delay due to non-raising of demand and non-specifying the time limit for payment of dues in respect of other State Governments resulted in blocking of revenue of Rs. 16.35 crore.**

[Para 7.2.7]

3. **Police cost of Rs. 1.01 crore for deployment of police in other States was not claimed for reimbursement.**

[Para 7.2.8]

4. **The claim of leave salary and pension contribution of Rs. 9.07 crore was not preferred.**

[Para 7.2.9]

5. Police cost/escort charges were recovered short to the extent of Rs.91.25 lakh due to non-application of revised pay scales.

[Para 7.2.10]

6. Non- observation of the instructions of the Government of Gujarat resulted in loss of revenue of Rs. 7.84 crore.

[Para 7.2.11]

7. Revenue of Rs.2.16 crore was irregularly appropriated by the Commissioners of Police, Ahmedabad, Vadodara & Surat for meeting departmental expenditure.

[Para 7.2.12]

8. Condemned vehicles awaiting disposal resulted in blocking of revenue of Rs. 38.50 lakh.

[Para 7.2.13]

9. Cost of police force of Rs.19.77 lakh deployed for cricket matches was not claimed.

[Para 7.2.14]

7.2.6 Non-recovery of outstanding police cost

Test check of records of the offices of Director General of Police, Gujarat, Commissioners of Police, Ahmedabad, Vadodara, Rajkot and Surat, Superintendents of Police of 7* Districts and Superintendent of Police, Western Railway, Vadodara revealed that the arrears of police cost were recoverable to the extent of Rs.31.96 crore from 37 organisations as on March 2001 as detailed in table below :

			(Rupees in crore)
Organisations	No. of organisations	Period involved	Amount
1 Central Government Offices/Department			
(i) Railways	1	1996-1997 to 2000-2001	19.78
(ii) Airport Authority	5	1996-1997 to 1999-2000	6.82
(iii) All India Radio	3	1996-1997 to 2000-2001	1.62

* Gandhinagar, Godhra, Jamnagar, Junagadh, Kheda, Mehsana and Surendranagar.

(iv) Other Central Govt. Offices	6	1997-1998 to 2000-2001	0.22
2. State Government Offices/Departments	8	1984-1985 to 2000-2001	1.07
3. Banks	9	1985-1986 to 2000-2001	1.70
4. Other Local Authorities / Private Parties	5	1995-1996 to 2000-2001	0.75
Total	37		31.96

7.2.7 Non raising of demand against other State Government

Under the provisions of the Gujarat Police Manual, 1975 (Part III) and Government Resolution dated 1st October 1999, the demand for the cost of police personnel deployed on permanent basis and those of escort charges deployed as temporary measures are recoverable in advance. The Rules do not provide for levy of interest for delayed payment.

A test check of records of the Director General of Police, Gujarat revealed that the department failed to recover the cost of police personnel deployed in other States in advance for the period between 1996-97 and 2000-01. On the other hand the delay in serving demand for the period ranged between 6 and 300 months. This resulted in blocking of revenue of Rs. 16.35 crore, which was still recoverable.

On this being pointed out, the department stated (July 2001) that the Government has been requested to take up the matter with the concerned State Governments for payment of outstanding amounts.

7.2.8 Non-raising of demand against other States.

The cost of police force is to be reimbursed by the borrowing States on quarterly basis to be adjusted against actual basis of audited figures.

Five Groups of State Armed Police were deployed in Rajasthan during February 1998 for election duty but the Director General of Police (DGP), Gujarat had not preferred any claim for reimbursement of police cost of Rs.1.01 crore from Rajasthan Government. However, the scrutiny of records of the DGP revealed that the bills in question were returned to the respective Groups for necessary corrections in October 2000 but the same were not received back so far. Hence, despite the delay of 2 years the department failed to raise demand against Rajasthan Government.

7.2.9 Short recovery of dues

In accordance with Rule 528 of Gujarat Police Manual, 1975 (Vol. III), leave salary and pension contribution for the period of deployment of Police Force are to be recovered from the borrowing Governments, departments and autonomous bodies etc. at prescribed rates. It was, however, noticed that the leave salary and pension contribution of Rs.9.07 crore was not taken into account while preferring the claims for the police cost from the Railways Authority, Vadodara and Airport Authority, Rajkot for the period from 1996-97 to 2000-01. This resulted in short recovery of dues of Rs.9.07 crore.

On this being pointed out, the department replied (August and November 2001) that demand would be raised by preferring supplementary bills.

7.2.10 Short realisation of police cost and escort charges

Government vide notification dated 20 January 1998 revised the pay scales of all their employees with effect from 1st January 1996. Though arrears of pay and allowances were paid to the police officials, no action was taken to prefer the additional claims due to revision of scales from the borrowing organisations. This resulted in short-realisation of revenue to the extent of Rs.91.25 lakh for the period from January 1996 to March 2001 as detailed below:

(Rupees in lakh)

Sr. No.	Name of organisation	Place	Period	Amount
1	Railway Authority	Vadodara	January 1996 to March 2001	12.58
2	Airport Authority	Vadodara	January 1996 to December 1996	3.02
3	Banks	Kheda	January 1996 to December 1997	32.09
		Mehsana	January 1996 to December 1997	12.80
		Vadodara	January 1996 to December 1996	10.92
4	Doordarshan Kendra	Kheda	March 1996 to December 1997	5.72

5	All India Radio	Vadodara	January 1996 to March 1997	2.63
		Kheda	March 1996 to February 1997	2.95
6	Heavy Water Plant	Vadodara	January 1996 to December 1996	2.14
7	Modhera Surya Mandir	Mehsana	January 1996 to December 1997	6.40
	Total			91.25

7.2.11 Non-raising the demand at double rates

As per Rule 528 of Gujarat Police Manual 1975 Volume III, as amended by the Government of Gujarat, Home Department Resolution dated 1st October 1999, the escort charges at double the pay and allowances are required to be recovered in advance from the banks, All India Radio and private parties for the escort and guards provided to them.

Test check of records of 6* field offices revealed that the escort charges at double the rate of pay and allowances were not claimed from concerned banks/organisations/private companies. This resulted in short recovery of police cost amounting to Rs.7.84 crore.

On this being pointed out, the 4^s offices had raised the demand of Rs.5.09 crore (between April and July 2002) to concerned banks/organisations/private companies.

The Commissioner of Police, Rajkot replied that they had proposed to effect recovery at single rate till date (February 2002) as the banks and other organisations refused to pay the amount in advance at double the rate. The reply is not tenable as in view of the amended provisions, escort charges at double the rate are required to be charged in advance.

7.2.12 Irregular appropriation of Government Revenue

As per the instructions issued by the Department, a charge for towing of motor vehicles that broke down or were lying at rest on public road, is realisable at a prescribed rate. This towing charge constitutes Government revenue and as per the Home Department, Government of Gujarat Resolution dated 1st July 2000, the receipts on account of fines (including towing charges) is required to be accounted for under receipt sub-head 103 "Fees, Fines and Forfeitures" of

* Commissioner of Police Ahmedabad, Rajkot and Vadodara, Superintendent of Police, Gandhinagar (Rural), Jamnagar and Kheda.

^s Commissioner of Police, Ahmedabad, Superintendent of Police, Gandhinagar (Rural), Kheda and Jamnagar

Major Head 0055 “Police Receipts”. Departmental expenditure out of such revenue is not permissible under the provisions of the BTRs.

During the course of scrutiny of records of 3** Commissioners of Police, it was noticed that during the period from 1996-97 to 2000-01 a sum of Rs.5.84 crore was collected as towing charges. Instead of depositing the entire revenue to Government account, an amount of Rs.2.16 crore was paid to the contractors as hire charges of wreckers and labour charges. This resulted in irregular appropriation of departmental receipts towards expenditure of Rs.2.16 crore.

7.2.13 Non-disposal of condemned vehicles

Sale proceeds of condemned and unserviceable vehicles of the Police department form part of police receipts.

Scrutiny of records of 2# Commissioners of Police and 3## Superintendents of Police, revealed that 69 vehicles were condemned and declared unfit for service by the Condemnation Committee between 1993-94 and 1999-2000 and the reserve price was put at Rs.38.50 lakh. The concerned authority, however, had not initiated any action for disposal of these vehicles so far. Delay in disposal would result in further deterioration in the value of these vehicles.

7.2.14 Non-raising of demand for cricket matches

Section 48(2) of the Bombay Police Act, 1951 as applicable to Gujarat, lays down that cost of additional police force deployed for any amusement or at any place of entertainment should be borne by the concerned party/organisation.

Scrutiny of records of the Superintendent of Police, Gandhinagar (Rural) revealed that the Gujarat Cricket Association had organised 4 one-day cricket matches and 2 test matches at Sardar Patel Gujarat Stadium, Motera (District Gandhinagar) during 1996-97 to 2000-01. Though the other agencies of the Government like Gujarat Electricity Board, Doordarshan, All India Radio, Municipal Corporation etc. were collecting appropriate charges from the Association for the services rendered by them, the Superintendent of Police, Gandhinagar had not preferred any claim from the Gujarat Cricket Association towards the cost of police force deployed at cricket stadium. This resulted in non-raising of demand to the extent of Rs.19.77 lakh.

On this being pointed out, the Superintendent of Police, Gandhinagar Rural raised the demand of Rs.19.77 lakh to the President of Gujarat Cricket Association.

** Ahmedabad, Vadodara and Surat

Ahmedabad and Vadodara

Kheda, Gandhinagar (Rural) and Western Railway, Vadodara

7.2.15 Procedural Irregularities

Sub rule (2) of Rule 98 of the BTRs 1960, Vol.I as applicable to Gujarat, provides that all departmental Officers who are required to receive and handle the cash should enter all monetary transactions in cash book as soon as they occur and such entries should be attested by the head of the office in token of the check. The cash book should be closed and checked regularly and at the end of each month the head of office should verify the cash balance in the cash book and record a signed and dated certificate to that effect mentioning therein the balance both in words and figures.

On scrutiny of records pertaining to the traffic receipts, it was noticed that the Traffic Branch of Commissioner of Police, Ahmedabad had collected Rs.2.11 crore as towing charges during the period 1996-97 to 2000-01, but no entry to this effect was recorded in the cash book. The receipts were being noted in subsidiary registers which were not authorised records as per prescribed procedure. Maintenance of appropriate records as per the provisions of departmental rules are required to be followed to safeguard against misappropriation of the Government funds.

7.2.16 Conclusion

Due to lack of effective steps by the department, the recovery of police cost from other States, other departments and organisations was still pending over the years. The demands on account of revision of pay scales, leave salary and pension contributions and in accordance with the Government instructions were not raised.

The above facts were demi-officially forwarded to the Additional Chief Secretary to the Government on 29 April 2002 for reply within six weeks. The matter was also followed up with demi-official reminder to the Director General of Police, Gujarat, Gandhinagar on 9 August 2002. However, inspite of such efforts, no reply was received either from the Government or from the Department (August 2002).

B MINING RECEIPTS

7.3 Non-levy of increased royalty on delayed payment

According to the provisions of the Petroleum and Natural Gas Rules, 1959 and notifications issued thereunder, royalty on crude oil and natural gas is to be paid within 45 days of the month to which it relates. Further, royalty and other dues, if not paid within the time specified for such payments, is to be

increased by 10 *percent* for each month or part thereof during which the amount remains unpaid.

(i) During test check of records of Geologist, Vadodara, it was noticed (August 2001) that though the rate of royalty on crude oil was increased by Government of India from January 2000, the differential amount of royalty, for the period January and February 2000, was paid by the Oil and Natural Gas Corporation Ltd.(ONGC) after the prescribed period. As the delay ranged between 31 and 60 days, the royalty was required to be recovered after increase by 10 *percent*. Failure to do so, resulted in short levy of royalty amounting to Rs.70.68 lakh.

(ii) During test check of records of Geologist, Vadodara, it was noticed (August 2001) that M/s.Hindustan Oil Exploration Co., continued to pay royalty at the pre-revised rate of Rs.578 per MT. Since the rate of royalty on crude oil was revised to Rs.750 per MT (w.e.f. June 1999) and to Rs.800 per MT (w.e.f January 2000) the payment of royalty at pre-revised rate resulted in short levy of Rs.13.55 lakh.

The above facts were brought to the notice of the department (September 2001) and of Government (April 2002); their replies have not been received (July 2002).

7.4 Non-realisation of royalty and dead rent

(i) Under the Mines and Minerals (Regulation and Development) Act, 1957 and the Gujarat Minor Mineral Rules, 1966 a lessee is liable to pay in respect of each lease for major/minor mineral, dead rent or royalty whichever is higher. The rent is payable at the rate of 50 *percent* of the dead rent if land granted on lease is less than a hectare. If payment of royalty or dead rent is not made within the date prescribed, interest at the rate of twenty four *percent* per annum is to be charged for the period of delay.

Test check of records of 9[#] Geologist/Assistant Geologist offices revealed (between March and December 2001) that in 310 cases, the lease holders had not paid the royalty/dead rent for the major/minor mineral during the period between 1999-2000 and 2000-2001. The department also failed to raise the demand against the defaulters. This resulted in non-realisation of royalty and dead rent of Rs.6.63 crore including interest.

On this being pointed out (between May 2000 and January 2002), the department accepted the audit observations involving Rs.5.30 crore in 18 cases and recovered Rs.0.85 lakh in 3 cases. Recovery particulars and replies in the remaining cases have not been received (July 2002).

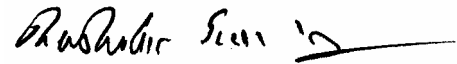
[#] Gandhinagar, Himatnagar, Junagadh, Mehsana, Nadiad, Rajkot, Surat, Surendranagar and Vadodara.

The matter was brought to the notice of Government (April 2002); their reply has not been received (July 2002).

(ii) Government by issue of Notification in January 1999, fixed lumpsum rate for payment of royalty by bricks/roofing tiles manufacturers, on the basis of quantity of bricks manufactured and with reference to number of dye revolving press used, for making roofing tiles, respectively.

During test check of records of Asstt. Geologists, Bharuch and Rajkot, it was noticed (February and December 2001) that 47 roofing tiles and 3 bricks manufacturers either did not pay the royalty or paid less royalty for the periods between 1999-2000 and 2000-2001. This resulted in non/short levy of royalty of Rs.7.86 lakh including interest.

The above facts were brought to the notice of the department (April 2001 and January 2002) and of Government (April 2002). The above matters were followed up with reminders to the Principal Secretary in June 2002 and Chief Secretary in July 2002. However, inspite of such efforts, no reply was received from the Government (July 2002).



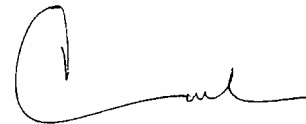
Ahmedabad

(Raghbir Singh)

The:

Principal Accountant General (Audit) Gujarat

Countersigned



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The :

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