

CHAPTER VI: Non-Tax Receipts

6.1 Results of Audit

Test-check of records in departmental offices relating to revenues of Town and country planning, Public Works (Irrigation, Public Health, Buildings and Roads), Home (Police), Mines and Geology, Forest, Rehabilitation, Co-operation, Finance (State Lotteries), Agriculture (Crop Husbandry and Horticulture), Medical, Food and Supplies, Animal Husbandry and Industries conducted in audit during the year 2001-2002, revealed under-assessments and losses of revenue amounting to Rs.68.16 crore in 87,101 cases as depicted below:

Sl. No.	Name of departments	Number of cases	Amount (Rupees in crore)
A.	Town and country planning	1	0.16
B.	Public Works Department		
	(i) Irrigation	120	46.04
	(ii) Public Health	84,770	2.89
	(iii) Buildings and Roads	258	0.09
	Home (Police)	266	1.73
C.	Mines and Geology	399	2.03
D.	Forest	329	4.86
E.	Rehabilitation	1	0.21
F.	Co-operation	611	5.02
G.	Finance (State Lotteries)	51	4.63
H.	Agriculture		
	(i) Crop Husbandry	7	0.05
	(ii) Horticulture	7	0.03
I.	Medical	30	0.05
J.	Animal Husbandry	124	0.20
K.	Food and Supplies	123	0.02
L.	Industries	4	0.15
	Total	87,101	68.16

The department accepted under-assessments/loss of revenue etc. of Rs. 13.29 crore in 54 cases which were pointed out during the year 2001-2002. Besides, an amount of Rs. 1.67 crore had been recovered in 82 cases pertaining to earlier years.

A few illustrative cases involving Rs. 11.01 crore are mentioned in the following paragraphs:

A-Town and Country Planning Department

6.2 Loss of interest due to delayed remittances

Financial Rules provide that departmental receipts should be deposited in Government account on the same day or latest by next working day.

A test-check of records in the office of the Director, Town and Country Planning revealed (January 2001) that 116 bank drafts involving Rs.18.57 crore, received by the department on account of scrutiny fee, licence fee, conversion charges and service charges etc. from private colonisers/contractors for development and construction of residential, commercial, industrial and group housing colonies etc. during March 1999 to March 2000, were deposited late in the treasury. The delay ranged between 2 and 21 days at the level of the department and between 4 and 61 days at the level of the banks excluding grace period of three days in case of departmental remittances and four days for clearance by banks respectively. Absence of any provision for levy of interest for delay in remittances and clearance of bank drafts resulted in loss of interest of Rs 15.99 lakh to the State Government calculated at the Government borrowing rate.

On this being pointed out (January 2001), the department admitted (September 2001) the facts and stated that utmost efforts were being made to minimise the procedural delay in future.

The matter was referred (August 2001) to Government; reply had not been received (November 2002).

**B-Public Works Department (Irrigation and Public Health)
and Home Department (Police)**

6.3 Utilization of departmental receipts towards expenditure

Under the State Financial Rules, utilization of departmental receipts towards expenditure is strictly prohibited. All money received by or tendered to a Government servant on account of revenue of the State Government shall be paid fully into treasury or bank on the same day or on the next working day at the latest.

During test-check of the records of Public Works Department (Irrigation and Public Health) and Home Department (Police), it was noticed (between August 2000 and February 2002) that departmental receipts amounting to Rs.62.36 lakh collected between the years 1997-98 and 2001-02 were not

deposited into treasury/bank but were utilized to meet the departmental expenditure as detailed below:

Sl. No.	Name of the Departments/offices	Period of collection of receipts	Amount (Rupees in lakh)
1.	PWD (Irrigation)/Water Services Divisions, Rohtak and Sonipat	1998-99 to 1999-2000	40.25
<p>Remarks:- On being pointed out (February 2002) in the audit, the department intimated that the revenue receipts were utilised for emergency payments of electricity, telephone and labour etc. and the same would be deposited into Government accounts on receipt of LOC.</p> <p>The matter was referred (March 2002) to Government; reply had not been received (November 2002).</p>			
2.	PWD (Public Health) Public Health Divisions No. I and 2 Sirsa	1997-98 to 1999-2000 (upto December 1999)	6.52
<p>Remarks:- On being pointed out (August and September 2000) in audit, the department intimated (April 2001) that disciplinary action was being taken against the officials/officers at fault.</p> <p>The matter was referred (September and October 2000) to Government; reply had not been received (November 2002).</p>			
3.	Home Department (Police) 4 th and 5 th Haryana Armed Police (HAP) Battalions at Madhuban (Karnal)	1997-98 to 2001-2002 (upto September 2001)	15.59
<p>Remarks:- On being pointed out (October 2001) the commandants stated (February 2002) that the receipts were utilised to meet the departmental expenditure for the welfare of force, maintaining land for PT parades, training and recreation of the force and the facts were in the notice of senior officers.</p> <p>The departmental reply was not tenable as the utilisation of Government receipts towards the Government expenditure is against the financial standards and norms.</p> <p>The matter was referred (December 2001) to Government; reply had not been received (November 2002).</p>			

C-Mines and Geology

6.4 Short recovery of contract money and interest.

Under the Punjab Miner Mineral Concession Rules, 1964, as applicable to Haryana, a mining contract for quarrying is granted by auction or by accepting tender of highest bidder. The bidder is required to deposit 25 *per cent* of the bid money as security and another 25 *per cent* (one twelfth of the bid money where value of contract exceeds Rs.5 lakh) as advance payment immediately on the allotment of the contract. The balance contract money is payable in advance either in monthly or quarterly instalments. In the event of default in

payment, the competent authority may, by giving a notice, terminate the contract, forfeit the amount of security and the instalment(s) paid in advance, if any. Further, interest at the rate of 24 *per cent* per annum is also recoverable for the period of default in payment of instalments of contract money.

During test-check of records of the Mining Officer, Sonipat, it was noticed (September 2001) that the department inadvertently raised a demand of Rs.1.01 crore instead of Rs.1.04 crore payable by the contractor. This resulted in short recovery of bid money of Rs.4.49 lakh including interest of Rs.1.31 lakh.

On being pointed out (September 2001) in audit, the department intimated (March 2002) that notices had been issued for effecting recovery.

The matter was referred (December 2001) to Government; reply had not been received (November 2002).

D-Forest Department

6.5 Non-realisation of Sales Tax

Under the Haryana General Sales Tax Act, 1973, 'Sales' means any transfer of property in goods for cash or deferred payment or other valuable consideration. 'Goods' means all kinds of movable property other than newspapers, auctionable claims, money, stocks and shares or securities but include growing crops, grass, trees and things attached to or forming part of the land which are agreed to be severed before sale or under the contract of sale. Further, sale of trees (timber) is taxable (with effect from 18 July 1997) at first stage at the rate of 8 *per cent* (with effect from 4 March 2000).

During test-check of records of Divisional Forest Officers (Territorial), Karnal, Rohtak, Bhiwani, Hisar and Jind it was noticed (between November 2001 and February 2002) that 76,338 trees (40170.62 cubic metre timber) valued at Rs.2.21 crore were sold by them to Haryana Forest Development Corporation (HFDC) during the year 2000-2001 on which sales tax amounting to Rs.17.71 lakh was not levied/realised.

On the omission being pointed out (between November 2001 and February 2002) in audit, the department stated (November 2001 and April 2002) that declaration in Form ST-15 was being collected from HFDC so that the amount could be recovered by them. Reply was not tenable as the timber (trees) is taxable at the stage of first sale. The collection of sales tax dues was required to be collected by the department and collection of ST-15 Forms after the goods have been sold does not serve any purpose.

The matter was referred (between January and April 2002) to Government; reply had not been received (November 2002).

E-Rehabilitation Department

6.6 Non-recovery of rent

As per Displaced Persons (Compensation and Rehabilitation) Act, 1954 and instructions issued by State Government from time to time, Tehsildar Sales (TS) is empowered to assess and charge rent on the unauthorised occupation of evacuee land and is responsible for effecting recoveries of all outstanding dues regularly. In the event of non-payment by any person, the rent was recoverable as arrears of land revenue under the Act *ibid*.

It was noticed (August 2001) in audit that evacuee agriculture land measuring 697 acres was under the unauthorised occupation of occupants in Gurgaon districts. The department levied land rent of Rs.22.15 lakh for unauthorised use and occupation of the land. Out of this, demand of Rs.8.08 lakh was issued, of which Rs.1.32 lakh only was recovered. But no demand in respect of Rs.14.07 lakh was issued at all. Thus, lack of action on the part of the department resulted in non- recovery of Rs.20.83 lakh.

On the matter referred (December 2001), the Secretary and Commissioner, Rehabilitation Department stated (November 2002) that Government liberalised (November 2001) the existing policy to transfer rural/urban evacuee lands to unauthorised occupants at market price determined by the Government on the recommendations of High Level Price Recommendation Committee and the rent of the land in question alongwith the cost of the land would be recovered from such un-authorized occupants at the time land was transferred. Further progress to realise the cost of land and the outstanding rent of Rs.20.83 lakh from the unauthorised occupants was awaited (November 2002).

F-Co-operation Department

6.7 Non-deposit of dividend on share capital of State Government

As per terms and conditions laid down in the sanction orders issued by the Registrar, Co-operative Societies, Haryana, Chandigarh from time to time, every Co-operative Society shall give a suitable return in the form of dividend on contribution of Haryana Government' share capital on the basis of resolutions passed by the Board of Directors. Under the provisions of Haryana

Co-operative Societies Rules, 1989, the dividend shall not exceed 10 *per cent* per annum of the paid-up share capital of a Co-operative Society.

(i) During test-check of records of Assistant Registrars, Co-operative Societies, Bhiwani, Rohtak, Panipat and Faridabad for the years 1995-96 to 2000-2001, it was noticed (between November 2000 and March 2002) that 6 Co-operative banks had been running in profit. Their Board of Directors had passed (between February 2000 and October 2001) resolutions for payment of dividend amounting to Rs.80.70 lakh at the rates ranging between 1 *per cent* and 7 *per cent* for the years 1995-96 to 2000-01, but the same was neither deposited by any of the Societies into Government account nor demanded by the department. This resulted in non-recovery of Rs.80.70 lakh.

On this being pointed out (between November 2000 and February 2002), Assistant Registrar, Co-operative Societies, Panipat, Rohtak and Bhiwani intimated (March 2002) that dividend would be deposited on receipt of approval from the Registrar, Co-operative Societies, Haryana, Chandigarh. Assistant Registrar Co-operative Society, Faridabad intimated (March 2002) that efforts were being made to recover the amount.

The matter was referred (February 2001 and March 2002) to Government; reply had not been received (November 2002).

(ii) During test-check of records of the Assistant Registrar, Co-operative Societies, Hisar and Kurukshetra for the year 2000-2001, it was noticed (between October 2001 and January 2002) that 3 Central Co-operative Banks at Hisar and Kurukshetra and one Co-operative Labour and Construction Union Ltd. at Hisar had been running in profit but their Board of Directors did not declare any dividend on share capital for the years 1996-97 to 2000-01. The maximum dividend that became payable to the Government amounted to Rs.1.61 crore.

On this being pointed out (between October 2001 and January 2002) in audit, Assistant Registrar, Co-operative Societies, Haryana, Hisar intimated (October 2001) that notices were being issued to the concerned Banks/Units to deposit the amount of dividend. Assistant Registrar Co-operative Societies, Kurukshetra intimated (March 2002) that the Kurukshetra Central Co-operative Bank Ltd., Kurukshetra had been asked to deposit the dividend. Further progress on deposit of dividend had not been received (November 2002).

6.8 Non-redemption of Government share capital

The State Government contributes towards the share capital of Co-operative Societies registered with the Co-operative Department. The share capital so contributed by Government is required to be redeemed in accordance with the instructions/terms and conditions stipulated in the sanction issued by Co-operative Department/State Government. State Government further directed (March 1979) all the heads of departments that primary responsibility

for maintenance of accounts relating to shares held by Government in various undertakings and their timely repayment rests with the Head of the Department.

During test-check of records of Assistant Registrar, Co-operative Societies, Jind for the year 1997-2000, it was noticed (November 2000) that share capital of Rs.9.61 crore was invested by the Haryana Government during the years 1981-82 to 1988-89 in three Co-operative Sugar Mills (Jind: Rs.3.13 crore, Shahbad: Rs.3.47 crore and Palwal: Rs.3.01 crore) and amounts were released by the Registrar, Co-operative Societies, Haryana, Chandigarh without fixing terms and conditions in the sanction orders granting share capital to the Sugar Mills. The terms and conditions for redemption of the share capital were issued in November 2001. These stipulate that the share capital would be retired in 12 years and retirement would start from the expiry of 3rd year. Thus recovery should have been started with effect from 1984-85 to 1991-92. Further scrutiny revealed that share capital of Rs.2.23* crore out of Rs.9.61 crore only had been redeemed by the Sugar Mills leaving thereby Rs.7.38 crore not redeemed as on 31 March 2002. The late issuance (November 2001) of the terms and conditions, thus resulted in blockage of revenue of Rs.7.38 crore.

On this being pointed out (November 2000) in audit, the Managing Director, Sugar Mills, Shahbad and Palwal intimated (March 2002) that no action was taken due to non-receipt of terms and conditions and Kisht bandi statements (repayment schedule) from the Government/Registrar Co-operative Societies. Assistant Registrar, Co-operative Societies, Haryana, Jind directed (December 2001) the Managing Director, Co-operative Sugar Mill Ltd., Jind to deposit immediately the amount of Rs.3 crore.

The matter was referred (December 2000 and March 2002) to Government; reply had not been received (November 2002).

Chandigarh

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Dated:

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Dated:

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* Co-operative Sugar Mills Shahbad: Rs.2.00 crore, Jind: Rs.13.09 lakh and Palwal: Rs.10 lakh.