

CHAPTER-VIII: Other Non Tax Receipts

8.1 Results of audit

Test check of records of the following receipts conducted during 2005-06, revealed loss/non recovery of revenue etc. amounting to Rs 177.78 crore in 92 cases, which broadly fall into the following categories:

<i>(Rupees in crore)</i>			
Sl. No.	Category	No. of cases	Amount
FOREST RECEIPTS			
1.	Loss of revenue due to departmental lapses	34	20.19
2.	Less raising of demand	7	58.98
3.	Undue financial aid to commercial undertakings	1	13.50
4.	Loss of revenue due to delay in initiation of certificate cases	5	0.52
5.	Other cases	30	4.50
	Total	77	97.69
POLICE RECEIPTS			
1.	Review on Police Receipts	1	43.12
	Total	1	43.12
WATER RATES			
1.	Loss of revenue due to non achievement of target of irrigation	4	0.02
2.	Non realisation of water rates	6	36.94
3.	Delay in assessment of water rates	4	0.01
	Total	14	36.97
	Grand Total	92	177.78

During 2005-06, the concerned departments accepted loss of revenue of Rs 126.98 crore involved in 1,673 cases of which 1,351 cases involving Rs 95.57 crore were pointed out in audit during 2005-06 and rest in earlier years.

A few illustrative cases including **Review on Police Receipts** involving Rs 81.06 crore are given in the following paragraphs:

8.2 Review on Police Receipts

8.2.1 Highlights

- Demand of Rs 36.03 crore, representing GRP cost was not raised against Railway. *(Paragraph 8.2.10)*
- Rs 1.28 crore from offices of State/Central Government/banks/other organisations remained unrecovered due to non raising of demand. *(Paragraph 8.2.11)*
- Non revision of rates of force deployment resulted in revenue foregone of Rs. 1.09 crore. *(Paragraph 8.2.14)*
- Non remittance of police receipts resulted in a sum of Rs 39.48 lakh remaining out of Government account. *(Paragraph 8.2.16.2)*

8.2.2 Recommendations

Government may consider to:

- devise effective and efficient mechanism for assessment, raising of demand, collection and remittance of police receipts into Government account;
- ensure maintenance of demand, collection and balance register and monitor outstanding dues through periodic reports and returns; and
- ensure deployment of security guards to non entitled persons only in accordance with the provisions of Act and orders of Government.

8.2.3 Introduction

The receipts of Police Department comprise mainly the charges recovered as cost of deployment of police personnel, for maintaining law and order in other State Governments, in other departments of the State and Central Governments, Railways, autonomous bodies, private organisations, commercial undertakings, individuals and on special occasions like matches, and dance parties etc. The cost of deployment comprises gross pay and allowances, bonus, travelling expenses and contingent expenditure etc. incurred on police personnel. Besides, there are some miscellaneous receipts such as sale proceeds of condemned departmental vehicles.

The assessment, collection and accounting of police receipts is governed by the Police Act, 1861, Bihar Police Manual, 1978, (now Jharkhand Police Manual) as adopted by Government of Jharkhand, and instructions issued

thereunder from time to time. The cost of deployment of permanent police personnel is realisable on submission of bills to the concerned person/department etc. while the cost of police personnel deputed as a temporary measure is recoverable in advance. The receipts of the department are credited to the major head of accounts “0055 Police”.

8.2.4 Organisational set up

Under the overall control and superintendence of the Home (Police) Department, the Director General of Police (DGP), Jharkhand is the head of Jharkhand police with headquarters at Ranchi. At directorate level, he is assisted by Additional Directors General of Police (ADGP). In field offices, he is assisted by Inspectors General of Police (IGs), Deputy Inspectors General of Police (DIGs) and Senior Superintendents of Police (SSPs)/ Superintendents of Police (SPs) incharge of zone, ranges and districts respectively. DGP is responsible for assessment and collection of cost of police deployed in Railways and outside the State whereas SSP/SP of the district is responsible for collection of cost of police deployed in other departments/ individuals and on special occasions within the district.

8.2.5 Audit Objectives

Detailed analysis of assessment and collection of police receipts was conducted with a view to:

- ascertain whether demands for police receipts were correctly assessed, raised, promptly realised and deposited into Government account and
- examine existence/adequacy of internal control mechanism for the purpose of prompt assessment and effective realisation of police receipts.

8.2.6 Scope of audit

To assess the efficiency and adequacy of the system for levy and collection of police receipts, a review of records pertaining to the period from 2000-01 (after 14 November 2000)^r to 2004-05 of 11st out of 22 offices of SSP/SP, four[®] out of 11 offices of Commandant, Jharkhand Armed Police (JAP), two offices[∞] of SP, Government Rail Police (GRP), IG (Rail), IG (JAP), DGP and Department of Home (P), Jharkhand was conducted during the period between December 2005 and April 2006.

^r After reorganisation of states.

st Bokaro, Deoghar, Dhanbad, Dumka, Gumla, Hazaribag, Jamshedpur, Koderma Lohardaga, Palamu and Ranchi.

[®] Bokaro, Deoghar, Dhanbad and Ranchi.

[∞] Dhanbad and Jamshedpur.

8.2.7 Trend of revenue

The budget estimates and actual receipts during the last five years were as under:

(Rupees in crore)

Year	Budget estimates	Actual receipt	Excess (+) shortfall (-)	Percentage
15.11.2000 to 31.3.2001	0.21	0.34	(+) 0.13	(+) 62
2001-02	0.62	1.22	(+) 0.60	(+) 97
2002-03	0.69	1.96	(+) 1.27	(+) 184
2003-04	7.86	2.57	(-) 5.29	(-) 67
2004-05	3.00	1.71	(-) 1.29	(-) 43

A comparison of actual receipts with the budget estimates revealed excess collection during the period from 2000-01 to 2002-03 which ranged between 62 to 184 per cent. There was shortfall in actual collection in comparison to budget estimates during 2003-04 and 2004-05 which ranged between 43 to 67 per cent. It would also be seen that there is sharp increase in budget estimates in 2003-04 as compared to 2002-03 and decrease during 2004-05 as compared to 2003-04. The reasons for excess/ short realisation and increase/ decrease in budget estimates though called for in May 2006 have not been furnished by the department (November 2006).

➤ Arrears of revenue

Jharkhand State emerged as a result of reorganisation of Bihar State. As per Bihar Reorganisation Act, it is the responsibility of Jharkhand State, being successor state, to monitor the recovery of arrears in its territorial jurisdiction. The position of arrears of the State as on 31 March 2005 though called for in May 2006 has not been furnished by the department.

Test check of records of seven offices* revealed an arrear of Rs 17.24 crore as on 31 March 2005. These arrears pertain to the period prior to the reorganisation of State of Bihar (upto 15 November 2000) as shown under:

(Rupees in crore)

Sl No	Name of offices raising demand	Amount
1	GRP	14.64
2	JAP	0.93
3	Police	1.67
	Total	17.24

No action was taken by the department to monitor the recovery of arrears after formation of Jharkhand State.

After this was pointed out, the Secretary, Department of Home stated in August 2006 that the matter of arrears pertaining to the period of undivided

* JAP Bokaro, Dhanbad, SP Rail, Dhanbad, Jamshedpur, Sr SP/SP Bokaro, Jamshedpur and Ranchi.

Bihar would be taken up, with the State of Bihar. This reflects absence of internal control mechanism in the department as instituted in the Act and Rules.

8.2.8 Internal control and monitoring

8.2.8.1 Non maintenance of demand, collection and balance register

The demand, collection and balance register (DCB register) is to be maintained to monitor demand, collection and balance of receipts from time to time but it was neither maintained at district level nor in the office of the DGP. In absence of the DCB register, the department was not aware of the outstanding dues to be recovered from different States/ PSU/ organisations etc.

8.2.8.2 Non preparation of reports and returns

Periodical reports and returns depicting deployment of police personnel, expenditure incurred and recoveries made during the month, although prescribed under Jharkhand Police Manual (JP Manual), were not being prepared monthly and submitted to the office of DGP. As such consolidated information regarding deployment of police personnel, cost recoverable/ recovered in lieu thereof, outstanding dues, etc. if any, were not available either with the district level offices or with office of DGP.

Non maintenance of register and non preparation of reports/returns on periodic basis reflected non existence of internal control mechanism in the department for monitoring assessment, raising of demand, collection and remittance into Government account leading to financial irregularities.

8.2.9 Police cost escaping assessment due to lack of monitoring

Under provisions of the Police Act, 1861 read with JP Manual, police personnel are deployed to Government offices, commercial undertakings, autonomous bodies etc. on payment of cost which comprises gross pay and allowances, leave salary and pension contribution, contingency charges, and travelling allowances etc. and demand is raised annually.

Cross verification of records of SP Deoghar and Dhanbad with records of their police lines revealed that police force was deployed to various institutions/ organisations such as banks, Excise Department, Mining Department etc. between November 2000 and March 2005. But incharge of police lines did not furnish any return/ information of such deployment to the concerned SP offices. Thus cost of deployment of police force with reference to actual deployment of the force could neither be worked out nor was any demand raised by the concerned SP offices against those institutions / organisations to recover the same. This resulted in escapement of demand of Rs 51.52 lakh.

8.2.10 Non raising of demand for realisation of share of cost of deployment of police personnel to Government Railway Police (GRP)

Under the provisions of Government Accounting Rules, 1990 the cost incurred on GRP is to be shared between the State Government and Railways on 50:50 basis, provided the strength of GRP is determined with prior approval of Railways.

For the purpose of calculating Railways share of cost, pay and all allowances of personnel of GRP including officers upto the level of SP and supervisory staff, leave and pension contribution, contingency charges and cost of rent of buildings occupied by GRP are to be taken into consideration.

Scrutiny of records of DGP, Jharkhand revealed that year wise statement of expenditure were furnished by office of SP (Rail), DIG (Rail), and IG (Rail) for the period from 2000-01 (from 15.11.2000) to 2004-05 to DGP. A sum of Rs 36.03 crore, being 50 *per cent* share of cost of GRP, was recoverable from South Eastern Railway, Kolkata and East Central Railway, Hazipur as detailed below:

<i>(Rupees in crore)</i>		
Name of the office	Period of demand	Amount for which demand not raised
Jamshedpur	2000-01 to 2004-05	12.50
Dhanbad	2000-01 to 2004-05	22.98
DIG (Rail) Ranchi	2002-03 to 2004-05	0.42
IG (Rail) Ranchi	2000-01 to 2004-05	0.13
Total		36.03

However, no demand for realisation of cost of deployment of police to GRP was raised against Railways by the department. This resulted in non raising of demand of Rs 36.03 crore.

After this was pointed out, IG (Budget) Jharkhand, stated in August 2006 that the cost realisable has been intimated to Department of Home. The reply is not tenable as the DGP was responsible for raising of demand and its realisation as per provisions of the Act.

8.2.11 Non raising of demand for cost of deployment of police force

Under provisions of the Police Act, 1861 read with the JP Manual, guards and police parties can be provided to departments of Central / State Governments, jails, Irrigation Department, river valley projects, State electricity board, commercial undertakings of State and Central Governments, private individuals and non Government bodies on payment of cost.

Test check of records of office of five SSP/SPs³¹, revealed between December 2005 and March 2006 that police force was deployed for security of different

³¹ Bokaro, Gumla, Lohardaga, Palamu and Ranchi.

banks, offices, Excise Department, Electricity Department and other organisations, etc. between November 2000 and March 2005 but cost of Rs 1.28 crore for such deployment was neither assessed nor raised as detailed below:

(Rupees in lakh)

Sl. No.	Name of Office	Name of Office to which deployed	Strength		Period of deployment	Police Cost assessable
			Havildar	Constable		
1.	S S P Ranchi	SBI Ranchi	1	5	15.11.2000 to 31.3.2005	25.53
		Union Bank, Kantatoli	1		15.11.2000 to 31.12.2000	0.14
		Union Bank, Bariyatu	2		15.11.2000 to 31.12.2000	0.28
		CB I office (Two Offices)	1 & 1	4 & 5	2001-2002 to 2004-2005	23.61
		CBI Malkhana	1	5	2001-2002 to 2004-2005	4.68
		DIG - CBI House guards	1	4	2001-2002 to 2004-2005	8.20
2.	S P Bokaro	United Bank of India	1	5	15.11.2000 to 31.03.2005	18.36
		SBI Chas Court	1	5	01.04.2004 to 31.03.2005	7.92
3	S P Palamu	Caustic Soda Factory, Rehla	1	5	27.11.2000 to 13.04.2001 21.10.2001 to 15.06.2002 01.01.2005 to 31.03.2005	21.35
			1	4	20.02.2003 to 01.03.2004	
		SBI Medninagar	1	5	27.11.2000 to 31.3.2005	17.35
4	S P Gumla	Excise Department	1	4	29.01.2004 to 03.02.2004	0.78
			1	9	16.02.2004 to 25.02.2004 26.3.2004 to 04.04.2004 06.06.2004 to 08.06.2004	
			-	6	17.01.2001 to 18.01.2001	
		Bank of India	-	5	11.04.2002	0.01
		Rural Engineering Works Division	1	4	05.03.2003	0.01
5	S P Lohardaga	Excise Department	1	5	30.9.2004 to 01.10.2004	0.05
			1	4	13.10.2004	
		Electricity Department	1	4	13.11.2003 to 14.11.2003 and 26.11.2003	0.04
					Total	128.31

8.2.12 Non raising of demand for cost of deployment of JAP outside the State

As per decision of Government of India, Ministry of Home Affairs circulated in September 1995 to all State Governments, the borrowing State should provisionally reimburse expenditure on armed police battalions on quarterly basis to the extent of Rs 50 lakh per quarter per battalion to be adjusted against actual dues on the basis of audited figures. The payment as per the aforesaid decision is required to be made within a period of one month from the close of the relevant quarter/ receipts of audited figures.

Test check of records of JAP IV, Bokaro revealed that armed police was deployed to Bihar State during the period from 2 May to 8 May 2004 but no demand for cost of deployment was raised. This resulted in non recovery of cost of Rs 2.31 lakh.

After this was pointed out in March 2006, Commandant stated in March 2006 that action was being taken in this regard. Further reply is awaited.

8.2.13 Non raising of demand on account of leave salary and pension contribution

Under the Police Act, 1861 read with JP Manual, the cost of deployment includes gross estimated pay and allowances, leave salary and pension contribution at prescribed rates.

Scrutiny of records of offices of SSP/SP, Bokaro and Ranchi revealed that while calculating the police cost realisable from different offices/bodies for deployment of police force between November 2000 and March 2005, demand of leave salary and pension contribution of Rs 2.99 lakh was not raised.

8.2.14 Non revision of cost of deployment

Under the provisions of the Police Act, 1861 read with JP Manual, Vol. I, the cost of deployment includes gross estimated pay and allowances, leave salary and pension contribution at prescribed rates, firearms, clothing charges and travelling allowances at eight *per cent* and contingencies charge at the rate of 10 *per cent*. Government prescribed rates in January 1993 for recovery of cost of deployment of police force effective from March 1989. Though, pay and allowance of Government employees were revised in January 1996 and rates of dearness allowance are also revised on 1 January and July every year, Government has not revised the rate of deployment cost of the staff after 1989.

In the office of eight SSP/SP^φ, test check of records revealed between December 2005 and March 2006 that police force was provided to different banks and offices between November 2000 and March 2005. The deployment cost was calculated at rates prescribed by the State Government in March 1989. Keeping in view the revision of pay and allowances in 1996 and

^φ Deoghar, Dhanbad, Gumla, Jamshedpur, Koderma, Lohardaga, Palamu and Ranchi.

dearness allowance from time to time as per above formula the Government had foregone revenue of Rs 1.09 crore[#] during the period from 15 November 2000 to March 2005, as Government has not revised the rate of deployment after 1989.

8.2.15 Deployment in contravention of extant rules

Under the provisions of the Police Act, 1861, police force can be deployed by SP as security guard to individuals on demand and on payment of cost in advance. By an order issued in May 1995, Government of Bihar prescribed the designation of persons such as CM, Ministers, MPs, MLAs, and Judges of High Court to whom guards in prescribed numbers were to be provided. The order prohibited deployment of bodyguards from JAP under any circumstance. Further, the State Government prescribed in March 2003 guidelines and scales for providing bodyguards. SP can provide police force as security guards to persons other than entitled persons for a period not exceeding one month on approval of district level committee.

8.2.15.1 Test check of records of JAP, Deoghar revealed that one JAP personnel was deputed as bodyguard to a non entitled person (ex MLA) in violation of Government order during the period from 15 November 2000 to 31 March 2005. The cost of deployment amounted to Rs 4.50 lakh. Government may consider fixing responsibility for violation of its orders. Besides, recovery of cost of Rs 4.50 lakh may be made.

8.2.15.2 Test check of records of the office of 11 SSP/SPs^Δ revealed that two ASI, seven havildars and 178 constables were deployed as personal security guards to ex-ministers, ex MPs, ex MLAs, ex MLCs, political leaders, businessmen and other non entitled persons during the period between November 2000 and March 2005 without obtaining sanction of committee constituted for this purpose. The cost of deployment amounted to Rs 4.51 crore. The department may take necessary steps to prevent recurrence of such omission in future.

After this was pointed out between December 2005 and April 2006 the SPs/Commandant stated between December 2005 and April 2006 that necessary action would be taken in the matter. Further reply has not been received (November 2006).

8.2.16 Non accountal/remittance of receipts

Under the provisions of the BF Rules, all transactions must be brought to accounts without delay. The controlling officer should see that the dues of Government are correctly and promptly assessed, collected and paid into treasury. Under the provisions of JP Manual, any person requiring the services of police personnel for services which are not within the ordinary duty of the

[#] Calculated on the basis of pay and allowances revised on 1 January 1996 and dearness allowance from time to time.

^Δ Bokaro, Deoghar, Dhanbad, Dumka, Gumla, Hazaribag, Jamshedpur, Koderma Lohardaga, Palamu and Ranchi.

police should be charged fee in advance. All revenue should be remitted to treasury immediately and may not be appropriated towards current expenditure.

8.2.16.1 Test check of records of five SP offices^Φ revealed between March and May 2006 that a sum of Rs 28.83 lakh being the cost of police deployed as escorts/ guards between November 2000 and March 2005 was deposited into treasury directly by the persons utilising services of police personnel during the said period and copies of challans were submitted in the offices. But the amount was not accounted for by the controlling officers in their cash books. This reflects failure of the controlling officers in ensuring that all Government revenue has been properly accounted for and reconciled with treasuries.

After this was pointed out in March and April 2006, the SPs stated between March and May 2006 that the matter would be examined; further reply is awaited (November 2006).

8.2.16.2 As per modified provisions made under Appendix 59 (special note) of the JP Manual, recoveries of expenditure on police force incurred by the department for deployment for a private party, another department/ organisation or other State Government should in all cases be treated as revenue receipts of Government rendering such services or supplies. All the recoveries made by Police Department on this accounts is required to be credited under 0055- Police.

Scrutiny of records of JAP, Ranchi, revealed in December 2005 that Rs 39.48 lakh realised between November 2000 and March 2005 on account of use of JAP campus for installation of commercial hoardings, utilising playground for athletic meets, display of JAP band during private ceremonies and petrol pump located in JAP campus and run by JAP was credited to JAP Amenity Fund instead of revenue account which is contrary to the instructions.

After this was pointed out, the Deputy Commandant stated in December 2005 that the matter would be examined; further reply was awaited (November 2006)

8.2.17 *Non disposal of condemned departmental vehicles– blockage of revenue*

Under the provisions of Bihar Financial Rules, obsolete, surplus or unserviceable stores are to be disposed of by sale or otherwise, under the orders of the competent authority.

According to statement of condemned departmental vehicles furnished by DGP, 612 condemned vehicles were lying undisposed under the jurisdiction of SP offices. The years of their make and their condemnation were not made available by DGP. The reserve price of the condemned vehicles, if any, fixed

^Φ Bokaro, Dhanbad, Gumla, Hazaribag and Palamu.

by the department was also not made available to audit. No action to auction these vehicles was taken.

Condemned departmental vehicles were kept in open space in the police stations. This leads to pilferage and natural decay. Effective steps may be taken for early disposal of such vehicles.

8.2.18 Conclusion

The department failed to enforce proper maintenance of important registers and submission of periodical reports and returns for monitoring deployment of police personnel to other departments etc. and cost recoverable in lieu thereof. This indicated absence of internal control mechanism to ensure timely recovery of cost of deployment. The mechanism for assessment, raising of demand, collection and remittance of police receipts into Government account was deficient leading to non/short/incorrect raising of demand and non accountal/remittance of receipts into Government account. Deployment of police force was made in contravention of Act/orders issued by Government. No follow up action to realise arrears pertaining to the period prior to formation of the State and thereafter was taken by the department.

8.2.19 Acknowledgement

Audit findings as a result of test check of records were reported to Government in May 2006 with a specific request to attend the meeting of the Audit Review Committee (ARC) for Police Receipts. A meeting of the ARC was held on 17 August 2006. The Secretary, Home Department accepted the audit observations and agreed to take corrective measures on the points raised.

FOREST RECEIPTS

8.3 Non raising of demand for net present value and cost of compensatory afforestation

Under the provisions of the Forest Conservation Act, 1980, no forest land shall be diverted for non forest purposes without prior approval of Government of India. In case forest land is used for non forest purposes, net present value (NPV) and cost of compensatory afforestation is to be recovered from the user agency. Further, in case forest land is unauthorisedly utilised, penal NPV and cost of compensatory afforestation are to be recovered from the user agencies.

Scrutiny of records of divisional forest officer (DFO), Ranchi East Forest Division, Ranchi for the period 2004-05 revealed in February 2006 that in violation of Forest Conservation Act, nine hectares of forest land at Churi underground project were utilised by Central Coalfields Limited (CCL). The department though aware of the fact from August 1993, neither initiated any

action to stop illegal utilisation of forest land nor raised demand for penal NPV and cost of compensatory afforestation against CCL. This resulted in non raising of demand of Rs 1.10 crore.

After this was pointed out in February 2006, the DFO stated in February 2006 that the case would be reviewed and proposal for diversion of forest land had been submitted by user agency and was under process. Further reply has not been received (November 2006).

The case was reported to Government in April 2006, their reply has not been received (November 2006).

8.4 Blockage of revenue due to non disposal of seized forest produce

Under the provisions of the Indian Forest Act, 1927 and instructions issued by the Principal Chief Conservator of Forest (PCCF) Bihar, Ranchi in July 1996, seized forest produce involved in court cases is required to be disposed of immediately after obtaining court order to avoid natural decay. Revenue realised is to be deposited as per direction of the court.

In five forest divisions* it was noticed between July 2005 and February 2006 that during 2002-03 and 2004-05, in 140 cases, forest produce valued at Rs 34.71 lakh was seized and the cases were forwarded to the court for trial. The seized forest produces were required to be disposed of after obtaining court orders. But the department did not initiate any action to obtain permission of the court for disposal of seized material. This resulted in blockage of revenue of Rs 34.71 lakh due to non disposal of seized forest produce.

After this was pointed out between April 2005 and February 2006, DFO South Forest Division, Chaibasa stated in July 2005 that all the cases have been sent to CJM Chaibasa and cases are pending in the court and DFO, Latehar Forest Division stated that proper action was being taken to dispose of the offence cases pending, while in other cases, DFOs stated between April 2005 and February 2006 that matter would be examined. The replies of DFOs are not tenable as the DFOs failed to obtain approval of the court for expeditious disposal of forest produce. Further reply has not been received (November 2006).

The cases were reported to Government in April 2006, their reply has not been received (November 2006).

* Chaibasa (South), Hazaribag (West), Latehar, Ranchi (East) and Saranda at Chaibasa,

WATER RATES

8.5 Non raising of demand of water rates

Under Bihar Irrigation Act, 1997 (Act II of 1998), the canal officer (executive engineer) may supply water for purposes other than those of irrigation on payment of water rates as prescribed by Government from time to time. Water may not be supplied without execution of an agreement for other than agriculture purpose.

In the office of the Executive Engineer (EE), Waterways Division, Ranchi it was noticed in March 2005 that during 2001-02 to 2002-03 the department supplied 8,187.69 crore gallons water to Jharkhand State Electricity Board and Public Health Engineering Department (PHED) Ranchi for non agricultural purposes from Getalsud dam. But the department did not raise any demand for supply of water. This resulted in non raising of demand of Rs 36.84 crore.

After this was pointed out in March 2005, the EE, Waterways Division, Ranchi stated in August 2006 that matter is under consideration. Further reply has not been received (November 2006).

The case was reported to Government in April 2006, reply has not been received (November 2006).

**Ranchi
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