

## Chapter 7 Non-Tax Receipts

### 7.1 Results of audit

Test check of records of Forest, Public Works, Sericulture and Energy Departments, conducted in audit during the year 2001-2002, disclosed under-assessments and non-recovery/short recovery of revenue amounting to Rs.21.51 crore in 48 cases, under the following broad categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
<b>A. Forestry and Wild Life</b>			
1	Non-recovery/short recovery of lease rent and licence fee	10	2.59
2	Non-recovery/short recovery of taxes and royalty	16	0.31
3	Short collection of seigniorage rate, etc.	06	0.99
4	Non-revision of selling price of sandal wood	03	12.94
5	Other irregularities	04	0.01
<b>Total</b>		<b>39</b>	<b>16.84</b>
<b>B. Public Works</b>			
1	Non-levy/short levy of penal rent	2	0.04
2	Non-recovery of rent	2	0.02
3	Other irregularities	3	0.03
<b>Total</b>		<b>7</b>	<b>0.09</b>

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
<b>C. Village and Small Industries - Sericulture Industries</b>			
1	Loss of revenue due to low yield of Cross-Breed Disease Free Layings	1	0.15
<b>Total</b>		<b>1</b>	<b>0.15</b>
<b>D. Power</b>			
1	Recovery of royalty for use of water for generation of electricity	1	4.43
<b>Grand Total</b>		<b>48</b>	<b>21.51</b>

During the course of the year 2001-2002, the Forest and Public Works Departments accepted under-assessments of Rs.0.68 crore in 21 cases (including Rs.0.49 crore in 15 cases which had been pointed out in audit in earlier years) and recovered the entire amount.

A few illustrative cases (including certain cases noticed during the year 2000-2001 which could not be reported in the Report for that year) involving Rs.4.70 crore are given in the following paragraphs.

### A. Power

#### 7.2 Recovery of royalty for use of water for generation of electricity

In pursuance of the powers conferred by Section 78-A of the Electricity (Supply) Act 1948 (Central Act No. LIV of 1948), the State Government has been levying a 'royalty' for water utilised for generation of hydro-electric power. Mini-power projects (generating stations) having an installed capacity of up to 20 MW are exempted from the levy of royalty. There are 16 hydro-electric generating stations (excluding 5 mini-generating stations) in the State. Three State Government Undertakings, viz., the Karnataka Power Corporation

Limited, KPCL, Visvesvaraya Vidyuth Nigama Limited, VVNL - both entrusted with the responsibility for generation of power, and the Karnataka Power Transmission Corporation Limited, KPTCL - mainly entrusted with distribution of power purchased from the KPCL and the VVNL, utilised water from Government sources for generation of electricity and were liable for payment of royalty. With a view to ascertaining the correctness of the levy and collection of royalty, the records of the Energy Department as also of the KPCL, the VVNL and the KPTCL for the years 1997-98 to 2001-2002 were test-checked during July 2001 and January-March 2002.

**(a) Outstanding dues of royalty**

For the year 2000-2001, there were unpaid dues of royalty of Rs.16.47 lakh from the KPCL and Rs.5.84 lakh from the VVNL at the end of January 2002.

**(b) Short levy of royalty**

Effective from August 1983, the royalty for use of water for power generation at hydro-electric stations was payable by the KPCL at 4 paise per kilowatt-hour (KWH or unit) of energy sold to the KPTCL. Test check of records revealed that during 1997-98, the quantity of power sold by the KPCL to the KPTCL as per the former's annual accounts was 10171.183 million units (MU) whereas for the purpose of computing royalty payable, the KPCL had adopted only 10135.821 MU. Consequently, there was a short computation of sale of energy by 35.362 MU involving royalty of Rs.14.14 lakh. Government had not demanded this amount from the KPCL.

**(c) Application of differential rates of royalty**

Government had prescribed (December 1978) that for the water utilised by the Karnataka Electricity Board (presently the KPTCL) for power generation at three hydro-electric stations under its control, royalty of 0.25 paise per KWH would be payable from 1978-79. This rate was revised to 2 paise per KWH from January 1981 and again to 4 paise per KWH from August 1983. However, royalty at the lower rate of 0.25 paise per KWH was continued to be applied. The non-application of the revised rate of 4 paise per KWH in respect of the power generated (1144.296 MU) at these three Stations entailed

a loss of revenue of Rs.4.29 crore during the years 1997-98 to 2000-2001, as detailed below:

**(Rupees in lakh)**

Year	Quantity of power generated (MU) at Shivasamudram, Shimsha and Munirabad Stations	Royalty as determined by KPTCL and VVNL at 0.25 paise/KWH	Royalty at 4 paise/ KWH	Loss of revenue to Government
1997-98	290.774	7.27	116.31	109.04
1998-99	304.467	7.61	121.79	114.18
1999-2000	315.321	7.88	126.13	118.25
2000-2001	233.734	5.84	93.49	87.65
<b>Total</b>	<b>1144.296</b>	<b>28.60</b>	<b>457.72</b>	<b>429.12</b>

The points mentioned above were reported to Government (June 2002); their reply has not been received (December 2002).

## B. Public Works

### 7.3 Non-levy of penal rent

By an order issued in December 1986, Government prescribed that allotment of residential quarters outside Bangalore City to Government servants would terminate on completion of 5 and 10 years in the cases of Group C and Group D officials respectively. It also prescribed that if the quarters were not vacated by them after expiry of the prescribed period, penal rent for overstaying at the normal rent for the first month, at three times the normal rent for the second and third months and at five times the normal rent beyond three months was to be levied.

In three<sup>#</sup> Divisions, 48 officials<sup>α</sup> had continued to occupy the quarters allotted between October 1977 and August 1995 beyond the period allowed. In these cases, penal rent amounting to Rs.27 lakh was leviable for overstaying ranging

<sup>#</sup> Chickmagalur, Chitradurga, Hassan

<sup>α</sup> of Agriculture, Animal Husbandry and Fisheries, Co-operation, Education, Finance, Health and Family Welfare, Home and Transport, Labour, Public Works, Revenue, Rural Development and Panchayat Raj and Social Welfare Departments

from 8 to 171 months (between January 1987 and March 2001) but had not been levied.

On this being pointed out (April 2002), Government stated (June 2002) that the Pay Drawing Officers (PDO) of the concerned Departments had been addressed to recover the penal rent; the respective Heads of Departments were also being addressed to take stringent action against the PDOs who had failed to recover the penal rent. Government further stated that the Executive Engineers had been directed to take action to evict the officials from the quarters. Position of recovery of penal rent is not known (December 2002).

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