

CHAPTER VI : NON TAX RECEIPTS

6.1 Results of audit

Test check of records of non-tax receipts conducted during the year 2004-05 revealed underassessment/short levy/loss of revenue *etc.*, of Rs 265.82 crore in 81 cases, which broadly fall under the following categories:

Sl. No.	Category	No. of cases	Amount (in crore of rupees)
1.	Loss of tendu leaves	8	3.77
2.	Loss of forests revenue	20	151.51
3.	Loss of revenue due to deterioration in transit in sale, non-extraction/non-lifting of material other than tendu leaves and bamboo	20	13.77
4.	Miscellaneous	30	50.21
5.	Others	2	0.04
6.	Review on " Receipts of Public Works Department "	1	46.52
	Total	81	265.82

During the course of the year 2004-05, the Department accepted underassessments *etc.*, in 5 cases involving Rs 15.24 lakh pertaining to earlier years and recovered Rs 12.49 lakh.

A review on "**Receipts of Public Works Department**", involving financial effect of Rs 46.52 crore is given in the following paragraphs:

6.2 Review on "Receipts of Public Works Department"

6.2.1 Highlights

Toll receipts of Rs 53.32 crore could not be realised due to non-submission of toll proposals in respect of 35 works to Government.

(Paragraph 6.2.9)

Discontinuance of toll collection before recovering the entire cost of four bridges resulted in non realisation of revenue of Rs 2.31 crore.

(Paragraph 6.2.10)

In 43 divisions machinery hire charges amounting to Rs 21.88 crore were short realised *vis-a-vis* the norms fixed.

(Paragraph 6.2.12)

In 20 public works divisions, there was a loss of revenue of Rs 16.50 crore due to short/non levy of centage charges.

(Paragraph 6.2.13)

Toll collection charges amounting to Rs 2.33 crore were not claimed from the MSRDC.

(Paragraph 6.2.16)

6.2.2 Recommendations

- Adequate control needs to be exercised to avoid delay in levy of toll. Government may consider evolving a sound system/mechanism to strengthen tax administration in this vital area.
- practice of keeping in abeyance revenue receipts earned but not credited to revenue head by corresponding debit to works expenditure to suppress excess expenditure over allotted grants needs to be discouraged.

6.2.3 Introduction

Public Works Department (PWD) of the Government of Maharashtra is responsible for construction of Government buildings, roads and bridges and their maintenance in the entire State. Besides this, PWD collects various non tax receipts under the provisions of the Maharashtra Public Works Manual read with the Code and Bombay Motor Vehicles Tax Act (BMVT Act), 1958 as well as circulars, notifications, issued by the Department/Government from time to time. As per the BMVT Act, toll is collected on roads and bridges constructed from budgeted funds. As per Government resolution dated 8 March 1989, hire charges are to be recovered from contractors when Government machinery is hired to them and the amount is adjusted when machinery is utilised for departmental work. As per Maharashtra Public Works Manual, centage charges are leviable on works executed by PWD on behalf of other departments, non government works and works of local bodies or authorities.

6.2.4 Organisational set up

The Secretary (Roads & Bridges) heads PWD at Mantralaya. There are six regional offices, 33 circle offices, 137 divisional offices each headed by a chief engineer (CE), superintending engineer (SE) and executive engineer (EE) respectively.

6.2.5 Audit objectives

Detailed scrutiny of the records relating to non tax receipts of PWD was conducted with a view to:

- ensure compliance to applicable laws and prescribed rules, norms and procedures
- explore the defects and deficiencies in implementation of the procedures
- examine the position of outstanding dues and efforts made for recovery

6.2.6 Scope of Audit

In order to ascertain the correctness of non tax revenue collection and its impact, test check of records of 41 divisions¹, six circles², a regional office at Nagpur and PWD, Mumbai was conducted between November 2004 and April 2005. The results of test check are discussed in the following paragraphs. The review was conducted covering the receipts under Major Heads "0059 Public works" and "1054 Roads and bridges".

6.2.7 Trend of revenue

As per Maharashtra Budget Manual, the budget estimates should be prepared as close an approximation to the actuals as possible in consultation with the Accountant General wherever necessary, based on existing rates of taxes, duties, fees etc, and based on the course of receipts in previous years after allowing for any abnormal features of any extra items that may be actually realised in the ensuing year.

The budget estimates, actuals and percentage increase/decrease in receipts of the Department during 1999-2000 to 2003-04 are tabulated below:

¹ Amravati, Amravati Spl. Project, Akola, Aurangabad, Achalpur, Alibag, Buldhana, Chandrapur (I) (II) & (EGS), Chiplun, Dhule (NH-11), Gadchiroli (I), Hingoli, Jalgaon, Jalgaon (North & NH), Latur, Mumbai (Presidency), Miraj, Nagpur (I) (II) (NH-13 & 14), Nashik, Nandurbar, Nanded, Pune, Pune (East), Parbhani, Ratnagiri (South, North & NH), Pandharpur, Shahada, Solapur, Thane, Thane (Construction & NH-3), Wardha, Yavatmal and Yavatmal Spl. Project.

² Amravati (Vigilance & Quality Control), Nagpur, Nagpur (Vigilance & Quality Control and Spl. Project), Ratnagiri and Yavatmal.

(Amount in crore of rupees)

Year	Public works receipts				Roads and Bridges			
	Budget Estimate	Actual Receipts	Difference of actuals to estimate	Percentage of actuals to estimate	Budget Estimate	Actual Receipts	Difference of actuals to estimate	Percentage of actuals to estimate
1999-2000	61.47	74.99	(+) 13.52	(+) 21.99	3.09	1.15	(-) 1.94	(-) 62.78
2000-2001	74.97	69.33	(-) 5.64	(-) 7.52	3.75	0.50	(-) 3.25	(-) 86.66
2001-2002	74.97	62.71	(-) 12.26	(-) 16.35	3.18	0.53	(-) 2.65	(-) 83.33
2002-2003	75.97	54.31	(-) 21.66	(-) 28.51	2.94	0.38	(-) 2.56	(-) 87.07
2003-2004	66.97	65.25	(-) 1.72	(-) 2.56	0.40	0.64	(+) 0.24	(+) 60.00

Actual receipts under public works showed declining trend during the years, 2000-01 to 2002-03, (2.56 to 28.51 *per cent*), whereas estimated receipts remained almost unchanged. Further, there is wide variation between estimates and actuals in both the receipts.

Government stated in September 2005 that the revenue is incidental to work and the budgets will be prepared as realistically as possible.

Procedure for collection of toll

The BMVT Act prescribes the procedure for levy and collection of toll for use of a bridge/tunnel and its approach road/any section of a road/bye pass, declared in the official gazette by Government. The toll can be levied only after the issue of Government notification and is collected either departmentally or through an agent. The period of levy of toll and rates of toll to be levied on different categories of vehicles was required to be specified in the notification. In July 1988, Government instructed field offices to propose levy of toll on road/bridge works costing more than Rs 25 lakh (raised to Rs 1 crore in June 2000) six months before the expected date of completion and opening of these works to traffic. Further, the entire project cost including expenditure on maintenance and toll collection is required to be remitted into Government account by the PWD.

6.2.8 Illegal collection of toll

As per Section 20 of the BMVT Act, the State Government may recover the full amount of capital outlay³ on roads and bridges by levy of toll by issue of notification. Further, the rates and period of recovery should be specified in Government notification.

In Parbhani PW division, Government issued notification for collection of toll tax on bridge over Dhudhna river for the period from September 2001 to August 2002 and January 2003 to December 2004. The division, however, also collected toll tax amounting to Rs 0.28 crore for the period from September 2002 to December 2002 which was not covered by Government notification. In addition, the division also collected toll tax on Aurangabad-Jalna Road (major State highway-6) amounting to Rs 0.36 crore without notification for the period from April 2003 to August 2003. In Chandrapur

³ Capital outlay includes the cost of work, the anticipated cost of certain essential ongoing or imminent works like improvements, strengthening, widening, structural repairs, maintenance management, operation, reasonable returns and interest on such outlay.

PW division, toll tax amounting to Rs 0.32 crore was collected on the bridge across Bhikeshwar nalla during January 1997 to August 1998 which was not covered by Government notification. Thus, toll of Rs 0.96 crore was illegally collected.

Government confirmed the facts in September 2005 and stated that such instances will be avoided in future.

6.2.9 Non realisation of toll on works

Executive engineer of the concerned division is required to send the proposals for levy of toll, six months before the completion of work and obtain Government notification before opening these works to traffic. Further, in case the proposal for levy of toll is not feasible, then prior approval for non levy of toll should be obtained before opening the road/ bridge to traffic.

It was noticed in 11⁴ out of 13 divisions and a circle office at Ratnagiri that though construction works were completed between June 1999 and December 2003, proposals for levy of toll tax were not sent to Government by the concerned EE. Non submission of proposals by 11 EEs and SE, Ratnagiri resulted in loss of Rs 48.81 crore in 12 cases. In two⁵ other cases, though proposals for levy of toll tax were furnished by SE during October 2000 and January 2002, approval of Government was not received. Consequently, no toll tax could be collected, which resulted in loss of Rs 4.51 crore. Details of the delay in submission of proposals are as under:

(Amount in crore of rupees)

Sl. No.	Name of public works division	Cost of construction and No. of works	Date of completion of work	Date of submission of proposal	Delay in submission of proposal upto March 2005	Non realisation of revenue
1	Nandurbar	1.08(2)	3/2000	Proposal not submitted	61 months	1.08
2	Shahada	1.41(1)	3/2001	----do----	49 months	0.22
3	Alibag	12.96(3)	5/2001	--do--	47 months	12.96
4	Pandharpur	5.95(3)	6/2003	--do--	22 months	5.95
5	Hingoli	11.63(6)	12/2001	--do--	40 months	10.90
6	Nanded	2.73(2)	5/2003	--do--	23 months	2.73
7	Chandrapur	18.27(2)	7/1999	--do--	69 months	3.96
8	Chandrapur (EGs)	2.55(3)	6/1999	--do--	70 months	0.98
9	Gadchiroli I	1.01(1)	6/2000	--do--	58 months	0.78
10	Pune (East)	7.56(2)	12/2003	--do	16 months	0.98
11	Aurangabad	2.74(6)	7/2002	--do--	33 months	1.73
12	Supdt.Engr. Ratnagiri	31.26(6)	6/2001	-do--	46 months	6.54
	Total	99.15(37)				48.81
1	Chandrapur II	1.99(1)	4/2001	1/2002	Notification not issued by Government	1.99
2	Jalgaon	2.52(1)	12/2000	10/2000	--do--	2.52
	Total	4.51(2)				4.51
	Grand Total	103.66(39)				53.32

⁴ Alibag, Aurangabad, Chandrapur, Chandrapur (EGS), Gadchiroli I, Hingoli, Nanded, Nandurbar, Pune (East), Pandharpur, and Shahada.

⁵ Chandrapur II and Jalgaon.

The Department was maintaining the record of completion and expenditure of works. However no control register was maintained to observe how many proposals of eligible works for levy of toll were submitted by divisions. Thus, inaction on the part of the Department resulted in non-realisation of revenue of toll amounting to Rs 53.32 crore.

Government confirmed the facts in September 2005 and stated that for all the 35 works, either concurrence from Finance Department will be obtained for not levying toll or toll will be levied.

State Bridges

6.2.10 Discontinuance of toll collection, before recovery of entire cost of bridges

The BMVT Act provides for levy and collection of toll on a bridge/tunnel and its approach road/any section of a road/by pass, declared in the official gazette by Government. As per Government resolution of July 1988, the entire project cost including expenditure on maintenance and toll collection is recoverable through the levy of toll tax and toll tax collected is required to be remitted into Government account by PWD.

Audit scrutiny in respect of 4 bridge works in 4 divisions⁶, revealed that toll of Rs 1.77 crore was collected against the capital outlay of Rs 4.08 crore. Thereafter, toll collection was stopped. Discontinuance of the collection of toll resulted in non realisation of revenue amounting to Rs 2.31 crore.

Government confirmed the facts in September 2005. However reasons for discontinuance of toll collection were not furnished (December 2005).

6.2.11 Failure to collect hire charges

As per GR dated 8 March 1989, expenditure on maintenance and repairs of the departmental machinery should not be sanctioned to EEs by SE unless hire charges thereon are adjusted every month by the divisions. Further, it has been directed that shortage of funds will not be accepted as a reason for non adjustment of hire charges. "Adjustment Register" is required to be maintained by each division and report of collection and adjustment of hire charges is required to be sent to Government.

Audit scrutiny of 36⁷ PW divisions revealed that hire charges of Rs 33.35 crore was payable to mechanical division of Irrigation Department by PW divisions for the period from April 1999 to March 2005. The charges were not paid/adjusted. However, PWD continued to sanction expenditure on maintenance and repairs to departmental machinery during April 1999 to March 2005 which is contrary to Government instructions. Further, no control register was maintained by Government for monitoring non adjustment of hire charges for want of funds or otherwise.

⁶ Amravati, Latur, Solapur and Yavatmal.

⁷ Amravati,, Aurangabad, Amalner, Buldhana,, Chandrapur (I) (II) , Chiplun, Dhule (NH-11), Dhule, Dhule(EGS), Gadchiroli (I), Jalgaon, Jalgaon(NH), Jalgaon (North), Kankawali,, Malegaon and Manmad, Miraj, Nashik (IX,EGS), Nagpur (I), (II), (NH-13 &14), Nashik, Pune (North, NH V), Parbhani, Pandharpur, Ratnagiri (North), Shahada, Solapur, Thane (Construction & NH-3), Wardha and Yavatmal

Government confirmed the facts in September 2005 and stated that efforts will be made to recover hire charges from the grants.

6.2.12 Short realisation of hire charges

As per GR of 8 March 1989, PW divisions should earn as hire charges an amount equal to 80 per cent of the annual expenditure incurred on maintenance and repairs of construction machinery.

It was observed in 43⁸ PW divisions that expenditure of Rs 61.10 crore was incurred during April 1999 to March 2005 on maintenance and repairs of machinery. As per norms, Rs 48.88 crore was required to be earned as against which only Rs 27 crore was recovered by the Department. This resulted in short realisation of Rs 21.88 crore during April 1999 to March 2005, as detailed below:

(Amount in crore of rupees)

Period	Annual expenditure	Hire charges as per norms	Hire charges realised	Short realisation of hire charges
1999-2000	11.86	9.49	5.02	4.47
2000-01	11.02	8.81	5.30	3.51
2001-02	12.62	10.09	5.46	4.63
2002-03	12.89	10.31	5.80	4.51
2003-04	11.62	9.29	4.98	4.31
2004-05 upto 12/04	1.09	0.89	0.44	0.45
Total	61.10	48.88	27.00	21.88

Government confirmed the facts in September 2005.

6.2.13 Short levy of centage charges

As per Maharashtra Public Works Manual, centage charges were leviable on works executed by PWD on behalf of non government organisations, other departments of Government, MP fund, MLA fund and National Highway Authority of India (NHAI) works. Government fixes the rates of centage charges from time to time for various works.

In 20 divisions⁹ and a circle office (special project) at Nagpur, it was observed that centage charges amounting to Rs 16.50 crore were either not levied or short levied as detailed below for the period from 1999-2000 to 2004-05 (upto December 2004).

⁸ Alibag, Amravati, Amalner, Akola, Buldhana, Chandrapur (I), (II), Chiplun, Dhule, Dhule (EGS), (NH), Gadchiroli (I), Jalgaon, Jalgaon (NH), Kankavli, Latur, Malegaon and Manmad Spl.Project Miraj, Nagpur(I) (II) (NH-13 &14), Nandurbar, Yavatmal, Nashik, Nashik (NH, IX, EGS), Nanded, Parbhani, Pandharpur, Pune (Integrated, North, NH V), Ratnagiri (South, North), Shahada, Sawantwadi, Thane, Thane (Construction & NH-3) and Wardha,

⁹ Amravati, Aurangabad, Alibag, Chiplun, Chandrapur, Dhule, Hingoli, Latur, Nashik, Nashik (EGS), Nagpur (II, NH-13 &14), Pune (East & NH-5), Pandharpur, Ratnagiri (North), Solapur, Shahada and Thane

(Amount in crore of rupees)

Sl. No.	Name of work	No. of divisions	Rate of centage charges	Total cost of work	Charges leviable	Charges levied	Short levy/ non levy of centage charges
1	Deposit works	17	16% of cost of work upto 10/2003 and 5% from 11/2003	102.38	12.75	2.98	9.77
2	MLA Fund	6	4% of cost of work	18.65	0.74	0.53	0.21
3	MP Fund	16	15% of cost of work upto 1/2000 and 4% from 2/2000	29.80	2.52	0.28	2.24
4	NHAI works	4	16% of estimated cost of work upto 8/2001 and 9% from 9/2001	62.45	9.76	5.48	4.28
Total							16.50

Government confirmed the facts in September 2005 and stated that recovery will be made. In case of Nashik, Nashik (EGS) and Solapur divisions, Government stated that the matter will be referred to the Secretary (Revenue) for penal action against the Collectors for issue of illegal orders of not levying centage charges.

6.2.14 Loss of revenue due to incorrect fixation of upset price

According to para 4 of GR of Government of Maharashtra, PWD dated 19 July 1988, the upset price for levy of toll on roads and bridges for the first year will be total collection of toll on the basis of traffic across the bridge/road during the year. For subsequent years, it will be 90 *per cent* of the previous years total toll collection. Government vide GR dated 6 June 1996, modified the condition and directed that the highest offer accepted during the previous year, should be treated as upset price. In July 1999, the Department devised a new formula for fixation of upset price based on traffic intensity, growth of traffic, rates of toll and expenditure incurred on maintenance and cost of collection. The traffic intensity was based on the data collected by the Department on each national and State highway during May and December of each year.

In three PW divisions¹⁰ it was noticed that the EEs had not adopted the method to fix the upset price for floating tender for collection of toll based on traffic census and other factors as directed by Government in July 1999. Moreover, revised rates of toll declared in June 1998 by Government were also not considered. The fixation of upset price by the divisions on the bid price received on earlier occasions was incorrect as the upset price should have been worked out based on traffic census. Thus, the upset price fixed on the bids received which were far less as compared to upset price worked out on the

¹⁰ Latur, Solapur and Thane.

basis of traffic census resulted in loss of revenue of Rs 10.94 crore as detailed below:

(Amount in crore of rupees)

Name of division	Period	Upset price required to be fixed	Upset price fixed by division	Revenue realised	Loss due to incorrect fixation of upset price
Thane (Const)	1-1-2000 to 31-12-2000	0.57	0.09	0.13	0.44
	1-1-2001 to 28-2-2002	1.60	0.13	0.15	1.45
	1-3-2002 to 28-2-2003	1.80	0.29	0.34	1.46
	1-3-2003 to 31-5-2004	2.32	0.34	0.36	1.96
Total		6.29	0.85	0.98	5.31
Latur	1-12-1999 to 31-12-2000	2.37	0.76	0.87	1.50
	1-1-2001 to 28-2-2002	1.50	0.80	1.21	0.29
	1-3-2002 to 31-3-2003	2.88	1.15	1.15	1.73
Total		6.75	2.71	3.23	3.52
Solapur	1-9-2001 to 21-8-2002	0.81	0.26	0.17	0.64
	1-9-2002 to 31-8-2003	0.81	0.27	0.25	0.56
	1-9-2003 to 31-8-2004	0.81	0.30	0.29	0.52
	1-9-2004 to 30-4-2005 (proportionate)	0.68	0.27	0.29	0.39
		3.11	1.10	1.00	2.11
Grand Total					10.94

Government confirmed the facts and stated that instructions for fixing upset price will be issued by Government to ensure avoidance of such cases in future.

6.2.15 Short/non recovery of cost of blank tender forms

Government in its circular of June 2001, directed all divisions to double the prevailing cost of tender forms due to increase in cost of advertisement in newspapers and periodicals.

In 33¹¹ divisions and one circle office at Nagpur, the forms were being sold at pre-revised rates from September 2001 to June 2003. The delay in revising the rates ranged from three to 36 months and resulted in loss of revenue of Rs 3.50 crore for the period from July 2001 to March 2005. This was also not pointed out by the internal audit wing that conducts inspections annually. The above fact indicates that there was lack of monitoring on the part of the Department.

Government confirmed the facts in September 2005 and stated that orders will be issued to maintain divisionwise uniformity.

6.2.16 Non-recovery of maintenance and toll collection charges from MSRDC

The roads constructed from State Government funds were transferred to Maharashtra State Road Development Corporation (MSRDC) in June 1998. As per Government resolution of October 1998, claim for maintenance and toll collection charges of toll works was to be made by the divisions at the beginning of each year from MSRDC and credited into government account. Tolls were being collected by PWD and remitted to MSRDC. A quarterly report showing the amount collected on account of toll was required to be submitted by divisions to the PWD.

In seven PW divisions¹², it was observed that maintenance and toll collection charges amounting to Rs 2.33 crore for the period from April 1999 to March 2004 were not claimed from MSRDC. There was nothing on record to show that the EEs had ever been advised/directed by the higher authority to recoup the amount. This resulted in non realisation of Rs 2.33 crore.

Government confirmed the facts in September 2005 and stated that the amount of maintenance charges for the roads transferred to MSRDC will be recovered from the toll amounts paid to them.

6.2.17 Acknowledgement

The audit findings were discussed in the Audit Review Committee for State Revenue Receipts on 5 September 2005 and the views of the Government have been incorporated in each of the paragraphs.

¹¹ Akola, Amalner, Aurangabad, Buldhana, Chiplun, Dhule (NH-11), Dhule, Hingoli, Jalgaon, Jalgaon,(NH), Malegaon, Mumbai (Presidency), Miraj, Nashik, Nagpur (NH-13 &14), Nandurbar, Nanded, Nashik (EGS and NH IX), Pune (East), Pune (Integrated, North, Building and NH V), Parbhani, Ratnagiri (South, North), Shahada, Thane (Construction & NH-3), Yavatmal and Yavatmal Spl.Project.

¹² Amravati, Bhandara , Chandrapur (I) (II), Gadchiroli (I), Solapur, and Washim.

6.2.18 Conclusions

The review revealed that:

- the Department needs further strengthening of control mechanism to monitor the assessment, levy and collection of tolls on roads constructed out of budget fund and its remittance to Government account,
- non implementation of Government instructions about levy of centage charges and doubling the cost of blank tender forms led to short realisation of revenue.

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