

CHAPTER VII : NON-TAX RECEIPTS

7.1 Results of audit

Test check of the records of non-tax receipts conducted during the year 2007-08 revealed underassessment/short levy, loss of revenue etc., of Rs. 207.96 crore in 20,653 cases as shown below:

(Rupees in crore)

Sl. No.	Category	No. of cases	Amount
1.	Police Receipts (A review)	1	48.36
2.	Non-payment of Guarantee fees	1	144.06
3.	Loss of forest revenue	16	9.33
4.	Losses in revenue due to deterioration in transit/ in sale/in resale/due to non-extraction/non-lifting of material other than Bamboo	7	3.88
5.	Loss of revenue on sale of <i>tendu</i> leaves	7	1.57
6.	Non/short recovery of service charges	20,612	0.48
7.	Loss on miscellaneous items	7	0.24
8.	Others	2	0.04
Total		20,653	207.96

In response to the observations made in the local audit reports during the year 2007-08 as well as during earlier years the department accepted underassessments involving Rs. 3.30 crore in 13 cases which were pointed out during earlier years. During the year 2007-08, the department also recovered Rs. 3.30 crore in these 13 cases.

A review of "**Police Receipts**" involving Rs. 48.36 crore and a few illustrative cases involving Rs. 145.05 crore are mentioned in the succeeding paragraphs.

7.2 Police Receipts

Highlights

Demands totalling Rs. 4.99 crore for recovery of cost of deployment of police were not raised.

(Paragraph 7.2.7.1)

Cost of deployment of police to the extent of Rs. 3.23 crore was recovered short due to non-inclusion of dearness pay, leave salary, pension contribution, supervision charges, etc.

(Paragraph 7.2.7.2)

Failure to recover cost of Police/escorts/guards in advance from individuals and Municipal Corporations and absence of a provision to recover cost of police in advance from banks resulted in non-realisation of Rs. 27.49 crore.

(Paragraph 7.2.8)

Shareable expenditure of Rs. 12.48 crore on Government Railway Police deployed to the Railways could not be realised as 447 posts were created without its approval.

(Paragraph 7.2.9)

In the absence of any database of cost of police recoverable, the department was unaware of the total accumulated arrears. Absence of monitoring and lack of follow-ups to recover cost of police deployed resulted in accumulation of huge arrears of Rs. 178.45 crore during the periods between 1979-80 and 2006-07 in 11 offices.

(Paragraph 7.2.10)

7.2.1 Introduction

Police receipts include payments for the police personnel provided to the Central Government/public sector undertakings/Banks/Railways within the State and to the other Governments/parties, fees, fines, forfeitures and other receipts. These receipts also include annual licence fees/certificate fees from owners of hotels, restaurants, bars, etc.

The assessment, collection and accounting of police receipts are governed by the Bombay Police (BP) Act, 1951, the Maharashtra Police Manual (MPM) and instructions issued thereunder from time to time.

A review of the receipts of the Police Department was conducted by audit. It revealed a number of system and compliance deficiencies which are discussed in the following paragraphs.

7.2.2 Organisational set-up

For maintaining law and order in the State, there exists a police force under the supervision of the Secretary to the Government of Maharashtra in the Home Department, who exercises control over the entire State, with the help

of the Director General of Police (DGP). The DGP is assisted by the Additional DGP (ADGP)/Inspector General of Police (IGP), who is responsible for maintenance of law and order in the various ranges. Besides, there are Commissioners of Police (CPs)/Superintendents of Police (SPs) and other staff posted at various levels.

The CPs in cities and SPs in districts are responsible for assessment and collection of cost of police within their jurisdiction. The DGP is responsible for assessment and collection of police costs for deployment of police outside the State. The ADGP (Railways) is responsible for assessment and collection of police costs for deployment of police personnel to the Railways.

7.2.3 Scope of audit

With a view to verify the adequacy of the systems and procedures of the Police Department in respect of levy, collection and deposit of police receipts into the Government account, a test check of records for the period 2002-03 to 2006-07 was conducted between October 2007 and April 2008. The records were checked in the offices of the DGP, Mumbai, ADGP (Railways), all the 10 CPs¹ and nine² out of 35 SPs. The offices of the SPs were selected on the basis of application of the statistical sampling technique. The treasurywise revenue collection figures of Police receipts was considered as base for determining the population and sampling was done by application of Probability Proportional to Size Without Replacement (PPSWR) technique.

7.2.4 Audit objectives

The review was conducted to ascertain whether:

- the levy and collection of cost of deployment of police, licence fee, etc., was being done efficiently;
- the demands for supply of police guards, etc., were being raised correctly and in time;
- the laws, rules and departmental instructions for safeguarding the revenues were being properly enforced; and
- an adequate internal control mechanism existed in the department to ensure proper realisation of police receipts.

7.2.5 Acknowledgement

The Indian Audit and Accounts Department acknowledges co-operation of the Home Department in providing necessary information and records for audit. The entry conference was held wherein selection of units, scope and methodology of audit was discussed. The draft review report was forwarded to the Government and the department in June 2008 and was discussed in the Audit Review Committee meeting held in September 2008. Additional Chief Secretary, Home Department represented the Government while Deputy

¹ Amravati, Aurangabad, Mumbai, Nagpur, Nashik, Navi Mumbai, Pune, Solapur, Thane and Railways.

² Ahmednagar, Aurangabad, Chandrapur, Jalgaon, Nagpur, Nashik, Pune, Satara and Solapur.

Inspector General of Police (Admn.) represented the department. Views of the Government/department have been incorporated in relevant paragraphs.

7.2.6 Trend of revenue

As per the Maharashtra Budget Manual, budget estimates should be prepared to achieve as close an approximation to the actuals as possible based on the cost of collection for police deployment, rates of fees and fines, receipts of the previous years, any recognisable regularity in the figures of the past years, amount outstanding at the end of the current year and amount likely to be collected in next financial year out of next revenue year's demand. The budget estimates and revenue realised by the Department during the years 2002-03 to 2006-07 were as under :

(Rupees in crore)

Year	Budget estimates	Actual collection	Variations (+) excess (-) shortfall	Percentage of variation
2002-03	95.79	152.77	(+) 56.98	(+)59.48
2003-04	185.00	102.75	(-) 82.25	(-) 44.46
2004-05	280.00	96.63	(-) 183.37	(-) 65.49
2005-06	294.00	106.60	(-) 187.40	(-)63.74
2006-07	126.71	101.84	(-) 24.87	(-)19.63

It could be seen from the above table that the budget estimates were more than the actuals of the previous years except for the year 2002-03³. Further, the regularity in figures of the past years and anticipated collection out of the demands to be raised in the subsequent financial years had not been taken into consideration, as was required to be done for preparation of budget estimates. Hence, there was a need to have a re-look at the entire budgetary process so as to ensure that the budget estimates confirm to requirements prescribed in the budget manual.

Audit findings

System deficiencies

7.2.7 Assessment and demand for recovery of cost of police deployed

As per the provisions of the MPM, deployment of police force on a request received from borrowing State Government, organisation, individual etc., is subject to payment of cost. The department is required to assess the cost of police and effect recovery.

Audit scrutiny revealed that the department had failed to recover the cost of police by timely raising of demands, monitoring the arrears of revenue recoverable and correctly computing the cost of police deployed. The omissions are discussed below :

³ Actuals for the year 2001-02 was Rs. 110.78 crore.

7.2.7.1 Non-raising of demands of cost of police deployed to other States/Central Government

Police personnel are deployed to other States following requests from the Government of India/other State Governments to maintain law and order during elections, religious functions, riots etc. On the basis of orders issued by the DGP, police personnel from the State Reserve Police Force (SRPF) located in different places in Maharashtra are deployed to other States. As per circular dated 19 May 2003, issued by the DGP, the statements of expenditure (SOE) for the cost of police deployment were to be prepared by the Commandants of SRPF within one month from the date of return of the SRPF personnel from outside States. The SOEs so received were to be consolidated and forwarded to the State Accountants General for certification. However, the Government did not prescribe any return or register for keeping a watch on the demands raised and collection of cost of police deployed.

Test check of records in the office of the DGP, revealed that in respect of SRPF personnel deployed to seven⁴ States/UTs, during various periods between 2002-03 and 2006-07, there were delays ranging between nine and 38 months in finalising the SOEs. Further, in none of these cases demands for recovery of cost of police of Rs. 4.99 crore were raised by the department. Absence of a system in the department to watch the raising of demands through registers and returns resulted in non-realisation of Rs. 4.99 crore towards cost of police deployed.

The Government accepted (September 2008) the omission and agreed to recover the amount. A report on recovery has not been received (November 2008).

The Government may therefore, consider prescribing a periodic return and maintaining a register at appropriate level to keep a watch on the recovery of the cost of police deployed.

7.2.7.2 Short recovery of cost of police deployed

As per paragraph 484(1) of the Maharashtra Police Manual (Volume III), the cost of permanent deployment of police forces includes pay, dearness pay, special pay, house rent allowance and other admissible allowances including leave salary and pension contribution and supervision charges at prescribed rates applicable from time to time. The Government did not prescribe any mechanism to ensure correctness of computation of cost of police.

Test check of the records revealed that in the offices of six CPs⁵ and two SPs⁶, in respect of 40 cases for various periods between 2002-03 and 2006-07, the elements of dearness pay, leave salary and pension contribution, supervision charges and house rent allowance aggregating Rs. 3.23 crore were not included in the demands raised. This resulted in short recovery of Rs. 3.23 crore from various organisations as detailed in Annexure II.

⁴ Bihar, Goa, Gujarat, Haryana, Madhya Pradesh, Puducherry (Union Territory) and Tamil Nadu.

⁵ Amravati, Aurangabad, Mumbai, Nagpur, Pune and Solapur.

⁶ Nagpur and Pune.

After the cases were pointed out, the department accepted the observation and stated (September 2008) that revised demand notices for effecting recovery would be issued. A report on recovery has not been received (November 2008).

7.2.8 Non-raising of demand/non-recovery of cost of police in advance

As per sections 47 and 48 of Bombay Police Act and paragraph 484 of Maharashtra Police Manual Volume III, the cost of police on account of protection provided to individuals/private organisations is to be recovered in advance. Further, as per the Government Resolutions (GRs) issued between 1983 and 1998, the cost of police personnel deployed to Municipal Corporations (MCs) is also to be recovered in advance. However, the Government did not prescribe any mechanism to ensure recovery of cost of police for deployment to individuals and MCs in advance. In the case of deployment of police to Banks even the provision of recovery of cost of police in advance has not been prescribed.

7.2.8.1 Non-recovery of cost of police from individuals

Test check of the records in the offices of the CPs at Nagpur and Pune and SP, Satara, revealed that in respect of protection provided to 119 individuals during various periods between 2002-03 and 2006-07, neither the cost of police was recovered in advance (Rs. 1.67 crore) nor the demands (Rs. 93.07 lakh) were raised subsequent to the return of the police personnel. This resulted in non-realisation of cost of police of Rs. 2.60 crore.

7.2.8.2 Non-recovery of cost of police from Municipal Corporations

Test check of the records in the offices of the eight⁷ CPs and two⁸ SPs during various periods between 2002-03 and 2006-07, revealed that in respect of persons deployed to 11⁹ MCs, the cost of deployment of police amounting to Rs. 22.47 crore was not recovered in advance.

7.2.8.3 Non-recovery of cost of police from banks

Scrutiny of the records revealed that in the office of five¹⁰ CPs cost of police of Rs. 2.42 crore for various periods between 1998 to 2007 deployed to 14¹¹ banks were pending recovery. No recoveries were effected till November 2008.

Thus, non-observance of the prescribed procedure to recover the cost of police in advance from individuals and MCs and absence of a system for recovery of

⁷ Aurangabad, Mumbai, Nagpur, Nashik, Navi Mumbai, Pune, Solapur and Thane.

⁸ Satara and Solapur.

⁹ Aurangabad, Bhiwandi-Nizampur, Kalyan-Dombivali, Nagpur, Nashik, Navi Mumbai, Pimpri-Chinchwad, Pune, Solapur, Thane and Ulhasnagar.

¹⁰ Mumbai, Nagpur, Nashik, Pune and Thane.

¹¹ State Bank of India, Mumbai; Bank of Maharashtra, Nagpur; Bank of India, Nagpur; Central Bank of India, Nagpur; Allahabad Bank, Nagpur; UCO Bank, Nagpur; Central Bank of India, Nashik; State Bank of India, Special Training, Pune; State Bank of India, Strongroom, Pune; Bank of Maharashtra, Pune; Bank of Maharashtra, Thane; Union Bank of India, Thane; Canara Bank, Thane; Central Bank of India, Thane.

cost of police from banks in advance, resulted in non-recovery of Rs. 27.49 crore.

After the cases were pointed out, the department stated (September 2008) that instructions have been issued to the concerned authorities to recover the amounts and also to strictly follow the provisions of the Act to recover the cost of police in advance.

The Government may consider prescribing a system of recovery of cost of police for deployment to banks in advance and a mechanism to ensure that the cost of police deployed to individuals and MCs is recovered in advance.

7.2.9 Non-receipt of 50 per cent share towards cost of police due to creation of posts without approval of Railways

As per para 856 of the Indian Railways Financial Code Volume I, the cost of Government Railway Police (GRP) is to be shared between the State Government and the Railways on a 50:50 basis, provided that the strength of the GRP force is determined with the approval of the Railways. However, the Government did not prescribe any mechanism to ensure that the posts created are kept within sanctioned strength approved by Railways.

Scrutiny of records of the ADGP (Railways) revealed that, during the period 2002-03 and 2006-07, as against 5,616 posts approved by the Railways 6,063 GRP posts were created by the State Government for deployment. Thus, 447 posts were created without the approval of the Railways.

The Director (RPF), Railway Board, Government of India, Ministry of Railways refused (December 2004) to give post facto sanction for the additional posts. The expenditure incurred by the State Government on 447 posts for the period 2002-03 to 2006-07 was Rs. 24.96 crore, of which Rs. 12.48 crore was reimbursable by the Railways. Failure of the department in creating the posts with the approval of Railways, as prescribed, resulted in non-receipt of shareable expenditure of Rs. 12.48 crore on Government Railway Police deployed to the Railways.

The Government may consider prescribing a mechanism to ensure that the posts created are kept within the sanctioned strength approved by the Railways.

7.2.10 Arrears pending collection

Under the provisions of the BP Act and the MPM, the cost of police personnel provided was recoverable from the concerned institutions, bodies or persons. In cases of default, revenue due to the Government could be recovered as arrears of land revenue as provided under Section 49 of the BP Act. The BP Act neither prescribes any time limit for payment of cost of police deployed nor prescribes for levy of interest on delayed payments.

It was noticed that neither the office of the DGP nor its subordinate offices from which police personnel were deployed, had maintained any database regarding demands, collections, outstanding dues and age-wise break-up of arrears. No return has been prescribed by the DGP to watch the progress of recovery and to ascertain the position of accumulated arrears of revenue. In the absence of any consolidated data, the arrears accumulated could not be

ascertained. Analysis of arrears of revenue compiled by audit from the files maintained in the offices selected for test check revealed the following :

- In the office of the ADGP (Railways), demands aggregating Rs. 159.57 crore towards cost of deployment of Government Railway Police were pending recovery out of which Rs. 101.67 crore related to periods prior to 2002-03 (from 1979-80 onwards). Scrutiny of files revealed that, proper follow-up action was not taken for recovery of the dues.
- In the offices of five¹² CPs and three¹³ SPs amounts totalling Rs. 9.46 crore for various periods between 1983 and 2007 towards cost of deployment of police to 28 institutions were pending recovery.
- In the offices of CP, Thane amount totalling Rs. 8.51 crore for various periods between November 1990 and March 2002 towards cost of deployment of police to four¹⁴ MCs were pending recovery.

In the office of the DGP, amounts totalling Rs. 91.07 lakh towards cost of deployment of SRPF to five¹⁵ States were pending recovery. These arrears related to various periods between March 1987 and May 2001. Analysis of pendency revealed that there were inordinate delays ranging from four to 17 years in issuing demands to the borrowing States for recovery. In none of these cases recovery was effected till April 2008.

Absence of a system to monitor the recoveries and lack of effective follow up in the department resulted not only in huge accumulation of arrears but also the likelihood of the amounts not being recovered due to the passage of time.

The Government may evolve a suitable mechanism to monitor recovery of arrears and also consider prescribing time limit for payment of cost of police and levy of interest in case of belated payment to safeguard the revenue.

7.2.11 Internal control

7.2.11.1 Irregularities in cash management

As per Rule 8(1) of the Maharashtra Treasury Rules, 1968, all moneys received by or tendered to Government Officers are to be paid in full within two days of their receipt into a treasury/bank. Further, as per Rule 98 (2) (ii), all monetary transactions should be entered in the cash book as soon as they occur and should be attested by the Head of the office. Scrutiny of records in the test checked offices revealed the following:

- In the office of the CP, Amravati, 41 demand drafts (DDs) totalling Rs. 4,100 received during December 2006 and March 2007, on account of fees for character verification certificates (CVCs) had not been credited into the designated bank for realisation.
- In the office of the SP, Nagpur amounts totalling Rs. 2.29 lakh, received by the accounts branch from the traffic branch on six

¹² Mumbai, Nagpur, Nashik, Pune and Thane.

¹³ Ahmednagar, Jalgaon and Nashik.

¹⁴ Bhiwandi-Nizampur, Kalyan-Dombivali, Thane and Ulhasnagar.

¹⁵ Gujarat, Karnataka, Kerala, Tamil Nadu and West Bengal.

occasions, between 10 January 2006 and 30 June 2007, on account of fines collected from the traffic offenders had not been entered in the cash book. Further, there were delays ranging from five to 59 days in crediting cash of Rs. 4.43 lakh received from the traffic branch on 24 occasions, between 17 April and 10 June 2004, on account of fines collected from traffic offenders and fees deposited by persons for obtaining CVCs.

- In the office of the CP, Aurangabad as against Rs. 400 and Rs. 55,000 received on 24 April 2003 and 30 June 2003, Rs. 100 and Rs. 50,000, respectively were entered in the cash book. Further, three receipts were missing in the respective receipt books. Verification of the cash book revealed that entries corresponding to these receipts had also not been made in the cash book. Amounts totalling Rs. 4.14 lakh received by the office between 5 March and 21 March 2003 on account of auction of vehicles had been remitted into the treasury after gaps ranging from 52 to 68 days.
- In the offices of SP, Aurangabad and Solapur, cash received from persons who had applied for obtaining passports as well as fines collected from traffic offenders by the traffic branch had not been entered in the cash books.

Such lapses are fraught with the risk of misappropriation of public funds.

The Government accepted (September 2008) the omission and stated that necessary action would be taken. Further report has not been received (November 2008).

7.2.11.2 Non-reconciliation of receipts with treasury records

As per the provisions of Rule 98(2) (v) of the Maharashtra Treasury Rules, all moneys received by a Government officer on behalf of the Government and remitted into the treasury are required to be reconciled with the figures booked by the concerned treasury officer and to be kept on record.

Scrutiny of the records in the test checked offices revealed that in the offices of six¹⁶ CPs and two¹⁷ SPs, during the periods 2002-03 to 2006-07 no such reconciliations were carried out. In the offices of two¹⁸ CPs and one¹⁹ SP out of the challans sent to the treasuries during various periods between October 2002 and March 2007 for verification of credits, the treasuries had intimated non-accounting of credits aggregating Rs. 10.87 lakh. No action was taken by these offices to ascertain the discrepancies in the above cases. Failure of the department to reconcile the remittances with the treasury exposed the department to the risk of mismanagement of cash.

After this was pointed out, the department stated (September 2008) that the DGP would issue necessary instructions in this regard and initiate disciplinary proceedings against erring officials. Further report has not been received (November 2008).

¹⁶ Amravati, Aurangabad, Mumbai, Pune, Solapur and Thane.

¹⁷ Aurangabad and Chandrapur.

¹⁸ Nashik and Thane.

¹⁹ Jalgaon.

Compliance deficiencies

7.2.12 Short realisation of revenue due to delay in implementation of revised rates as per the notification

Under the Motor Vehicles (MV) Act, 1988, the traffic police is required to recover fines from traffic offenders for committing the offences. The amounts of fines to be recovered are regulated by notifications issued by the State Government from time to time. The rates of fines for offences committed under Section 177 of the MV Act, were Rs. 50 for auto rickshaws and taxies and Rs. 100 for all other types of vehicles.

The Home Department, vide a notification issued on 9 August 2006 (effective from 15 August 2006) revised the rates of fines for offences committed under Section 177 of the MV Act, to Rs. 100 for all types of vehicles.

Scrutiny of the records in the offices of seven CPs²⁰ and three SPs²¹, during the period from 15 August 2006 to 5 December 2006, revealed that in respect of 18,328 offences committed by the drivers of auto rickshaws and taxies, fines were recovered at the pre-revised rate of Rs. 50 instead of Rs. 100. Failure of the department to implement the notification from the effective date resulted in short realisation of revenue of Rs. 9.16 lakh.

The Government accepted the lapse and stated (September 2008) that henceforth notifications would be issued well in advance to ensure timely compliance.

7.2.13 Short recovery of licence fees

Under the provisions of the Bombay Police Act, the owners of residential hotels, eating houses, lodging houses, etc., are required to obtain licences and renew it annually from the CPs on payment of fees at the notified rates.

Scrutiny of records in the offices of the three²² CPs revealed that, in respect of 167 licences renewed between 2002-03 and 2006-07, licence fee was recovered short by Rs. 7.85 lakh due to application of incorrect rates.

The Government accepted (September 2008) the omission and agreed to recover the amounts. A report on recovery has not been received (November 2008).

7.2.14 Misclassifications under the receipt head "0055 Police Receipts"

Undisbursed pay and allowances, travelling allowances and recovery of overpayments are to be treated as reduction in expenditure and classified under the respective expenditure heads of account. The office of the DGP had also issued a circular to this effect on 10 December 2004.

Scrutiny of the records in the test checked offices revealed that in the offices

²⁰ Aurangabad, Mumbai, Nashik, Navi Mumbai, Pune, Solapur and Thane.

²¹ Chandrapur, Jalgaon and Satara.

²² Aurangabad, Nashik and Pune.

of two²³ CPs and three²⁴ SPs, amounts totalling Rs. 4.34 lakh on account of recovery of overpayments of salary, travelling allowances, house rent allowances etc., were incorrectly credited to the receipt head “0055 Police Receipts” instead of treating them as reduction of expenditure under the respective expenditure heads. This led to enhancement of receipts to that extent.

After this was pointed out, the department stated (September 2008) that fresh instructions were being issued in this regard and the compliance of which will be watched through departmental inspections.

7.2.15 Conclusion

The review revealed that the department did not have a proper mechanism to correctly assess the cost of deployment of police and to raise demands promptly from the organisations to which the police personnel were deployed. No registers were maintained by the department to watch the timely assessment and raising of demands and their collection. This resulted in non-raising/short realisation of the cost of police deployment. The department failed to recover the cost of police deployment in advance from municipal corporations and private individuals/institutions. The internal controls in the department were not effective, which resulted in huge accumulation of arrears of revenue, delays in raising demands and irregularities in the management of cash.

7.2.16 Summary of recommendations

The Government may consider :

- prescribing a periodic return and maintaining a register at appropriate level to keep a watch on the recovery of the cost of police deployed;
- prescribing a system of recovery of cost of police for deployment to banks in advance and a mechanism to ensure that the cost of police deployed to individuals and MCs is recovered in advance;
- prescribing a mechanism to ensure that the posts created are kept within the sanctioned strength approved by the Railways and
- evolving a suitable mechanism to monitor recovery of arrears and also consider prescribing time limit for payment of cost of police and levy of interest in case of belated payments to safeguard the revenue.

²³ Nashik and Solapur.

²⁴ Ahmednagar, Aurangabad and Pune.

7.3 Non-recovery of guarantee fees

According to the powers conferred by Article 293 of the Constitution of India, the State Government gives guarantees on the Consolidated Fund of the State, to various lending institutions/bond holders to assure them of repayment of principal amounts of loans/investments and interest payable thereon. Such guarantees constitute contingent liabilities of the State. As per the Government resolution of the Finance Department dated 5 November 1999, the responsibility for recovering the guarantee fees rests with the respective administrative departments.

Further, as per the Government resolutions dated 18 November 1988 and 15 April 1997, the rate of guarantee fees vary between 0.50 to 2 *per cent* per annum. The guarantee fees on the guaranteed sums outstanding as on 31 March and 30 September are to be credited to the Government account on 1 April and 1 October respectively, every year, by the loanee corporations/organisations. For delays in payment of guarantee fees, penal interest is payable at the rate of 16 *per cent* per annum for the first three months and at the rate of 24 *per cent* thereafter.

Detailed analysis of the records of six corporations under three administrative departments relating to funds raised through bonds and loans on the basis of guarantees given by the Government, revealed that guarantee fees due for the period between April 2006 and March 2008 were not paid by the Corporations. No action was taken by the concerned administrative departments to recover the dues. This resulted in non-recovery of guarantee fees and penal interest aggregating Rs. 144.06 crore as detailed in Annexure-III.

The matter was reported to the Government in May 2008; their reply has not been received (November 2008).

7.4 Non-realisation of rent due to non-execution of lease agreement

As per the provisions of the Maharashtra Public Works Account (MPWA) Code read with the Maharashtra Public Works (MPW) Manual, if a Government building is not required by them and is lying vacant, it may be leased out to local/private bodies or private educational institutions, after getting the rent fixed and lease agreement executed.

During test check of the records of the Executive Engineer (EE), Jayakwadi Project Drainage Construction Division No. 3, Beed in March 2007 revealed that, four Government buildings were rented out to three private institutes/local body between August 1997 and August 2005. However, the department did not recover the rent of Rs. 51.17 lakh upto March 2008 from these institutions.

After the cases were pointed out, the EE accepted (October 2007) the observation. A report on recovery has not been received (November 2008).

The matter was reported to the Government in May 2008; their reply has not been received (November 2008).

7.5 Non/short recovery of service charges

According to the provisions of the Bombay Civil Services Rules, 1959 and the Government resolution issued in February 2001, service charges are recoverable at the prescribed rates from employees occupying Government quarters and drawing a minimum pay of Rs. 4,380.

During test check of the records of 19 offices of the Medical Education and Drugs Department and four offices of the Home Department in April 2008, it was noticed that in the pay bills, for various periods between 2003-04 and 2007-08, service charges amounting to Rs. 8.66 lakh in 94 cases were either not recovered or Rs. 39.27 lakh were recovered short in 20,518 cases. This resulted in non/short realisation of service charges aggregating Rs. 47.93 lakh in 20,612 cases as detailed in Annexure IV.

After the cases were pointed out, the departments stated (April 2008) that necessary action would be taken. Reasons for non/short recovery were not furnished by any of the offices. A report on recovery has not been received (November 2008).

The matter was reported to the Government in June 2008; their reply had not been received (November 2008).

**Mumbai,
The**

**(RAJIB SHARMA)
Principal Accountant General (Audit)-I,
Maharashtra**

Countersigned

**New Delhi,
The**

**(VINOD RAI)
Comptroller and Auditor General of India**