

CHAPTER-VIII: OTHER DEPARTMENTAL RECEIPTS

8.1 Results of Audit

Test check of assessment records and other connected documents pertaining to departmental receipts in the Departments of Food Supplies and Consumer Welfare, Co-operation, Energy and General Administration during 2002-2003 revealed non-realisation of revenue, non/short levy of duties, fees etc. of Rs.110.24 crore in 51,485 cases which may broadly be categorised as under:

(Rupees in crore)			
Sl. No.	Category	No. of cases	Amount
1	Review: Non realisation of house licence fee, room rent and service charges.	01	21.62
2	Non-realisation of revenue.	45,749	54.82
3	Non/short levy of revenue.	11	8.66
4	Other irregularities.	5,724	25.14
Total		51,485	110.24

During the year 2002-2003 the Departments accepted non/short levy of revenue, non-realisation of revenue etc. of Rs.12.88 crore in 37,080 cases, out of which 22,409 cases involving Rs.1.87 crore were pointed out during 2002-03 and 14,671 cases involving Rs.11.01 crore in earlier years.

A few illustrative cases highlighting important audit observations involving Rs.32.73 crore and findings of a review, "**Non-realisation of house licence fee, room rent and service charges**" involving Rs.21.62 crore are discussed in the following paragraphs.

8.2 Review: Non-realisation of house licence fee, room rent and service charges

8.2.1 Highlights

(i) **Non-realisation of house licence fee from residential quarters and non-residential buildings under the control of General Administration (Rent) Department led to blocking of revenue of Rs.9.12 crore by way of rent.**

{Para 8.2.7(ii)(iii)}

(ii) **House licence fee of Rs.6.66 crore remained unrealised due to unauthorised grant of rent free quarters by the Irrigation Department.**

{Para 8.2.8}

(iii) **There was blocking of Government revenue of Rs.3.94 crore due to non-realisation of house licence fee by the Roads & Buildings Department.**

{Para 8.2.9}

(iv) **Appropriation of Departmental receipts of Rs.0.58 crore for Departmental expenditure resulted in loss of government revenue to that extent.**

{Para 8.2.12}

(v) **Government sustained loss of revenue of Rs.0.17 crore due to free accommodation to 56 Tahasils and CDMO office staff at Malkangiri and unauthorised occupation of Government quarters.**

{Para 8.2.10(ii)}

8.2.2 Introduction

As per provisions contained in “The Special Accommodation Rules, 1959” and orders issued in General Administration Department Resolution (September 1998) read with Finance Department Resolution (January 1999) all State/Central Government officials provided with Government accommodation have to pay house licence fee as per rates prescribed thereunder based on the plinth area of the quarters allotted to them. As per rule 107-A of Orissa Service Code a residence allotted to a Government Servant may be retained up to four months in case of resignation, dismissal, removal, retirement, death or transfer of a Government Servant if no administrative

inconvenience is caused. In case of retention of quarters beyond permissible limit or un-authorized occupation, flat licence fee⁶² for one month, standard licence fee for subsequent two months and penal rent at five times of standard licence fee is leviable thereafter.

8.2.3 Organisational set up

The Special Secretary, General Administration Department is in charge of allotment of Government quarters and shopping complex at Bhubaneswar and Cuttack for all the Departments of Government. The Rent Officer, General Administration (Rent) Department is responsible for assessment and realisation of the rent. Rent demand statements are sent to the Drawing and Disbursing Officers (DDOs) for recovery of licence fee from the salary bills of the allottees. The recovery of rent is monitored by the General Administration (Rent). The Heads of Offices of Major Irrigation Projects, District and other Zonal Offices are responsible for allotment of quarters and realisation of licence fee for the officials working under them. As per Government of Orissa Home Department (SGH) Resolutions⁶³ room rent, service and other charges are payable by occupants of MLA Guest House, State Guest House, Bhubaneswar, Utkal Bhawan, Kolkata and Orissa Bhawan/Nivas, New Delhi.

8.2.4 Audit Objective

Detailed analysis of unrealised house licence fee from the Government quarters as well as room rent and service charges from State Government guest houses and its impact on revenue collection for the period from 1997-98 to 2001-02 was conducted in audit to–

- (i) examine the adequacy of compliance with the Acts/Rules and Government instructions.
- (ii) see whether the system prescribed is followed to ensure time bound assessment and realisation of Government revenue.
- (iii) assess the extent of revenue blocked vis-à-vis total revenue.
- (iv) review the efficacy of internal controls and monitoring at the level of Head of the Departments and controlling officers.

62 (i) Flat licence fee is the normal licence fee (ii) Standard licence fee is double of the normal.

63 No.6036-SGHR dated 22.12.1994 and subsequent Resolution No.4272 SGH(R)-31/98-R dated 17.7.1999.

8.2.5 Scope of audit

In order to ascertain the extent of compliance with the provisions of the Special Accommodation Rules and orders issued from time to time by the concerned authorities, a review was conducted for the period 1997-98 to 2001-02 covering General Administration (Rent) Department, 7 Irrigation Projects⁶⁴ (out of 12), 11 Roads and Buildings Divisions⁶⁵ (out of 21), 13 Collectorates⁶⁶ (out of 30) Umerkote Tahasil, State Guest House and MLA Guest House, Bhubaneswar, Utkal Bhawan, Kolkata and Orissa Bhawan/Nivas New Delhi. The results of the review are given in the succeeding paragraphs.

8.2.6 Trend of Revenue

The budget estimates and collections of rent/licence fee for Government quarters during the period from 1997-98 to 2001-02 were as follows :-

Rent/License Fee - Housing (General administration, Works, Irrigation and Power and Housing and Urban Development).

(Rupees in crore)

Year	Budget Estimates	Collections	(+) Excess (-) Shortfall	Percentage of variations Col. 4 to 2
1	2	3	4	5
1997-98	4.69	5.69	(+) 1.00	21.32
1998-99	5.25	7.19	(+) 1.94	36.95
1999-00	6.88	10.47	(+) 3.59	52.18
2000-01	7.22	11.56	(+) 4.34	60.11
2001-02	11.25	11.70	(+) 0.45	3.91

- (i) It would be seen that the budget estimates were unrealistic since budget estimates were fixed even below the amount collected in the previous year. The variations ranged between 21.32 *per cent* during 1997-98 to 60.11 *per cent* in 2000-01.
- (ii) Though the Government had revised the rates of licence fee in September 1998, these orders were not kept in view while preparing the budget estimates for the year 1999-2000 and 2000-01.

64 S.E., Central Irrigation Circle, Prachi Division, Bhubaneswar, Hirakud Main Dam Division, Burla, M.B.B. Project, Cuttack, Rengali Main Dam Division, Rengali, Samal Head Dam Division, Samal, C.E., UIP, Khatiguda, S.E., UKP, Jeypore.

65 Executive Engineers (R&B) Divisions, Baripada, Burla, Cuttack, Jeypore, Keonjhar, Koraput, Malkangiri, Puri, Rourkela, Sambalpur, Sundargarh.

66 Collectors, Angul, Boudh, Cuttack, Gajapati, Keonjhar, Koraput, Malkangiri, Mayurbhanj, Nabarangpur, Nuapada, Puri, Sambalpur and Sundargarh.

Receipts from Guest Houses

(Rupees in lakh)

Year	Budget Estimate	Collection	Shortfall	Percentage Col. 4 to 2
1	2	3	4	5
1998-99	39.39	16.22	(-) 23.17	58.82
1999-00	48.50	29.56	(-) 18.94	39.05
2000-01	50.68	41.80	(-) 8.88	17.52
2001-02	78.56	40.19	(-)38.37	48.84
Total	217.13	127.77	(-) 89.36	

There was a huge variation ranging between (-) 17.52 per cent to (-) 58.82 per cent between the estimates and collection from Government Guest Houses due to unrealistic estimates. It was seen from the fact that the Home Department being the Administrative Department had no information regarding outstanding room rent and service charges of Orissa Bhawan/Orissa Nivas, New Delhi and Utkal Bhawan, Kolkata. The Department stated in May 2003 that the Principal Resident Commissioner/Manager had been requested to furnish the information.

The position of assessment and realisation of house licence fee (HLF) and service charges of various units was as follows.

8.2.7 General Administration (Rent) Department

As per para 10(i) of General Administration Department Resolution (September 1998) a Government servant in occupation of Government quarter on transfer from his station can retain the Government quarter for one month from the date of relief on payment of flat licence fee and subsequent two months on payment of standard licence fee. For retention of quarter beyond three months, the allottee shall pay five times of standard licence fee. Similarly as per rule 107-A of Orissa Service Code, in case of retirement, death, dismissal or removal from service, the authority competent to allot quarters may allow the Government servant to retain the residence up to a period of four months, if no administrative inconvenience is caused.

From the records of General Administration (Rent) Department, the demand, collection and balance position of licence fee for the period 1997-98 to 2001-02 was as follows:

(Rupees in crore)

Year	OB	Current demand	Total	Budget	Collection	Balance
1997-98	3.41	2.46	5.87	3.84	1.92	3.95
1998-99	3.95	4.89	8.84	4.85	3.03	5.81
1999-00	5.81	5.32	11.13	5.33	3.76	7.37
2000-01	7.37	4.88	12.25	5.60	4.75	7.50
2001-02	7.50	4.90	12.40	9.00	4.24	8.16

- (i) It was observed that the budget estimates were not prepared on a realistic basis over the last 5 years. Although the actuals during 2000-01 was 4.75 crore the Secretary, General Administration Department (Controlling Officer) had proposed a target of Rs.9 crore for 2001-02 which was 189 *per cent* of previous year's collection.
- (ii) It would be seen that the arrears increased to Rs.8.16 crore during 2001-02 as compared to 3.41 crore during 1997-98. Remedial measures were required to realise the arrears and to contain the increasing trend.
- (iii) Apart from the outstanding house licence fee (HLF) of Rs.8.16 crore against residential quarters, Rs.96.11 lakh was also outstanding as on March 2002 against non-residential buildings such as shopping complexes. Thus, total arrears worked out to Rs.9.12 crore.
- (iv) The Rent Officer could not furnish the year-wise analysis of the outstanding dues of Rs.9.12 crore but had furnished party wise break up as detailed below:

(R u p e e s i n l a k h)

Sl. No.	Particulars	Amount
1	Retired Government Servants	293.89
2	Non-Residential Buildings	96.11
3	Transferred Government Servants	121.95
4	Private Parties	38.02
5	MLAs and Ex-MLAs	49.60
6	Central Government	67.76
7	Stayed by Court	19.97
8	Boards and Corporation	41.87
9	Under Certificate cases	5.28
10	Usual Rent	177.95
Total		912.40

- (v) The Government attributed shortfall to giving 357 out of 12,181 Government quarters on rent free basis, non payment of rent by retired Government servants, co-operative stores/canteens and pendency of large number of cases in High Court and other judicial courts.

(a) Non-realisation of House Licence Fee (HLF) from retired/deceased Government Servants

Out of Rs.2.94 crore shown outstanding against retired/deceased government servants as on March 2002, details for Rs.0.12 crore was not made available to audit. General Administration (Rent) Department had intimated the pension sanctioning authorities (PSAs) to recover outstanding HLF of Rs.1.03 crore in 444 cases. But no intimation effecting recovery was received from PSAs. Further, test check of last pay certificates/no dues certificates pertaining to 20 cases of retirement/death/transfer revealed that though General Administration (Rent) Department intimated PSAs to recover HLF, the fact of recovery was not intimated to General Administration (Rent) Department which shows that the Department had no system to monitor recovery of HLF effected by the PSAs.

(b) Non recovery of rent from non-residential building occupants

As per provision of the lease deed a lessee allotted with shop room (non-residential building) has to pay the prescribed rent in cash or cheque to the Rent Officer or deposit the amount in Bhubaneswar Treasury and furnish the original copy of challan to Rent Officer on or before 25th day of the preceding month. In case of default, he shall be liable for eviction under the Orissa Public Premises (Eviction of un-authorised occupants) Act, 1961 and the arrear dues shall be recoverable as a public demand under the Orissa Public Demand Recovery Act, 1962.

Even though Rs.96.11 lakh was outstanding against occupants of 128 non-residential buildings as on March 2002, the complete list of parties and period of pendency was not furnished by the Rent Officer. In such a scenario recovery from the defaulters appears doubtful.

8.2.8 Non-realisation of licence fee from Irrigation Quarters

As per provisions of General Administration Department circular of September 1998 and August 1991, licence fee has to be realised from Government servants as per rates prescribed thereunder based on plinth area of the quarters.

Test check of records in 7 Irrigation Projects revealed that only two projects (Central Irrigation Circle, Prachi Division, Bhubaneswar and Hirakud Main Dam Division, Burla) had been realising house licence fee from the occupants. Two projects (Upper Indravati Project, Khatiguda and Upper Kolab Project, Jeypore) did not realise licence fee of Rs.1.75 crore since inception of the projects on the plea that all the quarters were allowed rent free, no Government order in support of the claim was produced to audit. Two projects, Rengali and Samal had commenced recovery of house rent since 1999-2000 and 2001-02 respectively, licence fee of Rs.2.57 crore remained unrealised for earlier period (April 1997 to June 1999 and April 1997 to March 2001). In addition, arrears of Rs.2.34 crore remained unrealised from the occupants of government quarters. This resulted in non-realisation of licence fee of Rs.6.66 crore as detailed below:

(R u p e e s i n l a k h)					
Sl. No.	Name of the Project	No. of quarters	HLF due	HLF realised	Balance
1	E.E., Rengali Dam Division, Rengali	893	209.43	5.77	203.66
2	E.E., Hirakud Main Dam Division, Hirakud	1,382	233.49	45.47	188.02
3	U.K.P., Jeypore	1,683	103.32	Nil	103.32
4	U.I.P., Khatiguda	862	71.97	Nil	71.97
5	E.E., Samal Head Dam Division	689	54.31	1.02	53.29
6	S.E., CIC, Bhubaneswar	367	43.60	20.07	23.53
7	Mahanadi Birupa Barrage Project, Cuttack.	49	22.60	0.85	21.75
Total		5,925	738.72	73.18	665.54

(i) Out of Rs.23.53 lakh outstanding in Central Irrigation Circle, Bhubaneswar as on March 2002, a sum of Rs.1.31 lakh was outstanding against 3 occupants between April 1998 and May 2001, Rs.22.07 lakh was outstanding against 25 retired Government servants, families of 4 deceased employees and 3 employees belonging to other offices occupying 32 quarters. No steps were taken by the Executive Engineer either for eviction of the unauthorised occupants or realisation of house licence fee (HLF).

(ii) Test check of records of Executive Engineer, Hirakud Dam Division, Burla revealed that a sum of Rs.1.88 crore was outstanding against staff who were occupying government quarters for long period. The house rent had not been realised from the occupants regularly.

The Commissioner-cum-Secretary to Government, Water Resources Department accepted (October 2003) the factual position and assured to take a decision in the matter shortly.

8.2.9 Roads and Buildings Divisions

As per provisions of General Administration Department circulars of September 1998 and August 1991, licence fee has to be realised from government servants as per rates prescribed therein based on plinth area of the quarters. It was also seen in audit that the Executive Engineer (Roads & Buildings), Sundargarh was not maintaining any records and was even not aware of no. of quarters under his control, whereby, the loss to Government could not be determined. Scrutiny of records in 6 Roads and Buildings Divisions revealed that Rs.3.94 crore remained unrealised as on March 2002 as detailed below:

Sl. No.	Name of the Division	No. of quarters	Amount due	Reasons
1	Executive Engineer (R&B) Division, Cuttack	2,558	327.82	Failure of the DDO to return the rent roll.
2	Executive Engineer (R&B) Division, Mayurbhanj, Baripada	602	25.80	Failure of the DDO to return the rent rolls after recovery.
3	Executive Engineer (R&B) Division, Rourkela	--	22.81	Rs.19.09 lakh due to failure of DDOs to return the rent rolls and Rs.3.72 lakh due to unauthorised occupation by officials after retirement/ transfer.
4	Executive Engineer (R&B) Division, Keonjhar	66	9.87	Rs.1.22 lakh due to unauthorised occupation by six retirees and Rs.8.65 lakh due to failure of DDO.s to return the rent rolls.
5	Executive Engineer (R&B) Division, Puri	89	4.81	Rs.4.81 lakh due to unauthorised occupation in 5 cases even after the retirement of the employee or after the death of the employees.
6	Executive Engineer (R&B) Division, Sambalpur	75	2.51	Due to unauthorised occupation by one retired employee, no scope of realisation of amount.
Total		3,390	393.62	

Scrutiny of records revealed that none of the Roads & Buildings Divisions except Cuttack maintained any rent register or demand, collection and balance register for the Government quarters under their jurisdiction.

8.2.10 Collectorates

As per provisions of General Administration Department circular of September 1998 and August 1991, licence fee has to be realised from government servants as per rates prescribed therein based on plinth area of the quarters.

Test check of records of 10 Collectorates and one (1) tahasil revealed the following position of outstanding licence fee as on 31 March 2002.

(Rupees in lakh)			
Sl No.	Name of the Collectorate	Amount due	Reasons
1	Collector, Nuapada	5.59	Failure of the DDOs to return the rent rolls.
2	Collector, Cuttack	2.75	Due to un-authorized retention of quarters for the period August 1995 to March 2001.
3	Collector, Koraput	2.53	Non recovery from the employees
4	Collector, Puri	2.50	Un-authorized occupation of quarters in 5 cases.
5	Collector, Sambalpur	2.15	Due to un-authorized occupation by retirees between August 1991 and May 1994.
6	Collector, Angul	0.80	Un-authorized occupation by 5 transferred employees during the period November 2000 and January 2002.
7	Collector, Gajapati	0.45	Due to un-authorized occupation of quarters.
Total		16.77	

(i) *Non-maintenance of records*

Test check of records of above offices revealed that rent rolls after recovery were not obtained from the DDOs, Demand, collection, balance register and house rent recovery register were not maintained till 2000-01. Due to improper maintenance of registers/records, actual recovery of house rent against different quarters could not be ascertained in audit.

(ii) *Un-authorized occupation of Government Quarters*

Test check of records of Tahasildar, Umakote revealed that 151 quarters of Ex-Dandakaranya Project were handed over to Collector, Nabarangpur between 1991 to 1994. Of these, 132 quarters were allotted to different categories of employees during this period. No rent had been collected from the occupants of these quarters from 1995 to 2001. The rent due worked out to Rs.17.02 lakh.

On this being pointed out the Tahasildar, Umakote stated that the defaulters had been asked to deposit the house rent.

(iii) *Non-recovery of House Rent*

Test check of records of Collector, Koraput revealed that 7 quarters were allotted to the Secretary, Jagannath Temple Parichalana Sanstha (JTSPS) in October 1990 vide order Dt. 22 October 1990 subject to payment of house rent. It was, however, noticed that house rent amounting to Rs.6.59 lakh was outstanding from November 1990 to November 2002. Though the notices were issued from time to time the amount was not taken to the demand

collection and balance (DCB) register. This resulted in non-realisation of house rent of Rs.6.59 lakh.

Further, 21 employees had retained government accommodation after their transfer to other stations during October 1997 to October 2001 and were still occupying the quarters. No steps were taken to effect recovery of rent amounting to Rs.6.73 lakh (due upto March 2002) or for eviction.

(iv) Non-recovery of licence fee at revised rates

Government vide order dated 18 September 1998 revised the licence fee with effect from 1 October 1998.

It was, however, noticed in the case of Collector, Boudh and Nawarangpur that the recovery of licence fee was made at the pre-revised rates in respect of 52 quarters allotted to different categories of employees during the period from October 1998 to September 2002. This resulted in short realisation of licence fee of Rs.3.70 lakh.

On this being pointed out, the Collector, Nawarangpur stated that steps would be taken to recover the amount. The Collector, Boudh stated that recovery could not be effected due to non-submission of assessment by the Executive Engineer, Public Works Department.

8.2.11 Outstanding Service Charges and Room Rent of Guest Houses

The records of 4 State owned guest houses revealed outstanding room rent and service charges amounting to Rs.81.01 lakh as detailed below:

(Rupees in lakh)		
Sl No	Name of the Guest House	Outstanding Room Rent, Service, Telephone, Vehicle Charges
1	State Guest House, Bhubaneswar	66.35
2	Orissa Bhawan/Nivas, New Delhi	13.26
3	Utkal Bhawan, Kolkata	1.40
Total		81.01

Verification of the accounts records revealed as under:

- (i) Records of State Guest House, Bhubaneswar revealed outstanding dues of Rs.70.43 lakh as on March 2002 against official, paying and special guests of which Rs.4.08 lakh was realised up to March 2003.
- (ii) Analysis of records in the office of the Manager, State Guest House, Bhubaneswar revealed outstanding arrears in State Guest House, Bhubaneswar as on 31 March 2002 recoverable from Government departments/officials as follows:

(Rupees in lakh)

(a)	Parliamentary Affairs Department, Chief Minister's Secretariat & Minister's Establishment..	19.57
(b)	Members of Legislative Assembly.	14.71
(c)	Ex-Members of Legislative Assembly and Ex-Members of Parliament.	10.61
(d)	All Departments of Government except Parliamentary Affairs Department.	13.79
(e)	Union Ministers and Government of India Officers	5.34
(f)	Government officials and Ministers.	2.43
(g)	Outside State Ministers and Officials	0.18
(h)	Corporations/Undertakings of Government of Orissa	0.99
(i)	Political Parties	1.59
(j)	Private Institutions and Individuals	1.22
Total		70.43

- (iii) The accounts of Orissa Bhawan/Nivas, New Delhi revealed that receipt of Rs.13.26 lakh was outstanding for realisation from 336 persons including Ministers/Ex-Ministers and Members/Ex-Members of Parliament and Legislative Assembly.
- (iv) The year-wise analysis of the outstanding dues shows arrears of more than 10 years amounting to Rs.7.07 lakh relating to the period 1965-66 to 1991-92. No steps have been taken to recover the very old arrears, as such the chances of recovery have become remote.
- (v) The accounts of Utkal Bhawan, Kolkata revealed outstanding amount of Rs.1.40 lakh against 219 persons including 111 Ministers and Ex-Ministers.

8.2.12 Appropriation of departmental receipts towards departmental expenditure

As per Orissa Treasury Code, all monies tendered to or received by a Government servant on account of revenue of the state is to be paid in full into Treasury or bank without undue delay. The utilisation of government receipts towards departmental expenditure is irregular.

During test check of records of two Collectors (Koraput and Malkangiri) and two guest houses (Orissa Bhawan/Nivas, New Delhi and Utkal Bhawan, Kolkata), it was noticed that house licence fee, room rent and service charges recovered in cash during the period 1997-98 to 2001-02 were not deposited into government account but were utilised for departmental expenditure as detailed below :-

(Rupees in lakh)

Sl. No.	Name of office	Amount received	Amount deposited	Amount utilised for departmental expenditure
1	Collector, Koraput	22.80	1.11	21.69
2	Orissa Bhawan/ Nivash, New Delhi	219.39	197.48	21.91
3	Utkal Bhawan, Kolkata	16.19	3.30	12.89
4	Collector, Malkangiri	5.40	3.73	1.67
Total		263.78	205.62	58.16

This resulted in irregular utilisation of government revenue of Rs.58.16 lakh.

8.2.13 Recommendation

Government of Orissa issued guidelines for collection of house licence fee from occupants of Government quarters and room rent and service charges from visitors to State Guest Houses. The extant orders were not scrupulously followed by departmental authorities incharge of assessment and realisation of house licence fee. None of the departmental authorities except GA (Rent) Department have been maintaining basic records like Quarter Allotment Register, House Rent Recovery Register and Demand Collection Balance Register etc. In spite of the Guest House Rules stipulating collection of all charges before the visitors vacate the rooms, huge arrears remained unrealised due to lack of effective action by the Guest House management. No action was taken for levy of penal rent or vacation under Orissa Public Premises Eviction Act from un-authorized occupants or for collection of the arrears under Orissa Public Demands Recovery Act, 1962. Due to non-compliance with codal provisions and inadequate action by the departmental authorities, Government had sustained loss/blockage of revenue of Rs. 21.62 crore.

The State Government may consider taking following steps to improve the effectiveness of the system:

- (i) Effective action needs to be taken to ensure maintenance of all records.
- (ii) Proper coordination between the authorities concerned as well as periodical reconciliation of realised/unrealised revenue should be ensured.
- (iii) The codal procedure for eviction of un-authorized occupants and realisation of penal rent should be enforced.
- (iv) Computerised MIS for rent systems needs to be set-up for effective monitoring at all levels.

8.3 Loss of revenue on account of incorrect exemption of Electricity Duty

Under the provisions of the Orissa Electricity (Duty) Act, 1961 as amended from time to time and the rules made thereunder, Electricity Duty at the rate applicable per unit of electrical energy consumed shall be levied against any person who generates electricity for his own consumption. The same shall be paid to Government within 30 days from the date of levy. Interest at the rate of 18 *per cent* per annum is also leviable for delayed payment of Electricity Duty beyond the prescribed date.

M/s. Indian Charge Chrome Limited (ICCL), Choudwar installed in February 1989 Captive Power Plant (CPP) for its own energy requirement and was availing 50 *per cent* exemption of ED as per the notification issued by Government in Irrigation and Power Department in July 1987. M/s. ICCL and M/s. Indian Metal and Ferro Alloys Ltd., (IMFAL) were registered under Companies Act, 1956 as two separate companies. According to Government, Department of Energy orders of September 1992, the power plant was captive only to M/s. ICCL but not to IMFAL as the latter did not own it. Thus, IMFAL was not eligible for exemption of ED on the energy consumed by it.

During the course of audit of Electrical Inspector, Bhubaneswar, it was noticed that M/s IMFAL had consumed 143.28 crore units of energy generated by CPP of ICCL during the period September 1998 to November 2002. ICCL paid Rs.16.64 crore on behalf of IMFAL based on the concessional rates. Since the CPP did not belong to M/s IMFAL, M/s. IMFAL was liable to pay Rs.21.49 crore for such consumption of energy at the rate of 15 paise per unit. Thus, allowance of concessional rate resulted in ED of Rs.4.85 crore and interest of Rs.2.09 crore as on 31 March 2003 due to non-payment of electricity duty at the appropriate rate.

On this being pointed out, Electrical Inspector, Berhampur, stated in March 2003 that necessary clarification as to procedure of billing was sought for from Chief Electrical Inspector, Bhubaneswar. The reply was not tenable as M/s IMFAL was liable to pay the electricity duty at prescribed rate as CPP did not belong to it. It was also decided by Government that the benefit of electricity duty at the concessional rate was not applicable to M/s IMFAL.

The above matter was brought to the notice of Government in January 2003; their reply was awaited (November 2003).

8.4 Blocking of revenue due to non-realisation of Electricity Duty

The Orissa Electricity (Duty) Act, 1961 (OED Act) and rules made thereunder stipulates that Electricity Duty (ED) shall be levied and paid on the energy consumed by any person generating energy. In case of default, interest at the rate of 18 *per cent* per annum is leviable when ED payable is not paid within 30 days of the expiry of the month in which it is due. Auxiliary consumption of energy being consumed under OED Act is also subject to levy and payment

of ED. This was upheld by the Hon'ble Supreme Court of India in the case of State of Mysore v/s W.C.P. Mills (1975).

Scrutiny of the records of the Electrical Inspector, Bhubaneswar revealed that M/s. Indian Charge Chrome Ltd., Choudwar had not paid ED on their auxiliary consumption of energy of 20.81 crore units for the period November 1999 to November 2002. Non-realisation of ED resulted in blocking of Government revenue of Rs.4.05 crore inclusive of interest of Rs.0.86 crore.

On this being pointed out in audit, Electrical Inspector admitted in October 2002 that the firm did not pay the ED since November 1999 in spite of Government orders to that effect. The reply of the Department was not tenable as no action against the industry had been initiated for realisation of Government revenue.

The matter was reported to Government in February 2003. Government (September 2003) asked the Electrical Inspector to file a certificate case against the defaulting firm.

8.5 Short realisation of Electricity Duty

The Orissa Electricity (Duty) Act, 1961 and rules made thereunder stipulate that Electricity Duty shall be levied on the energy consumed by a person who generates such energy for its consumption. Government of Orissa raised the rate of Electricity Duty from 12 paise to 20 paise per unit w.e.f. 10 October 2001.

Audit scrutiny revealed that M/s. Indian Charge Chrome Ltd (ICCL), Choudwar paid Electricity Duty of Rs.3.25 crore at the rate of 12 paise per unit for the consumption of 27.05 crore units of energy during the period October 2001 to November 2002 as against Rs.5.41 crore (at the revised rate of 20 paise per unit leviable). This resulted in short payment of duty of Rs.2.16 crore. Further interest of Rs. 30.36 lakh calculated up-to March 2003 was also payable. No demand had been raised by the Electrical Inspector, Bhubaneswar for the differential amount resulting in loss of Government revenue of Rs.2.47 crore including interest upto March 2003.

On this being pointed out, Electrical Inspector, Bhubaneswar stated in October 2002 and March 2003 that the firm had not paid ED at revised rate. The reply was not tenable as the Department had not issued demand for the differential duty and had not taken effective steps for realisation of Government revenue.

The matter was reported to Government in January 2003; their reply was awaited (November 2003).

8.6 Non-realisation of Electricity Duty

Under the Orissa Electricity (Duty) Act, 1961 and rules made thereunder ED shall be levied and is payable to the Government on the energy consumed by a person who generates such energy for his own consumption. The Act further envisages that where such duty payable was not paid within the prescribed date, such person shall be liable to pay interest at the rate of 18 *per cent* per annum.

During test check of records of Electrical Inspector, Rourkela, it was noticed (December 2002) that M/s. Konark Jute Mills (KJM) installed a captive power plant at Dhanamandal on May 1987. The unit was allowed electricity duty exemption for 10 years upto 14th May 1997 on power generated by its captive power plant. Though the unit was liable to pay ED on 80.87 lakh units from 15 May 1997, the same was neither paid nor demanded by the Department. The payable worked out to Rs.9.91 lakh upto April 2002. Besides, the unit was also liable to pay interest of Rs.6.76 lakh.

On this being pointed out in audit, Electrical Inspector, Rourkela raised the demand in January 2003. The position of recovery was awaited (July 2003).

The matter was reported to Government in May 2003, Government stated in July 2003 that Chief Electrical Inspector, Bhubaneswar had initiated (April 2003) action against the defaulting firm for realisation of outstanding dues. Further reply was awaited (November 2003).

8.7 Suppression of realisable Electricity Duty

Levy and collection of Electricity Duty (ED) on consumption of energy in Orissa is regulated under the Orissa Electricity (Duty) Act, 1961, and rules made thereunder. Accordingly, the Orissa State Electricity Board (OSEB) and every licensee in the non-captive sector has the statutory obligation to collect ED from the consumers at the prescribed rate and deposit the same into the Government account within thirty days of expiry of the month in which ED has been collected. The function of OSEB for collection and remittance of ED in the non-captive sector was taken over by the Grid Corporation of Orissa (GRIDCO) with effect from 1 April 1996 which was subsequently transferred by GRIDCO in April/September 1999 to four private distribution companies (Central, North-Eastern, Southern and Western Electricity Supply Company).

Test check of the records of the Chief Electrical Inspector (CEI) Orissa revealed that as on 31st March 1999, the reconciled position of ED realisable from GRIDCO was Rs.103.38 crore. Relevant details such as demand, collection, balance and actual arrears on account of electricity duty collectable and payable by four private distribution companies (DISTCOs) from 1999-2000 to 2002-2003 were not available with CEI. Failure on the part of the CEI to maintain electricity duty accounts and to reconcile the electricity duty accounts with the DISTCOs from April 1999 resulted in adhoc depiction of arrears of Rs.125.66 crore as on 31 March 2003. This adhoc figure was

arrived at by adding 5 per cent increase year after year on the arrear figures of March 1999 of GRIDCO. The CEI also did not furnish the figures of arrear electricity duty as on 31 March every year to Audit although the details were called for year after year for depiction in Chapter-I of the Comptroller & Auditor General of India's Audit Report on Revenue Receipts of the Government of Orissa. Scrutiny further revealed that there was an increase of arrears during 1996-97, 1997-98 and 1998-99 Rs.10.36 crore, Rs.11.66 crore and Rs.8.95 crore respectively with an average increase of Rs.10.32 crore per annum as shown below:

(Rupees in crore)

Year	OB	CB	Increase
1996-97	72.41	82.77	10.36
1997-98	82.77	94.43	11.66
1998-99	94.43	103.38	8.95

Thus, there was underestimation of realisable ED of Rs.19.00 crore by adopting 5 per cent adhoc increase every succeeding year instead of adopting average increase of Rs.10.32 crore per annum as worked in audit as detailed below:

(Rupees in crore)

Year	OB	Average annual increase	CB	Closing Balance as shown by CEI	Difference
1999-2000	103.38	10.32	113.70	108.55	5.15
2000-2001	113.70	10.32	124.02	113.98	10.04
2001-2002	124.02	10.32	134.34	119.68	14.66
2002-2003	134.34	10.32	144.66	125.66	19.00

The Chief Electrical Inspector, Orissa stated that the actual arrear position of electricity duty as on 31 March 2003 would be intimated after reconciliation with Distribution Companies. This confirms that there was underestimation of arrears and Government was unaware of further realisable electricity duty of Rs.19.00 crore due to adoption of adhoc rate of increase since 1999-2000 by the Chief Electrical Inspector.

The matter was referred to Government on 23 August 2003. The reply is awaited (November 2003).

8.8 Non-levy of lease rent

Government of Orissa, Fisheries and Animal Resources Development Department accorded permission in May 1996 for handing over of a portion of land of Kausalyaganga Fish Farm to the Managing Director, Orissa State Fisherman's Co-operative Federation Ltd., Bhubaneswar (FISHFED) for pisciculture on lease basis. The lease value of the land was fixed at Rs.1.5 lakh per annum for 74 acres of water area in March 2003. Interest on belated

payment of Government dues is also chargeable at the rate of 12 *per cent* per annum.

Scrutiny of records of the Asst. Director of Fisheries, Kausalayaganga, Bhubaneswar revealed that land covering water area of 65 acres was handed over to FISHFED on April 1997 for pisciculture. Neither the lease agreement deed was executed by FISHFED nor the lease value was levied by the Asst. Director of Fisheries, Kausalyaganga. Delay in fixation of lease value by Government led to non-realisation of revenue of Rs.10.28 lakh including interest of Rs.2.37 lakh.

On this being pointed out, the Director of Fisheries, Orissa stated in April 2003 that concerned department had already been requested to execute the lease agreement deed at an early date. Further reply was awaited.

The matter was reported to Government in May 2003; their reply was awaited (November 2003).

Bhubaneswar
Dated :

(M. Naveen Kumar)
Accountant General Audit-(II)
Orissa

Countersigned

New Delhi
Dated :

(Vijayendra N. Kaul)
Comptroller and Auditor General of India