

## Chapter VI: Non Tax Receipts

### 6.1 Results of audit

Test check of records of Director State Lotteries and Forest Department during the year 2005-06, revealed irregularities amounting to Rs.82.37 crore in 929 cases, which broadly fall under the following categories:

(In crore of rupees)

Sr. No.	Category	Number of cases	Amount
<b>A Lottery Department</b>			
1.	Loss of revenue due to short lifting of lottery tickets	1	6.22
2.	Loss of revenue due to short payment of sales tax	1	6.96
3.	Irregular expenditure	1	0.16
	<b>Total</b>	<b>3</b>	<b>13.34</b>
<b>B Forest Department</b>			
1.	Loss due to non revision of rates of royalty	20	5.82
2.	Non recovery of dues from contractors/officials	185	3.01
3.	Non recovery of sales tax on sale of timber	27	1.97
4.	Non recovery of outstanding amount of royalty/interest	13	9.52
5.	Other irregularities	680	1.68
6.	Review on " <b>Receipts of Forest Department</b> "	1	47.03
	<b>Total</b>	<b>926</b>	<b>69.03</b>
	<b>Grand total</b>	<b>929</b>	<b>82.37</b>

The results of review on "**Receipts of Forest Department**" and a few illustrative cases highlighting irregularities involving Rs.117.31 crore are given in the following paragraphs:-

**A: Lottery Department**

**6.2 Faulty execution of agreement**

Under the Punjab State Lotteries Rules, 1998, (Rules) in case the agent does not lift the tickets already printed in full or in part, he shall have to pay damages equal to the amount of the invoice value of the tickets. As per scheme approved by Government in July 2003, 20 lakh tickets with invoice value of Rs. 81 each ticket were got printed for "DIWALI BUMPER-2003".

Director Punjab State Lotteries executed an agreement with a sole selling agent (SSA) in August 2003 which stipulated that SSA would lift minimum one lakh tickets in contravention of the Rules which provide that SSA has to lift all the printed tickets. The SSA lifted 14.20 lakh tickets only against 20 lakh printed tickets of Diwali Bumper-2003. Due to faulty agreement with SSA, 5.80 lakh tickets remained unsold and damages of Rs.4.70 crore could not be lodged against the SSA.

After this was pointed out in December 2005, Director intimated in May 2006 that SSA was bound to lift minimum one lakh tickets. The reply is not tenable as the rules provide that SSA is to lift all printed tickets. Thus, department had suffered loss of Rs.4.70 crore due to faulty agreement with SSA in violation of rules.

The matter was reported to Government in December 2005; their reply is awaited (August 2006).

## **B: Forest Department**

### **6.3 Review on Receipts of Forest Department**

#### **Highlights**

Loss of interest of Rs.4.76 crore on unpaid amount of royalty.

**(Paragraph 6.3.10)**

Loss of revenue of Rs. 19.63 crore due to short accountal of 5.73 lakh *kikar* trees in enumeration report for 2002-03.

**(Paragraph 6.3.11)**

Delay in preparation of working plan and non execution of work as per working plan resulted in short realisation of revenue of Rs.3.30 crore.

**(Paragraph 6.3.12)**

Non recovery of net present value of forest land transferred for utilisation for non forest purposes resulted in short recovery of Rs. 8.58 crore.

**(Paragraph 6.3.13)**

Rates of royalty on timber supplied to corporation during 2001-02 to 2002-03 were revised (September 2003) on adhoc basis without considering the prevailing market rates, which resulted in short realisation of revenue of Rs. 40.53 crore.

**(Paragraph 6.3.15)**

Two lakh bamboos/poplar trees were not felled at the prescribed age which resulted in non realisation of revenue of Rs. 9.18 crore.

**(Paragraph 6.3.16)**

#### **6.3.1 Recommendations**

Government may consider the following suggestions for improvement in realisation of Government revenue:

- rates of royalty need to be fixed on realistic basis instead of on adhoc basis,
- legal action needs to be initiated against unauthorised occupants of forest land,
- evolve internal control mechanism for strict compliance of rules and regulations/instructions for speedy settlement of forest offences/loss cases.

### 6.3.2 Introduction

Forest receipts consist mainly of sale of standing trees, timber and other forest produce, viz firewood, *bhabber*\* and fodder grass etc. In addition, compensation including fines and forfeitures are charged for unauthorised and illicit felling of trees belonging to the department.

Out of a total geographical area of 50,362 sq km, the area under forests in the State of Punjab was 3,055 sq km as on 31 March 2005, which constituted 6.07 *per cent* of the total area of the State.

Distribution of forest areas in the State as on 31 March 2005:

Sr. No.	Legal status of forest areas	Sq. Kms.	Hectares	Percentage of total forest area
<b>A</b>	<b>State forests</b>			
1.	<b>Reserve forests**</b>	43.36	4,336.39	1.42
2.	<b>Protected forests***</b>			
•	Demarcated forests	320.69	32,069.26	10.50
•	Undemarcated forests	92.42	9,242.22	3.02
•	Road strips	178.94	17,894.28	5.86
•	Rail strips	86.62	8,661.82	2.83
•	Canal/drain strips	470.26	47,025.57	15.39
	Total protected forests	1,148.93	1,14,893.15	37.60
3.	<b>Unclassed forests#</b>	190.24	19,023.75	6.23
	<b>Total state forests</b>	1,382.53	1,38,253.29	45.25
<b>B</b>	<b>Private forests##</b>			
1.	Under Section 4 & 5 of Punjab Land Preservation Act, 1900	1,668.25	1,66,824.60	54.59
2.	Under Section 38 of Indian Forest Act, 1927	4.92	492.27	0.16
	<b>Total private forests</b>	1,673.17	1,67,316.87	54.75
	<b>Total forest area (A+B)</b>	3,055.70	3,05,570.16	100.00

\* **Bhabber is a kind of grass.**

\*\* **Reserve forests are those areas of forest land over which Government has proprietary rights, or to the whole or any part of forest produce.**

\*\*\* **Protected forests are those forests over which Government has proprietary right, or to the whole or any part of forest produce of which Government is entitled.**

# **Unclassed forest is that land which was transferred to Forest Department by Government for plantation but the possession of that land is still to be taken by the Forest Department.**

## **Private forests consist of those lands in which the owner of any land may in writing to the collector desire that land may be managed on their behalf by the forest officer as a reserve or a protected forest on such terms as may be mutually agreed upon.**

### **6.3.3 Organisational set up**

The Financial Commissioner of Forest and Secretary to Government Punjab is the overall incharge of Forest Department.

Forest Department is headed by the Principal Chief Conservator of Forests (PCCF) assisted by the Chief Conservator (CCF) and the Conservators of Forests (CF) at the headquarters. There are seven forest circles, each headed by a CF. In addition, there are 16 divisions in the State each headed by a divisional forest officer (DFO), supported by other field staff. Wildlife Wing of the department is headed by PCCF who is assisted by CCF Wildlife, Director, Mohindra Chaudhary (MC) Zoological Park, Chhatbir and two wildlife DFOs (Harike and Patiala).

### **6.3.4 Formation of Punjab State Forest Development Corporation**

To eliminate middlemen and to make quality timber available at reasonable rates to consumers, the Punjab State Forest Development Corporation (hereinafter referred to as corporation) was incorporated in May 1983 under the Companies Act, 1956. The corporation was entrusted with the responsibility of working of forest coupes by obtaining standing trees from Forest Department after payment of royalty fixed by Government from time to time. Standing trees are transferred to the corporation as per approved plan of the Forest Department and demands for volume of wood to be transferred are raised quarterly. Dead and dry trees which are not lifted by the corporation are sold by the department through public auction. However, the practice of selling trees through public auction was discontinued from November 1999 and it was made mandatory for the corporation to take possession of all trees offered by the department.

### **6.3.5 Scope of audit**

With a view to evaluate the effectiveness of the department in collecting royalty in accordance with the prescribed procedure, test check of records of demand, collection and deposit of royalty and other forest receipts for the period from 2001-02 to 2004-05 of eight\* out of 16 forest divisions was conducted between May and December 2005. In addition, test check of records of PCCF, Punjab Shivalik Circle and Director, MC Zoological Park, Chhatbir at Chandigarh was also conducted.

### **6.3.6 Audit objectives**

Test check of the records of Forest Department was conducted with a view to ascertain:

- effectiveness of system to assess, collect and raise the demand of royalty/forest receipts due to Government,
- compliance of prescribed rules and procedures with consequent revenue loss in the event of deviation thereto,
- existence of internal control mechanism to avoid leakage of revenue.

---

\* Amritsar, Dasuya, Hoshiarpur, Jalandhar, Ludhiana, Patiala, Ropar and Sangrur.

### 6.3.7 Trend of revenue

The budget estimates and actuals of forest receipts for the years 2001-02 to 2004-05 is given below:

**(In crore of rupees)**

Year	Budget estimate	Actual receipts	Excess(+)/shortfall(-)	Percentage of excess(+)/shortfall (-)
2001-02	13.02	15.12	(+)2.10	(+)16
2002-03	16.83	15.81	(-)1.02	(-) 6
2003-04	18.94	8.08	(-)10.86	(-)57
2004-05	19.85	14.70	(-)5.15	(-)26

Reasons for the variation though called for from the department are still awaited (August 2006).

### 6.3.8 Arrears of royalty against corporation

The year wise demand of royalty raised by 15\* forest divisions against corporation, amount realised and percentage of arrears at the end of each year as on 31 March 2005 was as under:

**(In crore of rupees)**

Year	Opening balance	Demand raised	Total	Amount realised	Balance recoverable	Percentage of recoveries Col 5 to 4
1	2	3	4	5	6	7
2001-02	10.15	10.15	20.30	10.13	10.17	50
2002-03	10.17	8.68	18.85	11.35	7.50	60
2003-04	7.50	9.94	17.44	5.79	11.65	33
2004-05	11.65	7.39	19.04	8.73	10.31	46

The shortfall in demand of royalty against corporation was due to less transfer of volume of trees due to ban on felling of green trees by the Supreme Court in December 1996. The shortfall in actuals during 2003-04 and 2004-05 was attributed to short payment of royalty by corporation.

Further, PCCF intimated in June 2005 that Rs.14.16 crore was outstanding against corporation on account of royalty as on 31 March 2005. However, in November 2005 the outstanding amount of royalty against corporation was intimated by PCCF as Rs.10.31 crore as on 31 March 2005. Reasons for discrepancy in two sets of figures though called for (June 2006) have not been intimated.

\* Amritsar, Bathinda, Dasuya, Faridkot at Muktsar, Fatehgarh Sahib at Sirhind, Ferozepur, Garhshankar, Gurdaspur at Pathankot, Hoshiarpur, Jalandhar at Phillaur, Ludhiana, Mansa, Patiala, Ropar and Sangrur.

### **6.3.9 Internal control**

**6.3.9.1** Internal control is an integral process by which an organisation governs its activities to achieve its objectives effectively. A built in internal control mechanism and strict adherence to statutes, codes and manuals provide reasonable assurance to the department about compliance of applicable rules, thus achieving reliability of financial reporting, effectiveness and efficiency in departmental operations. Internal control is effected through various returns and maintenance of registers.

During audit, it was observed that internal control management of the assessment and collection of forest receipts was not satisfactory. Provisions of the Acts/Rules/instructions were not being followed properly. As a result, there were substantial arrears to be recovered, loss, cases of compounding of forest offences and non initiating legal action against unauthorised occupants of Government forest land for eviction.

### **6.3.9.2 Non indication of time of offence**

As per Punjab Forest Manual, double rates of compensation are to be charged, in case of offence committed before sunrise and after sunset.

In five\* forest divisions, 11,822 damage reports were finalised during the period 2001-02 to 2004-05 and compensation amounting to Rs. 1.32\*\* crore was recovered. Scrutiny of damage reports revealed that time of offence was not mentioned therein. In the absence of time of offence, correctness of the assessment of compensation of Rs.1.32 crore could not be verified in audit.

### **6.3.9.3 Internal audit**

An internal audit system is evolved by Government to ensure that the implementing officers in all Government departments, in the course of exercising their powers and discharging their duties duly comply with the prescribed rules and procedures and safeguard the financial interest of Government. Internal auditors, as an independent entity within the Government department would examine and evaluate the level of compliance to departmental rules and procedures and bring to the notice of the head of department the irregularities observed in scrutiny of departmental records for expeditious corrective action. However, there existed no internal audit system in the Forest Department.

---

\* Dasuya – 1,119, Ludhiana –1,662, Patiala – 3,856, Ropar – 1,799 and Sangrur- 3,386.

\*\* Dasuya (Rs. 16.58 Lakh), Ludhiana (Rs. 19.29 Lakh), Patiala (Rs. 34.60 Lakh), Ropar (Rs. 30.33 Lakh) and Sangrur (Rs. 31 lakh).

### **6.3.10 Non levy of interest on belated payment of royalty on timber**

As per Government instructions of March 1999 and September 2003, interest at the rate of 12 *per cent* per annum is to be charged, if royalty is not paid by corporation within a period of seven months from the date of offer.

Test check of records of 15\* forest divisions revealed that corporation had not been making payment of royalty within stipulated period and royalty of Rs.10.31 crore was outstanding as on 31 March 2005. The department had not raised the demand of interest for the belated payments of royalty made by corporation during the period from 2001-02 to 2004-05 which worked out to Rs.4.76 crore.

### **6.3.11 Large scale failure of plantation**

As per approved working plan of DFO, Dasuya, “*kikar*” trees gain girth of 30 cms at the age of six years. In accordance with Government instructions of 11 September 1986, fair expected survival rate of plantation of *kikar* during 1985-86 onwards is 45 to 60 *per cent*.

The enumeration report for 1991-92 of DFO, Dasuya revealed that there were 10,193 *kikar* trees having girth of 30 cms and above, which were planted upto the year 1985-86. The plantation data of *kikar* trees for the period from 1986-87 to 1994-95 revealed that 12,79,989 saplings were planted during this period. As per records of division, 4,356 *kikar* trees were either auctioned/transferred to corporation during the period from 1991-92 to 2000-01. Keeping in view, fair expected rate of survival as 45 *per cent*, 5,81,332 *kikar* trees should have been accounted for in the enumeration report for the year 2002-03 whereas only 8,421 trees were shown in the report. This resulted in short account of 5,73,411 trees (3,63,542.57 cum) and loss of Rs.19.63 crore (calculated at the rate of Rs.540 per cum rate of royalty for the year 2002-03).

### **6.3.12 Preparation and implementation of working plan**

The silvicultural activities of a forest division are governed by prescriptions in the approved working plan of the division. A working plan is a written scheme of management aiming at a continuity of policy, controlling the systematic treatment of a forest. The working plans are prepared by the Forest Department for a period of 10 years and contain prescriptions for timber operation in plantations, regeneration activities, collection of timber from dead and dry trees, etc. Each working plan is required to be approved from Government of India (GOI). Non following of the working plan prescriptions would lead to loss/non realisation of revenue from timber. Any deviation in the working plan is also to be approved by GOI.

---

\* Amritsar, Bathinda, Dasuya, Faridkot at Muktsar, Fategarh Sahib at Sirhind, Ferozepur, Garhshankar, Gurdaspur at Pathankot, Hoshiarpur, Jalandhar at Phillaur, Ludhiana, Mansa, Patiala, Ropar and Sangrur.



While granting extension of working plan for the year 1992-93 to 2001-02 upto 31 March 2003, GOI instructed Government of Punjab on 9 December 2002 that working plan for the year 2003-04 to 2012-13 may be prepared by 31 March 2003.

Test check of records of DFO, Ropar revealed that the working plan for the period 2003-04 to 2012-13 which was due to be prepared by 31 March 2003 was actually sent to GOI in October 2004, the approval of which was conveyed in March 2005. 11,104 cum of timber of various species of trees was required to be felled as per target of working plan for the year 2003-04 and 2004-05 from road, canal bundh and drains and block forest working circles. Against this, 1,267 cum volume of timber of various species was felled. This resulted in short realisation of revenue of Rs.3.30 crore, due to non preparation of working plan in time.

After this was pointed out, DFO, Ropar intimated that the targets of felling of trees could not be achieved as working plan for the years from 2003-04 to 2012-13 was not prepared in time and as such, the approval of GOI was not received.

### **6.3.13 Short recovery of net present value of forest land diverted for other than forest purposes**

According to the Forest Conservation Act, 1980, no State or other authority shall issue orders without prior approval of GOI for dereservation of forests or utilisation of forest land for non forest purposes. For utilisation of forest land for non forest purposes under the Forest Conservation Act, net present value (NPV) of the land including compensatory afforestation would be recovered at the rate fixed by Government from time to time and will be deposited by user agency with the Compensatory Afforestation Management and Planning Agency (CAMPA) under CAMPA fund.

Test check of records of PCCF revealed that forest land measuring 93.32 hectares was transferred to 81 projects for utilisation for non forest purposes on the basis of sanctions issued by GOI between December 2002 and October 2003 without collection of NPV of land of Rs.8.58 crore as per detail given below:

(In crore of rupees)						
Sr.No.	Name of circle	No. of cases	Area in Ha.	Amount to be realised at the rate of Rs.9.20 lakh per ha.	Amount realised	Balance
1	Bist Circle, Jalandhar	36	57.67140	5.30	0.0014	5.30
2	Ferozepur Circle	19	10.86190	1.00	0	1.00
3	Shivalik Circle	7	19.95080	1.84	0	1.84
4	South Circle, Patiala	19	4.83163	0.44	0	0.44
	<b>Total</b>	<b>81</b>	<b>93.31573</b>	<b>8.58</b>	<b>0.0014</b>	<b>8.58</b>

After this was pointed out between September and December 2005, DFOs, Dasuya and Ropar (of Shivalik Circle) stated that action would be taken to recover the amount, while the replies from other circles were awaited (August 2006).

**6.3.14 Loss of interest due to retention of funds in current account instead of fixed deposit**

As per instructions issued by GOI in March 2004, amount collected on account of compensatory afforestation fund was to be kept in fixed deposits in the name of concerned DFO till CAMPA becomes operational and receipt of further directions from GOI.

Test check of records of five\* forest divisions revealed that DFOs collected an amount of Rs.11.61 crore on account of CAMPA fund for the period from April 2001 to March 2005 which was kept in current account instead of fixed deposit. Thus, due to non observance of the instructions of GOI, the department was deprived of interest of Rs.83.89 lakh from June 2004 to March 2006 at the minimum rate of five *per cent* as applicable to fixed deposit.

**6.3.15 Short realisation of revenue due to revision of royalty rates on adhoc basis**

As per the project report of the corporation, price for the volume of standing trees transferred to the corporation was to be fixed from year to year keeping in view the prevailing market rates. Government revised in September 2003, the rate of royalty by adding five *per cent* of rate on adhoc basis in the rate of royalty of previous year for the years 2001-02 to 2002-03. However, rate of royalty for the years 2003-04 to 2004-05 had not been revised so far (March 2006).

PCCF vide letter dated 9 February 2004 to Government recommended that practice of adhoc annual increase at the rate of five *per cent* in royalty for all species was not sound. The best way to achieve this objective would be linking the increase/decrease in royalty with sale price obtained by corporation in open auction (taking average price over six months). The proposal has not been approved so far.

Test check of records of 11\*\* forest divisions revealed that the rates received by the forest divisions from open auction 2001-02 to 2004-05 in the open market for sale of dead and dry trees, which were not lifted by the corporation, were higher to the extent of 153 to 242 *per cent* than the royalty rates fixed by Government and charged from the corporation during the years 2001-02 to 2004-05. There is a need for revision of royalty rates on basis of auction/market rate instead of increase on adhoc basis at the rate of five *per*

---

\* Amritsar, Ludhiana, Patiala, Ropar and Sangrur.

\*\* Amritsar: (Rs.2.72 crore), Bathinda: (Rs.1.46 crore), Dasuya: (Rs.1.81 crore), Faridkot at Muktsar:(Rs.0.92 crore), Fatehgarh sahib: (Rs.0.38 crore), Hoshiarpur:(Rs.3.37 crore), Jalandhar:(Rs.9.33 crore), Ludhiana (Rs.5.67 crore), Patiala: (Rs.7.52 crore), Ropar: (Rs.1.99 crore) and Sangrur: (Rs.5.36 crore).

cent which has deprived Government of potential revenue of Rs.40.53 crore during the period from 2001-02 to 2004-05.

After this was pointed out, PCCF intimated in July 2006 that rates of royalty for the year 2003-04 and 2004-05 have been restructured and sent to Government in February 2004 for approval.

### **6.3.16 Loss of revenue due to non adherence to the prescribed cycle**

**6.3.16.1** As per working plans based on the Research and Training circles of the department, the rotation period of a bamboo clump is six years after which it becomes clumsy and congestive, shows signs of deterioration and causes unwieldy growth of shoots. One bamboo plant offshoots 25 bamboos in six years.

During test check of records of three forest divisions, it was noticed that 1,88,643 saplings of bamboo plants were raised between 1995-96 to 1998-99. Of these, 1,41,453 bamboo trees/clumps had not been felled/harvested till the year 2004-05 i.e. within rotation period. Non adherence to the prescribed cycle of bamboos felling, resulted in loss of revenue of Rs.4.60 crore calculated at the royalty rates fixed by Government during the period as detailed below:

(In crore of rupees)

Sr. No	Name of the division	No. of bamboo trees planted	Period during which bamboo trees raised	No. of trees harvested during the period		Balance trees not harvested	Amount of royalty involved
				No. of trees	Period		
1	Dasuya	1,62,636	1995-96 to 1998-99	46,198	2001-02 to 2004-05	1,16,438	3.78
2	Hoshiarpur	19,007	1996-97 to 1998-99	992	2004-05	18,015	0.59
3	Jalandhar at Phillaur	7,000	1995-96	0	-	7,000	0.23
	<b>Total</b>	<b>1,88,643</b>		<b>47,190</b>		<b>1,41,453</b>	<b>4.60</b>

Besides, plantation/rotation period would also be effected.

**6.3.16.2** Similarly, the rotation period of poplar trees is 12\* years. The delay in cutting of poplar trees causes deterioration in quality of timber as the tree becomes hard and hollow and difficult to veneer.

\* In case of DFO Amritsar, the rotation period is 15 years.

58,759 poplar saplings raised by five\* forest divisions between 1985-86 to 1991-92 had not been harvested even though the age for harvesting of poplar trees was between 12 to 18 years. This resulted in non realisation of revenue of Rs.4.58 crore (calculated at the royalty rate of Rs. 780 per tree fixed for the year 2002-2003) as under:

(In crore of rupees)

Sr.No	Name of the division	No. of poplar trees not harvested	Year during which poplar plants were raised	Royalty
1	Amritsar	26,196	1985-86 to 1988-89	2.04
2	Dasuya	4,481	1990-91	0.35
3	Hoshiarpur	3,275	1989-90 to 1990-91	0.26
4	Ropar	2,500	1989-90	0.19
5	Sangrur	22,307	1989-90 to 1991-92	1.74
	<b>Total</b>	<b>58,759</b>		<b>4.58</b>

After this was pointed out, DFO Ropar stated in August 2005 that the green trees were not harvested as the targets were achieved from harvesting of dead and dry trees. The reply is not acceptable, as poplar trees are required to be harvested according to the age otherwise quality of timber would deteriorate. The DFO, Dasuya stated that action would be taken as per working plan while replies from other divisions were awaited.

### **6.3.16.3 Loss due to discontinuance of resin tapping**

As per departmental instructions issued in 1963 and reiterated in 2003, resin tapping at the rate of 2.5 kgs per blaze from *chil* trees having girth 105 to 180 cms is required to be done every year.

Test check of records of DFO, Dasuya revealed that the work of resin tapping had not been done by the division during 2002-03 to 2004-05 as shown under:

Year	Opening balance	Trees transferred to corporation	Balance trees at the end of the year
2002-03	3,500	81	3,419
2003-04	3,419	48	3,371
2004-05	3,371	252	3,119
<b>Total</b>	<b>10,290</b>	<b>381</b>	<b>9,909</b>

Thus, discontinuance of resin tapping by DFO resulted in loss of Rs.8.67 lakh.

After this was pointed out in December 2005, DFO stated that trees were not silviculturally available for resin tapping and if resin tapping is done, the trees would dry/die. The reply is not acceptable as the trees having girth between

---

\* Amritsar, Dasuya, Hoshiarpur, Ropar, and Sangrur.

105 and 180 cms were available for resin tapping as per approved working plan of the division.

#### **6.3.16.4 Non eviction of encroachment on Government land**

As per National Forest Policy, 1988, trend of encroachment on forest land has to be arrested and effective action needs to be taken to prevent its continuance.

Test check of records of DFOs, Amritsar and Jalandhar revealed that 5,652.71 hectares of forest land was under encroachment by the public since 1968, out of which 826.55 hectares was under litigation. Thus, department has failed to initiate action to get the encroachment of 4,826.16 hectares vacated from illegal occupants.

After this was pointed out, it was stated by DFO, Jalandhar that action would be taken against encroachment/offenders while the DFO, Amritsar stated that departmental action was being taken.

#### **6.3.17 Non disposal of dead and dry trees**

As per instructions issued by Government in November 1999, trees offered to the corporation would be lifted by the corporation within a period of three months and the corporation would be responsible for any loss or damage to the trees.

Test check of records of DFOs, Amritsar and Jalandhar revealed that 5,716.6 cum volume of timber/wood of dead and dry trees of various species were offered but were not lifted by the corporation during the period 2001-02 to 2004-05. The timber was still lying with concerned DFOs. Thus, failure on the part of division to raise the demand of royalty has resulted in non realisation of revenue of Rs.45.87 lakh. Besides this, with the passage of time the quality of timber would deteriorate.

After this was pointed out in May 2005, DFO, Jalandhar at Phillaur stated that the matter was being taken up with the corporation to lift the dead and dry trees. Reply from DFO, Amritsar was awaited.

#### **6.3.18 Delay in compounding of forest offences**

Damage to forest caused during felling or dragging any tree or timber or during tapping or grazing of cattle or cutting of grass, whether caused deliberately or through negligence, is an offence. The offence can be compounded by the DFO by recovering the value of forest produce damaged/removed and compensation (penalty) for the damage. Alternatively, under the Indian Forest Act, 1927, within one year of occurrence of the offence, the offender can be prosecuted in a court of law and the punishment may extend to imprisonment for six months or fine of Rs.500 or both. As per provisions of Criminal Procedure Code, no court shall take cognizance of an offence, after the expiry of one year.

In seven\* divisions, 1,285 cases of offence for damages to forest were pending for finalisation at the end of 31 March 2005. These cases pertain to the period from 1970-71 to 2004-05. Year wise details are as under :

**(In lakh of rupees)**

<b>Year</b>	<b>Number of cases pending</b>	<b>Amount of offence</b>
Upto 1999-2000	477	20.07
2000-01	39	2.30
2001-02	315	6.92
2002-03	93	4.40
2003-04	160	5.81
2004-05	201	4.32
<b>Total</b>	<b>1,285</b>	<b>43.82</b>

Failure on the part of the departmental authority to observe the instructions contained in Indian Forest Act, 1927 to finalise the cases within one year from the occurrence of offence to prosecute the offenders resulted in non pursuing of 1,084 cases of damages involving Rs.39.50 lakh and legal action became time barred. Out of these, 607 cases involving damage of Rs. 19.43 lakh were related to 2000-01 to 2003-04. Besides, inaction on the part of department rendered the deterrent effect of penalty ineffective.

After this was pointed out, it was stated by all the DFOs that action would be taken to recover the amount.

#### **6.3.19 Conclusion**

The management of assessment and collection of forest receipts is not satisfactory. Provisions of the Acts/Rules/instructions were not being followed properly. As a result, there existed substantial arrear of recovery, loss cases, compounding of forest offences and non initiating legal action against unauthorised occupants of Government forest land.

#### **6.3.20 Acknowledgement**

The audit findings as a result of review were reported to department/Government in April 2006 with a specific request to attend the meeting of Audit Review Committee (ARC) on the topic so that the views of the department/Government were taken in account while finalising the review. The meeting was held on 2 May 2006 and attended by the Financial Commissioner (Forest) and Secretary to Government of Punjab Forest Department alongwith other officers. The audit findings were discussed with the department; however, reply is awaited.

---

\* **Amritsar, Dasuya, Hoshiarpur, Ludhiana, Patiala, Ropar and Sangrur.**

## **C: Home and Justice Department**

### **6.4 Deployment of police force to various offices/individuals within the State**

Under the provisions of the Punjab Police Rules, 1934, the cost of police force provided to different Government departments, autonomous bodies, private organisations and individuals is recoverable in the prescribed manner and at the rates prescribed from time to time. The cost of police force provided to private persons/organisations, corporate bodies or commercial companies is recoverable in advance and for others no time limit for raising demands has been prescribed.

During test check of records of the office of Senior Superintendent of Police (SSP), Bathinda, it was noticed in September 2005 that services of four drivers were placed at the disposal of police public school (PPS-a private institution) from January 2000 without finalisation of terms and conditions of deployment. An expenditure of Rs.23.21 lakh was incurred on pay and allowances of drivers from April 2000 to 31 August 2005. Neither was the demand raised by the department nor was the amount deposited by the institution. This resulted in non recovery of Rs.23.21 lakh.

After this was pointed out in September 2005, SSP, Bathinda intimated in May 2006 that notice for recovery is being issued. Further progress was awaited (August 2006).

The matter was brought to the notice of department and referred to Government in January 2006; their replies are still awaited (August 2006).

## **D: Water Supply and Sanitation Department**

### **6.5 Recovery of water charges**

#### **6.5.1 Introduction**

Public health branch is providing safe drinking water in the rural/urban areas in the state through various schemes like Accelerated Rural Water Supply Programme (RWS), Minimum Need Programme (MNP) and National Agricultural Bank for Reconstruction and Development (NABARD) funded schemes, etc. Water charges are payable by consumers for the use of water for domestic and commercial purposes at the rate fixed by Government from time to time. Besides connection fees, security deposit and penalty/fine for illegal connection are also leviable. The water charges collected upto 31 December 2002 are required to be deposited in the treasury and thereafter the divisions were authorised to utilise the receipts on the repair and maintenance of the schemes. However, no bye laws had been framed by the department for levy, collection and remittances of water charges.

#### **6.5.2 Irregular utilisation of water connection fee**

Under the Punjab Financial Rules, utilisation of departmental receipts towards expenditure is strictly prohibited. Further, under State Treasury Rules all moneys received by or tendered to Government servants on account of revenue of Government, shall without undue delay be paid in full into the treasury on the same day or on the next day. As per instructions issued by Government in December 2002, the receipt collected from sale of dead/full grown trees, fine from wastage and wrong use of water and water tariff collection from private connections was allowed to be utilised for the payment of electric bills, bleaching powder, canal water charges and for the repair and maintenance of rural water supply (RWS) schemes.

Test check of records of eight\* divisions of RWS revealed that an amount of Rs. 5.03 crore collected on account of water connection fee and surcharge was irregularly utilised between January 2003 and February 2006 for payment of electricity bills, bleaching powder and for maintenance and repair etc. Water connection fee/surcharge was not allowed to be utilised as per above instructions.

After this was pointed out, five\*\* executive engineers (XENs) stated between January and March 2006 that connection fee and surcharge/penalty is a part and parcel of revenue and could be used as user charges while three\*\*\* XENs stated in February and March 2006 that matter would be looked into. The reply was not tenable as the instructions issued by Government in December

---

\* Bathinda I, Hoshiarpur, Jalandhar, Ludhiana II, Mansa, Mohali, Nawanshahr and Rajpura.

\*\* Ludhiana II, Hoshiarpur, Mansa, Nawanshahr and Rajpura.

\*\*\* Bathinda I, Jalandhar and Mohali.



2002 did not allow utilisation of receipts collected on account of connection fee and surcharge/penalty on repair and maintenance of water supply schemes.

### **6.5.3 Non recovery of water charges**

State Government issued orders in December 2002, to recover water charges at the rate of Rs.10 per month with effect from January 2003 from the households drawing water from public stand posts under RWS scheme.

During test check of records of five\* water supply and sanitation (RWS) divisions for the period from January 2003 to May 2005, it was noticed that 1,40,072 households covered under water supply schemes falling under these divisions were drawing water from 12,131 stand posts. Neither demand for water charges was raised by the XENs nor was it paid by the households on their own. This resulted in non recovery of water charges of Rs. 1.54 crore.

After this was pointed out, the XENs (RWS) Divisions I and II, Amritsar stated between October 2003 and July 2005 that efforts are being made to recover the amount, whereas remaining three\*\* XENs (RWS) stated between September 2004 and July 2005 that matter was taken up with higher authority for further necessary action. The latest position of recovery was awaited (August 2006).

### **6.5.4 Short levy of fine**

As per Government notification issued on 4 October 2002, in case of illegal water connections fine at the rate of Rs. 1,000 per offence was leviable on the offenders besides confiscation of pipe/ material. Prior to this fine at the rate of Rs.500 was leviable.

**6.5.4.1** Test check of records of XENs(RWS) Division Bathinda and Mohali divisions in February and March 2006 revealed that 205 illegal water connections were regularised between October 2002 and February 2006 by imposing fine of Rs. 500 instead of Rs. 1,000. This resulted in short levy of fine of Rs. 1.02 lakh.

After this was pointed out, the XENs stated in February and March 2006 that the demand would be raised against the consumers.

**6.5.4.2** In 33 villages, 318 illegal water connections were detected in July 2003 by the sub divisional engineer (RWS) Dera Bassi. 75 connections were regularised with a fine of Rs. 1,000 each levied on offenders between August and September 2003. In remaining 243 cases fine of Rs. 2.43 lakh was not levied.

After this was pointed out between January and March 2006 the XEN, Water Supply and Sanitation (RWS) Rajpura stated in January 2006 that the department has framed no bye laws to deal with such cases and penalty is only

---

\* Abohar, Amritsar I and II, Hoshiarpur and Patiala.

\*\* Abohar, Hoshiarpur and Patiala.

chargeable in case consumer is willing to get his connection regularised. The reply is not acceptable as illegal water connection is an offence and fine at prescribed rate has to be charged alongwith confiscation of pipe/material irrespective of fact whether the offender gets the water connection regularised or not. However, the department failed to evolve monitoring mechanism to check the illegal connections.

#### **6.5.5 Short levy of water charges**

Government revised water tariff to Rs 60 per month from January 2003 and Rs. 70 per month from January 2004 for domestic/private households in respect of water supply scheme funded by NABARD. For water supply to commercial establishments situated either inside the village or on link roads, the rate is Rs.200 per month per connection and for commercial establishments situated on State /national highways the rate is Rs. 500 per month.

In three\* divisions, 17 NABARD water supply schemes were commissioned between April 2002 and September 2004, the demands for the water charges between January and February 2006 were raised at old rates instead of revised rates. This resulted in short levy of water charges of Rs. 9.28 lakh.

In reply XENs (RWS) No.-I Bathinda and No.-I Ludhiana stated in February and March 2006 that demand would be raised against the consumers while the XENs (RWS) division No. II Ludhiana stated in March 2006 that the matter would be looked into. Further reply was awaited (August 2006).

#### **6.5.6 Short levy of connection fee**

In order to regularise illegal water connections, State Government enhanced the water connection fee from Rs. 1,000 to Rs. 1,500 per household drawing water from various water supply schemes with effect from April 2000.

Test check of records of four\*\* divisions in February and March 2006 revealed that 741 illegal water connections were regularised by divisions by charging water connection fee at old rate during the period between 2001-02 to 2005-06. This resulted in short levy of connection fee of Rs.3.71 lakh.

In reply, three\*\*\* XENs (RWS) stated between February and March 2006 that demands would be raised against the consumers. The reply from XEN (RWS) Ludhiana II is awaited (August 2006).

The matter was brought to the notice of department and referred to Government in April 2006; their replies are awaited (August 2006).

---

\* **Water Supply and Sanitation (RWS) Division Bathinda-I, Ludhiana-I and II.**  
\*\* **Water Supply and Sanitation (RWS) Bathinda-I, Ludhiana-I,II and Mohali.**  
\*\*\* **Bathinda-I, Ludhiana-I and Mohali.**

## E: Irrigation and Power Department

## 6.6 Recoveries of water rates and water charges

## Water rates

## 6.6.1. Introduction

Levy and collection charges for canal water supplied both for irrigation and non irrigation purposes in the State is governed by the Canal and Drainage Act, 1873(Act), the Rules made thereunder and instructions issued by Government from time to time. The rates charged for irrigation purposes are called “water rates” or occupier rates and those for non irrigation purposes as “water charges”. The beneficiaries are required to pay the water rates or water charges fixed by Government from time to time. Besides, special rate (*tawan*) equal to 25 times (with effect from November 1970) of the water rates is also chargeable, where canal water is unauthorisedly used for irrigation purposes or allowed to go waste. The demands of water rates are raised by the Irrigation Department through demand statement (*Khataunis*) and collected by *lambardars*\* (headmen of the villages) who are paid certain percentage of revenue collected for whole estate as remuneration called “*lambardari fee*”. The demands of water charges are raised and collected by the Irrigation Department. However, levy of water rates was abolished in March 1997 with effect from 14 February 1997 and was again levied in November 2002 with immediate effect.

## 6.6.2 Arrears of water rates

Under the Act, the recovery of water rates as arrears of land revenue is to be effected from the beneficiaries/shareholders by the tehsildar if the water rates were not paid in time. However, there is no provisions in the Act/Rules for levy of penalty for delayed payment of water rates/water charges.

The arrears of water rates for the period from 2003-04 to 2005-06 as worked out by audit were as under:-

(In crore of rupees)

Year	Opening balance	Addition	Total	Collection during the year	Percentage of recoveries	Closing balance
2003-04	-	56.42	56.42	13.04	23.11	43.38
2004-05	43.38	71.41	114.79	19.74	17.20	95.05
2005-06	95.05	35.92	130.97	23.14	32.40	107.83

Year wise break up of arrears was not available with the department as such the department was not aware of the age/period of pendency of the arrears.

\* Headman of the village appointed for collection of revenue from cultivators.

Demand and collection registers (DCB register) were not maintained by the XENs to facilitate preparation of list of defaulters and ascertain the arrears due.

After this was pointed out, all XENs\* attributed the slow pace of recovery to shortage of staff as well as to non entrustment of judicial powers for the collection of water rates to canal staff.

### **6.6.3 Lack of co-ordination between Irrigation and Revenue Department**

Punjab Government, Irrigation and Power Department (Works Branch) abolished canal water charges vide notification dated 19 March 1997 with effect from 14 February 1997. The *khataunis* for water rates were prepared by the Irrigation Department and sent to the *tehsildars* of Revenue Department for collection of water rates.

A comparison of records of 10\*\* divisions relating to water rates and information collected from *tehsil* offices regarding position of recoveries (Form 6) revealed that the recovery process of demand of water rates of Rs. 56.67 lakh raised through *khataunis* pertaining to the period prior to February 1997 was yet to be initiated by the *tehsildars*. No system to watch the demands raised, recovered and outstanding in the department has been evolved in Irrigation Department to monitor the recoveries at regular intervals. Lack of co-ordination between the Irrigation Department and Revenue Department resulted in delay in realisation of revenue amounting to Rs.56.67 lakh. No effective steps were taken by the department to expedite the recovery as arrears of land revenue. These recoveries were also not shown as outstanding in the arrear statement of water rates sent to higher authorities.

### **6.6.4 Non realisation of recovery of water rates**

As per Revenue Manual, *khataunis* for *rabi/kharif* crop are to be prepared by the *patwari*\*\*\* on six monthly basis upto 31 May and 30 November respectively every year and passed on to *lambardars* for collection.

**6.6.4.1** Test check of records of five# canal divisions revealed that divisions did not prepare *khataunis* for recovery of water rates for the *rabi* 2003 and *rabi* and *kharif* 2005 upto March 2006. This resulted in non realisation of water rates of Rs.11.24 crore.

---

\* Abohar, Jandiala UBDC Amritsar, Majitha UBDC Amritsar, Bathinda, Faridkot, Eastern Divn Ferozepur, Bist Doab Divn Jalandhar, Mansa IB Jawaharke Mansa, BML Patiala, Lehal Divn Patiala and Devigarh Divn Patiala.

\*\* Majitha UBDC Divn Amritsar, Jandiala UBDC Amritsar, Abohar Canal Divn Abohar, Bathinda, Faridkot, Eastern Canal Divn Ferozepur, IB Jawaharke Mansa, Bist Doab Canal Divn Jalandhar, BML Patiala and Lehal Divn Patiala.

\*\*\* Petty canal officer who is entrusted to measure and assess the area irrigated in a group of villages.

# XEN Canal Division Faridkot, XEN Bist Doab Divn Jalandhar, XEN Mansa IB Jawaharke Mansa, XEN Canal Division Bathinda and XEN Jandiala Divn UBDC Amritsar.

After this was pointed out, all divisional offices stated that *khataunis* were being prepared and would be sent to the SDOs concerned for recovery.

**6.6.4.2** Scrutiny of records of EEs Majitha UBDC\* Amritsar and Jandiala UBDC Amritsar revealed that *khataunis* for recovery of Rs.7.21 crore for *rabi* 2003 (due to be prepared by May 2003) and *kharif* (due by November 2003) were prepared late during the period between February 2004 and January 2005. The delay ranged between three to 31 months.

After this was pointed out, the XEN Jandiala UBDC Amritsar stated in March 2006 that *khataunis* were prepared late by *patwaris* while the XEN Majitha UBDC Amritsar stated that due to shortage of staff *khataunis* were prepared late. The replies were not tenable as the department has to prepare the *khataunis* on the prescribed dates for the recovery of water rates on due dates as per instructions/orders of Government.

### **6.6.5 Non levy of water rates due to conversion of uncommand area (UCA) into culturable command area**

Under the provisions of the Act, the rate for the supply of canal water shall be Rs. 10 per kanal per year by all the shareholders of the chak of the canal outlet applicable on the CCA.

Test check of records of seven\*\* XENs revealed that 7,465.86 acres of UCA was converted during the period from August 2001 to November 2005 into CCA with the sanction of the new/revised outlets to increase the discharge of water from the outlets. However, while finalising the demand, *patwaris/ziledars*\*\*\* did not include the revised areas for collection of water rates with the result demand of water rates of Rs.2.99 lakh for one crop i.e. *rabi* or *kharif* for the years 2001-02 to 2005-06 was not raised.

After this was pointed out, five# XENs stated that the recovery of water rates on account of new CCA would be included in the statement while XENs Abohar and Mansa stated that discrepancy would be reconciled.

### **6.6.6 Unauthorised retention of *lambardari* fees**

Under the Act and Rules made thereunder for collection of revenue, remuneration called *lambardari* fee calculated at the rate of three *per cent* of the amount collected on account of water rate is payable to a *lambardar* (headman) provided full amount due for each estate has been paid by the date fixed by the Financial Commissioner.

---

\* Upper Bari Doab Canal.

\*\* Faridkot (1,295.90 acre), Majitha UBDC (136 acre), Lehal IB Division (192 acre) Devigarh Division (394 acre), Abohar Canal (3,441.96 acre), BML Division Patiala (201 acre) and IB Mansa (1,805 acre).

\*\*\* The Ziledar is the junior member of the superior revenue establishment.

# Faridkot, Majitha UBDC Amritsar, Lehal Divn Patiala, Devigarh divn Patiala and BML Patiala.

Test check of records of 11\* XENs, revealed that out of total amount of Rs.119.66 crore due from the estates under the control of these divisions recovery of only Rs. 19.41 crore was made for *rabi* 2003 to *kharif* 2005 and *lambardars* were allowed to retain the fees of Rs. 58.22 lakh unauthorisedly.

After this was pointed out, eight\*\* XENs stated that point was noted for future compliance while other XENs\*\*\* stated that payments were made as per incentive given by Government. Their replies were not tenable as the *lambardari* fee was to be granted on payment of full water rates of each estate and not for piecemeal recoveries.

### **6.6.7 Non recovery of special rate (*tawan*)**

Under the provisions of the Act, persons taking water from a canal without permission or at a time prohibited by proper authority, shall be chargeable with a special rate equal to 25 times in addition to the ordinary occupier rate/water rate leviable on the CCA.

Test check of records of nine# canal divisions revealed that 15,546## *tawan* cases were decided by the divisional canal officer (DCO) between April 2001 and March 2006 and *tawan* of Rs. 3.05 crore was levied. However, the *khataunis* for the same either were not prepared or if prepared were not handed over to *lambardars* for collection of revenue. These recoveries were also not shown as outstanding in any of the statements sent to higher authorities/State Government. Thus, failure on the part of the divisional engineers to monitor the progress of recoveries of *tawan* cases resulted in non realisation of revenue to the extent of Rs. 3.05 crore.

---

\* Faridkot Canal (11.30 lakh), Jandiala UBDC (0.69 lakh), Majitha UBDC (1.57 lakh), Bist Doab Canal Division Jalandhar (2.05 lakh), Eastern Canal Division Ferozepur (3.7 lakh), Lehal IB Division Patiala (4.87 lakh), Devigarh Division Patiala (4.14 lakh), Abohar Canal Division (15.36 lakh), BML Division Patiala (1.69 lakh), I.B. Mansa (4.53 lakh) and Bathinda Canal (8.65 lakh).

\*\* Abohar, Jandiala UBDC Amritsar, Majitha UBDC Amritsar, Bathinda, Faridkot, Eastern Division Ferozepur, Bist Doab Divn Jalandhar and Mansa IB Jawaharke Mansa.

\*\*\* Lehal Divn Patiala, BML Divn Patiala and Devigarh Divn Patiala.

# Abohar, Jandiala UBDC Amritsar, Majitha UBDC Divn Amritsar, Canal Divn Bathinda, Faridkot, Eastern Canal Divn Ferozepur, Bist Doab Jalandhar, IB Divn Mansa and Lehal Divn Patiala.

## A case registered against person drawing water unauthorisedly from canal.

After this was pointed out in audit, five\* DCO's stated that *khataunis* would be prepared and sent to the Revenue Department/sub divisions concerned for recovery.

#### **6.6.8 Undue delay in finalisation of *tawan* cases**

The Chief Engineer, Irrigation issued instructions in April 1985, that the DCO should normally decide a *tawan* case within a period of four months from the date of occurrence.

Test check of records of six\*\* divisions revealed that 184 *tawan* cases registered during the period between May 1984 and July 2004 were decided late with delay ranging from two to 210 months. This resulted in undue delay in finalisation of *tawan* cases amounting to Rs. 7.98 lakh.

After this was pointed out, DCOs, Abohar Canal and Lehal Division Patiala stated that delay was due to shortage of staff while the remaining DCOs stated that delay was due to late receipt of cases from subdivision offices.

#### **6.6.9. Loss of Government money with possible embezzlement**

**6.6.9.1** Under Punjab Financial Rules, every Government employee is personally responsible for the money which passes through his hands and for the prompt record of receipts and payments of Government in the relevant account as well as for the correctness of the account in every respect. Further, all transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check and correctness. Under the State treasury rules, all money received by or tendered to Government servants on account of revenue of the State Government shall, without undue delay, be paid in full into treasury or bank.

Test check of records of the EE eastern canal division, Ferozepur in February 2006 revealed that a *ziledar* collected water rates of Rs. 0.57 lakh for the *rabi/kharif* of 2003 and 2004 from a *lambardar*. The money was not deposited by him in Government account. The *lambardar* lodged a complaint with the department but the department did not take any action against the *ziledar*. Thus, failure on the part of higher authorities to exercise the prescribed checks resulted in loss of Government money of Rs. 0.57 lakh.

After this was pointed out, the EE stated in February 2006 that action would be taken as per rules.

---

\* Lehal Division Patiala, Faridkot, Eastern Canal Ferozepur, Devigarh Division Patiala and IB Divn Mansa.

\*\* Abohar, Eastern Canal Division Ferozepur, Faridkot, IB Jawaharke Mansa, Lehal Division, Patiala and Deveigarh Division Patiala.

**6.6.9.2 Retention of Government receipt out of Government account**

Test check of records of XEN, Abohar Canal Division, Abohar in February 2006 revealed that an amount of Rs. 2.64 crore was collected on account of water rates between April 2003 and March 2004 and deposited in the savings bank account of XENs instead of remittance into Government treasury which was irregular.

After this was pointed out, XEN stated that point has been noted for future compliance.

**Water charges**

**6.6.10 Suppression of arrears of water charges**

**6.6.10.1 Arrear of water charges**

The position of arrears of water charges for water supplied for non irrigation purposes as on 31 March 2005 though called for in December 2005 and June 2006 from the Chief Engineer, Irrigation Works has not been supplied so far as the same was called for from field offices by him.

As per the information collected by audit the yearwise position of progressive arrears of water charges as on 31 March 2006 was as under:

(In crore of rupees)

Year	Arrears at the end of 31 March each year
Upto March 2004	7.13
2004-05	8.98
2005-06	10.60

**6.6.10.2** Test check of records of XEN Canal division, Abohar revealed that an arrear of Rs. 1.90 crore, including arrears prior to 2003-04 on account of supply of raw water for different water supply schemes, (drinking purposes to consumers) was outstanding as on 31 March 2006, whereas as per statement of arrears sent by the XEN to SE Canal Circle Ferozepur, arrear of Rs. 0.56 crore was shown. This resulted in suppression of arrears to tune of Rs. 1.34 crore.

After this was pointed out, the XEN, Canal Division, Abohar stated in February 2006 that the demand and collection for the years 2003-04 to 2005-06 were included in the arrear statement, however, arrears of previous years were not shown. The reply was not tenable as the outstanding demands of previous years are required to be included in the arrear report for watching recovery at apex level.

**6.6.11 Under assessment of water charges**

Under the Act and Rules framed thereunder, water charges for bulk supply of canal water at the rate of Rs. 6 per 6,000 cubic feet (cft) for drinking purposes and Rs. 8 per 2,500 cft for industrial use, were enhanced to Rs. 12 per 6,000 cft and Rs. 32 per 2,500 cft respectively with effect from May 2003.



Test check of records of seven canal divisions revealed the under assessment of water charges of Rs. 32.52 lakh due to application of incorrect rates during the period form 2001-02 to 2005-06 as detailed below:-

(In lakh of rupees)

Sr. No.	Name of Division/ Name of user	Period	Amount under assessed/ short demanded	Nature of irregularity	Remarks, if any
1	<u>XEN Devigarh Division</u> M/s Jalkheri Power Pvt Ltd.	16.07.2003 to 31.12.2005	16.35	Recovery was made at old rates instead of revised rates.	After this was pointed out in December 2005, the XEN admitted the facts and stated that recovery would be made.
2.	<u>XEN BML Patiala Division</u> Water Supply Scheme Taka Taska Karoda	2001-02 to 2005-06	3.39	As per agreement the water supply was made for domestic and non domestic purposes but it was noticed that demand for water supply for non domestic purposes was not raised at all.	After this was pointed out, the XEN stated in January 2006 that position would be looked into; final reply is awaited.
3	<u>XEN Mansa IB Divison Jawahar Ke</u> Water supply scheme	2003-04 to 2005-06	0.68 2.71 (demand not raised)	The recovery for 2003-04 was made at the prerevised rates and no demand was raised thereafter.	After this was pointed out, the XEN stated in January 2006 that the revised demand would be raised.
4	<u>XEN Mansa IB Division Jawahar Ke</u> Cement Pole Factory	2003-04 to 2005-06	0.20	Recovery was effected at incorrect rates.	After this was pointed out, the XEN stated in January 2006 that revised bills would be raised.
5	<u>XEN Canal Divison Bathinda</u> M/s Garison Enginner (MES) Bathinda	2003-04	7.28	Incorrect application of rates sanctioned for non domestic purposes.	After this was pointed out, XEN stated in February 2006 that revised bills would be raised against the unit.
6	<u>XEN Canal Division Bathinda</u> M/s Vardhman Poly Tex Ltd, Bathinda.	2003-04 to 2005-06	1.30	Demand of water was raised for prerevised discharge of water instead of revised one.	After this was pointed out in February 2006, the XEN stated that recovery would be made.
7	<u>XEN Canal Division Bathinda</u> Navodya Vidyalaya Bathinda.	2003-04	0.61	Recovery of water rate was effected at incorrect rates.	After this was pointed out, the XEN stated in February 2006 that revised bills would be raised.
	<b>Total</b>		<b>32.52</b>		

#### **6.6.12 Non imposition of fine for unauthorised drawal of water**

As per agreement between Government and Punjab State Electricity Board (board) in June 1998, the board was allowed to draw water supply of 50 cusecs for Guru Hargobind Thermal Plant Lehra Mohabbat Bathinda. In case any water is taken over and above the approved discharge, surcharge or fine shall be levied at 25 times of bulk rate leviable in addition to any penalty.

Test check of records of XEN Canal division Bathinda, revealed that unit drew between 60 to 80 cusecs of water against the agreed quantity of 50 cusecs resulting in overdrawal of 6.10 crore cft of water during the period between April 2001 and March 2006. However, no action was taken to levy fine of Rs. 74.82 lakh. In addition, penalty if any was also leviable.

After this was pointed out in February 2006, the XEN stated that notice would be issued to the concerned user for levy of fine. Further reply was awaited (August 2006).

#### **6.6.13 Non levy of fine**

Under the provisions of the Act, agreement for supply of canal water provides that in case water is taken after the expiry of sanction/agreement, surcharge/fine up to 25 times shall be charged in addition to normal rate.

Test check of records of five\* irrigation divisions revealed that 68 users where the agreements were executed between March 1972 to December 1994 for a period ranging between one to three years (4 municipal councils; 53 water supply schemes; 11 individuals/companies) had been drawing water unauthorisedly though the agreements have since expired. Though, demands for water charges were raised but surcharge/fine of Rs.32.78 crore for the period from 2001-02 to 2005-06 was not levied.

After this was pointed out between December 2005 and February 2006, the XENs Bathinda, Bist Doab, Jalandhar and BML, Patiala, stated that agreement would be executed, whereas other XENs stated that point was noted for future compliance. The reply is not tenable as water was drawn unauthorisedly without execution of agreements/approval of the competent authority and surcharge/fine is to be levied and charged.

---

\* **Abohar, Bist Doab Division Jalandhar, BML Division Patiala, Devigarh Division Patiala and Lehal Division Patiala.**

**6.6.14 Conclusion**

There was no proper co-ordination amongst Irrigation, Public Health and Revenue departments for raising of demand/preparation/late preparation of *Khataunis* with the result accumulation of arrears of water rates and water charges remained unrealised and unreported. Non recovery of water rates cannot be left in perpetuity. For this purpose, some penal provision is a must to have a deterrent effect on defaulters.

The matter was brought to the notice of department and referred to Government in April 2006; their replies are awaited (August 2006).

**Chandigarh:**

**( R P SINGH )**

**The**

**Principal Accountant General (Audit), Punjab**

**Countersigned**

**New Delhi:**

**( Vijayendra N. Kaul )**

**The**

**Comptroller and Auditor General of India**