

CHAPTER V
NON TAX RECEIPTS

5.1 Results of audit

Test check of records in the offices of Mining, Finance, Police Department conducted during the period from April 2005 to March 2006 revealed under assessment, etc., amounting to Rs.763.81 crore in 57 cases which broadly fall under the following categories.

(Rupees in crore)

Sl.	Categories	No. of cases	Amount
A	Mines and Minerals		
	Non/short levy of royalty, dead rent and seigniorage fee	31	25.92
	Others	22	15.27
B	Interest receipts	1	275.95
C	Review on Police receipts	1	444.24
D	Municipal Administration and Water Supply	1	0.06
E	Environment and Forest	1	2.37
	Total	57	763.81

During the course of the year 2005-06, the concerned departments accepted and collected under assessments of Rs.14.88 lakh in 10 cases, out of which, Rs.11.17 lakh involving one case was pointed out during the year and the rest in earlier years.

After issue of draft paragraph, the department recovered Rs.11.17 lakh in one case during the year 2005-06.

A review on **police receipts** and a few illustrative cases involving Rs.120.74 crore are mentioned below:

A - MINES AND MINERALS

5.2 Non realisation of lease amount

According to Rule 8 A of the Tamil Nadu Minor Mineral Concession Rules, 1959, as amended in G.O.Ms.No.103 Industries Department dated 13 July 1996, the State Government may grant quarry leases to any person in respect of granite, subject to certain conditions, following the procedure prescribed in the rules. The minimum and maximum periods of lease are 20 years and 30 years respectively. As per sub rule 11 of Rule 8 A, as it stood upto 9 June 1992, the lease granted under this rule may be renewed for a period not exceeding 20 years subject to certain conditions. This rule was deleted in June 1992 and reintroduced with certain modification in February 2001. Further for renewal, the lessee was required to apply one year prior to completion of the lease period and pay 150 *per cent* of lease amount.

It was noticed in the office of Assistant Director (Geology and Mining) Dharmapuri in October 2005 that lease for quarrying black granite granted for a period of 10 years from March 1991 to a company was not renewed from 28 March 2001 and the company was allowed to continue mining operations. The company applied for renewal on 28 March 2000. On a writ petition filed by the lessee, the Honourable High Court of Madras directed Government in December 2002 to dispose of the renewal application within three months. However, Government has not taken any action so far. The demand draft dated 23 March 2000 for an amount of Rs.44.51 lakh submitted alongwith the application for renewal of lease was neither remitted into Government account nor revalidated from time to time. This resulted in non realisation of lease amount of Rs.44.51 lakh into Government account.

After this was pointed out in December 2005, the department replied in December 2005 that as per present Government policy no quarry lease granted under Rule 8 A shall be renewed for poramboke²⁸ land. The reply was not tenable since, if Government policy was not to renew the lease they should have rejected the renewal application immediately and got the land vacated from the company. This was, however, not done. They have also not taken any action to dispose of the application within three months as per directions of the High Court and to revalidate the demand draft.

The matter was reported to the Government (February 2006); their reply is awaited (November 2006).

²⁸ Poramboke land means Government lands.

B – FINANCE DEPARTMENT**5.3 Interest receipts*****Introduction***

5.3.1 Interest receipts is one of the major sources of non tax revenue of the Government of Tamil Nadu (hereinafter called Government). In pursuance of achievement of various objectives, Government sanctions loans, ways and means advances to various public sector undertakings, departmental commercial undertakings, local bodies and co-operative societies. The loans sanctioned by Government usually carry interest, which is mentioned in the sanction order. The principal and interest have to be paid as per the terms and conditions of the loan. In case of default in repayment, penal interest is charged.

Financial Code Volume I contains general instructions regarding sanctioning of loan, interest calculation, repayment procedure and action to be taken in case of default in payments. Further, Government order issued by the Finance (Loans and Advances) Department²⁹ provides measures for monitoring the disbursement and recovery of loans and advances sanctioned by Government and for ensuring uniformity in terms and conditions of the loans in Government orders sanctioning loans and advances.

Important points noticed during audit are given in the succeeding paragraphs:

Internal control mechanism

5.3.2 In Government order³⁰, Government issued directions that all heads of departments should maintain loan registers and demand collection balance (DCB) registers to watch recoveries of loan sanctioned by Government. The department should also raise demand in respect of the loan sanctioned and maintain the demand, collection and balance details. However, no loan register/DCB register was maintained in the Agriculture Department, Directorate of Sugar, Commissioner of Municipal Administration (CMA) and office of the Chief Electrical Inspector. Non maintenance of basic records rendered internal control and monitoring mechanism ineffective.

The matter was reported to the departments between January and April 2006 and the departments replied that the prescribed procedure would be followed in future.

²⁹ Vide No.129 dated 21.3.2000.

³⁰ G.O.No.129 Finance (L&A) Department dated 21.3.2000.

5.3.3 Delay in finalisation of terms and conditions of loans sanctioned

Industries and Agriculture Department

5.3.3.1 It was noticed from records of Director of Sugar that Government sanctioned loans of Rs.195.78 crore between October 1998 and August 1999 with interest rate varying between 14.5 *per cent* and 17 *per cent* to 10 co-operative sugar mills. In the sanction orders, Government also stated that the terms and conditions of repayment of loans would be fixed after the finalisation of rehabilitation scheme. However, it was noticed that even after seven years, Government had not proposed any scheme of rehabilitation though all the mills are still functioning. Due to delay in finalisation of terms and conditions of repayment of loans and interest by Government, interest from the time of sanction upto 31 March 2005 amounting to Rs.177.95 crore had not been levied; out of which Rs.150.07 crore pertains to last five years.

5.3.3.2 Scrutiny of records of Director of Industries and Commerce revealed that Government by an order dated April 2000, sanctioned a loan of Rs.32 lakh to M/s.Tamil Nadu Leather Corporation. The loan carried interest at the rate of 17 *per cent* and penal interest of Rs.2.75 *per cent* per annum. But the terms and conditions regarding mode of payment of interest were not prescribed. Though the department forwarded proposals for fixing terms and conditions to Government in July 2000, the same have not been finalised till date. Interest amounting to Rs.0.34 crore from May 2000 to March 2005 though leviable, has not been levied so far.

5.3.4 Non raising of demand for interest

Municipal Administration and Water Supply Department

Through various Government orders issued between February 2001 and April 2005, Government fixed interest rates to be demanded for the loans sanctioned to local bodies. Interest ranged between 10.5 *per cent* and 14.5 *per cent* per annum.

5.3.4.1 Test check of loan repayment statement and connected records revealed that Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) has been repaying loans it had obtained for own use with interest on the due dates to Government. However, while repaying the loans to Government, it sets off the amount receivable from municipalities/local bodies and pays the balance amount. The total amount adjusted during the period from 2000 to 2004 aggregated to Rs.107.18 crore.

Government while approving such adjustment in April 2001 fixed the responsibility on the CMA to arrive at the amount that needs to be set off from the State Finance Commission grants to each such municipality/local body. However, no demand/adjustment has been made till date in respect of interest by CMA. Interest at the rates specified for the period from March 2000 to March 2005 works out to Rs.33.67 crore.

This was brought to the notice of CMA in April 2006 and reply is awaited (November 2006).

5.3.4.2 It was noticed from Government orders (GOs) issued between June 1999 and March 2004 and connected records of Tamil Nadu Water Supply and Drainage Board (TWAD) that M/s.Housing Urban Development Corporation Limited (HUDCO) provided finance to local bodies for the purpose of executing water supply and drainage schemes through TWAD. As local bodies failed to settle the dues to HUDCO, Government accorded sanction for release of sum of Rs.112.19 crore to TWAD between June 1999 and March 2005 for making repayment of dues to HUDCO. The interest leviable ranged between 12 and 14.5 *per cent*. CMA was requested to raise necessary demands against local bodies concerned under intimation to TWAD which was not done. Interest recoverable works out to Rs.35.85 crore for the period from July 1999 to March 2005 of which Rs.35.65 crore pertains to last five years.

This was brought to the notice of CMA in June 2006 and reply is awaited (November 2006).

Agriculture Department

5.3.4.3 Test check of sanction orders of loan in the office of Director of Agriculture in March 2006 revealed that, Agriculture Department sanctioned four loans aggregating Rs.12.45 crore to M/s.Tamil Nadu Agro Industry Development Corporation between March 2002 and March 2003. However, interest at rates varying between 19.25 and 19.75 *per cent* per annum amounting to Rs.7.17 crore, though leviable from March 2002 to March 2005, has not been levied so far.

Industries Department

5.3.4.4 Test check of records in Directorate of Industries and Commerce revealed that five loans of Rs.2.91 crore were sanctioned to M/s.Tamil Nadu Leather Corporation during 1999-2000 and 2000-01. The rate of interest was 12 *per cent*. However, interest amounting to Rs.1.85 crore for the period from date of disbursement till 31 March 2005 has not been demanded till date. Further, as the company was in the process of winding up, this amount needs to be worked out by the department to submit a claim to official liquidator to safeguard the interest of Government.

After this was pointed out, the department replied in February 2006 that action would be taken to raise the demand even though the company was in the process of liquidation.

5.3.4.5 Similarly, it was noticed that M/s.National Co-operative Development Corporation (NCDC) Limited sanctioned loans in 1992 and 1993 to two co-operative sugar mills. Since the loans were not repaid, M/s.NCDC adjusted between March 2002 and March 2004 a sum of Rs.6.74 crore from subsequent loans to these sugar mills through Government and from reimbursement of ways and means advance to Government for integrated

co-operative development projects. After adjustment, this amount should have been treated as loan from Government to these mills. However, out of Rs.6.74 crore, Government fixed the terms and conditions for repayment of Rs.2.66 crore only (March 2002) with rate of interest of 13 *per cent* per annum. For the balance Rs.4.08 crore, no such terms and conditions were prescribed.

Interest of Rs.1.12 crore on Rs.2.66 crore for which terms and conditions were fixed has not been levied. Further non fixing of rate of interest for balance Rs.4.08 crore resulted in non realisation of interest of Rs.0.84 crore for the period from March 2004 to March 2005. This resulted in overall non levy of interest of Rs.1.96 crore.

Energy Department

5.3.4.6 Test check of records of Chief Electrical Inspector revealed that eight loans of Rs.256.38 crore were sanctioned to Tamil Nadu Electricity Board for various schemes like Accelerated Power Development Programme and Pradhan Mantri Grama Yojana between the years 2001 and 2004. The interest rates varied between 10.5 *per cent* and 12.25 *per cent*. The department replied that out of Rs.46.38 crore receivable as interest, an amount of Rs.29.47 crore had been adjusted from the NABARD loan to TNEB during March 2005 and February 2006. However, the balance interest amount of Rs.16.91 crore has not been demanded till date.

5.3.5 Short levy of interest and penal interest

Co-operation Department

Scrutiny of the records of Deputy Registrar of Co-operative Societies, Coimbatore Circle, revealed that Government sanctioned eight loans to Coimbatore District Consumer Co-operative Wholesale Stores Limited between 1974 and 1997 and repayment of principal, interest and penal interest was pending since 1981. The rate of interest varied between 8.25 and 11.75 *per cent*. The department was raising the annual demand regularly and issuing confirmation letters to the institution regarding outstanding principal, interest and penal interest at the end of each financial year. However, demand of interest and penal interest was incorrectly raised as Rs.1.04 crore instead of Rs.1.29 crore due to arithmetical mistake. This resulted in short levy of interest and penal interest amounting to Rs.25.22 lakh.

After this was pointed out in April 2006, it was replied that the revised confirmation letter would be sent to the institution after making necessary corrections in the loan ledger.

After this was pointed out to the Government, the Finance Department replied in August 2006 that observations made by audit were taken note of and in future, while sanctioning loans and advances, a specific para would be included in the sanction order requesting the heads of department to furnish quarterly periodical reports of the loans outstanding to the administrative department concerned.

C– HOME DEPARTMENT

5.4 Review on Police Receipts

Highlights

- Amount of Rs.336 crore being the share of Chennai Corporation for the cost of police employed in Chennai city for the years 2000-01 to 2004-05 could not be demanded due to non fixation of rate.
[Paragraph 5.4.7]
- Non realisation of police guard charges for deployment of police to Tihar Jail, Railway, TNEB, other departmental undertakings, etc., amounted to Rs.101.11 crore.
[Paragraph 5.4.8]
- Non realisation of police cost from Central Government for agency function and bandobust duty at Mandapam and Rameswaram coastal area amounted to Rs.6.38 crore.
[Paragraph 5.4.9]
- Non recovery of water charges from police personnel over and above the free permissible limit amounted to Rs.0.89 crore including Rs.0.58 crore for the last five years.
[Paragraph 5.4.10]

Recommendations

Government may consider:

- specifying time limit at each and every level, to demand and collect revenue due to the department,
- proper maintenance of demand collection and balance (DCB) register at all levels to ensure collection of police receipts

Introduction

5.4.1 Receipts of Police Department, (hereinafter referred to as department) mainly comprise of recovery of cost of police personnel provided to Central Government, public undertakings, banks or other bodies. Incidence of recovery from other State Governments also arises for discharging agency function when so undertaken, for maintenance of law and order in unusual circumstances and at the time of elections etc. In addition to this, there are collection of water charges for quarters and rent receivable from shops let out

in police quarters. The system of assessment, collection and accounting of receipts are governed by police standing orders.

The cost of police personnel deployed is recoverable in advance once in six months from beneficiaries as per Government orders issued in September 1999.

Organisational set up

5.4.2 Subject to overall control and superintendence of the Home Department, Government of Tamil Nadu, the Director General of Police (DGP), Chennai is incharge of the Tamil Nadu police. He is assisted by the Additional Directors General (ADG), Inspectors General (IG), Deputy Inspectors General (DIG) incharge of ranges, Commissioners of Police (CP), Superintendents of Police (SP) and Deputy Superintendents of Police (DSP) at district level.

Audit Objectives

5.4.3 The main objectives of the review were to ascertain

- efficiency and effectiveness of the system and procedures relating to assessment and collection of receipts of the department,
- correctness of amount recoverable as police receipts particularly guard charges, actual receipts and analyse the reasons for difference if any.

Scope of audit

5.4.4 The records for the years 2000-01 to 2004-05 were test checked between December 2005 and March 2006 at the office of the DGP, Chennai and at district level offices. Records relating to 20³¹ out of 59 units were selected on the basis of police personnel deployed and its impact on revenue.

Trend of revenue

5.4.5 Budget estimates and the amount actually collected during the last five years ended March 2005 are as under:

³¹ DGP Chennai, COP (Chennai, Trichy, Madurai), IG Railway Police Chennai, SP Railway Police (Chennai, Trichy), DGP Uniformed Service Recruitment Board, Chennai, ADGP (Home Guards) Chennai, JC(Traffic) Chennai, JC (North Zone) Chennai, SP (Trichy, Madurai-Rural, Pudukottai), TSPB-I Trichy, III-Veerapuram, V-Avadi, RC Avadi, VI-Madurai, VII-Palani.

(Rupees in crore)

Year	Budget estimates	Actuals	Variations	Percentage of variation
2000-01	44.78	29.90	(-) 14.88	(-) 33.23
2001-02	41.57	46.71	5.14	12.36
2002-03	55.57	57.75	2.18	3.92
2003-04	82.18	40.24	(-) 41.94	(-) 51.03
2004-05	64.53	40.87	(-) 23.66	(-) 36.67

As per guidelines of budget manual, whenever budget is prepared, the aim is to achieve as close an approximation to the actuals as possible. It is, therefore, essential that not merely should all items of revenue and receipts that can be foreseen be provided but also only so much and no more should be provided as is expected to be realised, including past arrears, in the budget year.

From the above table it is seen that the variation between budget estimates and actuals ranged between (-) 51.03 *per cent* and (+) 12.36 *per cent* during the last five years which shows that the budget estimates were not prepared on a realistic basis.

The reason for high budget estimates for the years 2002-03 and 2003-04 was attributed to anticipated receipt of arrears of earlier years from the National Capital Territory (NCT) of Delhi and Tamil Nadu Electricity Board (TNEB).

Reason for increase in actuals during 2002-03 was due to heavy increase in spot fines and receipt towards application money for Tamil Nadu Uniformed Services Recruitment Board.

Internal control

5.4.6 Collection of revenue on account of deployment of police, residential telephone excess call charges and recovery of excess water charges and electricity charges from the occupants of police quarters should be watched in DGP Office by maintaining a DCB register.

However, when pendency position in regard to the above items was called for in January 2006, it was replied by the department that details would be available in the unit offices only. The pendency position as on 31 March 2005 in respect of the above items is yet to be furnished to audit.

DCB register to watch the progress in collection of guard charges on the deployment of police personnel to Government of India (GOI), other State Governments and TNEB, was not maintained properly in DGP Office, Chennai. A test check of unit offices revealed that DCB register was not at all maintained in TSPB VI Madurai and TSPB VII Palani.

Thus it is seen that there was no effective monitoring system, with the result, that the department was not able to watch the actual dues.

After this was pointed out, the department stated DCB register would be maintained in future.

Cost of police force due from Chennai Corporation

5.4.7 As per Section 3 of the Tamil Nadu Municipal Police Act, 1878 (Tamil Nadu Act VII of 1878), the Municipal Commissioner for the city of Chennai shall annually set apart, and pay to Government in equal monthly instalments, out of the funds raised under the Chennai City Municipal Corporation Act 1919 or any other corresponding law for the time being in force such sum not exceeding 50 *per cent* of the total cost of police force, other than the Marine Police, employed by Government in the said city, as may be annually fixed by Government.

Audit check revealed that Government has not fixed any rate over the years for levying cost of police personnel employed in Chennai city. As per Finance Accounts, total expenditure incurred on State headquarters police for the years 2000-01 to 2004-05 amounted to Rs.672 crore. Hence Government could have collected a maximum amount of Rs.336 crore from Chennai Corporation on account of police employed in the city as detailed below:

(Rupees in crore)		
Year	Expenditure incurred on State Headquarters as per Finance Accounts	50 <i>per cent</i> share (Maximum)
2000-01	119.84	59.92
2001-02	119.19	59.60
2002-03	132.98	66.49
2003-04	144.99	72.49
2004-05	154.72	77.36
Total	671.72	335.86

After this was pointed out in March 2006, the department stated in June 2006 that they were not aware of the provisions of the Act and the matter would be taken up with the Corporation of Chennai and Government.

Non realisation of police guard charges

5.4.8 As per police standing order³², when police personnel are deployed in addition to the sanctioned strength, whole charges for such deployment shall be charged and credited to Government.

Prior to September 1999, there was no specific system prevailing for collection of guard charges. Demands were raised against the institutions which requested police personnel and payments were made by the parties concerned. However, Government issued orders in September 1999 for recovery of guard charges in advance once in six months from beneficiaries.

³² No.380(2)(d)

5.4.8.1 *Deployment of Tamil Nadu Special Police Battalions at Tihar Jail, New Delhi*

As per Government orders issued from time to time³³, DGP was required to watch recoveries towards cost of police personnel deployed to Tihar Jail, New Delhi and get them reimbursed periodically.

Three Tamil Nadu special police battalions (TSPB) were deployed for security duty at Tihar Jail since 1980. Guard charges for the period from 1 October 1992 to 30 November 1993 were due from GOI and for the period from 1 December 1993 to 31 March 2000 from NCT, Delhi and from 1 April 2000 to 31 March 2005 from Delhi Prison Department. The total demand for the period from 1 October 1992 to 31 March 2005 was Rs.138.90 crore. Against this demand, Rs.70.45 crore was collected from NCT, Delhi between April 2001 and July 2005, being part payment for the period from April 2000 to March 2005 on provisional basis, subject to final settlement on production of audit certificates. However, since the department had not produced necessary information/ details, the amount of Rs.68.45 crore remained unrealised as detailed below:

- ***Period from 1 October 1992 to 17 August 1994***

Audit certificates for Rs.9.79 crore were obtained in July 2001 and sent to GOI. The amount represented guard charges due from GOI for the period from 1 October 1992 to 30 November 1993 and from NCT for the period from 1 December 1993 to 17 August 1994. As the records depicting bifurcation between the two periods were lost due to leakage of rain water, guard charges due from GOI and NCT remain unrealised.

- ***Period from 18 August 1994 to 30 April 1999***

The concurrence of GOI to allow deputation of staff in excess of the scale prescribed for the standard battalion for ex state duty was not obtained by the department. Hence audit certificate for Rs.45.63 crore for the period mentioned could not be obtained.

- ***Period from 1 May 1999 to 31 March 2005***

The department had not forwarded proposals for obtaining audit certificate for the period mentioned. The claim amounted to Rs.13.03 crore.

Since the department had not produced the requisite details for issue of audit certificates, the claim for Rs.68.45 crore including Rs.1.59 crore pertaining to last five years was pending collection.

After this was pointed out, the department stated that audit certificate would be obtained (March 2006).

³³ G.O.Ms.No. 743 Home Department Dated 01.07.94.
 G.O.Ms.No. 1506 Home Department Dated 03.11.98.
 G.O.Ms.No. 1672 Home Department Dated 10.08.99.

5.4.8.2 From Railways

As per Railway Board's letter of February 1993, cost on establishment of Railway Police, was to be claimed from Railways at 50 *per cent* of total cost as certified by Accountant General (Civil Audit) Chennai.

- It was seen in January 2006 that claim for the year 2004-05 was worked out as Rs.7.34 crore (50 *per cent* of Rs.14.67 crore) by the department. However, proposal for obtaining audit certificate was not sent.
- While making part payment (between January 2002 and April 2005) for the years 1998-99 and 2002-03, a sum of Rs.6.03 crore was deducted from the bills of Police Department by Railways towards maintenance charges due from other departments like highways, local bodies and TWAD³⁴ Board etc.

After this was brought to notice in January 2006, the department stated in February 2006 that Railway authorities would be approached for release of the deducted amount.

5.4.8.3 From Tamil Nadu Electricity Board (TNEB)

As per directions of DGP issued in August 1999, guard charges payable by TNEB were being paid directly to DGP, Chennai and not as per the then prevailing system of sending demand drafts to the concerned SP.

Test check of records of DGP office revealed that DCB register was updated upto 31 December 2003 only and was not maintained properly thereafter. However, the DGP in July 2005 raised a demand for Rs.20.34 crore as dues upto 31 March 2005. When correctness of the demand was cross checked with information obtained from 14 SP offices, it was seen that outstanding dues as on 31 March 2005 amounted to Rs.30 crore. Thus there was difference between figures of DGP and field offices which needs to be reconciled, correct dues worked out and demand raised accordingly. Incorrect preparation of DCB resulted in short demand of Rs.9.66 crore.

After this was pointed out, the department replied that latest outstanding figures received from the districts and commented in the audit slip would be taken as reference and correct demand prepared for the quarter ending 31 March 2006.

5.4.8.4 From Airport, Madurai

It was seen in the office of the DGP, Chennai, that 38 armed guards were sanctioned by Government for Airport, Madurai through three Government orders.

³⁴ Tamil Nadu Water Supply and Drainage.

Test check of records in the office of the DGP revealed that the department had not obtained sanction from the Bureau of Civil Aviation Security, New Delhi in respect of 26 personnel out of 38 guards. When the department preferred claim in March 2004 for deployment of 38 police personnel for the period from 01 October 1990 to 07 April 2002, Airport Authority did not admit the claim in respect of 26 personnel because there was no proper sanction and directed the department to obtain ex post facto sanction. The department did not take any action to obtain the same.

Thus, deployment of 26 police personnel by the department without prior concurrence from the airport authorities resulted in non realisation of Rs.2.67 crore.

5.4.8.5 From Chennai Port Trust

Government sanctioned (March 1990) a new police station named as M2 Port (Water borne) police station within the premises of Chennai port to patrol the water front area of the port and prevent theft on board of vessels. As per agreement between Government and the Port Trust, the entire expenditure of new police station was to be borne by Chennai Port Trust.

It was, however, seen that the Commissioner of Police, Greater Chennai had not claimed from the Chennai Port Trust authorities reimbursement of actual expenditure of 48 police personnel deployed for the years from 2001-02 to 2004-05, resulting in non realisation of Rs.1.49 crore.

After this was pointed out in February 2005/March 2006, the department replied (March 2006) that the claim has been preferred. Further report is awaited (November 2006).

5.4.8.6 From Temples

Government constituted Temple Protection Force in June 1992 with the condition that 10 *per cent* of the expenditure should be collected from the temples. By an order issued in September 2001, Government waived all the contributions due from the temples upto the end of the previous year ie., 31 March 2001.

Test check of records of office of the DGP revealed that the department waived the dues for the period from 1 April 2001 to 22 September 2001 which was incorrect. This resulted in non collection of Rs.1.01 crore.

After this was pointed out the department accepted the audit observation in February 2006 and agreed to collect the contribution.

5.4.8.7 From other Central Government departments/undertakings/companies and other State Government departments

Government issued orders in September 1999 for collection of guard charges in advance once in six months from the beneficiaries.

Test check of records of the offices of DGP, Chennai, CP, Greater Chennai and SP of Pudukkottai and Cuddalore districts revealed that arrears of police cost were recoverable to the extent of Rs.4.46 crore from Central Government departments, undertakings, companies and other State Governments as detailed below:

(Rupees in crore)

Sl. No.	Organisation	Period involved	Amount
Government of India			
1	Archaeological Survey of India, GOI	04/96 to 03/05	0.60
2	Central Bureau of Investigation, Chennai	04/01 to 03/05	0.34
3	Collector, Customs, Chennai	10/03 to 03/05	0.11
4	CBI/Economic Offence Wing, Chennai	10/00 to 04/03	0.10
5	Director, Postal Stamps, Chennai	07/03 to 03/05	0.10
6	CBI, Sastri Bhavan, Chennai	04/04 to 03/05	0.09
7	Doordharsan Kendra, Chennai	10/03 to 09/04	0.06
8	Special Bureau of Registrations, Chennai	07/03 to 12/04	0.01
9	Subsidiary Intelligent Bureau, Chennai	01/05 to 03/05	0.01
Corporations			
10	Bharat Sanchar Nigam Limited – for 9 Units in Chennai	2/98 to 03/05	1.59
11	Neyveli Lignite Corporation – Neyveli	09/01 to 02/05	1.29
12	Videsh Sanchar Nigam, Chennai	10/03 to 09/04	0.07
13	Oil & Natural Gas Commission, Chennai	03/01 to 03/02	0.02
Other States			
14	Director of Archaeology, Kerala State (Provision of guards to Padmanabhapuram Palace)	01/96 to 01/04	0.07
Total			4.46

After this was pointed out, the department stated that frequent reminders and letters were being sent to the concerned officers for settlement and the same would be collected. The reply of the department did not specify whether issue regarding non payment of police cost was taken up at higher level at any time.

Non realisation of police cost from the Central Government for agency function

5.4.9 Government discharges agency function on behalf of GOI, by deploying additional police force for registration and surveillance of

foreigners, repatriates from Sri Lanka and tightening up of immigration proceedings. For this work, cost of police deployment is to be recovered from GOI.

5.4.9.1 It was noticed that a claim for Rs.2.40 crore towards expenditure for the years from 1996-97 to 2000-01 was forwarded by department to Government between August 2003 and November 2004. However, Government forwarded claim of Rs.38.40 lakh for the year 1996-97 to GOI only in June 2005 and for the remaining period the claim was yet to be preferred (April 2006). Further for want of details, audit certificate for an expenditure of Rs.41.65 lakh incurred during 2003-04 was not obtained. The proposals for audit certificate for the years 2001-02, 2002-03 and 2004-05 for an amount of Rs.1.29 crore were sent only in April/May 2006. The above delay resulted in non realisation of revenue of Rs.4.11 crore for nine years.

5.4.9.2 Guard charges of Rs.2.27 crore for the provision of armed police to Mandapam coastal wing and Rameswaram coastal wing, for the period from April 1998 to March 2005 were pending collection from the Ministry of Home Affairs, GOI. After this was pointed out, the department stated that Government claimed a sum of Rs.86.85 lakh for the period from April 1998 to September 2000 and October 2001 to March 2002 in October 2003.

In respect of the period from October 2000 to September 2001 claim for Rs.36.18 lakh was forwarded to Government by DGP in September 2005. In respect of expenditure of Rs.49.25 lakh incurred for the period from April 2002 to September 2002 and April 2004 to March 2005, proposals for obtaining audit certificates were sent belatedly in January 2004 and November 2005 respectively. In respect of the remaining period from October 2002 to March 2004, cost statements for Rs.54.44 lakh were forwarded to the DGP office only in February 2003, March 2003 and December 2003 by the field officers. This resulted in overall non raising of demand of Rs.2.27 crore of which Rs.1.40 crore pertains to last five years.

Non recovery of water charges from police personnel

5.4.10 As per Tamil Nadu Financial Code Volume II, free supply of water to police lines in Madras city is given subject to a limit of 60 gallons per hut per day where there are no flush out laterines and 70 gallons per hut per day where there are flush out laterines. The cost of any excess consumption of water over the free allowance for any one set of lines in a locality should be recovered from the occupants in proportion to their pay.

It was noticed that in two battalions (TSPB V & TSPB (RC)), water charges were incurred to the extent of Rs.67.88 lakh and Rs.67.34 lakh for the period from January 1998 to March 2005 and from 1990-91 to 2004-05 respectively. The eligible amount in respect of admissible limits of consumption for the two battalions worked out to Rs.39.21 lakh and Rs.6.84 lakh only for the above periods. Thus, overall water charges due for collection amounted to Rs.89.17 lakh, including Rs.58 lakh for the last five years.

After this was pointed out in February/April 2006, the department stated (March 2006) that action was being initiated to collect water charges in respect of TSPB V. No reply had been received in respect of TSPB-RC, Avadi (November 2006).

Acknowledgement

5.4.11 The review was discussed with Government/department in the Audit Review Committee Meeting held in July 2006. The views of Government/department were taken into consideration while drafting the review.

Conclusion

5.4.12 Thus due to improper maintenance of records relating to deployment of police personnel, the dues could not be arrived at and demanded promptly. Further as DCB register was not maintained properly, the amounts which are due from other departments could not be watched correctly.

**D - MUNICIPAL ADMINISTRATION AND
WATER SUPPLY DEPARTMENT**

5.5 Non issue of licences to public buildings resulting in non realisation of licence fees

The Tamil Nadu Public Buildings (Licensing) Act, 1965 provides for inspection and licensing of buildings frequented by the public. Public building means any building used as a school, college, university, hostel, library, hospital, club, lodging/boarding house, marriage hall, community hall, etc. According to Section 3 of the Act, all public buildings shall be used only under a valid licence obtained from the competent authority on payment of prescribed fees. At taluk level, the tahsildar is the competent authority to issue licences. The licence thus granted shall be valid for a period of three years. The rate of fee varies from Rs.10 to Rs.5,000 depending on the nature and value of the building. The owner who intends to use any building as a public building shall apply for licence in prescribed form.

It was noticed in five³⁵ taluks during February and March 2006 that owners of 121 public buildings did not apply for licence during the period from July 2003 to June 2005 and hence licences were not granted. This resulted in non realisation of licence fee amounting to Rs.5.76 lakh.

After this was pointed out in February/March 2006, the department stated that action would be taken to issue licences.

The matter was reported to Government (April 2006); their reply is awaited (November 2006).

³⁵ Alangulam, Ambasamudram, Nanguneri, Ottapidaram and Tenkasi.

E - ENVIRONMENT AND FOREST DEPARTMENT

5.6 Non realisation of lease rent

Government of Tamil Nadu in its order issued in April 1991 revised the rates of lease rent from 10 *per cent* to 12.5 *per cent* of the market value of the land. In the same order, Government directed that the market value would be refixed at the end of every three year period.

Test check of records of two forest divisions in May 2005 and February 2006 revealed that Rs.2.37 crore being lease rent along with interest was not recovered from the lessees as detailed below:

District Forest Office, Coimbatore

5.6.1 According to the terms and conditions of the lease agreement executed between the District Forest Office, Coimbatore and M/s.Associated Cement Company Limited, Madukkarai in December 1998, the lessee was required to pay interest at the rate of 12 *per cent* per annum on all arrears of rent from the date they were due.

Lease rent was collected upto December 1991 for 161 acres of forest land leased to the above lessee. The lease rent was revised in 1998 with retrospective effect from 1992 and an additional demand of Rs.22.80 lakh was raised by the division in April 1999. The lessee paid the above dues only in August 2004. Interest of Rs.23.33 lakh was payable by the lessee for the default period for which demand was not raised. This resulted in non realisation of Government revenue of Rs.23.33 lakh.

The division did not revise the lease rent after three years i.e., from 2000. It also did not raise any demand for lease rent for the period from 2000 to 2006. Consequently, lease rent was not paid by the lessee. The lease rent payable for the period 2000-06 amounts to Rs.86.96 lakh based on the market value obtained from the Sub Registrar, Madukkarai out of which Rs.66.55 lakh pertain to last five years. Further interest due on lease rent due from 2000 to 2006 worked out to Rs.32.86 lakh.

District Forest Office, Tirunelveli

5.6.2 The terms and conditions of the lease agreement between the District Forest Office, Tirunelveli and M/s.India Cements (P) Limited, Thalayathu stipulated payment of interest by the lessee at the rate of six *per cent* on all arrears of rent from the date they were due.

Forest land of 538.20 acres was leased to M/s.India Cements (P) Limited, Thalayathu for extraction of lime stone and the lessee surrendered 299.13 acres of leased area in November 1990 and retained 239.07 acres. The division neither worked out nor did it raise any demand for lease rent from the lessee for the period 1998 to 2006. The lease rent payable by the lessee based

on information on market value obtained from Inspector General of Registration, Tirunelveli worked out to Rs.64.91 lakh, out of which Rs.24.61 lakh pertains to last five years. The interest payable for the default period worked out to Rs.29.05 lakh.

Inaction on the part of the department to promptly raise the demand resulted in non realisation of Government revenue of Rs.1.52 crore as lease rent and Rs.85.24 lakh as interest.

The matter was referred to the department and Government in May 2006; reply had not been received (November 2006).

**Chennai,
The**

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