

## CHAPTER-VI OTHER DEPARTMENTAL RECEIPTS

### 6.1 Results of audit

Test check of records of concerned departmental offices conducted in audit during the year 2004-05 disclosed non/short realisation/loss of revenue of Rs.366.98 crore in 272 cases, which fall under the following broad categories:

(Rupees in crore)

Sl.No.	Categories	No. of cases	Amount
<b>POLICE DEPARTMENT</b>			
1.	Receipts of Police department	1	2.15
	<b>Total</b>	<b>1</b>	<b>2.15</b>
<b>PUBLIC WORKS DEPARTMENT</b>			
1.	Misutilisation of departmental receipts	04	0.85
2.	Non/short levy of stamp duty	03	--
3.	Non levy of centage charges	01	0.02
4.	Loss of revenue due to non-auction of empty drums/gunny bags	10	0.48
5.	Non recovery of rent from inspection houses and guest houses	03	0.15
6.	Other irregularities	125	11.08
	<b>Total</b>	<b>146</b>	<b>12.58</b>
<b>IRRIGATION DEPARTMENT</b>			
1.	Loss due to non-realisation of irrigation charges	08	5.16
2.	Other irregularities	95	12.27
	<b>Total</b>	<b>103</b>	<b>17.43</b>
<b>RURAL ENGINEERING SERVICE DEPARTMENT</b>			
1.	Non realisation of royalty on earthwork	01	0.16
	<b>Total</b>	<b>01</b>	<b>0.16</b>
<b>HOUSING AND URBAN PLANNING DEPARTMENT</b>			
1.	Loss due to non-recovery of interest	10	6.43
2.	Other irregularities	07	7.44
	<b>Total</b>	<b>17</b>	<b>13.87</b>
<b>BUREAU OF PUBLIC ENTERPRISES DEPARTMENT</b>			
1.	Non realisation of royalty on earthwork	01	1.00
	<b>Total</b>	<b>01</b>	<b>1.00</b>
<b>EDUCATION DEPARTMENT</b>			
1.	Short realisation of dearness allowance from students	01	0.24
	<b>Total</b>	<b>01</b>	<b>0.24</b>
<b>MINES AND MINERALS DEPARTMENT</b>			
1.	Loss of revenue due to non-execution of lease deed	01	8.92
	<b>Total</b>	<b>01</b>	<b>8.92</b>
<b>FINANCE DEPARTMENT</b>			
1.	Non/short levy of guarantee fee by the concerned Departments.	01	310.63
	<b>Total</b>	<b>01</b>	<b>310.63</b>
	<b>Grand Total</b>	<b>272</b>	<b>366.98</b>

During the year 2004-05 concern departments accepted short recovery of Rs.1.14 crore in seven cases out of which Rs.96.90 lakh was recovered.

A few illustrative cases involving financial effect of Rs.325.84 crore are mentioned in following paragraphs

### 6.2 Receipts of Police Department

#### Introduction

**6.2.1** Receipts of the Police Department comprise mainly of receipts for supply of police force to different organisations including Central

Government, public sector undertakings, banks or other autonomous bodies within the State towards guarding treasure/cash chest/remittances or performing watch and ward duties permanently or as a temporary measure. Incidence of recovery also arises in connection with maintenance of law and order in other States under unusual circumstances and at the time of Lok Sabha and Vidhan Sabha elections. Some other police receipts relate to recoveries made from the pay and allowances of police personnel, sale of unserviceable goods, condemned vehicles and unclaimed confiscated goods through auctions and under the Indian Arms Act, 1959.

The assessment, collection and accounting of these receipts are governed by five<sup>1</sup> Acts/Manual/Regulations, Government orders issued from time to time and provisions of Uttar Pradesh Treasury Rules. Cost of police personnel includes pay and allowances and other direct and indirect expenditure incurred on them. Demand for cost of deployment of permanent police guard is raised in advance on quarterly basis while escort charges for providing police personnel as temporary measure are realised in advance.

### **Organisational set up**

**6.2.2** The Director General of Police (DGP) Uttar Pradesh is the head of the Uttar Pradesh police with headquarters at Allahabad. He is assisted by two Additional Directors General, Inspectors General at zonal levels, Deputy Inspectors General at ranges and Superintendents of Police (SP) at district level. The responsibility for assessment and collection of police cost for deployment of police personnel for Railways and duties outside the state is with the DGP and with the SP of each district within the state.

### **Non realisation of electricity charges**

**6.2.3** The police personnel who are residing in quarters, not provided with electricity meters, located in police lines/stations are required to pay electricity charges. This forms the part of receipts of Police Department.

The Government vide orders issued in December 2003 enhanced electricity charges by 30 *per cent* with effect from 1 May 2002. As per police headquarters order issued in February 2004 arrears for the period from May 2002 to January 2004 were to be recovered in 10 monthly instalments from the officials.

Tests check of records of 12 SP offices revealed between October 2004 and May 2005 that a sum of Rs.44.13 lakh on account of electricity charges for the period from May 2002 to January 2004 was not recovered despite instructions from police headquarters.

After this was pointed out in audit the Department replied in August 2005 that recovery of Rs.10.04 lakh has been made. Further progress was awaited.

### **Short realisation of cost of police guards**

**6.2.4** Under the provisions of Police Regulation and Police Rules and Government orders,<sup>2</sup> cost of permanent police guards provided to

---

<sup>1</sup> The Police Act 1961, Police Manual, Police Regulations, Indian Arms Act 1959 and the Motor Vehicle Act, 1988.

<sup>2</sup> GO No 3312/VKb-2-700/150/79 dated 31.12.79

banks/units/autonomous bodies etc is recoverable in advance. In case of default, guards should be withdrawn.

- A test check of records of nine SP offices<sup>1</sup> revealed that bills amounting to Rs.6.13 crore were raised against banks/units on the basis of Reserve Inspector's attendance sheets during the period from April 1999 to March 2004. It was, however, noticed that the banks/units made payments of Rs.3.23 crore on the basis of their own attendance sheets. As a result, there was short realisation of Rs.2.90 crore. The SP offices failed to reconcile the differences for short payment and ascertain the reasons thereof.

The Department accepted that reconciliation of attendance was essential.

- **Police guards provided to individuals**

The Government vide orders dated 4 May 1997 read with orders issued on 30 December 2000 decided that personal security guards/gunners be provided to certain categories of individuals on the recommendation of district level committees headed by district magistrates on receipt of police cost at prescribed rates i.e. ranging between Rs.1,266 and Rs.12,658 per month in advance.

Test check of records of four<sup>2</sup> SP offices revealed that in 33 cases shadow/gunners were provided to individuals during April 2001 to September 2004 without receiving full payment in advance. In 33 cases shadow/gunners were not recalled though advance payment made by individuals was exhausted. This resulted in short recovery of Rs.8.24 lakh. The Department did not take any action to recall shadow/gunner once payment was exhausted.

After this was pointed out in audit, the Department stated in August 2005 that information in respect of recovery was being collected.

### **Blockade of revenue**

**6.2.5** As per provisions of Police Act, 1961, police officer under the direction of District Magistrate is empowered to dispose of unclaimed confiscated goods through auction after expiry of six months from the date of confiscation. Sale proceeds of such goods shall be credited to Government account. Hon'ble Supreme Court<sup>3</sup> have also directed that all unclaimed vehicles should be auctioned.

Test check of records of 21<sup>4</sup> SP offices revealed that, 17 trucks/buses, 200 cars/jeeps/tractors, 330 motor cycles, 387 scooters and 62 mopeds were lying unclaimed in 315 police stations valued at Rs.1.71 crore (based on rates obtained during previous auctions in different districts)

<sup>1</sup> Azamgarh (Rs.1.77 Lakh), Faizabad (Rs.3.93 Lakh), Ghaziabad (Rs.13.34 Lakh), Gonda (Rs.4.20 Lakh), Kanpur Nagar (Rs.9.38 Lakh), Lucknow (Rs.1.42 Lakh), Mathura (Rs.3.78 Lakh), Merrut (Rs.2.52 Crore) and Shahjahanpur (Rs.0.25 Lakh).

<sup>2</sup> Bahraich, Basti, Ghaziabad and Gonda

<sup>3</sup> Special leave petition criminal Case no. 2745/02 Sunder Bhai Ambalal Desai Vs. State of Gujrat and C.M. Mudaliar Vs. State of Gujrat (Leave petition No. 2755/02).

<sup>4</sup> Agra, Allahabad, Azamgarh, Bahraich, Bareilly, Basti, Faizabad, Ghaziabad, Gonda, Gorakhpur, Jaunpur, Jhansi, Kanpur Dehat, Kanpur Nagar, Lucknow, Mathura, Meerut, Moradabad, Shahjahanpur, Sitapur and Varanasi.

as on 31 March 2004. The authorities had not taken any steps to dispose off the same resulting in deterioration of vehicles due to weather and thereby depreciation in value of the vehicles. Due to inaction of the police authorities there was a blockade of Rs.1.71 crore as detailed in Appendix-X.

The Department intimated in August 2005 that Rs.5.80 lakh have been realised by auctioning 76 vehicles. Further progress will be intimated.

### **Non remittance of amount received on "Phad" to treasury**

**6.2.6** Police Department recovers certain amounts during raids at gambling dens/places for violation of provisions of Gambling Act. The amount found unclaimed on the gambling table known as 'Phad' forms part of unclaimed Government property. Under the provisions of Police Act, such unclaimed amount is kept for six months and thereafter becomes Government money after obtaining orders from judicial magistrates. Such amounts should be deposited into treasury.

Test check of records of 21<sup>1</sup> SP offices revealed that Rs.54 lakh found unclaimed by the Police Department as 'Phad' during 1999-2000 to 2003-04 was not remitted into treasury even after lapse of a period ranging from one to five years. There was no mechanism in Police Department to check whether money has been credited to treasury at expiry of six months of its recovery after obtaining the orders of the judicial magistrates.

After this was pointed out in audit the Department replied that the amount found is subject to litigation and disposed off only in accordance with court's order. The reply is not tenable because amount found at gambling table is not subject to litigation and amount should have been deposited to Government account after expiry of six months.

### **Misutilisation of Police receipts**

**6.2.7** As per UP Financial Rules, revenue realised should be deposited in Government account immediately. Recoveries made from pay on account of electricity charges from police personnel allotted police quarters without electric meters are receipts of the Police Department. These should be deposited into treasury under the head of account "0055 Police". Such receipts should not be utilised towards departmental expenditure without proper authorisation.

Test check of records of 13<sup>2</sup> SP offices revealed that a sum of Rs.1.09 crore collected as electricity charges from police personnel was utilised towards office expenditure unauthorisedly. This was irregular as all receipts are to be credited to Government treasury and any expenditure should be authorised by the Legislature.

After this was pointed out in audit, the Department stated in August 2005 that details have been called for regularisation of expenditure.

---

<sup>1</sup> Agra, Allahabad, Azamgarh, Bahraich, Bareilly, Basti, Faizabad, Ghaziabad, Gonda, Gorakhpur, Jaunpur, Jhansi, Kanpur Dehat, Kanpur Nagar, Lucknow, Mathura, Meerut, Moradabad, Shahjahanpur, Sitapur and Varanasi.

<sup>2</sup> Agra, Azamgarh, Basti, Bahraich, Faizabad, Gorakhpur, Jaunpur, Jhansi, Lucknow, Mathura, Meerut, Shahjahanpur and Sitapur.

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

## Works Department

### 6.3 Non levy of centage charges

Under the provisions of Financial Hand Book volume VI and Government orders of August 1998 and 24 March 1999 centage charges of 14 *per cent* in respect of Public Works Department (PWD) and 12.5 *per cent* in respect of Irrigation Department of actual outlay on building work are to be levied and credited to Government account for all classes of deposit works undertaken by the PWD and Irrigation Department on behalf of commercial departments, local bodies and private bodies in the state.

- Test check of records of Executive Engineer (EE) Provincial Division PWD, Meerut for the period May 2000 to June 2003 revealed in July 2003 that centage charges amounting to Rs.9.35 lakh on deposit works valued at Rs.66.82 lakh undertaken by the division on behalf of Girls High School, Kithore (a Government aided school) for construction of a building during the year 2003-04 were not levied.

The matter was reported to the Department and Government between April 2004 and February 2005; their replies have not been received (August 2005).

- Test check of records of EE Sharda Canal Division-I, Lucknow revealed in September 2003 that centage charges amounting to Rs.77.75 lakh on deposit works of Rs.6.22 crore undertaken by the division on behalf of Lucknow Development Authority (LDA), Lucknow during the year 2002-03 were not levied. This resulted in non realisation of Rs.77.75 lakh.

The matter was reported to the Department and Government in September 2004; their replies have not been received (August 2005).

### 6.4 Non realisation of royalty on collection of stone boulders, morrum and earth

The Government vide letter dated 22 September 1988 read with instructions issued on 2 February 2001, directed all the drawing and disbursing officers to ensure, before making payment to contractors/suppliers on account of supplies of stone ballast, morrum, earth and sand, that they had made payment of royalty of the supplies to the Mines and Mineral Department and produce receipt in Form MM 11 issued by the Mines and Mineral Department. In case of default, royalty is to be deducted from the bills of contractors.

- In eight<sup>1</sup> public works divisions, it was noticed between April and September 2004 that different contractors/suppliers supplied 3,36,142.24 cum stone ballast/granite, 60 cu.m. morrum and 3,26,439.14 cu.m. earth for construction and embankment works. But the PWD before making payment

<sup>1</sup> EE, PD (PWD), Allahabad, EE, PD (PWD), Bulandshahar, EE, CD-3, Azamgarh, EE, PD (PWD), Etah, EE, PD (PWD), Pilibhit, EE, Bridge construction Division (N.H.) (PWD), Kanpur, EE, PD (PWD), Mahrajganj and EE, N.H. Division (PWD), Jhansi

neither obtained royalty payment receipts in Form MM 11 from contractors nor deducted any royalty from their bills. This resulted in loss of royalty of Rs.86.53 lakh.

The matter was reported to the Department and Government between April 2004 and February 2005; their replies have not been received (August 2005).

- Test check of records of EE, Rural Engineering Services Division Prime Minister Gramin Sarak Yojna (PMGSY), Balia revealed in August 2004, that 402,702.47 cu.m. earthwork was executed during 2002-03 in four works but EE neither obtained from the contractors royalty payment receipt in Form MM 11 nor made any deduction on account of royalty from their bills before making the payment. Thus, there was a loss of royalty of Rs.16.11 lakh.

The matter was reported to the Department and Government in February 2005; their replies have not been received (August 2005).

- Test check of the records of EE Uttar Pradesh Project Corporation Unit, Basti revealed in December 2004 that 24,95,409.20 cu.m. earthwork was executed on behalf of six district<sup>1</sup> rural development agencies but the EE before making the payment to contractors neither obtained MM 11 nor any deduction on the account of royalty was made from their bills. Thus, due to failure of the Department there was a loss of royalty Rs.99.82 lakh.

The matter was reported to the Department and Government in January 2005; their replies have not been received (August 2005).

## **Housing and Urban Planning Department**

### **6.5 Short realisation of interest**

According to G.O. of 11 June 1998, a loan of Rs.1 crore was sanctioned to the Lucknow Development Authority (LDA) for transferring the bus stand situated at Char Bagh to land owned by the authority at cinders dump land. Interest on loan at the rate of 18 *per cent* per annum from the date of drawal was leviable. The repayment of loan was required to be made in four equal quarterly instalments. The rebate on interest at the rate of 3.5 *per cent* per annum was also admissible in case repayment of loan was made in time.

Test check of records of the office of the LDA, in December 2003 revealed that a loan of Rs.1 crore was drawn on 11 June 1998. The authority had not repaid the principal till the date of audit. Interest of Rs.99 lakh was also not demanded by the department.

After this was pointed out in audit, the LDA stated in July 2005 that interest of Rs.81.84 lakh was paid in May 2004. The position of recovery in respect of balance amount of interest was awaited (August 2005).

The matter was reported to Government in January 2005; reply has not been received (August 2005).

---

<sup>1</sup> District Rural Development Agency Basti, Sant Kabir Nagar, Siddharth Nagar, Gorakhpur, Kushinagar, Mahragani

## Education Department

### 6.6 Short realisation of dearness allowance from students

As per Government orders dated 10 August 2000, Government degree colleges and Government aided colleges are required to charge dearness allowance from students at the rate of Rs.20 per month per student in advance.

Test check of the records of four aided degree colleges<sup>1</sup> of Moradabad District, revealed in August 2004 that during the period from April 2004 to March 2005, dearness allowance was charged at lower rate from 12,301 students which resulted in short realisation of revenue amounting to Rs.24.36 lakh.

The matter was reported to the Department and Government in December 2004; their replies have not been received (August 2005).

## Mines and Minerals Department

### 6.7 Loss of revenue due to non execution of lease deeds

Under the provisions of Forest Conservation Act 1980, the Government of India, Ministry of Environment and Forest, New Delhi accorded permission (November 2002) for diversion of 1,145 hectare of forest land for collection of sand, bajri and stone from bed of 11 rivers of Shivalik Forest Division, Saharanpur. The work was to be started from October 2002.

Test check of records of District Mine officer (DMO) Saharanpur, revealed (December, 2004) that Forest Development Corporation applied to the District Magistrate (DM) Saharanpur in December 2003 for execution of lease deed for extraction of river bed material. As per records of the DMO, estimated royalty of Rs.3.96 crore was fixed for first year, Rs.4.96 crore for second year and Rs.6.19 crore during third year of lease. The DM directed the corporation to deposit Rs.88.75 lakh on account of 1<sup>st</sup> instalment of royalty, security and stamp duty. It was deposited in April 2004 but the DM failed to execute the lease deed despite several requests by the corporation. As such no work of extraction was started. Thus due to non execution of lease deed the Government suffered a loss in the shape of royalty of Rs.8.92 crore for the period from October 2002 to September 2004.

The matter was referred to the Department and Government in December 2004; their replies have not been received (August 2005).

### 6.8 Guarantee Fees

Under Article 293 of the Constitution of India, the State Government gives guarantee on loans raised by cooperative institutions, statutory corporations, public sector undertakings and local bodies etc. from various financial institutions, banks and other sources upon the security of the Consolidated Fund of the State within the limits fixed by the Legislature. The guarantees

<sup>1</sup> S.M. College, Chandausi, Mordabad, N.K.B. College, Chandausi, moradabad, Gokuldas Girls College, Moradabad and K.G.K. College, Moradabad

given by Government constitute contingent liabilities on the revenues of the State. In consideration of the guarantee given, the loanee institutions are to pay guarantee fee at rates prescribed by the Government.

### 6.8.1 Non-levy of guarantee fees

The administrative departments on the recommendations of heads of departments accord sanction to Government guarantees with concurrence of the Finance Department. The proposal for guarantee is approved by the Cabinet followed by relevant Government orders. Finance Department vide their orders dated 15 September 2000 directed all the administrative departments that guarantee fees ranging between 0.25 to 2.5 *per cent* per annum is leviable on loanee institutions on the amount of guarantee including outstanding amount of guarantee on that date. In the event of default in payment, guarantee fee will be leviable at double the normal rate. Concerned administrative departments of Government were required to realise guarantee fees in individual cases of guarantee before according sanction.

Scrutiny of records of four administrative offices during July to December 2004, revealed that in the following cases guarantee fees amounting to Rs.131.52 crore as on 31.3.2004 were not levied by the concerned departments.

(Rupees in crore)

Sl. No.	Name of the Deptt.	Name of the loanee unit	Outstanding amount of guarantee	Period of guarantee	Amount of Guarantee fee leviable at the rate of 2 per cent
1.	Sugar Industries	U.P. Sugar Corporation Ltd. Lucknow	604.80	01.04.2002 to 31.03.2004 (2 Years )	24.19
2.		-do-	556.90	01.04.2003 to 31.03.2004 (1 Year)	11.14
3.		U.P. Cooperative Sugar Mills Federation, Lucknow	841.80	01.04.2002 to 31.03.2004 (2 Years)	33.67
4.		-do-	1,031	01.04.2003 to 31.03.2004 (1 Year )	20.62
5.	Sugarcane Development	Sugarcane Seed Corporation	40	15.09.2000 to 31.03.2004 (3 Year 6 Months & 16 Days)	2.84
6.	Dairy Development	Pradeshik Cooperative Dairy Federation Ltd., Lucknow	41.64	01.04.2001 to 31.03.2004 (3 Years)	2.50
7.	Housing and Urban Planning	Development Authorities and Housing & Development Boards	1,828.29	01.04.2003 to 31.03.2004 (1 Year)	36.56
		<b>Total</b>			<b>131.52</b>



After this was pointed out in audit, Government replied in September 2004 that in case of Pradeshik Cooperative Dairy Federation Ltd., Lucknow, guarantees pertained to the period prior to the enforcement of G.O. dated 15 September 2000 (i.e. on 1 August 1987 and 27 September 1995) and therefore guarantee fee was not payable in this case. The reply was not tenable as the aforesaid G.O. was also applicable on the amount of guarantee outstanding on that date. Replies in other cases were awaited (August 2005).

### ● Industrial Development Department

Industrial Development Department of State Government sanctioned guarantee against bonds/loan to the following institutions during the period 2000-01 to 2003-04 on which guarantee fee amounting to Rs.15.81 crore was not levied.

(Rupees in crore)

Sl. No	Name of the institution	Period of guarantee	Outstanding amount of		Rate of Guarantee fee		Guarantee fee payable
			Bond	Loan	Bond (in per cent)	Loan (in per cent)	
1.	U.P. Financial Corporation, Kanpur	2001-02	1271.08	---	0.50	---	6.35
2.	U.P. Cooperative Spinning Mills Federation Ltd., Kanpur	15-09-2000 to 31.03.2001 2001-02 to 2002-03 2003-04	55.00	25.45	0.50	2	0.97 1.80
3.	U.P. Industrial Cooperative Association Ltd. (UPICA), Kanpur	15-09-2000 to 31.03.2001 2001-02 2002-03 2003-04	---	16.20	---	2	1.13
4.	U.P. State Handloom Corporation Ltd., Kanpur	15-09-2000 to 31-03-2001 2001-02 2002-03 2003-04	---	13.78 16.30 19.04 22.15	---	2 2 2 2	0.15 0.32 0.38 0.44
5.	U.P. State Industrial Development Corporation Ltd., Kanpur	15-09-2000 to 31-03-2001 2001-02 2002-03 2003-04	---	17.14 14.28 11.42 08.56	---	2 2 2 2	0.18 0.28 0.22 0.17
6.	U.P. Khadi and Village Industries Board, Lucknow	2001-02 2002-03 2003-04	---	57.00	---	---	3.42
	<b>Total</b>						<b>15.81</b>

After this was pointed out in audit between July and December 2004, all the loanee institutions except Sl. No. 6 replied that guarantee fee was not payable on guarantees taken before the date of issue of orders of Finance Department. The reply is not tenable as the orders of Finance Department dated 15 September 2000 are also applicable on the amount of guarantee outstanding on that date.

As regards Sl. No. 6 the Chief Executive Officer replied that the Board had no resources to pay guarantee fee and provision of funds would have to be made in the budget for making payment of guarantee fee. The reply is not tenable as guarantee fee was payable as per instructions of the Finance Department.

## 6.8.2 Short levy of guarantee fee

### • Energy Department:

In the following cases guarantee fees were short levied by the Energy Department:

(Rupees in crore)

Sl. No	Name of loanee unit	Outstanding guarantee	Period of guarantee	Amount of guarantee fee		
				Leviable	Levied	Short levied
1.	U.P. Rajya Vidyut Utpadan Nigam Ltd., Lucknow	335.60	2003-04	3.36	0.55	2.81
2.	U.P. Power Corporation Ltd., Lucknow	225.00	2002-03 and 2003-04	4.50	0.57	3.93
3.	-do-	400.00	2003-04	4.00	0.38	3.62
4.	-do-	71.19	2000-01	0.71	0.06	0.65
5.	-do-	10.19	2000-01	0.10	<sup>1</sup>	0.10
			<b>Total</b>	<b>12.67</b>	<b>1.56</b>	<b>11.11</b>

The matter was referred to Government in January 2005; their reply was awaited (August 2005).

### • Co-operation Department

Co-operation Department gave guarantee of Rs.3,120 crore for the period from July 2000 to June 2001 to U.P. Cooperative Rural Development Bank to raise loan from National Bank for Agriculture and Rural Development (NABARD) for carrying out development work in the rural sector. The amount of guarantee was increased each year over the preceding year ranging between Rs.400 to Rs.520 crore. Guarantee fee in the above case was levied at the rate of 0.25 per cent instead of correct rate of one per cent per annum and that too only on the amount exceeding that of preceding year instead of the total guarantee outstanding on that date. This resulted in short levy of guarantee fee of Rs.150.05 crore as per details given below :

(Rupees in crore)

Year	Period of guarantee	Amount of guarantee	Guarantee fee payable at the rate of 1 per cent	Guarantee fee paid at the rate of 0.25 per cent	Short levy of guarantee fee
2000-01	1.7.2000 to 30.6.2001	3,120 (400)	31.20	1.00	30.20
2001-02	1.7.01 to 30.6.02	3,640 (520)	36.40	1.30	35.10
2002-03	1.7.02 to 30.6.03	4,100 (460)	41.00	1.15	39.85
2003-04	1.7.03 to 30.6.04	4,620 (520)	46.20	1.30	44.90
<b>Total</b>			<b>154.80</b>	<b>4.75</b>	<b>150.05</b>

(Figures within brackets denote the amount of guarantee exceeding the previous year's.)

The matter was reported to the Government in January 2005; their reply was awaited (August 2005).

<sup>1</sup> Rs.2,466.00 deposited as guarantee fee.

- Cooperation Department gave guarantee of Rs.110.40 crore for seven years from September 2001 to U.P. State Warehousing Corporation to procure loan from Bank of India consortium (Rs.70.40 crore) and from State Bank of India (Rs.40 crore) for construction of warehouses for storing rice in the ensuing kharif season. Contrary to the instructions of September 2000 the Department levied guarantee fee of Rs.71 lakh at the rate of 0.25 *per cent* instead of Rs.2.85 crore at the rate of one *per cent* upto 31 March 2004. This resulted in short-levy of guarantee fee of Rs.2.14 crore.

After this was pointed out in audit, the Department stated in September 2004 that guarantee fee was not leviable prior to 2000-01 in view of the decision of the Cabinet and was leviable at the rate of 0.25 *per cent* from 2000-01 onwards. The reply is not tenable as the relevant Government orders reducing the rate of guarantee fee have not yet been issued by the Finance Department. Thus the original orders of Finance Department dated 15 September 2000 will be applicable in these cases.

**Lucknow**

**The**

**(BIRENDRA KUMAR)**

**Accountant General (C&RA)  
Uttar Pradesh**

**Countersigned**

**New Delhi**

**The**

**(VIJAYENDRA N. KAUL)**

**Comptroller and Auditor General of India**