Overview

This report consists of six chapters. Chapter one analyses the trends and fluctuations of the non tax receipts of the Union Government. Chapters two to six contain the results of systems studies carried out in Department of Telecommunication, Registrar of Companies, Badarpur Thermal Power Station, Department of Space and Department of Atomic Energy. The significant findings are highlighted below.

Department of Telecommunication

- Contract conditions on Performance Bank Guarantee in licence agreements were not sufficient to act as a deterrent for failure to complete roll-out obligations.

(Para 2.6.1 & 2.6.2)

- Weak verification procedures on Adjusted Gross Revenue led to understatement of revenues by service providers and also short collection of licence fees and spectrum charges.

(Para 2.6.5, 2.6.6,2.6.7, 2.6.8, & 2.6.9)

- Failure of DoT to communicate the new financial conditions of the revenue sharing regime to MTNL in time resulted in non-levy of interest of Rs.43.51 crore on MTNL for delays in payment of licence fees.

(Para 2.6.10)

- DoT did not insist upon the clearance of outstanding amounts while allocating additional spectrum to six operators although they had dues of Rs.73.94 crore outstanding against them

(Para 2.6.15)

- Licences of users other than telecom service providers were not renewed in time, resulting in non-levy of Rs.3.59 crore.

(Para 2.6.20)

- DoT did not collect financial bank guarantees worth Rs.4.99 crore from commercial VSAT operators.

(Para 2.6.21)

- Wireless monitoring activities of DoT were affected due to the delay in completion of a World Bank assisted project for modernization.

(Para 2.6.26)

Registrar of Companies

- The records and database of companies maintained by the Registrars of Companies were either incorrect or incomplete and not updated. Discrepancies and variations were noticed in the data maintained on the basis of actual receipt of revenue/documents and main database of the system. The database lacked inbuilt validation checks and system to safeguard and prevent unauthorized alterations.

  (Para 3.8.3)

- In 5 ROCs fine of Rs.1381.74 crore was not levied against 2353 companies under Section 168 of the Act on account of delay and not holding annual general meeting during the years 2000-01 to 2004-05.

  (Para 3.10.1)

- In 15 ROCs annual returns were not filed as required under Sections 159 and 160 of the Act in 782007 cases during 2000-01 to 2004-05. This resulted in non collection of fee of Rs. 232.63 crore. Prosecution was launched against one per cent of the defaulting companies only.

  (Para 3.10.2)

- Balance sheets and profit & loss accounts were not filed in 919577 cases during 2000-01 to 2004-05 in 15 ROCs under Section 220(1) of the Act which resulted in non-collection of fee of Rs. 237.06 crore.

  (Para 3.10.5)

- Suspected fraud of Rs. 98.98 lakh was noticed in ROC, Kolkata where 52 cash receipts for levy of registration fee of Rs. 52.36 lakh and additional fee of Rs. 46.62 lakh towards increase in authorised capital were cancelled. In all these cases the increased authorised capital was not restored back to its earlier limit after cancellation of cash receipts.

  (Para 3.10.10)

- Investor Education & Protection Fund had not been created, as envisaged under Section 205(C) of the Companies Act. The amount of dividends, matured deposits etc. lying unclaimed for 7 years were credited to the Consolidated Fund of India and the expenditure incurred on investor awareness was met through normal budgetary procedure. The ROCs were not in a position to assess or determine delays made by the companies in the transfer of these funds nor was any system in place for identifying such companies which did not transfer the unclaimed dividends etc. to government account after the expiry of 7 years. ROCs thus had no control over the implementation of the provisions of Section 205(C) of the Act.

  (Para 3.11)

- Internal controls were inadequate. During the years 2000-05 the inspections conducted by the ROCs under Section 209(A) was negligible. In 5 States against 392066 annual accounts received during 2002-03 to 2004-05, technical scrutiny was conducted in 4369 cases only.

(Para 3.12.1 & 3.12.2)

Badarpur Thermal Power Station

- During 2000-01 to 2004-05, there were no surplus receipts available with government after adjusting the expenditure requirements of BTPS.

(Para 4.5)

- The average cost of coal for generation of one unit of electricity in BTPS was higher than the other NTPC power stations by 16 per cent to 403 per cent.

(Para 4.6.1)

- The transit and handling loss of coal in BTPS were 531 per cent more than the CERC norm and 236 per cent more as per tariff norm. BTPS suffered loss of Rs 146.42 crore during 2000-01 to 2004-05.

(Para 4.6.2)

- MW Man ratio in BTPS was 1:2.52 as against 1:0.91 in NTPC. The generation per employee per year in BTPS was 3.07 million units against 6.73 million units in NTPC power stations.

(Para 4.7.1 & 4.7.2)

Department of Space

- There was lack of uniformity in application of rates charged for lease of television transponders and rates ranged from Rs.1.80 crore to Rs.5.76 crore.

(Para 5.6.2)

- Non enforcement of contractual obligations on VSAT operators resulted in non recovery of Rs. 2.69 crore.

(Para 5.6.3)

- Out of revenues from Indian remote sensing satellites (IRS) of Rs.23.96 crore received during the period under review, only Rs. 9.03 crore was credited to departmental revenue head while Rs.3.52 crore was spent for departmental expenditure and Rs.11.41 crore retained in the deposit head at the centres.

(Para 5.8.1)

- There was a loss of Rs.76 lakh due to non-provisioning of administrative overheads in projects.

(Para 5.8.4)

Department of Atomic Energy

- There were substantial variations between budget estimates and actual receipts of 232 per cent in dividend, 63 per cent in power and 56 per cent in interest receipts during 2000-01 to 2004-05.

(Para 6.4.1)

- Receipts of DAE decreased to Rs 2876.05 crore in 2004-05 from Rs.3558.74 crore in 2000-01. Decrease of non tax receipt was due to revised pricing policy of heavy water implemented in January 2004.

(Para 6.4.1 and Para 6.5)

- The decision of DAE to supply heavy water to four nuclear power stations at subsidised rates led to reduction in non tax receipts by Rs 400.02 crore during 2000-01 to 2004-05.

(Para 6.6.4)

- While a major reason for reducing pool price was stated to be the need to make the cost of nuclear power more competitive, audit observed that the cost of heavy water alone was not a significant factor in the increase in nuclear tariff.

(Para 6.6.3)

- There was under realisation of dividend from three PSUs viz NPCIL, IREL and ECL.

(Para 6.6.1)