

CHAPTER-IV: NON-TAX RECEIPTS

4.1 Results of audit

Test check of records in the offices dealing with the following revenue receipts during the year 2008-09 revealed loss of revenue due to delay in disposal of timber/non-settlement/delay in settlement of *mahal*/illegal felling and removal of timber, blocking up of revenue due to non-disposal of offence cases, non/short payment of royalty etc., amounting to Rs. 124.05 crore in 81 cases which fall under the following categories:

(Rupees in crore)			
Sl. No	Category	Number of cases	Amount
1.	Receipts of Police Department – A review	1	67.83
2.	Mines and Minerals Receipts	10	44.83
3.	Forest Receipts	70	11.39
Total		81	124.05

A review on ‘**Receipts of Police Department**’ involving Rs. 67.83 crore and a few illustrative audit observations involving Rs. 12.95 crore are mentioned in the following paragraphs.

4.2 REVIEW ON RECEIPTS OF POLICE DEPARTMENT

Highlights

Due to non-implementation of revised rates at the time of preferring claims, there was short demand of Rs. 53 lakh.

(Paragraph 4.2.7.1)

Due to mistake in assessment, there was non/short raising of demand of Rs.4.14 crore against the police personnel deployed in three organisations.

(Paragraph 4.2.7.2)

Arbitrary adjustment of cost of police guards by Railways resulted in non-realisation of Rs.7.61 crore.

(Paragraph 4.2.8.1)

Against deployment of police force at a cost of Rs.104.44 crore upto March 2008, Rs. 41.28 crore was realised as of November 2008 leaving Rs. 63.16 crore unrealised.

(Paragraph 4.2.8.2)

Due to absence of internal control mechanism and non-monitoring by the higher authorities, the department was unable to watch the correctness of demand and recovery of dues from the defaulting organisations effectively.

(Paragraph 4.2.9)

4.2.1 Introduction

The receipts of the Police Department mainly comprise recovery of cost of the police forces for deployment to central Government departments including Railways, State/Central public sector undertakings, banks, private companies and individuals etc., as well as fees, fines and forfeitures and miscellaneous receipts such as sale proceeds of condemned vehicles, tyres and tubes etc. The receipts of the department are credited to the Government account under head of account “0055–Police”.

The system of assessment, collection and accounting of receipts are mainly governed by three principal Acts, viz., The Police Act, 1861, Indian Arms Act, 1959 and Assam Police Manual and regulations made thereunder, besides, Government orders issued from time to time and provisions of the Assam Treasury Rules.

A review on receipts of the Police Department covering the period from 1995-96 to 1999-2000 was included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001, Government of Assam which

is yet to be discussed by the Public Accounts Committee. The present review covering the period from 2003-04 to 2007-08 revealed a number of deficiencies which are discussed in the succeeding paragraphs.

4.2.2 Organisational setup

The Director General of Police (DGP), Assam is the head of the department, who is assisted by four Additional Director General of Police (ADGP), 12 Inspectors General of Police (IGP), 15 Deputy Inspectors General of Police (DIGP) and an Assistant Inspector General of Police (at Headquarters), and 88¹ Superintendents of Police (SPs)/Commandants in charge of districts/battalions.

Besides, the DGP is also assisted by one ADGP (Special Branch) and one IG, and one DIG, Bureau of Investigation (Economic Offences).

The responsibilities for deployment, assessment and collection of cost in respect of police personnel deployed in Railways lies with the DGP while each SP is responsible for assessment and collection of cost of police guards deployed to different Governments/private institutions and individuals in the districts concerned.

4.2.3 Audit Objectives

The review on receipts of the Police Department was conducted to ascertain whether

- a system was in place and observed for proper assessment, levy and collection of cost for deployment of police personnel;
- the provisions of the Act/Rules and the departmental instructions were properly observed;
- adequate internal controls were in place to monitor assessment and collection and to check leakage of revenue; and
- internal audit system had been set up and functions effectively.

4.2.4 Scope of Audit

With a view to evaluating the efficiency and effectiveness of the system and procedures relating to assessment and collection of receipts of the Police Department, records of the DGP, IGP (Special Branch), IGP and Director of Police (Communication), IGP (Bureau of Investigation and Economic offences), 13² out of 29 SPs and 10³ out of 28 Commandants covering the period from

¹ Of these 88 SPs/Commandants, 57 SPs/Commandants functioned as drawing and disbursing officers.

² S.P, Bongaigaon, Dibrugarh, Dhubri, Guwahati (City), GRP Pandu, Hailakandi, Jorhat, Kamrup, Karbi-Anglong, Kokrajhar, Nagaon, Lakhimpur, and Tinsukia.

³ Commandant, 16th (IR) Bn., Bormonipur, Commando Bn., Mandakata, 15th (IR) Bn., Karimganj, 4th APTF, Howly, 4th AP Bn., Kahilipara, 8th AP Bn., Abhayapuri, 2nd APTF, Lumding, 2nd APBN, Makum, 1st APTF, Dakurvita, 6th AP Bn., Kathal.

2003-04 to 2007-08 were test checked between October 2008 and February 2009. For this, the units were first divided into three strata based on their revenue earnings and then 33 *per cent* of units were selected from each stratum.

4.2.5 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation of the Police Department in providing the necessary information and records for audit. The entry conference was held on 10 December 2008 wherein the audit objectives and scope of audit was conveyed to the department. The IGP (Administration) represented the department while no officials from the Government attended the meeting despite specific requests from audit (November 2008). The findings of this review were reported to the Government and department on 8 June 2009 and discussed in the exit conference on 25 August 2009. The Principal Secretary (Home) to the Government of Assam and the Director General of Police attended the meeting.

Audit findings

4.2.6 Trend of revenue

The budgetary procedure of Government departments provide that the estimates of revenue receipts should show the amounts expected to be realised within the year. In estimating the revenue for the ensuing year, the collection should be based on the previous year's receipts and anticipated demand including any arrears due and the probabilities of their realisation during the year.

The budget estimates and actual receipts during the years from 2003-04 to 2007-08 were as under:

(Rupees in crore)				
Year	Budget estimates	Receipts as per Finance Accounts ⁴	Variations Excess (+) Shortfall (-)	Percentage of variations Excess (+)/ Shortfall (-)
2003-04	9.88	11.95	(+) 2.07	(+) 21
2004-05	12.67	11.65	(-) 1.02	(-) 08
2005-06	13.43	14.90	(+) 1.47	(+) 11
2006-07	13.59	14.91	(+) 1.32	(+) 10
2007-08	14.54	13.16	(-) 1.38	(-) 09

The position of receipts of the Police Department as compared to the non-tax revenue earned by the State Government during the corresponding years was as follows:

⁴ Including receipts under the Motor Vehicles Act, 1988.

(Rupees in crore)

Year	Actual receipts	Non-tax receipts for the year	Percentage of police receipts to non-tax receipts
2003-04	11.95	945.80	1.26
2004-05	11.65	1070.03	1.09
2005-06	14.90	1459.28	1.02
2006-07	14.91	1859.27	0.80
2007-08	13.16	2134.59	0.62

However, audit scrutiny of the actual receipts in five selected units⁵ revealed that the department is depositing the collection of fees and fines under the Motor Vehicles Act, 1988, under the head “0055–Police” which was not only irregular but also depicted inflated figures of actual receipts of the department by Rs. 6.13 crore during the above five years as mentioned below:

(Rupees in crore)

Year	Receipts as furnished by the department	Fees and fines on vehicles collected under the MV Act	Actual receipts	Percentage of actual receipts vis-à-vis total receipts
2003-04	2.63	1.17	1.46	56
2004-05	1.51	1.44	0.07	5
2005-06	2.86	1.42	1.44	50
2006-07	2.22	0.83	1.39	63
2007-08	1.71	1.27	0.44	26
Total	10.93	6.13	4.80	43.92

In order to verify the actual receipts under police head, an analysis of receipts of five selected units revealed that 43.92 *per cent* of the total receipts represented the actual receipts of police department and the rest were receipts under MV Act. Thus, the receipts shown under police head is highly inflated due to inclusion of motor vehicle receipts. The state-wise position of motor vehicle receipts vis-à-vis the total receipts during the years under review could not be furnished by the department though called for (September 2009).

4.2.7 Assessment of cost of police guards

As per the provision of the Assam Police Manual, police guards are to be provided to the Government departments and other organisations on request and cost thereof is to be realised from the beneficiary departments or organisations on the basis of statement of cost submitted at the time of supply of guards which is subject to revision from time to time. The Assam Financial Rules provide that

⁵ IGP (Bureau of Investigation and Economic Offences), Guwahati; SPs, Kamrup, Nagaon and Tinsukia and Senior SP (City), Guwahati.

controlling officer concerned has to see that the dues of the government are correctly and promptly assessed, collected and deposited in the Government accounts.

Audit scrutiny of the assessment, levy and collection process of cost of police guards revealed cases of mistake in assessments leading to non/short raising of demand which are discussed in the subsequent paragraphs. Due to absence of any monitoring mechanism coupled with non-conduct of regular inspection by the internal audit wing as highlighted in subsequent paragraphs, these deficiencies remained unnoticed to the higher authorities.

4.2.7.1 Short raising of demand due to non-implementation of revised rates

The Security Review Committee in their meeting held on 2 June 2005, approved the revision of rates of deployment of guards from June 2005 as mentioned below:

Category of police guards deployed	Pre-revised rate per month (effective from 1998)	Revised rate per month (from June 2005)
	(In rupees)	
Constable Naik, Lance Naik	6,000	9,000
ASI/Havildar/Head constable	7,000	12,000
Sub-Inspector	9,000	15,000
Inspector	12,000	15,000

- Scrutiny of records revealed that in offices of SPs, Dibrugarh, Jorhat, Nagaon, North Lakhimpur, Tinsukia and IGP (SB), Guwahati, the demand for cost of deployment of police guards of Rs.1.32 crore were to be raised against Indian Oil Corporation, Gammon India Ltd, Post Offices and Tea Estates, etc., during the period from June 2005 to March 2008 as per the revised rates. However, it was noticed that demands for an amount of Rs. 86 lakh based on the pre-revised rates was made as of March 2008. Thus, non-implementation of revised rates at the time of preferring claims resulted in short raising of demand by Rs. 46 lakh.

- It was noticed that SP, Tinsukia deployed two to five constables to Head Post Office, Tinsukia during the period from April 2003 to March 2008. As per the prescribed rates fixed at Rs. 6,000 per month upto May 2005 and Rs. 9,000 thereafter, an amount of Rs. 8 lakh was realisable. Against this, the department raised a demand for Rs. 1 lakh only resulting in short raising of demand of Rs. 7 lakh. Reasons for raising demand at such lower rates were neither on records nor stated by the department.

4.2.7.2 Non/short raising of demands for pensionary charges

Sub-rules 4 and 5 of Rule 84 of Assam Police Manual-II, stipulates that contributions for leave salary and pension at the rate of 25 *per cent* and

contingency at 10 *per cent* on average pay (including special pay) are also to be taken into account while calculating the cost of police guards.

During the course of the review, it was noticed that in the following cases the department has assessed the cost of police guards taking into consideration only the pay and special pay, if any, of the police personnel, without taking into account the rate/correct rate of leave salary and pension contributions. This resulted in non/short raising of demand on account of leave salary and pension contribution.

- During scrutiny of office records of Commandant, 2nd Assam Police Battalion, Makum and SP, Jorhat it was noticed that while raising the demand for the cost of police personnel deployed in various organisations during 2003-04 to 2007-08, the cost of pensionery charges of Rs.1.73 crore and contingency charges of Rs.0.68 crore were not claimed. This resulted in non-raising of demand of Rs. 2.41 crore as detailed below:

(Rupees in crore)						
Sl. No	Name of Organisation	Period of claim	Total Average pay	Twenty five <i>per cent</i> pensionery charges	Ten <i>per cent</i> contingency charges	Total
1.	IOC, Digboi	4/03 to 3/08	3.04	0.76	0.30	1.06
2.	ONGC, Nazira, Sibsagar	7/04 to 3/08	1.96	0.49	0.20	0.69
3.	ONGC, Jorhat	9/04 to 3/08	0.62	0.15	0.06	0.21
4.	ONGC, Silchar	7/04 to 3/08	1.29	0.32	0.12	0.44
5.	Assam Agricultural University, Jorhat	2/06 to 3/08	0.02	0.005	0.0002	0.0052
Total			6.93	1.73	0.68	2.41

The reason for non-raising of claims towards pensionery/contingency charges to the above organisation was neither found on record nor stated.

- During examination of records of offices of DGP and SP, GRP, Pandu, it was noticed that the total expenditure on pay of GRP personnel for the period from 2003-04 to 2006-07 was Rs.18.04 crore on which amount of leave salary and pension contribution at the rate of 25 *per cent* worked out to Rs. 4.51 crore. Of this, though 50 *per cent*⁶ amounting to Rs. 2.26 crore was recoverable from the Railways, the department raised a demand for Rs. 52.36 lakh only. This resulted in short-raising of demand of pensionery charges of Rs.1.73 crore.

⁶ As per the agreement between the Railway Board and the Ministry of Home Affairs, cost of Government Railway Police is to be shared between the State Government and Railways on 50:50 basis.

4.2.8 Realisation/payment of assessed dues

Assam Police Manual provides for charging cost of supply of police force to central and state departments including Railways. Audit scrutiny revealed that though the Police Manual stipulates that the statement of cost of police guards is to be submitted to the beneficiary departments/organisations at the time of supply of guards, there was substantial delay in preferring the demands. It was noticed that the department issued demand notices to the Railways for the years 2004-05, 2005-06, 2006-07 and 2007-08 in March 2006, April 2007, December 2007 and February 2009 respectively. Besides, neither any time limit for recovery of dues nor any penal measure for delay in payment is prescribed in the Assam Police Manual. As a result, there was considerable delay in realisation of dues as mentioned in the following paragraphs.

4.2.8.1 Irregular adjustment of cost of police guards by Railways

As decided by the Railway Board in consultation with the Ministry of Home Affairs, Government of India, the cost of Government Railway Police (GRP) will be shared between State Government and Railways on 50:50 basis, provided the strength is determined with the approval of Railways. Share of cost of police will include pay and allowances in respect of GRP staff including office and supervisory staff upto the level of SP provided they are exclusively incharge of GRP, office expenses and contingencies, cost of pensionary charges, cost of rent of building occupied by GRP staff, apart from medical reimbursement and medical allowances payable to staff.

During the course of the review, it was noticed from the records of the office of DGP, Assam that against the claim of Rs.20.41 crore (being 50 *per cent* cost of police guard deployed for protection of Railways) for the periods from 2003-04 to 2007-08 raised by the State Government to the railway authority, no payment was made by the Railways as of March 2009. Instead, the railway authority unilaterally adjusted Rs.7.61 crore payable for the years 2003-04 and 2005-06 against their claims such as maintenance of level crossings, clearance of dead bodies and building rents etc. The department did not accept such unilateral adjustments against the claims and brought this issue to the notice of the State Government between June 2006 and September 2008 for taking up the matter with the railway authority. Further development in the matter has not been reported (July 2009). Thus, due to delay in raising demand, absence of any time-limit for payment of dues coupled with absence of any penal measure for non-payment, no concrete action could be taken by the Police Department for recovery of Rs. 20.41 crore pending for such long time.

4.2.8.2 Arrear recovery mechanism

As per Assam Police Manual, police guard is to be provided to the Government departments and other organisations on request and cost thereof is to be realised from the beneficiary departments or organisations on the basis of statement of cost submitted at the time of supply of guards which is subject to revision. The

Assam Financial Rules provides that controlling officer concerned has to see that the dues of the Government are correctly and promptly assessed, collected and deposited in the treasury. Further, the department issued (May 2003) instruction to all SPs to withdraw police guards immediately if the organisation fails to pay the dues and initiate *bakijai*⁷ cases against the defaulters.

In view of the above instruction, the department withdrew police guards from 15 organisations against which revenue of Rs. 1.51 crore⁸ was outstanding and initiated *bakijai* proceedings in two cases involving revenue of Rs. 47.85 lakh during 2003-04 to 2007-08. However, the reasons for not initiating *bakijai* proceedings against the remaining 13 organisations despite specific instruction issued in May 2003 could not be furnished to audit.

The periodical progress reports of realisation of the cost of deployment of police forces to the Government departments, Public Sector Undertakings and Private Organisations obtained from the SPs of the districts concerned revealed that against deployment of police forces at a cost of Rs.104.44 crore up to March 2008, the department could realise Rs.41.28 crore only leaving a balance of Rs.63.16 crore yet to be recovered as of November 2008. As mentioned previously, due to absence of any prescribed timeframe for payment of dues coupled with absence of any penal measure, the department could do little to recover the arrears from the defaulting departments.

4.2.9 Internal Control Mechanism

Internal control is intended to provide reasonable assurance of proper enforcement of laws, departmental rules and orders. Assam Financial Rules provide that controlling officer concerned has to see that the dues of the Government are correctly and promptly assessed, collected and deposited in the treasury. To monitor the recoveries, a demand, collection and balance register (DCB Register) is required to be maintained wherein all demands raised, recovered and outstanding balance is to be mentioned.

Absence of internal control mechanism has been pointed out in the preceding paragraphs which resulted in non-monitoring of the higher authorities on various issues. Scrutiny of records of DGP and the selected unit offices further revealed that in none of the offices test checked, DCB register was maintained properly. Thus, in absence of such vital control register, the department was unable to watch the progress of recovery of dues from the defaulting organizations effectively which resulted in huge accumulation of arrears.

4.2.10 Internal audit

Internal audit, a component of internal control, functions as eyes and ears of the management and is a vital tool which enables an organisation to assure itself that prescribed systems are functioning reasonably well.

⁷ Arrear recovery mechanism.

⁸ Includes two *bakijai* cases.

Records revealed that though there was an Internal Audit wing (IAW) having three Internal Auditors at the Police Headquarters, no specific guidelines have been issued from the department laying down the principles/fundamentals of working of the IAW. Besides, units audited, Inspection Reports issued and position of outstanding paragraphs pending settlement including remedial measures taken by the department on the basis of findings of the wing were not being maintained by the department/wing. Also, reports/returns to be submitted either by the internal audit wing or the unit offices to the higher authorities has not been prescribed for monitoring the functioning of the wing.

4.2.11 Management Information System

Management Information System (MIS) is a key factor for smooth functioning of an organisation. The Department did not put in place the information technology system to maintain the details of police personnel deployed, cost recoverable, cost recovered and balance to be recovered. As a result, the department was not in a position to effectively monitor the deployment of police personnel and the recovery of cost of police guards from beneficiaries.

4.2.12 Conclusion

Audit scrutiny of the assessment, levy and collection of police receipts revealed a number of deficiencies. Due to irregular remittance of receipts under the Motor Vehicles Act into the police receipts head, the amount of police receipts depicted an inflated picture. Due to absence of monitoring mechanism, the DGP, Assam was unaware of mistakes in assessment of realisable dues leading to non/short raising of demand. Absence of prescribed time-limit coupled with absence of any penal measures for recovery of dues resulted in huge accumulation of arrears. Internal control mechanism was weak as evidenced by absence of control/monitoring mechanism of higher authorities on various issues and non-maintenance of vital control register like DCB Register. The internal audit wing though existed in the department was almost non-functional which resulted in the aforesaid deficiencies remaining undetected.

4.2.13 Recommendations

The Government may consider implementation of the following recommendations for streamlining the system of assessment, levy and collection of police receipts.

- Deposit the receipts collected under the MV Act, 1988 to the head “0041” - taxes on motor vehicles;
- Set up mechanism for the unit offices to raise the demands at the time of supplying police personnel as per the provisions of the Assam Police Manual;

- Amend the Assam Police Manual for prescribing fixed time limit for payment of dues by the beneficiaries and penal measures for non-payment of dues within the period so fixed;
- Introduce information technology system to maintain the district wise data on police personnel deployed, cost recoverable, cost recovered and balance to be recovered;
- Strengthen the internal control mechanism by prescribing specific periodic reports/returns from the unit offices; and
- Streamline the functions of the internal audit wing by fixing specific targets for audit of units and time bound action on the finding of the internal audit wing by the unit offices.

4.3 Other Audit Observations

Scrutiny of records of Forests and Geology and Mining Departments revealed several cases of illicit felling and removal of forest produce, loss of revenue due to non-settlement of mahal, short realisation of revenue as mentioned in the succeeding paragraphs. These cases are only illustrative and are based on a test check carried out in audit. Such omissions on the part of the departmental officers are pointed out in audit each year, but not only the irregularities persist; these remain undetected till an audit is conducted. There is need for the Government to improve the internal control system so that recurrence of such lapses in future can be avoided.

A. FOREST RECEIPTS

4.3.1 Illicit felling and removal of forest produce

Under the provision of Assam Forest Regulation (AFR), 1891 and Rules framed thereunder, felling/removal of forest produce from the forest area without valid authority constitutes an offence punishable with fine. Forest produce removed unauthorisedly is also liable to be confiscated by the forest officials. To prevent such illegal felling and removal of forest produce, the department has forest protection squads and forest protection force deployed in forest areas. Further, if an offence is apprehended, the forest officer on seizure of such forest produce should report to concerned magistrate for trial or compound the cases.

Test check of records of three Divisional Forest Officers (DFO) between November 2007 and March 2008 revealed that 2,162.15 cum of timber had been illegally felled during 2002-03 to 2007-08. Of this, 1,718.32 cum of timber were recovered by the department and the remaining 443.83 cum of timber valued at Rs. 30.94 lakh were removed by miscreant as tabulated below:

Sl. No.	Name of the Division	Period of removal	Qty of timber illegally felled	Timber recovered by the department	Timber removed by the miscreants	Value (Rs. in lakh)
			(in cum)			
1.	Kamrup West Division	2006-07 to 2007-08	423.469	249.795	173.674	21.85
2.	Nawgaon Forest Division	2006-07 to 2007-08	613.376	497.719	115.657	5.05
3.	Doom Dooma Forest Division	2002-03 to 2006-07	1,125.304	970.803	154.501	4.04
Total			2,162.15	1,718.32	443.83	30.94

It was further noticed that the DFO, Nowgaon and Kamrup West had filed first information report on illegal removal of timber with the local police station, but DFO Doomdoma did not file any FIR as of April 2009.

After this was pointed out, the DFO, Nagaon stated (February 2009) that due to adverse climate condition and lack of adequate infrastructure the forest staff were not in a position to move to every nook and corner of the forest area. The DFO, Doomdoma stated (February 2009) that it was not possible to exercise regular patrolling. The reply of DFO, Doomdoma was, however, silent regarding the reasons for non-filing of FIR with the police.

The matter was reported to Government/Department in February 2008; replies have not been received (September 2009).

4.3.2 Loss of Government revenue due to non-settlement of *mahal*

Accumulation and depletion of sand/stone in the river bed due to river current is a constant process. If a riverine *mahal*⁹ is not worked during its specified working period, the sand/stone is carried away by the river current and would not be available later. The working period so lost, results in loss of revenue. It is, therefore, necessary to ensure timely action to extract sand/stone during the working periods so as to safeguard Government revenue.

Test check of records of the DFO, Sivasagar in August 2008 revealed that Bihubor Stone Quarry No. II and V were put to sale four times and six times respectively but no tender was received. In the mean time, two petitioners expressed their willingness (July 2007 and April 2008) for negotiated settlement for 3,000 cum and 5,000 cum of stone respectively for the above mentioned two *mahals* on Government valuation. Accordingly, CCF (T), Guwahati requested the Government for decision (October 2007 and June 2008). But the Government did not communicate any decision in this regard to the Division till August 2008. As a result, the *mahals* could not be settled. Thus, apathy on the part of the Government to take timely action resulted in non-settlement of two quarries leading to loss of revenue of Rs. 8 lakh calculated on Government valuation of Rs. 100 per cum.

The case was reported to the Government/department in December 2008; replies have not been received (September 2009).

4.3.3 Short realisation of revenue due to sale of forest produce at the pre-revised rate

The Government of Assam, Mines and Minerals Department in its notification dated 7 March 2005 revised the rate of royalty for various forest produce with immediate effect.

Test check of records of the DFO (T), Karimganj Forest Division, Karimganj in August 2007 revealed that 18,569.50 cum of stone/boulder/gravel and 1,096 cum

⁹ A well defined area wherefrom certain types of forest produce are sold

of sand were sold by the division between 7 March to 31 March 2005 on realisation of royalty at the pre-revised rates. This resulted in short realisation of revenue of Rs. 5.79 lakh.

After the case was pointed out, the department stated in March 2009 that the short realisation of royalty on minor forest produce was not intentional; it was due to late receipt of the revised rate notification. The reply was silent regarding steps taken/to be taken for recovery of the balance amount of royalty.

The case was reported to the Government in November 2007; replies have not been received (September 2009).

B. MINES AND MINERALS

4.4 Short realisation of royalty on natural gas

Due to non-scrutiny of returns by the Directorate of Geology and Mining (DGM), Assam, there was short realisation of revenue of Rs. 12.50 crore.


The Ministry of Petroleum and Natural Gas, Government of India, revised the rate of royalty on natural gas from Rs. 192 to Rs. 230.4 per 1000 SCUM for north east consumer with effect from 5 June 2006.

Audit scrutiny of records of the Directorate of Geology and Mining (DGM), Assam in July 2007 revealed that though M/s Oil India Limited (OIL) and M/s Oil and Natural Gas Corporation (ONGC) submitted the monthly statement of production and payment of royalty to the DGM. However, these were not reviewed with the prevalent rates of royalty to ensure realisation of royalty at correct rates. Resultantly, there was short payment of realisation as discussed below.

4.4.1 Test check of monthly statement of production and payment of royalty of M/s OIL in respect of natural gas for the period from January 2006 to March 2007 revealed that OIL was continuing to pay royalty on natural gas at rates ranging from Rs. 93.18 to Rs. 143.28 per 1,000 SCUM instead of the prevalent rate of Rs. 192 per 1,000 SCUM upto 4 June 2006 and Rs. 230.40 per 1,000 SCUM from 5 June 2006. This resulted in short realisation of royalty of Rs. 11.45 crore.

4.4.2 Test check of monthly statement of production and payment of royalty of M/s ONGC in respect of natural gas for the period from June 2006 to March 2007 revealed that ONGC was continuing to pay royalty on natural gas at rates ranging from Rs. 179.20 to Rs. 181.84 per 1,000 SCUM instead of Rs. 230.40 per 1,000 SCUM from 5 June 2006. This resulted in short realisation of royalty of Rs. 1.05 crore.

The matters was reported to Government/Department in October 2007; replies have not been received (September 2009).



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