

## CHAPTER-III

### REVENUE RECEIPTS

#### **3.1 Loss of Revenue of Rs.30.12 lakh due to non realization of Registration Fees and Stamp Duties**

Local markets, Par-ghats, fisheries etc falling under the jurisdiction of Panchayats are settled/leased to individual bidders annually on lease basis by inviting open tenders. As per terms & condition of Notice Inviting Tender, the successful bidder should mortgage a plot of land of the same value (bid value) or more by executing a registered deed at own cost within seven days of allotment of lease failing which the settlement will be treated as cancelled.

Further, as per Article No.35 (ii) of Assam Gazette Notification dated 5<sup>th</sup> July 1989 stamp duty at the rate of 3 *per cent* of demand should also be borne by the lessee concerned in addition to Registration fee.

Test check of records of 17 APs and two ZPs revealed that 326 nos of markets/Par-ghat/ fisheries were leased during the period 2002-03 to 2006-07, but no agreement was registered between the Panchayat authorities and the Lessee.

Thus due to non-registration of agreement deed and non-mortgage of plot of same value and non deduction of stamp duty at the rate of 3 *per cent* during last 5 years, the State Government was put to a loss of Rs 30.12 lakh (Registration fee Rs 18.33 lakh plus Stamp duty Rs 11.79 lakh). Details are as per **Annexure –III**.

#### **3.2 Outstanding kist Money of Rs. 96.41 lakh**

As per procedure under sub-rule 14 and 15 of Rule 47 of the Assam Panchayat (Financial) Rules 2002, Panchayats are required to recover the outstanding kist money<sup>1</sup> from the defaulter lessee. The Local markets are leased out to private parties annually by inviting open tenders. The highest bidder is awarded the lease on condition that the bidder must deposit their Kist money in four equal installments.

Test check of 17 APs and two ZPs revealed that kist money amounting to Rs.96.41 lakh as at 31 March 2007 were yet to be realized as detailed in **Annexure-IV**. The concerned PRIs did not initiate action to recover the outstanding amount kist money installments (June 2008), which is indicative of inadequate internal control and monitoring mechanism in PRIs.

#### **3.3 Loss of Revenue due to settlement of Markets to the bidder with less price**

Test check of records related to settlement of markets under 4 APs for the years 2002-2003 to 2006-2007 revealed that markets/Par-ghats, fisheries etc were not leased out to the highest

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<sup>1</sup> Kist Money – Installment of lease amount

bidders. The highest bidders were rejected without assigning any reason and other bidders who quoted lower bid value were allotted markets.

Thus, four APs incurred loss of revenue of Rs. 72.95 lakh by violating basic financial rules and awarding of lease to bidders other than the highest bidders. The AP wise detailed position were detailed below:

(Rs in lakh)		
Sl No	Name of unit	Amount
1	Matia AP	20.03
2	Lakhipur AP	22.29
3	Jaleswar AP	26.87
4	Naduar AP	3.76
<b>Total</b>		<b>72.95</b>

### **3.4 Non-distribution of sale proceeds of Hat/Ghats among the ZPs, APs and GPs**

As per sub-section 6 of Section 105 of Assam Panchayat Act, 1994, out of total sale proceeds of hats/ghats in any ZP/AP, 20 *per cent* shall be devolved to the ZP, 40 *per cent* shall be equally distributed to all the GPs under the AP and the balance 40 *per cent* be retained by the APs.

Test check of the records of eight APs and one ZP revealed that the above ratio of devolution of sale proceeds was not adhered to, depriving the ZPs/APs/GPs of their due share. Thus the ZPs/APs retained excess amount of Rs.50.99 lakh during the period 2002-2007 as detailed in **Annexure – V**.

### **3.5 Non-deduction of Assam General Sales Tax**

As per Section 27 of the Assam General Tax Act, 1993, all Drawing and Disbursing Officers (DDO) of Government departments and government undertakings are under obligation to deduct tax at source for supply bills of any taxable goods or from works contract. Further, Rule 35 of the Assam General Sales Tax (AGST) Rules 1993 as amended provides that the tax so deducted should be deposited into designated Bank by appropriate challans within first 10 days of the subsequent month.

Further, as per Hon'ble High Court verdict dated 26<sup>th</sup> March 2002 circulated vide Commissioner of Taxes, Government of Assam Notification No CTS-37/2000/98 dated 21<sup>st</sup> December 2002, Assam General Sales Tax (AGST) is to be deducted at the rate of 4.4 *per cent* on the taxable turnover as certified by the Superintendent of Taxes.

In violation of the above provisions, one ZP and fifteen APs while making payment did not deduct AGST from the contractors/suppliers bills for supply of taxable materials during the period 2002-07. This has resulted in loss of tax revenue of Rs.16.09 lakh to the State Government as detailed in **Annexure-VI**.

### **3.6 Non-deduction of Forest Royalties**

As per Rule 28 (3) of Assam mine or mineral concession Rule 1994 read with Government Notification issued in No. PEM 26/2004/31 dated 7<sup>th</sup> March 2005, Forest Royalty on all classes of forest produces are to be recovered. Thus the contractor/suppliers who did not obtain permit before procurement of materials like sand, stones, earth soil etc are required to pay royalty at the following rates.

<b><u>Name of material</u></b>		<b><u>Rate of Royalty</u></b>
Stone/Boulder/gravel	-	Rs. 100/-per cm
Sand	-	Rs. 70/- per cm
Soil/earth	-	Rs. 15/- per cm

Test check of one ZP and fifteen APs revealed that Royalty was not recovered from the bills of contractor/suppliers while making final payment and the document in support of payment of Royalty on forest produces was not insisted by the PRIs. During the period 2002-2007 non-recovery of Royalty from contractor's bills resulted in loss of revenue to the State Government to the extent of Rs 13.97 lakh as detailed in **Annexure-VII**.