

CHAPTER-III

Major Lapses in Revenues Management

3.1 Defalcation of Rs.14.02 lakh in two Z.Ps.

As per Rule 101 & 102 of Bihar Panchayat Samiti & Zila Parishad (Budget and Accounts) Rule (BPS&ZP(B&A)R), 1964 the Miscellaneous Receipt Books were to be kept in the custody of D.D.C-Cum C.E.O and the same were to be issued to the collecting staff daily and as per rule 43 & 44 ibid the amount collected on behalf of Zila Parishad fund was to be credited into Government Treasury. One Assistant of ZP, Purnea collected Rs. 11.31 lakh between March 2004 to April 2007 through 10 Misc. Receipt Books on account of Departmental collection of hat bazar, pound and ferry rent etc. but deposited only Rs. 5.24 lakh between August 2004 to March 2006 through 52 Challans as evidenced from the entry made in the receipt side of the cash book and retained Rs. 6.07 lakh in hand which was not recovered from him till December 2007. Moreover, Receipt Books used by him were bearing same book no in 2 cases (3 books of Book No. 5351 to 5400, 2 books of 5401 to 5450) but the reasons for such abnormality were not clarified.

Similarly one Assistant cum Accountant of ZP, Motihari collected Rs. 33.07 lakh between April 2004 to March 2007 through several misc. receipts on account of ZP revenue and development fee of self financing schemes but he deposited only Rs. 25.12 lakh (Rs. 17.83 lakh in treasury and Rs. 7.29 lakh in Bank of Baroda) between April 2004 to March 2007 and retained Rs. 7.95 lakh in his hand which was not recovered till June 2007. Due to violation of rule 101, 102, 43 and 44 and failure to exercise checks by Executive Officers over collection and its deposit position a defalcation of Rs. 14.02 lakh was rendered possible in above two Zila Parishads.

3.2 Direct appropriation of revenue collected to the tune of Rs. 2.90 lakh in ZP Khagaria

In ZP Khagaria revenue collected to the tune of Rs. 2.90 lakh was not deposited in Parishad fund i.e. treasury pass book as envisaged in Rule 43 of BPS&ZP(B&A)R,1964 rather it was appropriated towards pay, TA, marriage advance etc. to the staff to ZP Khagaria.

Besides, violation of rules direct appropriation indicates lack of control over revenues and defeats the purpose of budgetary exercise.

3.3 Non/Short Credit of revenue to the tune of Rs. 20.64 lakh.

In all the 12 Zila Parishads test checked the D.D.C. cum C.E.O and the Head clerk cum Accountant did not exercise control over collection of various receipts. As a result, the collecting staff did not deposit the amount collected by them on account of annual settlement of pounds and ferries, hat bazar, mela, bus/taxi stand, licence fee of carts registered and other miscellaneous receipts. It can be seen from the table below that in 10 Z.Ps, against a total collection of Rs. 74.28 lakh, the collecting staff deposited Rs. 47.04 lakh only and Rs. 27.24 lakh remained to be deposited as of March, 2007. Out of this Rs. 6.60 lakh was got deposited in course of audit and a sum of Rs. 20.64 lakh is still to be realised from the officials concerned.

Table-6
Details of cases of non credit/short credit detected during audit
(Rs. in lakh)

| Sl. No. | Name of Z.P. | Amount Collected | Amount deposited | Amount of non/short deposit | Amount got deposited at the instance of audit | Balance to be deposited | Period of collection | Particulars of collection |
|--------------|--------------|------------------|------------------|-----------------------------|---|-------------------------|----------------------|-----------------------------|
| 1 | Bettiah | 14.11 | 12.99 | 1.12 | 1.12 | Nil | 01-07 | Miscellaneous receipts |
| 2 | Bhagalpur | 27.66 | 18.74 | 8.92 | Nil | 8.92 | 03-07 | Shop rent and misc. receipt |
| 3 | Bhojpur | 1.07 | 0.73 | 0.34 | Nil | 0.34 | 03-07 | Misc. receipt |
| 4 | Gopalganj | 8.00 | Nil | 8.00 | Nil | 8.00 | 03-07 | Misc. receipt |
| | | 9.96 | 8.59 | 1.37 | 0.47 | 0.90 | 03-07 | Misc. receipt |
| 5 | Jamui | 0.88 | 0.84 | 0.04 | Nil | 0.04 | 04-07 | Misc. receipt |
| | | 3.21 | 2.95 | 0.26 | Nil | 0.26 | 04-06 | Bus stand |
| 6 | Katihar | 1.12 | Nil | 1.12 | 0.22 | 0.90 | 06-07 | Shop rent |
| 7 | Purnea | 0.04 | Nil | 0.04 | Nil | 0.04 | 03-04 | Misc. receipts |
| 8 | Motihari | 2.87 | Nil | 2.87 | 2.87 | Nil | 06-07 | -do- |
| 9 | Patna | 4.09 | 2.20 | 1.89 | 1.89 | Nil | 04-08 | -do- |
| 10 | Samastipur | 1.24 | Nil | 1.24 | Nil | 1.24 | 04-05 | Ferry. Ghat |
| | | 0.03 | Nil | 0.03 | 0.03 | Nil | 06-07 | Misc. receipts |
| Total | | 74.28 | 47.04 | 27.24 | 6.60 | 20.64 | | |

3.4.1 Non realisation of outstanding rent of Rs. 152.25 lakh

The Zila Parishads had constructed shops either from their own resources or under self financing schemes and received rent from the shops. Audit Scrutiny, however, revealed that the register showing demand, collection and balance of rent was either not maintained or improperly maintained and effective steps viz. vacation of shops or filing of cases for recovery of dues of rent, were not taken for timely recovery of rents due, resulting in accumulation of huge outstandings. Dues of rent of Rs. 152.25 lakh pertaining to various periods remained unrealised as shown in table below:

Table-7
Non realisation of outstanding rent in 10 ZPs

(Rs. in lakh)

| Sl. No. | Name of Z.P. | Dues of rent | Period of dues |
|--------------|--------------|---------------|------------------------|
| 1 | Bettiah | 12.61 | May 2001 March 07 |
| 2 | Bhagalpur | 3.64 | Jan' 1999 to March 07 |
| 3 | Bhojpur | 2.39 | April 1998 to March 07 |
| 4 | Gopalganj | 0.75 | April 05 to Nov' 07 |
| 5 | Jamui | 9.23 | April 02 to March 07 |
| 6 | Katihar | 43.87 | Sep' 1991 to Sep' 07 |
| 7 | Purnea | 18.22 | April 04 to March 07 |
| 8 | Khagaria | 4.29 | Feb' 05 to March 07 |
| 9 | Motihari | 8.16 | April 04 to March 07 |
| 10 | Patna | 35.71 | Up to March 07 |
| 11 | Samastipur | 4.17 | April 2000 to March 07 |
| 12 | Sitamarhi | 9.21 | Jan' 03 to March 07 |
| Total | | 152.25 | |

Huge outstanding rents for longer periods clearly denoted that suitable action for recovery viz vacation of shops or filing of legal cases for recovery of dues against the defaulters were not taken. Due to non collection of dues, the ZPs were not in a position to augment their internal source of revenue and construct new shops for earning rent.

3.4.2 Outstanding rent of Rs. 34.78 lakh of Dak Bunglow/Inspection Bunglow occupied by different officials

In three Zila Parishads the Dak Bunglow/ Inspection Bunglow thereunder were utilised as residence by different officers viz. D.M, S.P, SDO and Commissioners but the rent fixed by Zila Parishads recoverable as per Government orders was not realised, depriving the ZPs of a revenues of Rs. 34.78 lakh as shown in the table below:

Table-8
D.B/IB rent lying outstanding with the officers/ visitors

| Sl. No. | Name of Zila Parishad | Particulars | Designation of the occupants | Period of occupation | Rent fixed by ZP or as per State Govt. order (Rs.) | Rent paid per month (Rs.) | Dues of Rent (Rs.in lakh) |
|---------|-----------------------|----------------------|-------------------------------|---|--|---------------------------|---------------------------|
| 1 | Samastipur | D.B. Samastipur | District Magistrate Samstipur | April 1973 to March 2007 | 1050/- per month | 250/- | 3.26 |
| 2 | Purnea | DB and IB Purnia | Divisional Commissioner | January 1990 to Dec. 2007 | 9100/- per month | Nil | 19.66 |
| 3 | Khagaria | D.B. Khagaria | S.P, DSP and 11 DDC | May 1981 to March 2007 (Including some interrupted period) | 3500/- per month | Nil | 10.79 |
| | | I.B Googri, Jamalpur | 12 visitors | Between June 1992 to March 2007 | Rs. 10/- per day per room | Nil | 1.07 |
| Total | | | | | | | 34.78 |

Suitable action for realisation of rent was not taken by the executives of ZPs and due to non-collection of dues of rents, the ZPs were not in a position to repair their existing IB/DB and construct new IB/DB.

3.5.1 Non-realisation of revenues on account of settlement of Sairats to the tune of Rs. 46.67 lakh

The assets of Zila Parishad viz. bus stand, ferry ghat, pound, road side land and trees etc. are settled through bid system annually. The settlement amount is to be realised at the time of settlement itself from the bidders and where the amount is considerably high it could be recovered in two to three instalments. It was, however, noticed in audit that dues of settlement amounting to Rs. 46.67 lakh were not recovered in eight Z.Ps as shown in the table below:

Table- 9
Non realisation of dues of settlements of Sairats in 8 ZPs

| Sl. No. | Name of Z.P. | Dues of Settlement money (Rs in lakh) | Period of settlement | Particulars of settlement |
|--------------|--------------|---------------------------------------|----------------------|---------------------------|
| 1 | Bettiah | 3.03 | 02-07 | Ghat, Market Mela, toll |
| | | 2.43 | 02-06 | Cart registration |
| 2 | Bhojpur | 0.20 | 06-07 | Land |
| 3 | Gopalganj | 2.65 | 04-07 | Market, Phatak Taxi stand |
| 4 | Katihar | 2.92 | 03-07 | Ghat |
| 5 | Purnea | 11.51 | 05-07 | Bus stand |
| 6 | Motihari | 13.80 | 04-07 | Pound & ferry |
| 7 | Patna | 0.42 | 04-06 | Sairats & ferry |
| 8 | Samastipur | 9.71 | 04-07 | ferry |
| Total | | 46.67 | | |

The huge outstanding dues of settlement amount clearly depicted failure on the part of the ZP authorities to realise the money or cancel the settlement or take legal action against defaulters. The DDC cum CEO is therefore accountable for the loss caused to ZPs.

3.5.2 Loss of Rs. 28.41 lakh due to non-settlement of Sairats

Some of the Sairats of Zila Parishads viz. Bus stand, toll collection, cattle pound, ferry rent market, shop, land and culverts etc. were not settled for the period 1983 to 2007 due to which six ZPs were deprived of revenue to the tune of Rs. 28.41 lakh. Details are as under:

Table-10
Loss due to non settlement of Sairats in 6 ZPs

| Sl. No. | Name of Z.P. | Amount of Loss | Year | Particular of Sairats |
|---------|--------------|----------------|-----------|-------------------------------|
| 1 | Bettiah | 3.40 | 2002-06 | Bus stand toll, Cattle pound. |
| 2 | Bhagalpur | 7.60 | 1983-2007 | Ferry rent, Hat, Shop etc. |
| 3 | Khagaria | 0.90 | 2003-07 | Cattle pound, ferry etc. |
| 4 | Patna | 4.73 | 2004-07 | ferry |
| 5 | Samastipur | 8.34 | 2004-07 | ferry, land and culvert |
| 6 | Sitamarhi | 3.44 | 2004-07 | ferry |

| | | | |
|--------------|--------------|--|--|
| Total | 28.41 | | |
|--------------|--------------|--|--|

Information on any effort made by the executives of the ZP for settlement of the aforesaid sairats was not made available to audit. Thus, the ZP's own sources of revenue are not properly and effectively augmented to improve financial position of ZPs.

3.6 Retention of undisbursed cash amounting to Rs. 0.61 lakh by the cashier of Z.P. Patna for long time

Self cheque is drawn for immediate disbursement and in case, it is not disbursed the amount has to be deposited in the Zila Parishad fund. Audit Scrutiny of Zila Parishad, Patna revealed that against 14 self cheques drawn between 28.04.04 to 26.02.07 of Rs.30.99 lakh for payment of salary, telephone bills, miscellaneous expenditure etc. Only Rs.30.38 lakh was disbursed and Rs.0.61 lakh was being shown as undisbursed amount in the Subsidiary Cash Book from 6 to 36 months. This retention of cash since long was rendered possible due to lack of supervisory checks. As the cash balance of the Subsidiary Cash Book was not verified and certified by Executive Officer of the Zila Parishad the possibility of misappropriation of Rs.61,195/- by the cashier can not be ruled out.

3.7 Loss of interest Rs. 0.72 lakh on investment due to late renewal in Patna Z.P.

In Patna Zila Parishad Rs. 2.30 crore was invested in Punjab National Bank Exhibition Road, Patna with maturity on 05.10.06 as detailed below:

| Sl. No. | FDR No. | Investment | Rate of Intt. (%) | Period of Investment | Date of Maturity |
|----------------|---------------------------------------|--|--------------------------|-----------------------------|-------------------------|
| 1 | 288774 to 288778 &288783 to 288788 | 11 F.D. @ Rs. 10 Lakh i.e. Rs. 110 lakh | 5.75 | 4 month 20 days | 05.10.06 |
| 2 | 288789 to 288800 | 12 FD @ Rs. 10 lakh i.e. Rs.120 lakh | 5.75 | 5 month 8 days | 05.10.06 |

The Zila Parishad did not renew the investments and finally invested the entire amount of Rs.2.30 crore in Canara Bank on 26.10.2006 after a gap of 20 days which deprived the Zila Parishad of revenue of Rs. 0.72 lakh on account of interest.

3.8 Retention of Rs. 3.56 lakh by the Nazir in 10 PSs

In 10 Panchayat Samitis Rs. 3.56 lakh was received by the Nazir on account of refund of advance and deposit of royalty and sales tax by the executing agents which were entered in the Cash Book but amount not remitted into Bank but was retained in hand as detailed in the table below:

Table-11
Details of refund of advance etc. by the executing agencies not deposited by the Nazir in P.S. fund

(Rs. in lakh)

| Sl. No. | Name of P.S. | Amount received | M/R No. | Period of receipt |
|--------------|--------------|-----------------|---|------------------------|
| 1 | Bibhutipur | 0.16 | 228308 & 228321 | 28.03.05 to 12.08.05 |
| 2 | Ujiarpur | 0.18 | 386971 & 386927 | 22.11.05 to 21.08.06 |
| 3 | Gopalganj | 0.20 | 486315, 456329 & 151055 | 21.07.05 to 21.12.06 |
| 4 | Bathnaha | 0.36 | 355989 & 897552 | 20.05.03 & 16.03.04 |
| 5 | Manjha | 0.38 | 458104, 458111, 458137, 458177, 458145, 458182 | Feb' 2002 to Feb' 2003 |
| 6 | Gogri | 0.07 | 367997 | 16.07.03 |
| 7 | Khagaria | 0.16 | 25688, 5547288, 256120 | 26.07.05 to 04.11.06 |
| 8 | Manjhaulia | 0.47 | 382946, 382454, 382470, 382472, 382478 & 382496 | 22.01.03 to 24.08.06 |
| 9 | Bikram | 0.82 | Royalty and cess | 16.08.02 to 29.03.07 |
| 10. | Lauria | 0.76 | 300835, 300837, 300848, 390856 and 390875 | 10.09.01 to 15.03.05 |
| Total | | 3.56 | | |

3.9 Non-Production of payment vouchers valued at Rs. 76.24 lakh and connected papers of Rs. 125.14 lakh

- (i) The comparison of pay order of vouchers with the Cash Book of seven ZPs revealed that 119 payment vouchers valued at Rs. 76.24 lakh were not kept in voucher's Guard files nor these were produced to audit despite issue of Audit Memos. For want of vouchers the genuineness of payment remained to be verified in audit. Details are as under:

Table-12
Non-Production of Vouchers in 7 ZPs

(Rs. in Lakh)

| Sl. No. | Name of the Z.P | No. of Vouchers | Amount of Vouchers |
|--------------|-----------------|-----------------|--------------------|
| 1 | Bettiah | 11 | 3.86 |
| 2 | Bhagalpur | 9 | 5.48 |
| 3 | Gopalganj | 48 | 12.67 |
| 4 | Jamui | 6 | 0.34 |
| 5 | Khagaria | 13 | 17.12 |
| 6 | Patna | 30 | 36.55 |
| 7 | Samstipur | 2 | 0.22 |
| Total | | 119 | 76.24 |

- (ii) The audit could not vouchsafe the payments relating to refund of deposits, suit expenses, retirement benefit claims, purchase of oil and lubricants other purchase vouchers, work bills etc. in 12 Z.Ps of Rs. 125.14 lakh due

to non-production of Deposit Ledger, Suit Registers, Personal files and Service Book of the staff, Vehicles Log Book, Telephone and Trunk call Register, Stock Register, Purchase files, Scheme Register and other files related to it. Due to non-production of relevant register and files no checks could be exercised over the payment vouchers. (Appendix-VII)

3.10.1 Non-deposit of Royalty and Sales tax in the account of concerned Departments to the tune of Rs. 27.86 lakh

Royalty on earthen materials and Sales tax on purchase of materials are items of state revenue and the deduction on this account is to be made at source from the work bills of the Contractors / Executing Agents and amount deducted to be deposited into the account of Mining and Sales Tax Department. Scrutiny of Cash Book of nine Panchayat Samiti and two Zila Parishads disclosed that Rs. 27.86 lakh (Royalty Rs. 13.33 lakh and Sales tax Rs. 14.53 lakh) was deducted from the bills of the executing agents as detailed in table below but the amount was not deposited in the concerned Department of the State Government rather retained in PS and ZP fund which deprived the State Government of a revenue of Rs. 27.86 lakh.

Table-13
Details of Royalty and Sales Tax deducted but not deposited

(Rs. in lakh)

| Sl. No. | Name of the Unit | Amount of Royalty deducted but not deposited into state Government Fund | Amount of Sales Tax deducted but not deposited into state Government Fund | Total |
|---------|------------------|---|---|--------------|
| 1. | P.S.Chakai | 3.73 | 1.53 | 5.26 |
| 2. | P.S.Naubatpur | 1.71 | 0.30 | 2.01 |
| 3. | P.S.Bagaha I | 0.88 | 2.01 | 2.89 |
| 4. | P.S.Bagaha II | 0.53 | 0.67 | 1.20 |
| 5. | P.S.Barhara | 0.12 | 0.31 | 0.43 |
| 6. | P.S.Bivutipur | Nil | 0.51 | 0.51 |
| 7. | P.S.Manjhaulia | 0.28 | 0.73 | 1.01 |
| 8. | P.S.Paliganj | 1.07 | 1.53 | 2.60 |
| 9. | P.S.Jhajha | Nil | 0.38 | 0.38 |
| 10. | Z.P. Patna | 4.78 | 6.44 | 11.21 |
| 11. | Z.P. Bhagalpur | 0.23 | 0.12 | 0.35 |
| | Total | 13.33 | 14.53 | 27.86 |

3.10.2 Royalty and Sales Tax not deducted to the tune of Rs. 2.73 lakh from the bills of the Executing Agents

In Panchayat Samitis Bikram and Parbatta the bills of the Executing Agents were passed without effecting deduction on account of Royalty and Sales Tax though amount recoverable on this account was worked out in the scheme files. The

executing agents were directed by the BDO cum Executive Officer to deposit the amount of Royalty and Sales Tax in cash with the Nazir. The executing agents, however, did not deposit this due to which loss of Rs. 2.73 lakh. (Royalty Rs. 1.55 lakh and Sales Tax Rs. 1.18 lakh) was caused to the State Government and undue benefit was allowed to the executing agents as detailed in the table below:

Table-14
Details of Royalty and Sales tax not deducted

(Rs. in lakh)

| Sl. No | Name of Panchayat Samiti | Amount of Royalty | Amount of Sales Tax | Total Amount | Particulars of schemes |
|--------------|--------------------------|-------------------|---------------------|--------------|---|
| 1 | Bikram | 0.94 | 0.61 | 1.55 | 143 works of EAP/SGRY (3 of 99-2000, 4 of 2000-2001, 16 of 2002-03, 19 of 03-04, 37 of 04-05 and 64 of 05-06) |
| 2 | Parbatta | 0.61 | 0.57 | 1.18 | 17 EAP/SGRY works. (4 works of 01-02, 1 work of 02-03, 7 works of 03-04 and 5 works of 05-06) |
| Total | | 1.55 | 1.18 | 2.73 | |

3.10.3 Short/Non deduction of Royalty and Sales tax of Rs. 19.27 lakh

In test check of vouchers of 139 works in seven Panchayat Samitis and one Zila Parishad, it was noticed that royalty Rs. 3.77 lakh and Sales Tax Rs.15.50 lakh were either not deducted or short deducted which resulted in a loss of Rs. 19.27 lakh to State Government and equal gain to executing agents vide details in table below:

Table-15
Details of short / non deduction of Royalty and Sales tax

(Rupees in lakh)

| Sl. No. | Name of the Unit | Royalty Recoverable | Royalty Deducted | Amount of Royalty short deducted | Sales Tax Recoverable | Sales Tax Deducted | Amount of Sales Tax short deducted | No. of works involved |
|---------|------------------|---------------------|------------------|----------------------------------|-----------------------|--------------------|------------------------------------|-----------------------|
| 1. | P.S.Parbatta | 4.07 | 1.76 | 2.31 | 10.15 | 0.17 | 9.98 | 58 works |
| 2. | P.S.Paliganj | 0.83 | Nil | 0.83 | 1.99 | Nil | 1.99 | 16 works |
| 3. | P.S.Yogapatti | 0.26 | Nil | 0.26 | 1.03 | Nil | 1.03 | 28 works |
| 4. | P.S.Dumra | 0.18 | Nil | 0.18 | 0.68 | Nil | 0.68 | 17 works |
| 5. | P.S.Jagdishpur | Nil | Nil | Nil | 0.39 | Nil | 0.39 | 3 works |
| 6. | P.S.Bibhutipur | Nil | Nil | Nil | 0.55 | 0.04 | 0.51 | 4 works |
| 7. | P.S.Bagaha II | Nil | Nil | Nil | 0.12 | 0.02 | 0.10 | 1 works of TFC |
| 8 | Z.P. Gopalganj | 0.22 | 0.03 | 0.19 | 1.17 | 0.35 | 0.82 | 12 works |

| | | | | | | | |
|--------------|-------------|-------------|-------------|--------------|-------------|--------------|------------------|
| Total | 5.56 | 1.79 | 3.77 | 16.08 | 0.58 | 15.50 | 139 works |
|--------------|-------------|-------------|-------------|--------------|-------------|--------------|------------------|

