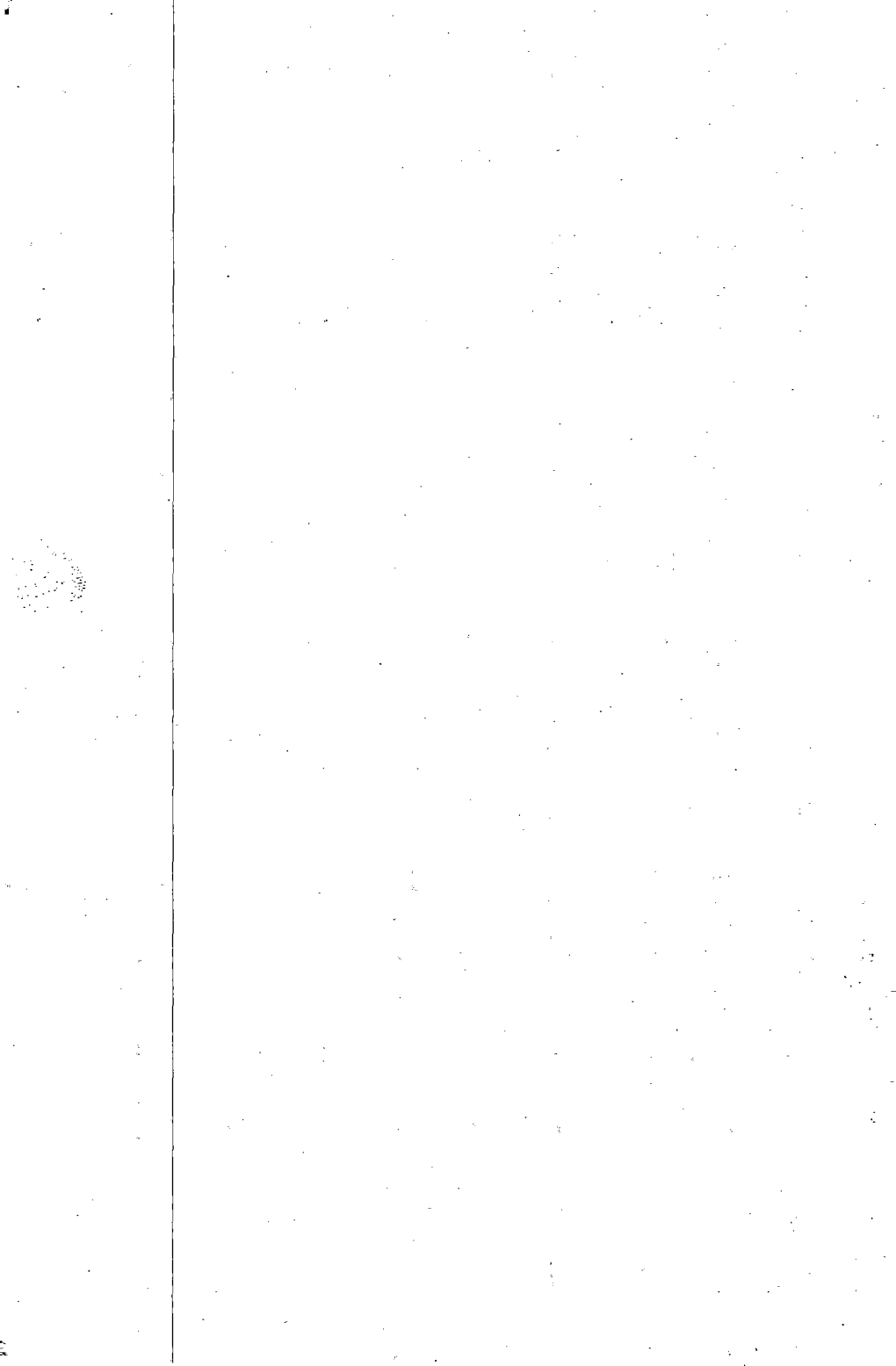




REPORT OF THE  
COMPTROLLER AND AUDITOR  
GENERAL OF INDIA

FOR THE YEAR 1998-99

KARBI ANGLONG  
AUTONOMOUS COUNCIL  
DIPHU, ASSAM



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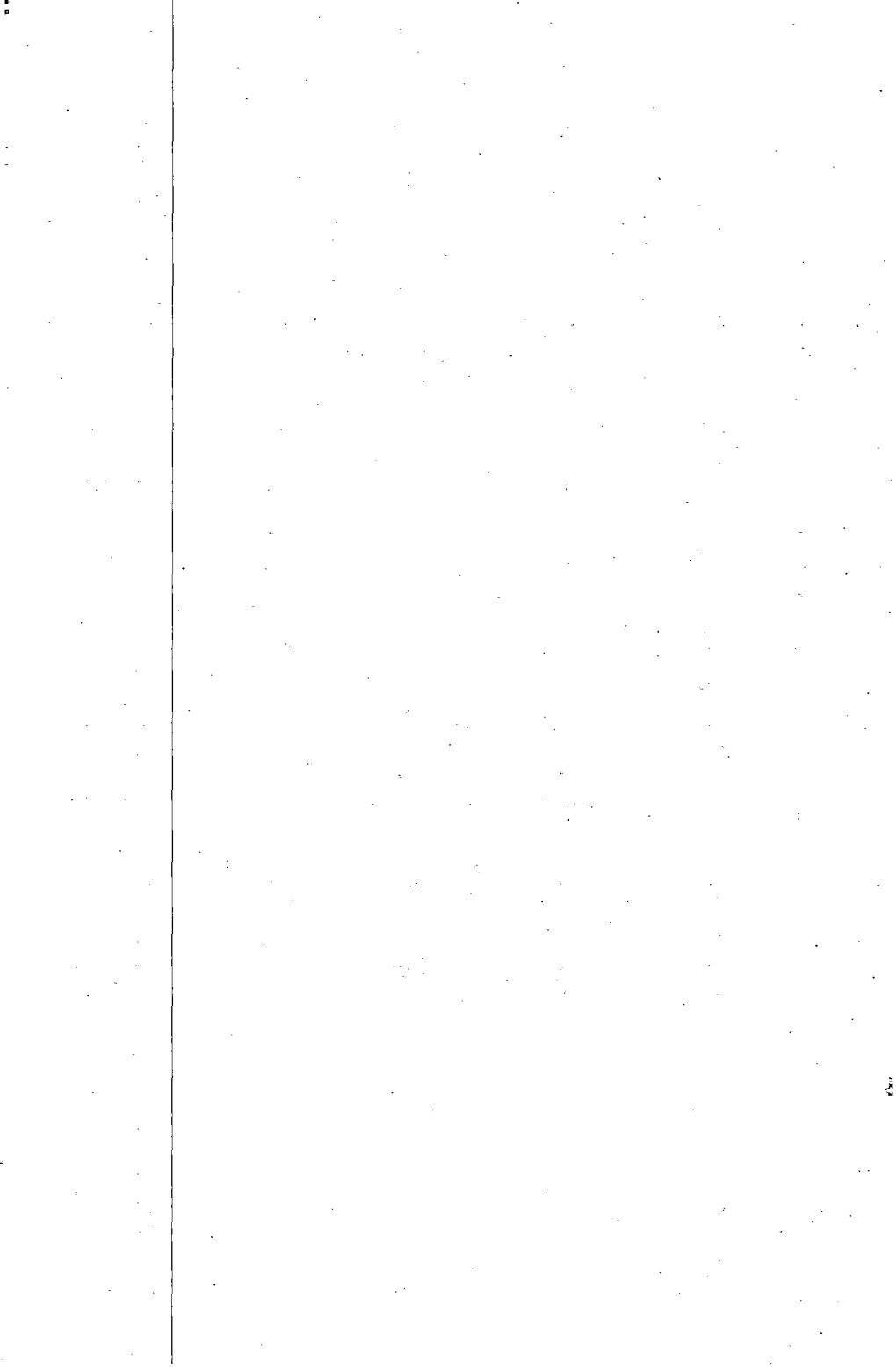
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## **Prefatory Remarks**

This Report has been prepared for submission to the Governor under paragraph 7(4) of the Sixth Schedule to the Constitution of India. It relates mainly to points arising from the audit of financial transactions of the Karbi Anglong Autonomous Council, Diphu.

2. The cases mentioned in the Report are those which came to notice in the course of test-check of the accounts for the year 1998-99.

3. This Report contains three sections of which one section deals with the Constitution of Karbi Anglong Autonomous Council, the rules for the management of the District Fund and maintenance of accounts by the Autonomous Council. The remaining two sections include comments on the Council's financial position and various irregularities relating to the period 1998-99.



## OVERVIEW

A synopsis of the findings contained in the important paragraphs is presented in the overview.

❑ Revenue deficit during 1998-99 was Rs.1622.44 lakh. Part of the deficit was met by irregular diversion of accumulated unspent funds advanced by State Government for entrusted functions.

*(Paragraph 2.1.1)*

❑ Understatement in C.P.F. Contribution was to the tune of Rs.27.91 lakh.

*(Paragraph 2.1.4)*

❑ Discrepancy in receipts of Grants-in-aid by Rs.414.40 lakh remained unreconciled.

*(Paragraph 2.1.5)*

❑ The Council retained unspent balance of Plan fund of Rs.214.28 lakh though the same was to be refunded into the Treasury.

*(Paragraph 2.5.2)*

❑ The Council had not reconciled the figures between PLA and Treasury despite pointing out in earlier Audit Report.

*(Paragraph 2.6)*

❑ There was Revenue loss of Rs.6.97 lakh due to non-operation of Sand and Stone Mahals.

*(Paragraph 3.1.1)*

❑ Non production of records for expenditure (Rs.677.33 lakh).

*(Paragraph 3.2.3)*





## SECTION - I

### Introduction

The Karbi Anglong Autonomous Council in Assam (earlier known as the Mikir Hills District Council) was set up on 23 June 1952 under the provisions of Article 244(2) read with the Sixth Schedule to the Constitution of India.

The Sixth Schedule to the Constitution of India provides for administration of specified tribal areas. For that purpose it provides for the constitution of a District Council for each autonomous district with power to make laws on matters listed in paragraph 3(1) of the Sixth Schedule, mainly in respect of allotment, occupation, use etc. of land, management of forests (other than reserve forests), use of any canal or water course for agriculture, regulation of the practice of 'Jhum' or other form of shifting cultivation, establishment of village or town committees or councils and their powers, village or town administration including Police, Public Health and Sanitation and inheritance of property.

Under paragraph 6(1) of the Sixth Schedule, the Council has the powers to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, ferries, fisheries, roads, road transport and waterways in the respective autonomous districts. The Council also has the powers to assess/levy and collect within the autonomous districts, revenue in respect of land and buildings, taxes on professions, trades, callings and employments, animals, vehicles and boats, tolls on passengers and goods carried in ferries and the maintenance of schools, dispensaries or roads as listed in paragraph 8 of the Sixth Schedule.

In addition, under paragraph 6(2) of the Sixth Schedule, *ibid*, the State Government has entrusted to the District Council additional functions

in relation to agriculture, animal husbandry, cottage industries, soil conservation, social welfare, fisheries, forest (including reserve forests) etc. since June 1970 (as revised in November 1979 and November 1992). According to the terms of entrustment, the District Council is to receive advances from the State Government for the management of the entrusted functions and to render monthly accounts in the prescribed form to the Accountant General (A&E) with supporting vouchers. Budget provision for these functions (excepting for management of reserve forests) is made in the State Budget and the Council remains responsible to the State Legislature in respect of all matters relating to such funds provided for discharge of functions transferred to it. The State Government is to pay administrative charges to the Council for implementing these functions. In respect of reserve forests no provision (expenditure or revenue) is made in the State Budget as the Council collects revenue and incurs normal expenditure relating to the management of forests.

## **1.2 Rules for the management of District Fund**

The Sixth Schedule to the Constitution of India provides for the constitution of a District Fund for each autonomous district to which shall be credited all moneys received by the Council in the course of administration of the district in accordance with the provisions of the Constitution. In exercise of the powers conferred under Paragraph 7(2) of the Sixth Schedule to the Constitution (as it stood originally) the affairs of the District Councils are being regulated under the respective District Council Fund Rules. In respect of this District Council, these are regulated under the Karbi Anglong District Fund Rules, 1952 as approved by the Governor. In view of the amendment of paragraph 7(2) of the Schedule (made with effect from 2 April 1970) which provides that rules are to be framed by the Governor for the management of the District Fund and for the procedure to be followed in respect of payment of money into the said Fund, the withdrawal of moneys there from, the custody of moneys therein and any other matters connected therewith or ancillary to these matters, the State Government of

Assam prepared in 1972 Draft District Fund Rules, common to both the District Councils in Assam State. These draft rules were subsequently revised as the District Fund Rules, 1978, the Autonomous District Fund Rules, 1989, 1992 and 1995. The revised Rules, 1995 are yet to be finalised by the State Government.

### **1.3 Maintenance of accounts**

In pursuance of paragraph 7(3) of the Sixth Schedule to the Constitution, the form in which the accounts of the District Council are to be maintained was prescribed by the Comptroller and Auditor General of India with the approval of the President in April 1977 and communicated to the Government of Assam in June 1977. The State Government forwarded this form of accounts to the Council in March 1978. The Annual Accounts for the year 1998-99 has been prepared in the prescribed form, due for submission by 30 June 1999 was submitted in July 1999.

Annual Accounts for the year 1998-99 disclosed that there were difference between figures shown in Annual Accounts and figures recorded in the initial records of concerned branches of the Council and these were not explained to audit. Thus, the discrepancies/omissions noticed in the Annual Accounts for the year 1998-99 remained unsettled despite repeated requests in course of audit.

Results of the test check of Annual Accounts submitted by the Council for the year 1998-99 are given in the succeeding paragraphs.

## SECTION - II

## 2.1 Receipts and Expenditure

## 2.1.1 Revenue Receipt

According to the Annual Accounts furnished by the Council, the revenue receipts and expenditure of the Council for the year 1998-99 and the resultant revenue deficit were as follows:

(Rupees in lakh)

RECEIPTS		DISBURSEMENTS	
PART-I DISTRICT FUND			
1. Revenue Receipts		1. Revenue Expenditure	
i. Taxes on Income & Expenditure	103.52	i. District Council Secretariat	35.21
ii. Land Revenue	8.37	ii. Executive Member	43.71
iii. Stamp and Registration Fees	2.45	iii. Administration of Justice	3.99
iv. Taxes on vehicles	0.23	iv. Land Revenue	164.08
v. Other Administrative Service	0.05	v. Stamp and Registration	0.08
vi. Other General Economic Service	40.90	vi. Secretariat General Service	118.86
vii. Fisheries	1.15	vii. Stationery and Printing	117.37
viii. Forests	222.25	viii. Public Works	634.73
ix. Stationery and Printing	0.09	ix. Pension and other retirement benefits	42.13
x. Mines and Minerals	9.02	x. Education	2006.72
xi. Education	2.62	xi. Art and Culture	36.84
xii. Interest receipts	0.08	xii. Urban Development	96.70
xiii. Roads and Bridges	87.49	xiii. Public Health, Sanitation and Water Supply	42.60
xiv. Public Works	4.36	xiv. Information and Publicity	2.51
xv. Grants-in-aid from State Government	1766.06	xv. Social Security and Welfare	5.11
		xvi. Relief on account of Natural Calamities	67.00
		xvii. Minor Irrigation	73.65
		xviii. Other General Economic Service	15.30
		xix. Forest	327.62
		xx. Roads Transport Services	36.87
<b>Total Revenue Receipts</b>	<b>2248.64</b>	<b>Total Revenue Expenditure</b>	<b>3871.08</b>
<b>Revenue Deficit</b>	<b>1622.44</b>	<b>Revenue Surplus</b>	<b>---</b>

2. Capital	NIL	2. Capital	30.00
3. Debt	----	3. Debt	----
4. Loans and Advance		4. Loans and Advance	
Recoveries of Loans and Advances	0.81	Disbursement of Loans and Advances	8.26
5. Deficit under capital and Loans and Advances	37.45	-----	----
<b>Total of Part-I District Fund</b>	<b>3909.34</b>	<b>Total of Part-I District Fund</b>	<b>3909.34</b>
<b>PART-II DEPOSIT FUND</b>			
i) Deposit received	0.13	i) Expenditure on deposit account	----
ii) Fund received from the State Government for transferred functions	14259.11	ii) Expenditure on transferred functions	14108.64
<b>Total of Part-II Deposit Fund</b>	<b>14259.24</b>	<b>Total of Part-II Deposit Fund</b>	<b>14108.64</b>
<b>Total Receipts (Part-I &amp; Part-II)</b>	<b>16508.69</b>	<b>Total Disbursement (Part-I &amp; Part-II)</b>	<b>18017.98</b>
<b>Opening Balance</b>		<b>Closing Balance</b>	
(i) Cash	2.21*	(i) Cash	2.14
(ii) Treasury (PLA)	(-) 0.18	(ii) Treasury (PLA)	(-) 1509.40
<b>Grand Total</b>	<b>16510.72</b>	<b>Grand Total</b>	<b>16510.72</b>

\* Total mistake in previous year's closing balance (Rs.2.28 lakh) has been rectified by the Council and correct figure (Rs. 2.21 lakh) adopted in the opening balance of 1998-99.

Revenue receipts (including Grants-in-aid received from the State Government) of the Council for the year 1998-99 pertaining to inherent functions as specified in the Sixth Schedule to the Constitution were Rs.2248.64 lakh.

Against this, Council had spent Rs.3871.08 lakh resulting in net revenue deficit of Rs.1622.44 lakh (42 per cent). A part of the excess expenditure (Rs.1622.44 lakh) was met by irregular diversion of accumulated unspent fund advanced by the State Government for discharging entrusted functions.

2.1.2 Receipts and Expenditure (including Grants-in-aid) under Part-I District Fund as shown in the Annual Accounts differed from actual transactions as per Cash Book as worked out by audit as indicated below :-

(Rupees in lakh)

Particulars	As per annual accounts 1998-99	As per Cash Book and other records worked out by audit	Difference (+) Excess (-) Less
<b>Revenue receipt</b>			
a) Revenue Collected	482.58	482.87	(-) 0.29
<b>Revenue expenditure</b>			
a) Revenue expenditure	1394.91	1394.97	(-) 0.06
b) Grants-in-aid (GIA)	2476.17*	2469.57	(+) 6.60

\* As per statement No.6 of Annual Accounts

Sl.No. 4	75,04,571.00
Sl.No. 8	3,27,18,790.00
Sl.No. 10	18,94,74,545.00
Sl.No. 12	42,60,370.00
Sl.No. 13	31,20,000.00
Sl.No. 18	73,65,000.00
Sl.No. 19	16,30,125.00
Sl.No. 20	15,44,052.00
<b>Total</b>	<b>24,76,17,453.00</b>

There was thus understatement of revenue receipts by Rs.0.29 lakh and overstatement of revenue expenditure by Rs.6.54 lakh (Rs.6.60 lakh-Rs.0.06 lakh).

In reply (June 2000) the Council however accepted the audit observation and further stated that necessary correction would be made in the next year's account (1999-2000).

**2.1.3** Test check (October - November 1999) revealed that during 1998-99 Council's share (90 per cent) of Motor vehicle tax (Rs.87.49 lakh) collected by the Deputy Commissioner, Diphu (in charge D.T.O.) was credited to Council fund. In annual accounts for the year 1998-99 (Statement No.5) the revenue receipt of Rs.87.49 lakh was however, shown as receipt under Roads and Bridges instead of Taxes on Vehicle. Thus, receipt under Taxes on Vehicle was understated by Rs.87.49 lakh and receipts under Roads and Bridges was overstated to that extent.

Under Major head of accounts Road and Transport Services (RTS) was omitted in statement No.5 of the annual accounts for the year 1998-99 despite the fact that revenue receipt under RTS of Rs.4.15 lakh (being hire charges of buses Rs.3.08 lakh and sale of old vehicles Rs.1.07 lakh) was deposited into treasury during the year. This, resulted in understatement of revenue receipts under RTS to that extent.

In reply (June 2000), the Council however, accepted the facts, figures and audit observations.

**2.1.4** Scrutiny of drawal and remittance schedules (October - November 1999) of Council related to C.P.F. revealed that a sum of Rs.33.60 lakh was actually drawn and remitted by the Council authority towards contribution to Provident Fund during the year 1998-99. As per Annual Accounts of the Council (Sl.No.9 of Statement No.6), however, only a sum of Rs.5.69 lakh was accounted for under the head "Pension and other retirement benefit - Contribution to Provident Fund".



Reasons for the discrepancy of Rs.27.91 lakh (Rs.33.60 lakh-Rs.5.69 lakh) had not been stated (June 2000) and this resulted in understatement of C.P.F. Contribution by Rs.27.91 lakh.

Revenue expenditure under Road Transport Services of Rs.8.41 lakh being repair charges of existing vehicles of transport branch of the Council was shown as expenditure under Public Works (Statement No.6) which led to understatement of revenue expenditure of Rs.8.41 lakh under Road Transport Services and overstatement under Public Works.

In reply (June 2000), the Council authority, however, accepted the audit observations.

**2.1.5** Records of the Council (Receipt and Expenditure indicated that during 1998-99, the Council had received Rs.2180.46 lakh as Grants-in-aid from the State Government. Statement No.5 of the Annual Accounts for the year 1998-99, however, showed receipt of Rs.1766.06 lakh only as Grants-in-aid from State Government (as per Cash Book) resulting in discrepancy of Rs.414.40 lakh.

In reply (June 2000), the Council stated that the variation of figure shown in the statement may be occurred due to mis-classification of posting of Grants-in-aid in the Cash Book from which the figures are incorporated in the Annual Account. But the discrepancies remained unreconciled till date.

**2.1.6** Test check of records revealed that an expenditure of Rs.6.61 lakh incurred in June 1998 being the cost of construction of bus body under RTS was charged twice in annual accounts for 1998-99 (Statement No.6-GIA) once under the head in RTS (Rs.6.61 lakh in June 1998) and again under Public Works (Rs.6.61 lakh in August 1998). Due to incorrect charge in Public Works there was over-statement of revenue expenditure to the extent of Rs.6.61 lakh in Public Works.

In reply (June 2000), the Council admitted the audit observation.



## **2.2 Capital outlay**

Test check (October - November 1999) of records of Transport branch of the Council revealed that capital expenditure of Rs.33.73 lakh was incurred towards "Acquisition of fleet" (cost of 4 nos. of bus chassis Rs.18.90 lakh and cost of bus bodies Rs.14.83 lakh) against budget provision of Rs.83.93 lakh under grant No.42 Capital Outlay on RTS. But in annual accounts (Statement No.6) for the year 1998-99, Rs.8.22 lakh and Rs.25.51 lakh were shown as revenue expenditure under Road Transport Services and Public Works respectively. This resulted in understatement of capital expenditure under RTS by Rs.33.73 lakh.

In reply (June 2000), the Council authority accepted the audit observation.

## **2.3 Receipt and expenditure compared to budget provision.**

### **2.3.1 Receipts (Shortfall in collection of revenue)**

Under the following 9 Major heads of account, revenue receipts (excluding grants-in-aid) were Rs.288.67 lakh for the year 1998-99 against the budget estimate of Rs.1801.39 lakh which resulted in shortfall of Rs.1512.72 lakh (72.67 per cent) compared to budget estimate.

The shortfall was over 90 per cent under Land Revenue, Interest Receipts, Stationery and Printing and Mines and Minerals.

*(Rupees in lakh)*

Head of account	Estimated amount as per budget	Revenue receipts as per annual account	Shortfall	Percentage of shortfall	Previous years position	
					Budget Estimate of 1997-98	Actual receipts as per annual accounts of 1997-98
Land revenue	665.97	8.37	657.60	98.74	80.10	10.20
Stamp and Registration fees	10.00	2.45	7.55	75.50	10.00	3.83
Interest receipt	10.78	0.08	10.70	99.26	3.00	0.20
Stationery and Printings	17.77	0.09	17.68	99.49	16.20	0.06
Public Works	12.51	4.36	8.15	65.15	9.70	1.27
Other General						
Economic Service	268.00	40.90	227.10	84.74	97.00	8.08
Fisheries	2.00	1.15	0.85	42.50	5.00	2.18
Forests	676.86	222.25	454.61	67.16	500.00	130.91
Mines and Minerals	137.50	9.02	128.48	93.44	236.00	4.89
<b>Total :</b>	<b>1801.39</b>	<b>288.67</b>	<b>1512.72</b>		<b>957.00</b>	<b>161.62</b>

In reply (June 2000) the Council cited insurgency problem as the reason for shortfall in revenue receipts under all major heads of accounts. Shortfall under Forest receipts was particularly attributed to ban imposed by Hon'ble Supreme Court on movement of timber.

Reply of the Council is not tenable as the huge variations between estimate and actual receipts implied that the factors attributed by the Council were not taken into account in preparation of budget estimates. Shortfall in receipts every year also indicated that previous years' actual receipts were also not taken into account while preparing the budget.

### 2.3.2 Expenditure

There was excess expenditure ranging from 53 to 100 per cent over

budget estimate under 3 heads under revenue sector (including Grants-in-aid) as exhibited in annual accounts for the year 1998-99 (statement No.6) which are as follows :

*(Rupees in lakh)*

	Actual expenditure as per annual accounts	Estimated amount	Excess	Percentage of excess
Public Works	634.73	351.07	283.66	81
Urban Development	96.70	63.30	33.40	53
Relief on account of Natural Calamities	67.00	—	67.00	100

The Council did neither put forward any reason for incurring expenditure in excess of budget provision violating financial discipline nor could state how the excess expenditure was proposed to be regularised in the absence of specific provision in District Council Fund Rules in this regard.

### **2.3.3 Records of draught relief expenditure could not be audited**

During test check (November 1999), it was revealed that the Revenue Department of the Council drew Rs.67.00 lakh as draught relief for Hamren Sub-Division without any budget provision and the entire amount was paid (October 1998) to Sub-Divisional Agriculture Officer, Hamren for procurement and distribution of seeds, fertilizer, pesticides etc. as relief materials. But, relevant records connected with the procurement, distribution and list of beneficiaries etc. alongwith utilisation for the same were not made available to audit.

In the absence of these records the expenditure could not be vouchsafed in Audit.

## 2.4 Receipts and expenditure compared with the actual of previous year

Large variation in receipts and expenditure under different heads of accounts between the current and previous year were noticed. A few instances of such cases are given below :

(Rupees in lakh)

Head of Account	1997-98	1998-99	Variation Decrease (-) Increase (+)	Percentage of decrease/ increase
<b>Receipts</b>				
Taxes on Income and Expenditure	121.59	103.52	(-) 18.07	14.86
Land revenue	10.20	8.37	(-) 1.83	17.94
Stamp and Registration fees	3.83	2.45	(-) 1.38	36.03
Fisheries	2.18	1.15	(-) 1.03	47.25
<b>Expenditure</b>				
Executive Member	32.46	43.71	(+) 11.25	34.66
Land Revenue	124.81	164.08	(+) 39.27	31.46
Secretariat General Service	107.12	118.86	(+) 11.74	10.96
Stationery and Printing	85.59	117.37	(+) 31.78	37.13
Public Works	167.19	634.73	(+) 467.54	279.65
Education	1320.43	2006.72	(+) 686.29	51.97
Relief on account of Natural Calamities	17.52	67.00	(+) 49.48	282.42

In reply the Council stated (June 2000), that reply would be furnished after ascertaining the reasons for variation.

## 2.5 Entrusted function

2.5.1 According to the records of the Council (Accounts (T) Branch) the Council received Rs.13813.62 lakh (Non Plan Rs.4770.75 lakh and Plan

Rs.9042.87 lakh) from the State Government for discharging entrusted functions. Against this, Rs.13030.95 lakh (Non Plan Rs.4202.36 lakh and Plan Rs.8828.59 lakh) was spent by the Council during the year. However, as per annual accounts (Statement No.7) total receipt and expenditure for entrusted functions have been shown as Rs.14259.11 lakh and Rs.14108.64 lakh respectively. Thus, under the head Deposit Fund of the annual accounts for the year 1998-99 (receipts and expenditure in respect of fund received from State Government for discharging entrusted functions) amounts were not depicted correctly. The discrepancy in receipts Rs.445.49 lakh and in expenditure Rs.1077.69 lakh had not been reconciled (August 2000).

**2.5.2** According to the terms of entrustment any Plan funds left unutilized at the close of the financial year is to be refunded into treasury by 15 March every year under intimation to State Finance Department and should not be carried over to the next financial year. The Council unauthorisedly retained the unspent balance of Plan fund of Rs.214.28 lakh and had not refunded into treasury which was irregular.

**2.5.3** As per Memorandum of understanding dated 31 December 1996 between Government of Assam and Autonomous Council, the Council is not empowered to re-appropriate fund from one Major Head of account to another in the case of entrusted functions and is required to restrict the expenditure to the limit of Budget Provision/Fund released by the State Government.

Under the following Major Heads the Council incurred expenditure of Rs.121.64 lakh (Plan Rs.77.31 lakh + Non-Plan Rs.44.33 lakh) in excess of Budget Provision/Fund released by the State Government by irregular diversion from other heads.

Major head-wise excess expenditure over budget allocation are as follows :-

*(Rupees in lakh)*

Head of accounts	Budget allocation	Actual expenditure	Excess
<b>Plan</b>			
2401 Agriculture	465.20	502.04	36.84
4701 Mines and Minerals	176.00	185.25	9.25
2215 PHE	940.70	966.11	25.41
2211 Family Welfare	10.10	15.91	5.81
<b>Total</b>			<b>77.31</b>
<b>Non-Plan</b>			
2401 Agriculture	381.44	418.11	36.67
2702 Minor Irrigation	141.34	149.00	7.66
<b>Total</b>			<b>44.33</b>

The Council in reply (June 2000), however admitted the irregular diversion but stated that fund from the one Major head to another Major head had to be diverted out of savings of other Major head to meet the actual requirement of emergent nature.

The reply is not tenable as the action was irregular.

## 2.6 Personal ledger Account

The Council maintained a Personal Ledger Account (PLA) with the Diphu Treasury into which all receipts on account of regular functions and entrusted functions are credited and out of which all expenditure on both functions are met. The balances held under PLA as per Cash Book were not reconciled with the balances shown in the records of Diphu Treasury for the period covered under audit (1998-99) resulting in huge discrepancies in balances as shown below :-

*(Rupees in lakh)*

<b>Particulars</b>	<b>As per Treasury records</b>	<b>As per PLA Cash Book</b>	<b>As per Annual Accounts 1998-99</b>
Opening balance (1.4.1998)	2447.59	121.57	(-) 0.18
Closing balance (31.3.1999)			
deposit	2178.14	(-) 1306.72	(-) 1509.40
Fund receipt	16525.57	16508.87	16508.69
Deposit fund disbursed	16795.02	17937.16	18017.98

Such discrepancies were pointed out in the Report for the year 1997-98 and still persist. It was, however, stated that effective steps are being taken to reconcile the same (August 2000).

**SECTION - III****3.1 Revenue Receipt****3.1.1 Loss of forest revenue due to non operation of stone and sand mahals**

As sand and stone are carried away by the river current non-operation of mahals for any period results in loss of revenue. To avoid loss of working period it is essential to initiate action well in advance for settlement of mahals.

a) Stone and sand mahal at Upper Jarapani under Forest East Division were settled by the Council in December 1994 for 2 years with working period from 15 December 1994 to 14 December 1996 at Rs.1.25 lakh for extraction of stipulated quantity of stone 1000 cum and sand 1000 cum. Accordingly, the mahaldar operated the mahal upto 14 December 1996.

Prior to expiry of above term, in November 1996 the Divisional Forest Officer requested the Council to settle the mahal with a willing petitioner Shri Thangsing Rongpi on the basis of payment of royalty. But, no action was taken by the Council for settling the mahal either on royalty basis or by inviting open tender. Thereafter, only on 7 May 1999, the Council floated tender for the year 1999-2000 which, was yet to be settled/finalized (November 1999).

Thus, no operation was carried out in the Mahal during the period from 15 December 1996 to 14 November 1999 (2 years 11 months) and thereby the Council sustained a loss of Rs.1.82 lakh on the basis of the settlement of Mahal for the earlier period.

b) Similarly, the Jarapani sand cum stone quarry under Forest East Division also remained without any operation for the period from 18 November 1991 to 17 November 1999.



The quarry was initially settled (18 December 1991) for the working period from 18 December 1991 to 17 December 1993 with Shri Borsing Engti at Rs.1.30 lakh for 2 years for extraction of sand 500 cu.m. and stone 500 cu.m. But, he was not allowed to operate the quarry till payment of an outstanding forest revenue Rs.0.33 lakh pertaining to years 1988-90 against another mahal. The mahaldar (Shri Engti) however, had not cleared the arrears and the quarry remained to be operated for the said term despite D.F.O.'s repeated requests to Council for re-settlement.

Again, in March 1994 the D.F.O. requested the Council to allot the said quarry with a willing person (Shri Thangsing Rongpi) for extracting 1000 cum of sand and 1000 cum of stone on royalty basis but no action was initiated by the Council. Finally, though the quarry was put to sale for the year 1998-99 and 1999-2000 in April 1998 and July 1999 respectively but the same also remained unsettled till November 1999 which not only adversely affected the revenue of Council but also wastage of forest resources. The reasons for failure in settlement was, however, not on records produced to audit.

Thus, due to non-operation of the quarry for 7 years 11 months (18 December 1991 to 17 November 1999) on the basis of last settled value of Rs.1.30 lakh for 2 years, the Council sustained loss to the extent of Rs.5.15 lakh.

### **3.1.2 Undue advantage to the lessees of entry check gates**

The right of entry check gates for the year 1998-99 was leased out to lessees under the following terms and conditions :-

- i) The settled value had to be deposited in 36 equal instalments on the last day of each week.
- ii) If the lessees failed to pay any of the instalments on the last day of

each week or next working day, 20 per cent penalty would be charged against the instalment due. If the lessees further failed to pay the installments along with penalty, the lease would be terminated out-right and the security deposited with the Council would be forfeited declaring them as defaulter and the defaulting lessees would be black listed and barred from participating in any tender of the Council thereafter.

Test check of records (October - November 1999) revealed that out of 20 lessees of 1998-99, 5 lessees failed to clear their dues to the tune of Rs.3.61 lakh till November 1999 for the lease period up to 31 March 1999 as indicated below :

Name of entry check gate	Name of lessee	Settled value (Rs.)	Payment made (Rs.)	Outstanding revenue (Rs.)
1. Parakhowa	Shri N.K. Rongpi	2,60,000.00	1,45,500.00	1,14,500.00
2. Hollowkhowa	Shri S. Rongpi	50,010.00	29,003.00	21,007.00
3. Laharijan NH.36	Shri L. Teron	1,35,015.00	38,760.00	96,255.00
4. Howraghat	Shri K. Engti	1,96,000.00	73,702.00	1,22,298.00
5. Bogjijan	Shri H. Teron	8,888.00	2,223.00	6,665.00
<b>Total :</b>		<b>6,49,913.00</b>	<b>2,89,188.00</b>	<b>3,60,725.00</b>

For non-payment of dues of Rs.3.61 lakh the Council had not imposed any penalty or taken any action as per term and conditions of settlement against the 5 defaulting lessees but allowed them to continue the lease period till November 1999 without imposing any further condition.

Thus, the Council not only extended undue advantage to the lessees but also sustained a loss of revenue to the extent of Rs.3.61 lakh.

### 3.1.3 Loss of revenue due to non-disposal of seized logs

Test check of records of Forest East Division showed that 114.848

cubic metre of logs valued Rs.3.63 lakh seized and prepared in 33 lots for disposal during the year 1995-96 were not disposed of by the Division as November 1999 due to ban imposed by the Honourable Supreme Court in December 1996 for protection and conservation of forest. Since the logs were lying un-disposed for prolonged period, all the seized logs became completely damaged due to exposure to sun and rain.

Scrutiny of records revealed that the ban on cutting of trees and movement of timber from any of the North Eastern State was imposed on 12 December 1996 and in view of recommendation of High Power Committee, the Honourable Supreme Court on 15 January 1998, allowed disposal of felled timbers and ancillary matters thereto.

Even though, the Court allowed disposal of seized logs from January 1998, the department had not taken any action for getting the residual value of these logs. As a result, in November 1999, the entire quantity under 33 lots the minimum price of which was fixed at Rs.3.63 lakh by the department became completely damaged and thereby the Council sustained loss of forest revenue to the extent of its disposable value.

## **3.2 Other points**

### **3.2.1 Excess payment in construction of bus bodies**

For construction of four bus bodies on chassis (model LP/1510/42) the Council in April 1998, finalised the rate by inviting tender (2 March 1998) at Rs.3.60 lakh plus 8 per cent tax per bus body as per lowest offered rate of a firm M/s Kamrup Construction Company Ltd. Beltola, Guwahati and the work was awarded after executing necessary agreement (24 April 1998) with the said firm.

Scrutiny of records however, revealed that as against cost of construction of 4 bus bodies (@ Rs.3.60 lakh) Rs.15,55,200.00 (Rs.14,40,000.00 + 8% tax Rs.1,15,200.00), the Council accorded sanction of expenditure of Rs.16,41,600.00 between 22 June 1998 and 5 September 1998 as per claims preferred by the firm @ Rs.3.80 lakh plus tax. The entire amount was paid to the firm by a draft during the period from 4 July 1998 to 7 September 1998.

This resulted in an excess payment of Rs.0.86 lakh to the firm.

### **3.2.2 Unproductive expenditure on plantation**

As per standard norm fixed by the Principal Chief Conservator of Forest, Government of Assam, the survival percentage of a successful plantation was to be minimum 70.

During the years 1994-95 to 1997-98 the Forest East Division created 38 plantations under various schemes viz. regraded forest, ply-wood, teak plantations etc. covering 567 hectares at a total cost of Rs.15.57 lakh towards creation and regular maintenance including vacancy filling as per norms prescribed by the Principal Chief Conservator of Forest, Assam.

During test check of records it was revealed that out of 38 plantations, 37 plantations were done at a cost of Rs.14.74 lakh where average survival percentage ranged between 40 and 63 against minimum 70 per cent and one plantation created at a cost of Rs.0.83 lakh was a complete failure.

The shortfall in the survival percentage ranged between 7 and 30 in 37 plantations and 100 in one plantation during 1995-96 (Scheme RDF, Arajan) for which the amount of Rs.3.72 lakh (**Appendix-I**) spent by the Division became unproductive.

### **3.2.3 Non-production of records**

As per Annual Accounts for the year 1998-99, the Council booked Rs.634.73 lakh under Grant No.9 "Public Works" and Rs.42.60 lakh under Grant No.13 "Public Health Sanitation". Records relating to expenditure of Rs.677.33 lakh under the above two heads of expenditure had not been furnished by the concerned Public Works Wing of the Council despite repeated reminders for production of the same to audit. As a result, audit could not exercise necessary scrutiny on the said transactions.

### **3.2.4 Non submission of Utilisation Certificate**

Test check of records revealed that during 1998-99, a sum of Rs.78.50 lakh was drawn by the Council towards creation of Tea Plantation under Integrated Jhumia Development Programme (IJDP) Scheme and disbursed the same to the Implementing Agencies\* in April 1999 but details of expenditure and utilisation certificate were not furnished to audit (November 1999).

In reply (June 2000), the Council stated that utilisation certificate in complete form are yet to be received from the Implementing Agencies.

### **3.2.5 Outstanding Inspection Reports**

Audit observations on financial irregularities and defects in the maintenance of accounts noticed during local audit and not settled on the spot are communicated to the heads of the offices and to the next higher authority through the Inspection Reports.

The following audit paragraphs pertaining to the period from January 1972 to March 1998 issued to the Council between 1974 and 1999 were pending for settlement despite being pointed out in the earlier audit reports.

\* Government department

Sl.No.	Period/Year of Inspection Reports	Year of issue	Number of outstanding paragraphs
1.	January 1972 to December 1972	1974	5
2.	August 1975 to April 1976	1976	32
3.	May 1976 to June 1977	1978	44
4.	July 1977 to September 1978	1979	18
5.	October 1978 to January 1980	1981	14
6.	February 1980 to March 1981	1982	23
7.	April 1981 to March 1982	1983	21
8.	April 1982 to March 1983	1983	38
9.	April 1983 to March 1984	1985	62
10.	April 1984 to March 1985	1986	58
11.	April 1985 to March 1986	1987	12
12.	April 1986 to March 1988	1989	20
13.	April 1988 to March 1990	1996	17
14.	April 1990 to March 1995	1996	33
15.	April 1995 to March 1996	1997	17
16.	April 1996 to March 1997	1998	23
17.	April 1997 to March 1998	1999	23
<b>Total :</b>			<b>460</b>

Even first reply to none of the inspection report mentioned above except the inspection report at Sl.No.17 had been furnished by the Council.

4. Observations/points on paragraph from 1.1 to 3.2.5 of the Audit Report were referred to the Council on 6 September 2000, who, however had not furnished any reply till 11 October 2000.



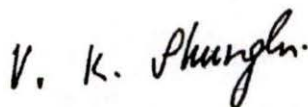
( D. J. BHADRA )

Accountant General (Audit), Assam

Place: Guwahati

Date : 29 JUN 2001

Countersigned



( V. K. SHUNGLU )

Comptroller and Auditor General of India

Place: New Delhi

Date : 13 JUL 2001





## APPENDIX - I

## Statement showing poor survival percentage of Plantation

(Ref : Paragraph 3.2.2)

Sl. No.	Range/ Year of plantation	Total No. of schemes	Total area of plantation (In lakh)	Average survival (Percentage)	Shortfall of survivality in terms of standard norms of 70%	Creation and maintenance cost				Proportionate wasteful expenditure	Remarks
						Advance work (Rs.)	Creation (Rs.)	Maintenance (Rs.)	Total (Rs.)		
1.	<b>Dhansiri Beat</b>										
	1994-95	5	55	54	16	55,000	68,750	116,875	240,625	38,500	One plantation during 1995-96 under RDF Scheme was completely failed
	1995-96	4	57	45	25	57,000	71,250	36,500	164,750	41,188	
	1996-97	2	60	55	15	60,000	75,000	85,500	220,500	33,075	
1997-98	3	25	58	12	25,000	31,250	20,000	76,250	9,150		
2.	<b>Laharijan Beat</b>										
	1994-95	3	30	53	17	35,000	37,500	63,750	136,250	23,163	
	1995-96	4	65	55	15	65,000	81,250	118,625	264,875	39,731	
	1996-97	2	35	63	7	35,000	43,750	49,875	128,625	9,004	
1997-98	2	25	58	12	25,000	31,250	20,000	76,250	9,150		
3.	<b>Rangapaba Range</b>										
	1994-95	3	35	58	12	35,000	43,750	74,375	153,125	18,375	
	1995-96	3	40	55	15	40,000	50,000	73,000	163,000	24,450	
	1996-97	2	17	40	30	17,000	21,250	24,225	62,475	18,743	
1997-98											
4.	<b>Western Range Borloogler</b>										
	1995-96	1	15	50	20	15,000	18,750	27,375	61,125	12,225	
	1996-97	3	83	45	25	83,000	103,750	118,275	305,025	76,256	
	1997-98	1	25	45	25	25,000	31,250	20,000	76,250	19,063	
<b>Total :</b>	<b>38</b>	<b>567</b>				<b>572,000</b>	<b>708,750</b>	<b>848,375</b>	<b>21,29,125</b>	<b>3,72,073</b>	

