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**REPORT OF THE  
COMPTROLLER AND AUDITOR GENERAL  
OF INDIA**

**FOR THE YEAR 2000-01**

**KARBI ANGLONG AUTONOMOUS COUNCIL  
DIPHU, ASSAM**



COMPTROLLER AND AUDITOR GENERAL OF INDIA  
2004



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## TABLE OF CONTENTS

	Paragraph (s)	Pages
Prefatory Remarks		v
Overview		vii
<b>SECTION-I</b>		
Introduction	1	1
Rules for the management of District Fund	1.2	2
Maintenance of Accounts	1.3	3
<b>SECTION-II</b>		
Receipts and Expenditure	2.1	4
Revenue Receipt	2.1.1	4
Revenue Deficit	2.1.2	5
Receipts and Expenditure compared with the actuals of previous year	2.1.3	6
Receipts and Expenditure compared to Budget Provisions	2.1.4	7
Understatement of Revenue Receipts	2.1.5	8
Comments on accounts	2.2	9
Capital outlay	2.3	10
Entrusted Functions	2.4	10
Personal Ledger Account	2.5	13
<b>SECTION-III</b>		
Loss of revenue to the Council	3.1	15
Loss of forest revenue due to non-extraction of allotted bamboo	3.1.1(i)	15
Loss of forest revenue due to short realisation of actual quantum of extracted and transported bamboos	3.1.1(ii)	16
Loss of revenue due to short assessment of barks lifted by Mahalder	3.1.2	17
Other points	3.2	18
Unauthorised deposit of State revenue into Council's fund/Non-deposit of unspent balance into treasury	3.2.1	18
Non-production of records	3.2.2	19
<b>APPENDICES</b>		
<b>Appendix-I</b>		
Quantity of barks assessed by the Division and as per reports of the concerned Range Officers		21

### **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 2000-01.
  
3. This Report contains three sections of which one section deals with 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 2000-01.

## Overview

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

☆ Revised District Fund Rule 1995 could not be finalized due to non-amendment of Sixth Schedule to the Constitution of India.

*(Paragraph 1.2)*

☆ Net revenue deficit was Rs.14.29 crore (35 *per cent*). The excess expenditure was met by irregular diversion of fund advanced by the State Government for discharging entrusted functions.

*(Para 2.1.2)*

☆ Compared with the budget estimate there was a huge shortfall of revenue collection by Rs.19.22 crore (81 *per cent*) excluding Grants-in-aid.

*(Para 2.1.4)*

☆ Discrepancy in receipts of Grants-in-aid by Rs.2.07 crore remained unreconciled.

*(Para 2.1.6)*

☆ Expenditure under normal functions was understated by Rs.5.24 crore.

*(Para 2.2.2)*

☆ Net overstatement of receipt and expenditure under entrusted function by Rs.0.81 crore and Rs.6.15 crore respectively.

*(Para 2.4.1)*

☆ Rupees 4.60 crore was irregularly diverted without obtaining approval from the Government.

*(Para 2.4.3)*

☆ Short realisation resulted in loss of forest revenue by Rs.1.21 crore.

*(Para 3.1.1(ii))*



## SECTION-I

### 1 Introduction

The Karbi Anglong District Council in Assam 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 powers to make laws on matters listed in paragraph 3(1) of the Sixth Schedule, mainly in respect of allotment, occupation, use of land; management of forests (other than reserve forest); use of any canal or watercourse for agriculture, regulation of the practice of 'Jhum' or other forms 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 Councils have 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 Councils also have 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 grants from the State Government for the management of the entrusted functions, and is to render monthly accounts in the prescribed form to the Accountant General with supporting vouchers. Budget provision for these functions (excepting for management of reserve forest) 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 money 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 Sub-Para (2) of Para 7 of the Schedule (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 money there from the custody of monies therein and any other matter connected with 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 due to non-amendment of Sixth Schedule to the Constitution of India.

### **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 1999-2000 has been prepared in the prescribed form. The accounts which were due for submission by 30 June 2001 were submitted to Audit in September 2003.

Results of the test-check of Annual Accounts submitted by the Council for the year 2000-01 are given in the succeeding paragraphs.

## SECTION-II

## 2.1 Receipt 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 2000-01 and the resultant revenue deficit were as follows:

(Rupees in lakh)

## Part-I DISTRICT FUND

Receipts		Disbursements	
1. Revenue Receipts		1. Revenue Expenditure	
i. Taxes on Income & Expenditure	135.94	i. District Council Secretariat	60.93
ii. Land Revenue	8.20	ii. Executive Member	57.22
iii. Stamp and Registration Fees	0.97	iii. Administration of Justice	25.27
iv. Taxes on vehicle	43.08	iv. Land Revenue	185.17
v. Other Administrative Services	0.42	v. Stamp and Registration	0.18
vi. Other General Economic Service	42.29	vi. Secretariat General Service	154.20
vii. Fisheries	1.02	vii. Stationery and Printing	123.99
viii. Forests	203.94	viii. Public Works	345.16
ix. Stationery and Printing	0.03	ix. Pension and other retirement benefits	111.63
x. Mines and Minerals	0.81	x. Education	2305.68
xi. Education	1.40	xi. Art and Culture	40.07
xii. Roads and Bridges	9.31	xii. Urban Development	49.00
xiii. Public Works	0.43	xiii. Public Health, Sanitation and Water Supply	18.67
xiv. Misc. Receipts	--	xiv. Information and Publicity	--
xv. Grants-in-aid from State Government	2173.50	xv. Social Security and Welfare	2478
		xvi. Relief on account of Natural Calamities	7.33
		xvii. Minor Irrigation	53.47
		xviii. Other General Economic Service	13.05
		xix. Forest	275.09
		xx. Road Transport Services	44.19
		xxi. Agriculture	8.00
		xxii. Roads and Bridges	168.87
		xxiii. Fishery	--
<b>Total Revenue Receipts</b>	<b>2621.34</b>	<b>Total Revenue Expenditure</b>	<b>4049.95</b>

Revenue deficit	1428.61	Revenue Surplus	--
2. Capital	--	2. Capital	53.55
3. Debt	--	3. Debt	--
4. Loans and Advance		4. Loans and Advance	
Recoveries of Loans and Advances	1.00	Disbursement of Loans and Advances	1.78
5. Deficit under Capital and Loans and Advances	54.33		
<b>Total of Part-I-District Fund</b>	<b>4105.28</b>	<b>Total of Part-I-District Fund</b>	<b>4105.28</b>

#### Part-II DEPOSIT FUND

(i) Fund received from the State Government for transferred functions	15782.22	(i) Expenditure on transferred functions	15937.17
<b>Total of Part-II-Deposit Fund</b>	<b>15782.22</b>	<b>Total of Part-II Deposit Fund</b>	<b>25937.17</b>
<b>Total Receipts-Part-I&amp;II</b>	<b>18404.56</b>	<b>Total Disbursement Part I&amp;II</b>	<b>20042.45</b>
<b>Opening Balance</b>		<b>Closing Balance</b>	
(i) Cash	15.62	(i) Cash	4.68
(ii) Treasury (PLA)	(-) 2451.08	(ii) Treasury (PLA)	(-) 4078.03
<b>Grand Total</b>	<b>15969.10</b>	<b>Grand Total</b>	<b>15969.10</b>

### 2.1.2 Revenue Deficit

Revenue receipts (including Grants-in-aid received from State Government) of the Council for the year 2000-01 pertaining to inherent functions as specified in the Sixth Schedule to the Constitution were Rs.26.21 crore. Against this, Council spent Rs.40.50 crore resulting in revenue deficit of Rs. 14.29 crore (35 per cent). Compared to the revenue deficit of Rs.8.65 crore in 1999-2000, there was a significant increase of Rs.5.64 crore (65 per cent) during 2000-01. The excess expenditure was met by irregular diversion of funds earmarked for discharging entrusted functions, as advanced by the State Government.

### 2.1.3 Receipts and Expenditure compared with the actuals of previous year

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

(Rupees in lakh)

Sl. No.	Head of Accounts	Actual receipt in 1999-2000	Actual receipt in 2000-01	Variation Decrease (-) Increase (+)	Percentage Decrease /Increase
<b>Receipts</b>					
1.	Stamps and Registration fees	3.22	0.97	(-) 2.25	70
2.	Public Works	2.08	0.43	(-) 1.65	79
3.	Other Administrative services	87.49	0.42	(-) 87.07	99
4.	Mines and Minerals	38.20	0.81	(-)37.39	98
5.	Education	10.81	1.40	(-)9.41	87
6.	Forest	255.95	203.94	(-)52.01	20
<b>Expenditure</b>					
1.	District Council	34.59	60.93	(+)26.34	76
2.	Administration of Justice	6.52	25.27	(+)18.75	288
3.	Art and Culture	20.06	40.07	20.01	100
4.	Public Health, Sanitation and Water Supply	—	18.67	(+)21.27	93
5.	Road Transport Service	22.92	44.19	(+) 78.71	100
6.	Minor Irrigation	38.22	53.47	(+)15.25	40
7.	Roads and Bridges	3.75	168.87	(+)165.12	4403

Reason for sharp decrease in revenue receipts and increase in expenditure between current and previous year was attributed by the Council mainly due to insurgency and prevailing law and order situation in the district.

## 2.1.4 Receipt and Expenditure compared to Budget Provisions

(i) **Receipts:** Revenue receipts excluding (Grants-in-aid) were shown as Rs.4.48 crore in the annual accounts for the year 2000-01 against estimated amount of Rs.23.70 crore which resulted in shortfall of revenue collection by Rs.19.22 crore (81 *per cent*) compared to the budget estimate. This indicated that the budget estimates were not prepared on realistic basis. Shortfall ranging from 20 to 100 *per cent* was noticed in the following 11 heads of account.

(Rupees in lakh)

Sl. No.	Head of Accounts	Estimated amount as per Budget	Revenue Receipts as per annual accounts	Shortfall	Percentage of shortfall
1.	Taxes on Income and Expenditure	170.00	135.94	34.06	20
2.	Land Revenue	82.00	8.20	73.80	90
3.	Stamp and Registration	50.00	0.97	49.03	98
4.	Taxes on Vehicles	120.10	43.08	77.02	64
5.	Stationery and Printing	55.00	0.03	54.97	100
6.	Public Works	27.50	0.43	27.07	98
7.	Other Administrative Service	10.00	0.42	9.58	96
8.	Forest	785.00	203.94	581.06	74
9.	Other General Economic Service	657.00	42.29	614.71	94
10.	Mines and Mineral	267.00	0.81	266.19	100
11.	Roads Transport Services	60.00	—	60.00	100

In reply (September 2003) the Council cited insurgency problems as the reasons for shortfall in revenue receipts under the above-heads of accounts.

Reply of the council is not tenable as the factors attributed by the Council and previous year's actual receipts were not taken into account while preparing the budget.

**(ii) Expenditure:** There was excess expenditure ranging from 21 to 42 per cent over the budget estimates under following two heads as exhibited in annual accounts for the year 2000-01:

(Rupees in lakhs)

Sl. No.	Head of Accounts	Actual expenditure as per annual accounts	Estimated amount as per Budget	Excess	Percentage of excess
1.	Printing and Stationery	123.99	87.10	36.89	42
2.	Roads and Bridges	168.87	140.00	28.87	21

### 2.1.5 Understatement of Revenue Receipts

The major head of account "Roads Transport Service (RTS)" was not shown as revenue receipts in the annual accounts for the year 2000-01 despite the fact that revenue receipts under RTS of Rs.7 lakh was deposited into Treasury during the year. This resulted in understatement of revenue receipts under RTS to that extent.

In reply (September 2003) the Council accepted the facts, figures and additional observation.

**2.1.6** Records of the Council (Ledger account) indicated that the council actually received Rs.23.81 crore as Grants-in-aid from the State Government. The Statement No.5 of the annual accounts for the year 2000-01, however showed receipt of Rs.21.74 crore, resulting in discrepancy of Rs.2.07 crore. Reasons for the discrepancy of Rs.2.07 crore were neither found on record nor stated and this resulted in understatement of receipts under Part-I District Fund to that extent.



The Council admitted (September 2003) the facts and figures of audit observation.

The discrepancies remained unreconciled (July 2004).

## **2.2. Comments on Accounts**

**2.2.1** The Council issued five cheques amounting to Rs.24.80 lakh to the Education Department of the Council between December 2000 and February 2001 and charged those amount as expenditure under head 'Education'.

Scrutiny of records of Education Department however, disclosed that the cheques could not be encashed within the validity period of one month from the date of issue and no fresh cheque in lieu of barred cheques were issued till September 2003. This resulted in overstatement of revenue expenditure under 'Education' to that extent.

**2.2.2** It was noticed in audit that 16 cheques aggregating Rs.3.76 crore were issued for discharging normal function of the Council during 1999-2000 but the cheques were subsequently cancelled and re-issued during current year (2000-01) in lieu of cancelled cheques. Though actual expenditure was incurred during 2000-01, the same had not been taken into account as these were already accounted for in the previous year. Thus, there was understatement of expenditure under normal function to the extent of Rs.3.76 crore.

It was further noticed that 12 cheques amounting to Rs.1.48 crore were issued for discharging normal function of the Council during 1999-2000 which were subsequently cancelled and accordingly these were not taken into accounts of the previous year. During 2000-01, while 12 fresh cheques were

issued in lieu of cancelled cheques, these were also not taken into account of 2000-01 with a wrong presumption that those were already accounted for in previous year 1999-2000. This resulted in understatement of revenue expenditure by Rs.1.48 crore.

### 2.3 Capital outlay

2.3.1 As per records of Transport Department of the Council, the department incurred capital expenditure of Rs.12.89 lakh\* towards acquisition of fleet under Capital outlay on Road Transport Services. But in annual accounts for the year 2000-01, Rs.53.55 lakh was shown as Capital outlay on RTS by wrong classification of expenditure of Rs.31.09 lakh as shown below:

Nature of expenditure	Head of accounts in which charged		Head of account to be charged	Revenue expenditure (+) Overstated (-) Understated
	Head	Amount		
Purchase of spare parts, repairing of vehicles etc., "RTS Revenue"	(CO)RTS	40.66	RTS revenue expenditure	(-) 40.66
Construction of new bus bodies "CO RTS"	(Revenue) Public Works	9.57	RTSCO	(+) 9.57

### 2.4 Entrusted function

2.4.1 As per annual accounts, the Council received Rs.157.82 crore during the year 2000-01 from the State Government for discharging entrusted functions of which the Council spent Rs.159.37 crore.

\* Cost of chassis: Rs.2.25 lakh plus construction of bus body: Rs.10.64 lakh=Rs.12.89 lakh.

Scrutiny of records of the Council revealed that the Council actually received Rs.156.67 crore<sup>1</sup>. Against this, Rs.151.65 crore<sup>2</sup> was spent by the Council leaving an unspent balance of Rs.5.02 crore. Unspent balance of previous year of Rs.1.56 crore<sup>3</sup> was also spent during the year. Thus, during the year the Council actually spent Rs.153.21 crore.

Further scrutiny revealed that the Council realised Rs.34.00 lakh being Government revenue (sale proceeds and other revenue receipts) from entrusted departments under the Council during the year 2000-01 which was shown wrongly in accounts as received from the State Government for discharging its entrusted function. Thus, there was a net overstatement of receipt and expenditure by Rs.0.81 crore<sup>4</sup> and Rs.6.15 crore<sup>5</sup> respectively.

The Council in reply (September 2003) stated that effective steps had already been taken to minimize the discrepancies in accounts for the year 2001-02 onwards.

2.4.2 According to terms of entrustment, any plan fund left unutilised at the close of the financial year is to be refunded into Treasury by 15 March every year under intimation to the State Finance Department and should not be carried over to the next financial year. The Council in contrary, not only retained the unspent balance of plan fund of Rs.2.49 crore but also utilised the same towards expenditure pertaining to its inherent function which was irregular despite being mentioned in earlier Audit Reports.

<sup>1</sup>Plan: Rs.105.45 crore and Non-plan: Rs.51.22 crore=Rs.156.67 crore.

<sup>2</sup>Plan: Rs.102.95 crore and Non-plan: Rs.48.70 crore=Rs.151.65 crore.

<sup>3</sup>Plan: Rs.0.53 crore and Non-plan: Rs.1.03 crore=Rs.1.56 crore.

<sup>4</sup>Rs.157.82 crore-Rs.0.34 crore being Government revenue=Rs.157.48 crore-Rs.156.67 crore=Rs.0.81 crore.

<sup>5</sup>Rs.159.37 crore-Rs.153.22 crore=Rs.6.15 crore.

**2.4.3** As per Memorandum of Understanding dated 31 December 1997 between Government of Assam and Autonomous Council, the Council is not empowered to re-appropriate funds from one Major head to another in case of entrusted functions and is required to restrict expenditure within the budget provision/fund released by the State Government.

Scrutiny of records revealed that the Council incurred expenditure of Rs.4.6 crore in excess of funds released by the State Government by irregular diversion from other heads without obtaining approval from the Government under the following heads despite similar objections having been made in earlier Audit Reports.

*(Rupees in crore)*

Sl. No.	Heads of accounts	Plan/Non-plan	Fund released	Expenditure incurred	Excess release of fund
1.	5054	Plan	23.05	25.01	1.96
2.	4210 (02-RHS-103)	Plan	0.44	0.49	0.05
3.	4211	Plan	0.05	0.08	0.03
4.	4202 (104 Poly)	Plan	0.25	0.27	0.02
5.	2215	Plan	10.09	10.82	0.73
6.	2406	Plan	6.22	6.55	0.33
7.	2235 (ICDS)	Plan	1.93	1.97	0.04
8.	2235 (ICDS-Medl.)	Plan	0.02	0.03	0.01
9.	2401	Plan	4.32	4.60	0.28
10.	2216 (106)	Non-Plan	0.38	0.41	0.03
11.	2215	Non-Plan	1.78	1.86	0.08
12.	2046	Non-Plan	1.21	1.54	0.33
13.	2401	Non-Plan	3.13	3.17	0.04
14.	2202 (SEE)	Non-Plan	8.14	8.80	0.66
15.	2204	Non-Plan	0.12	0.13	0.01
<b>Total :</b>			<b>61.13</b>	<b>65.73</b>	<b>4.60</b>

Reasons for the excess expenditure and irregular diversion were not stated by the Council (July 2004).

2.4.4 It was noticed in audit that 410 cheques for Rs.16.43 crore were issued during the previous year 1999-2000 but were subsequently cancelled and 356 cheques re-issued in lieu of cancelled cheques during 2000-01. Though actual expenditure was incurred during the year 2000-01 the same had not been taken into account as these cheques were already accounted for in the previous year 1999-2000.

## 2.5 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 from which all expenditure on both functions are met. Despite being pointed out in earlier Audit Reports the balances held in the PLA as per Council records were not reconciled with the balances shown in the records of Diphu treasury for the period covered under audit (2000-01) resulting in huge discrepancies in the balances as shown below :

*(Rupees in crore)*

Particulars	As per Treasury records	As per PLA Cash Book	As per annual accounts 2000-01
Opening balance as on 01.04.2000	1.33	(-)22.49	(-) 24.51
Closing balance as on 31.03.2001	1.65	(-) 36.21	(-) 40.78

The Council in reply (September 2003) stated that the reconciliation of discrepancies had already been taken up with the Treasury and the result of the same would be intimated to audit in due course.

The reply of the Council could not be accepted as there is no tangible progress in this regard.

### SECTION-III

#### 3.1 Loss of Revenue to the Council

##### 3.1.1(i) Loss of forest revenue due to non-extraction of allotted bamboo

The average life span of a bamboo is eight years. As per Silviculture norms bamboos are to be extracted in the 5th year of creation. If extraction of bamboo is not done in 5th year from any forest coup, all the un-operated bamboos will dry up and cause loss of forest revenue.

In November 1990, the Council had entered into an agreement for 20 years with M/s. Hindusthan Paper Corporation Ltd. (HPC) and according to the terms and condition of the agreement maximum 2 lakh MTAD\* were to be allotted in a year to the firm. On failure to extract allotted quantity by the firm, the Council had the liberty to dispose off such un-extracted bamboos. The HPC should pay to the Council royalty of bamboo actually extracted at the rate of Rs.122.00 per MTAD.

Best-check of records revealed that during 2000-01 the Council allotted 2,25,000 MTAD bamboos to be extracted by 31 May 2001. Against the allotted quantity, the firm extracted only 91,604.05 MTAD which resulted in short operation/harvesting of 33,395.95 MTAD. The un-operated bamboos also remained unsold. Due to non-extraction of balance quantity of bamboos as per term of allotment (August 2000) the Council sustained loss of forest revenue to the extent of Rs.40.74 lakh (Royalty @ Rs.122.00 per MTAD).

Reasons for non-extraction of balance quantity of bamboos by the firm was neither found on record nor stated.

Metric Ton Air Dried

**(ii) Loss of forest revenue due to short realisation of actual quantity of extracted and transported bamboos**

During the years 1999-2000 and 2000-01, allotment of bamboos for extraction by the HPC were made in metric ton (MT) and the firm was allowed to transport the harvested bamboos in MT by taking weight in weigh bridge but, the royalty of bamboo transported by the firm was realised on the basis of total volume of extracted bamboo which was arrived at by applying conversion method i.e., 1 MT=100 full length bamboo (15 meter long)=5.3 MTAD=5.3 cum. The said conversion method was evolved by the Council after a series of analysis (27.02.1991) for standardisation of stack volume with number of bamboos for royalty assessment as per royalty schedule under the agreement entered on 23 November 1990.

During 1999-2000 and 2000-01 the HPC transported total 201298.05 MT bamboos valued Rs.2.46 crore\*. But against royalty of Rs.2.46 crore, the firm paid Rs.1.25 crore between September 1999 and July 2002 for 542643.93 cum (10,238.57 MT) bamboo on stack measurement before transportation. This resulted in short realisation of royalty of Rs.1.21 crore which tantamounts to loss of revenue to the Council. Reason for short realisation of royalty was not found on record.

The Council had not furnished reply (July 2004).

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\*201298.05 MTx5.3 cum=10,66,879.67 cum



## 1.2 Loss of revenue due to short assessment of barks lifted by Mahalder\*\*

The Bark Mahal for extraction of barks of chula, laphu, barknala, bud seed and pipuli, etc., under Forest East Division was settled with Shri Sai Singh Mongpi in June 1996 for two years w.e.f. June 1996 to August 1998 on experimental basis at Rs.6,000.00 per year by executing necessary agreement. In June 1997, the agreement was reviewed as per terms of agreement and the amount of royalty was re-fixed at Rs.50,000.00 for 500 qtls. per year.

The mahal period was subsequently extended upto August 1999 on the basis of Mahalder's prayer with the condition that the Mahalder should pay 5 per cent extension fee and royalty at the rate of Rs.0.50 per kg. bark. The operation period of the Mahal was temporarily suspended by the Council from July 1999 to January 2000 for conducting enquiry on allegation of felling of trees outside the Mahal jurisdiction which was, however, lifted in January 2000 as the allegation was found baseless and the Mahalder was allowed to lift barks already collected during the extended period on payment of due royalty.

As per reports (November 1999 and June 2000) of the concerned Range Officer during the extended period the mahalder collected and lifted 18,13,234 kg. barks for which he was to pay Rs.9.07 lakh. But the quantity of barks actually lifted was under assessed by the Division as 8,14,201 kg instead of 18,13,234 kg. (Appendix-I) and was realised Rs.4.07 lakh. This resulted in loss of revenue to the tune of Rs.5.40 lakh (Royalty Rs.5.00 lakh and AGST Rs.0.40 lakh).

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\*\* A Contractor who is taking the Mahal on lease basis for a specified period

## 3.2 Other points

### 3.2.1 Unauthorised deposit of State revenue into Council's fund/ Non-deposit of unspent balance into treasury

(a) Revenue earned from entrusted departments is to be deposited in Government account. Contrary to this, revenue of Rs.34.00 lakh earned from entrusted departments (being sale proceeds, other revenue receipts, etc.) during 2000-01 was unauthorisedly deposited into Council's fund and treated as Part-II Deposit Fund of the Council instead of depositing the same in Treasury.

Reason for treating State revenue as Council's fund had not been stated (July 2004).

(b) In October 2000, the Government of Assam placed Rs.35.00 lakh with the Council as Grants-in-aid for Transport Department of the Council for incurring capital expenditure under 'plan' during 2000-01.

Test-check (July–September 2003) of records of Transport Department revealed that out of above fund the department spent Rs.32.28 lakh\* leaving an unutilised balance of Rs.2.72 lakh with the Council without depositing the same into treasury.

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\*Construction of new bus bodies: Rs.10.64 lakh; repairing and maintenance of vehicles: Rs.20.58 lakh and cost of printing of bus tickets: Rs.1.06 lakh.

## 2.2 Non-production of records

As per annual accounts for the year 2000-01, the Council spent Rs.5.86 crore under the heads viz., Public Works: Rs.3.45 crore; Minor Irrigation: Rs.0.53 crore; Roads and Bridges: Rs.1.69 crore and Public Health and Sanitation: Rs.0.19 crore. Records relating to above expenditure had not been furnished by the concerned wings of the Council despite repeated reminders. As a result, audit could not exercise necessary scrutiny on the said transactions.



**(SWORD VASHUM)**

Principal Accountant General (Audit)  
Assam

Wahati

14 OCT 2004

Countersigned



New Delhi

he

25 OCT 2004

**(VIJAYENDRA N. KAUL)**

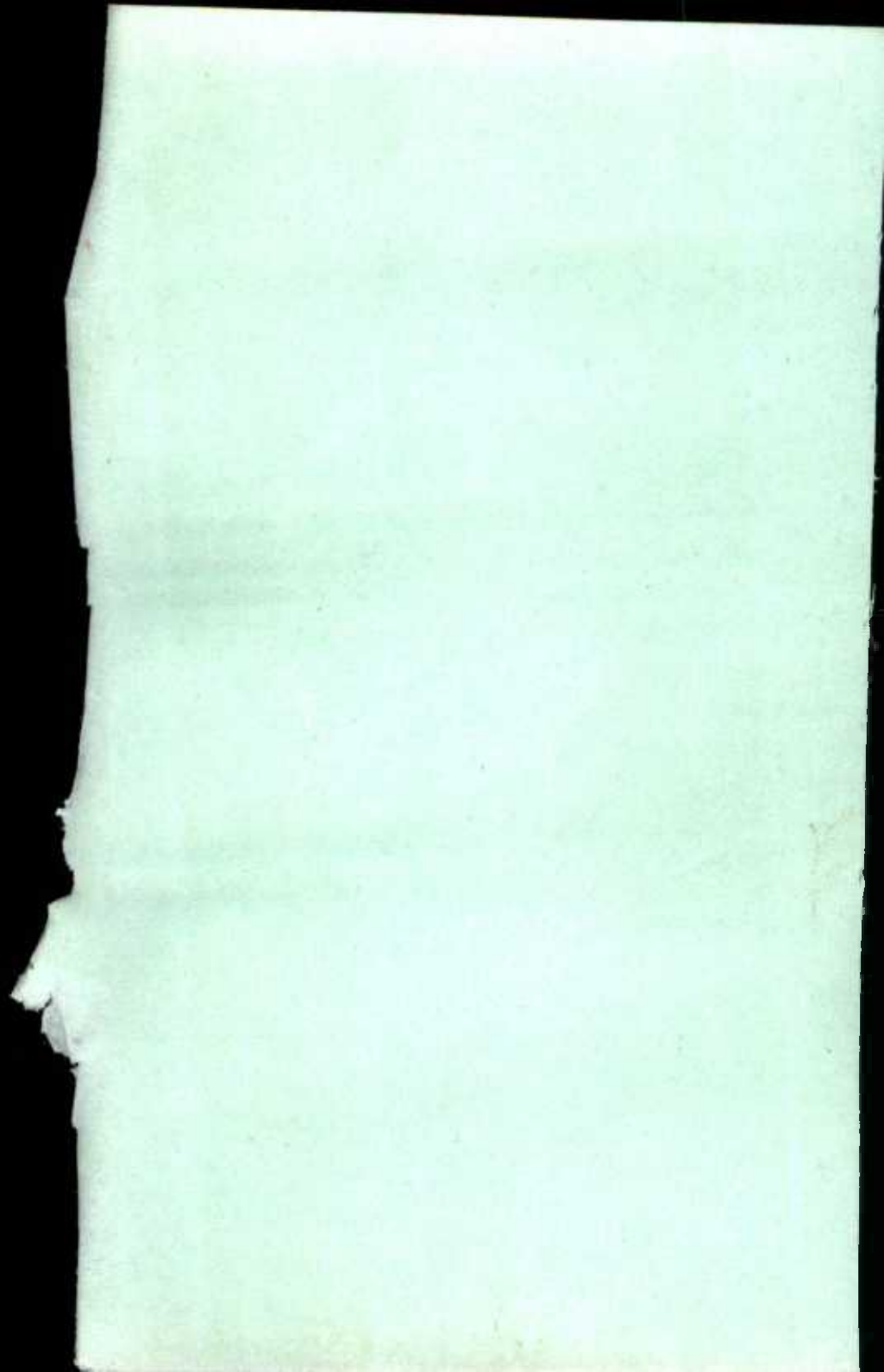
Comptroller and Auditor General of India

**APPENDIX - I**  
**(Para reference 3.1.2)**

**Quantity of barks assessed by the Division and as per reports of the concerned Range Officers**

Name of Range	Quantity assessed by the Division			Actual lifting as per Range Officers reports			Quantity short assessed (Kg)
	No. of bags	Qty. in a bag (Kg.)	Total Qty. (Kg.)	No. of bags	Qty. in a bag (Kg.)	Total Qty. (Kg.)	
Northern Range	4450	18	80100	4993	27.30	136309	56209
Northeast Range	1875	35	65625	1875	35	65625	—
	—	—	—	700	35	24500	24500 (OS)
Northwest Range	7460	26	193960	7460	26	193960	—
	—	—	—	9100	29	263900	263900 (OS)
East Range	5639	20	112780	5639	20	112780	—
	—	—	—	4950	20	99000	99000 (OS)
Western Range	13624	14	190736	13624	40	544960	354224
	—	—	—	7300	14	102200	102200 (OS)
Central Range	11400	15	171000	18000	15	270000	99000
			<b>814201</b>			<b>1813234</b>	<b>999033</b>

(OS) = Old Stock





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