

# GAG indicts nationalised banks for mismanagement

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## CAG indicts nationalised banks for mismanagement

By K.K. Singh

PATNA: The report of the Comptroller and Auditor General of India (CAG) has indicted various nationalised banks for fiscal mismanagement. The banks have not only failed to maintain updated accounts of the government but have also delayed transferring of huge revenue to appropriate accounts, incurring loss of crores of rupees to the exchequer.

According to the CAG report, ending March 1998, many nationalised banks have violated the Bihar Finance rules by not crediting timely transactions to the amount of crores of rupees into appropriate public account.

No bank register was maintained showing the date of receipt of bank drafts, amount, name of state from where bank drafts were received along with date of their disposal. In absence of such a register, the number of drafts received and actually deposited in banks could not be ascertained. "This indicated total lack of internal control mechanism relating to receipt and deposit of bank drafts," the report

stated.

According to the report there were 27 banks in Patna where bank drafts relating to composite fee received from other states/regional transport authorities are deposited. In 25 of these banks, there was a closing balance of Rs 522.22 lakh as on March 31, 1998 which "shows that the amounts were not transferred to the State Bank of India, secretariat branch, Patna, in violation of the instructions."

The Patna Secretariat branch has failed to credit the revenue collected into government account within prescribed time as per instructions of the state transport commissioner and there was a delay of 14 days to 32 days involving Rs 9,587.51 lakh.

In another case, the delay was more than a month and the amount involved was Rs 366.55 lakh.

Non-observance of instructions to credit the revenue into government account promptly by banks resulted in loss of revenue in the form of interest amounting to Rs 257.94

lakh at the rate of 11.30 per cent per annum on Rs 2,164.05 lakh for a different period falling between January 13, 1993 to March 1998.

It was also observed in the report that 27 banks located in Patna collected 11,59,402 drafts involving Rs 18019.84 lakh and Rs 31263.56 lakh in cash deposited by six district transport officers during 1993-94 to 1997-98 on behalf of the state transport commissioners and transferred the same to the State Bank of India, Secretariat Branch by pay orders. The SBI, secretariat branch while crediting the amount in government account, "irregularly" deducted collection charges amounting to Rs 48.34 lakh, violating the government instructions.

The government has, however, informed the audit team that the matter has been taken up with the bank for deducting such huge amount.

A few more cases of lapses are also mentioned in the report. The State Bank of Patiala, Patna had a minimum balance of Rs 243.66

lakh during period from April 1994 to February 1997. A sum of Rs 3 lakh was not transferred to the SBI, secretariat branch, Patna by UCO bank, Patna since March 1995. A sum of Rs 19.60 lakh collected on account of composite fee/tax at Mohania check post during October 1994 to January 1995 and deposited in the bank was transferred to Punjab National Bank, Gandhi Maidan, Patna after nine months in September 1995.

The state transport commissioner issued a cheque on March 22, 1997 on Punjab and Sindh Bank, Patna to transfer Rs 300 lakh to SBI, Patna Secretariat Branch.

This amount was transferred after nine months. Again the district transport officer, Patna issued a cheque to SBI, secretariat branch amounting to Rs 150 lakh on March 1997 on Punjab National Bank, Patna, which was returned on March 23, 1998 by the SBI secretariat branch, Patna to DTO that PNB could not transfer the amount due to shortage of funds.