

CHAPTER – III

MAJOR LAPSES IN REVENUE MANAGEMENT

3.1 Loss of Rs. 2.84 crore due to lodging of funds in non-nationalized banks

Some Zila parishads had lodged part of their funds in various accounts of Cooperative Banks. As licences of these banks were cancelled by the Reserve Bank of India on 5th June 2003 and the banks were closed, the amount deposited by Zila Parishads were not paid back to them by the banks. The cases noticed are given below:-

Table-10 Details of lodgement of funds in non-nationalize bank

Sl. No.	Name of the PRI	Name of the non-nationalize bank in which Account was held	Amount of deposit made (Rs. in crore)	Date of deposit	Date of closure of the bank	Remarks
1	ZP Supaul	Cooperative Bank, Supaul (A/C No. 15977, 17548, 17662 and 17692)	2.64	Upto Feb. 2003	NA	The ZP did not receive this amount as yet despite requests to higher authorities.
2	ZP Darbhanga	Central Cooperative Bank Ltd., Laheriasarai (A/C No. 11A)	0.20	Upto 14 th July 2003	18 th July 2003	-do-

None of the above two ZPs took legal action against the Bank Management for recovery of Rs.2.84 crore lying with the banks.

3.2 Non/Short credit of revenue to the extent of Rs. 25.05 lakh

In all Zila Parishads test checked the DDC cum CEO 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 Shops/IB/DB rent, settlement of Sairats (Pound and Ferries, Hat Bazar, Mela, Bus/Taxi Stand etc.) licence fee of carts registered and other receipts. It can be seen from the table below that in 9 Zila Parishads, against a total collection of Rs. 150.66 lakh, the collecting staff deposited Rs. 125.61 lakh only and Rs. 25.05 lakh remained to be deposited as of March 2006. Out of this Rs. 11.93 lakh was deposited between July 2006 to March 2007 at the instance of audit and a sum of Rs. 13.12 lakh is still to be realized from the concerned officials. Out of Rs.13.12 lakh still to be deposited the recovery of Rs. 2.56 lakh collected by Assistant of Kaimur Zila Parishad had become unrealizable as the employee had died.

Table-11
Detail of cases of non credit/short credit detected during audit
(Rs. in lakh)

Sl. No.	Name of ZP	Amount collected	Amount deposited	Amount non/short deposited	Deposited at the instance of audit.	Balance to be deposited	Period of collection	Particulars of collection
1	Saran	98.62	97.05	1.57	1.57	Nil	01-02 to 05-06	Rent and others
		0.13	0.01	0.12	Nil	0.12	Sept.'04	Misc. collection
2	Kaimur	11.27	5.06	6.21	3.11	3.10	98-99 to 05-06	Rent & others
		2.60	0.04	2.56	Nil	2.56	Sept 01 to April 04	Misc. receipts
		0.08	0.01	0.07	Nil	0.07	April 01 to Jan 03	Press receipt
3	Siwan	8.17	1.13	7.04	4.45	2.59	01-02 to 05-06	Shop rent and Misc. receipts
		9.53	7.32	0.21	Nil	0.21	02-03	Toll collection in Taxi stand
		0.19	Nil	0.19	Nil	0.19	02-03 to 05-06	Settlement collection
4	Darbhanga	0.84	0.19	0.65	Nil	0.65	Jan 03 to Sept 06	Misc. Receipt
		0.19	Nil	0.19	Nil	0.19	02-03 to 05-06	Food licence
		0.14	Nil	0.14	Nil	0.14	02-03 to 03-04	Cart licence fee.
5	Rohtas	4.44	4.22	0.22	0.22	Nil	April 03 to July 06	Shop rent & toll taxes etc.
6	Jehanabad	0.13	Nil	0.13	Nil	0.13	03-04	Misc. collection
7	Nalanda	0.54	0.47	0.07	0.05	0.02	02-03 to 05-06	Shop rent
8	Madhubani	14.66	10.07	4.59	2.43	2.16	April 98 to May 05	Shop rent
		0.87	0.04	0.83	0.10	0.73	02-03 to 05-06	Tin ticket licence fee
9	Sheikhpura	0.26	Nil	0.26	Nil	0.26	02-03 to 03-04	Misc.
Total		150.66	125.61	25.05	11.93	13.12		

3.3 Non-realisation of outstanding rent of Rs. 219.79 lakh

Rent was to be collected from the assets such as Dak bungalows/Inspection bungalows (maintained by ZPs) from those occupying them from time to time. The Zila Parishads have constructed shops either from their own resources or on self-financing basis and get rent from the shops. Audit scrutiny, however, revealed that the demand, collection and

balance register of rent was either not maintained or was improperly maintained and effective steps were not taken for timely recovery of rents due as a result of which huge outstandings of rent persisted. Dues of rent of Rs. 219.79 lakh pertaining to various periods remained unrealized. The table below depicts that the status of realization of rent in 10 ZPs.

Table-12 Non-realization of outstanding rent in 10 ZPs

Sl. No.	Name of ZP	Dues of rent (Rs. in lakh)	Period of dues
1	Nalanda	27.63	Dec.1989 to March 2006
2	Arwal	16.21	Aug. 1988 to March 2006
3	Jehanabad	18.52	Aug. 1994 to March 2006
4	Saran	55.85	1994-95 to 2005-06
5	Siwan	10.31	Sept. 1996 to March 2006
6	Supaul	8.20	Sept. 1991 to March 2006
7	Rohtas	14.21	1999-2000 to 2005-06
8	Kaimur	13.54	1996-97 to 2005-06
9	Lakhisarai	16.77	1996-97 to 2005-06
10	Madhubani	38.55	1982-83 to 2005-06
Total		219.79	

Inspite of the fact that the internal sources of Zila Parishad's revenue are very meager, whatever resources were available were also not properly utilized to their full potential. Huge outstanding rents for longer periods clearly denoted that suitable action for recovery namely vacation of shops or filing of legal cases for recovery against the defaulters were not taken. In view of non-collection of dues, the ZPs were not in a position to repair existing IB/DB/shops and construct new shops.

3.4 Non-realisation of revenue on account of settlement of Sairats to the tune of Rs. 29.25 lakh

The zila parishad's assets such as Sairats viz. bus stand, taxi 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 2 to 3 instalments. It was however noticed in audit that dues of settlement amounting to Rs. 29.25 lakh were not recovered in 8 zila parishads as shown in the table below:

Major Lapses in Revenue Management

Table-13 Non-realization of outstanding settlement dues

Sl. No.	Name of the ZP	Amount of settlement due	Period of settlement	Particular of settlement
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		(Rs. in lakh)		
1	Saran	7.21	2001 to 2005-06	Taxi stand, Hat bazaar, cart taxation etc.
		1.14	-do-	Ferry ghats
2	Jehanabad	4.24	2002-03 and 2004-05	Bus stand
3	Supaul	5.46	1996-97 to 2005-06	Bus stand, ghats, gumti, taxi stand etc.
4	Kaimur	1.26	2001-02 to 2002-03	Bus stand
		1.66	2000-2001 to 2003-04	Kakrait ghat
5	Siwan	3.89	2001-02 to 2005-06	Different Sairat
6	Sheikhpura	3.52	1994-95 to 2005-06	Shops, road side land, Gumti etc.
7	Darbhanga	0.65	2003-04 to 2005-06	Ferry Ghats
8	Rohtas	0.25	2003-04	Taxi stand
Total		29.25		

The settlement is made for one year and in case full amount is not deposited by the bidder then the settlement is to be cancelled but this was not done. It was noticed that only in case of dues of Rs. 1.66 lakh on account of settlement of Kakrait Ghat in Kaimur Zila Parishad a certificate case was filed by the officials on the defaulters. All these dues either had become time barred or would become so and the ZP authorities may not be in a position to recover the dues through legal process. The huge outstanding dues of settlement amount clearly depicted failure on the part of the ZP to realize the money or cancel the settlement and the officials are therefore accountable for the loss caused to Zila Parishads.

3.5 Loss of Rs. 9.40 lakh on account of irregular rebate allowed by CEO of Jehanabad ZP

In respect of settlement of bus stand of Jehanabad Zila Parishad, the DDC cum CEO unauthorisedly allowed rebate of Rs. 9.40 lakh to the settlee as detailed below:-

Table-14

Details of irregular rebates allowed by DDC-cum-CEO of ZP, Jehanabad (Rs. in lakh)

Year of settlement	Amount of settlement	Amount of rebate allowed	No. of days for which rebate allowed
2002-03	15.11	4.72	114 days
2004-05	9.10	2.04	82 days

2005-06	10.04	2.64	96 days
Total	34.25	9.40	292 days

The settlement of bus stand is made annually through open bid and the bidders offer their quotes by considering all the exigencies viz. rain, flood, closure of road etc. and hence the question of allowing rebate to the settlee does not arise. The loss of revenue was caused to the Zila Parishad fund due to allowance of rebate by the DDC cum CEO who was not competent to grant the rebate. Even in cases of justified reasons, the case of rebate has to be considered only by the Zila Parishad Board and not by the DDC cum CEO. Though initially the DDC cum CEO ordered the office to lodge a case against the settlee against dues of 2004-05, but subsequently, instead of lodging a case, the DDC cum CEO had allowed a rebate of Rs. 2.04 lakh to the settlee which was unjustified and unauthorized.

The rebate thus allowed by the DDC cum CEO was unauthorized and irregular and is accountable for this loss caused to the Zila Parishad fund.

3.6 Loss due to defalcation of Rs. 5.13 lakh by the Nazir of Ladania PS

In Ladania Panchayat Samiti of Madhubani district it was noticed that out of different grants Rs. 5.45 lakh was defalcated by Ex-Nazir of the Block by withdrawal of amount through issue of self cheques. The defalcation came to notice when the Nazir handed over charge on 21-12-2001 to another Nazir. The BDO of the PS directed the Ex-Nazir on 28.02.2002 to deposit the amount at the earliest but he deposited merely Rs. 0.32 lakh on 10th May 2002. Finally on the direction of District Magistrate one FIR was lodged against him by the BDO in July 2002 for defalcation of Rs. 5.13 lakh. The employee afterwards died and hence the loss to P.S. fund of Rs. 5.13 lakh remained unrecovered.

Due to non-exercise of proper checks by the BDO over the withdrawal of money through self cheque by the Nazir as well as on collection money received by him, such serious financial irregularities were rendered possible.

3.7 Suspected Misappropriation of Rs. 2.58 lakh in two PSs

3.7.1 Scrutiny of SGRY Cash Book of Bank Account No. 3728 of P.S. Babubarhi (Dist. Madhubani) revealed that in 5 cases, Rs. 0.53 lakh was received in cash by Nazir between 17th July 2002 to 20th January 2006 on account of refund of advance but the money was not deposited in the bank account hence, misappropriation is suspected.

3.7.2 In PS Ramgarh (Dist. Kaimur) it was noticed that expenditure of Rs 2.05 lakh was booked in SGRY Cash Book between 29.07.03 to 31.03.06 on account of deposit of Royalty/cess of Rs. 1.57 lakh and Sales Tax of Rs 0.48 lakh, but the deposit challans of the concerned revenue head of the State Govt. were not shown to audit. The amounts were drawn through four self cheques but cheque number was mentioned only in respect of one withdrawal. Misappropriation of Rs 2.05 lakh on this account cannot be ruled out.