

CHAPTER VII
OTHER TAX
AND
NON-TAX RECEIPTS

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7.1 Results of Audit

Test check of the records of 21 offices²²⁰ of the following Departments during the year 2017-18 revealed underassessment of tax and other irregularities involving ₹ 2.26 crore in 74 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
I	REVENUE		
A	ENDOWMENTS		
	Detailed Compliance Audit on “Functioning of Endowments department in management of temples and temple lands”	1	0.00
B	WATER TAX²²¹		
1	Short levy of water tax	5	0.96
2	Non-levy of interest on arrears of water tax	25	0.38
C	COMMERCIAL TAXES²²²		
1	Short collection of Professions Tax	31	0.29
2	Non-levy of interest on belated payments of luxury tax	2	0.10
II	INDUSTRIES AND COMMERCE DEPARTMENT (Mines and Minerals)		
1	Non/Short levy of dead rent	4	0.36
2	Non forfeiture of security deposit	3	0.06
3	Other Irregularities	3	0.11
Total		74	2.26

During the year 2017-18, the Department accepted underassessments and other deficiencies of ₹ 48.63 lakh in 21 cases. Of this, an amount of ₹ 29.37 lakh in 16 cases had been recovered.

A detailed compliance audit on “Functioning of Endowments Department in management of temples and temple lands” is discussed in the succeeding paragraphs.

²²⁰ Endowments-15 Offices, Industries and Commerce Departments – 6 Offices.

²²¹ Number of Offices covered under Department of Revenue has been indicated at Para 6.3.

²²² Number of Offices covered under Department of Commercial taxes has been indicated at para 2.3.

REVENUE (ENDOWMENTS) DEPARTMENT

7.2 Detailed Compliance Audit on “Functioning of Endowments department in management of temples and temple lands”

7.2.1 Introduction

The Andhra Pradesh Charitable and Hindu Religious Institutions and Endowments Act 1987²²³ (APCHRIE/ Endowment Act) was enacted to consolidate/amend the laws relating to administration and governance of Charitable and Hindu Religious Institutions and Endowments in the State of Andhra Pradesh. The Act was amended to ensure better management of properties and utilisation of funds. There are 24,722 temples and charitable institutions in the State categorized under Section 6²²⁴ of the Act. A total of 4,53,459.61 acres of agricultural land including forest, hills etc., and 9,05,374 Sq yards of non-agricultural land spread over the State are owned by the temples. Audit observations on Monitoring and Administration by Endowments Department was earlier included in the Audit Report for the year ended March 2013. Explanatory notes to the report from Government have not been received (February 2020). The report was not discussed by the Public Accounts Committee.

7.2.2 Organisational Setup

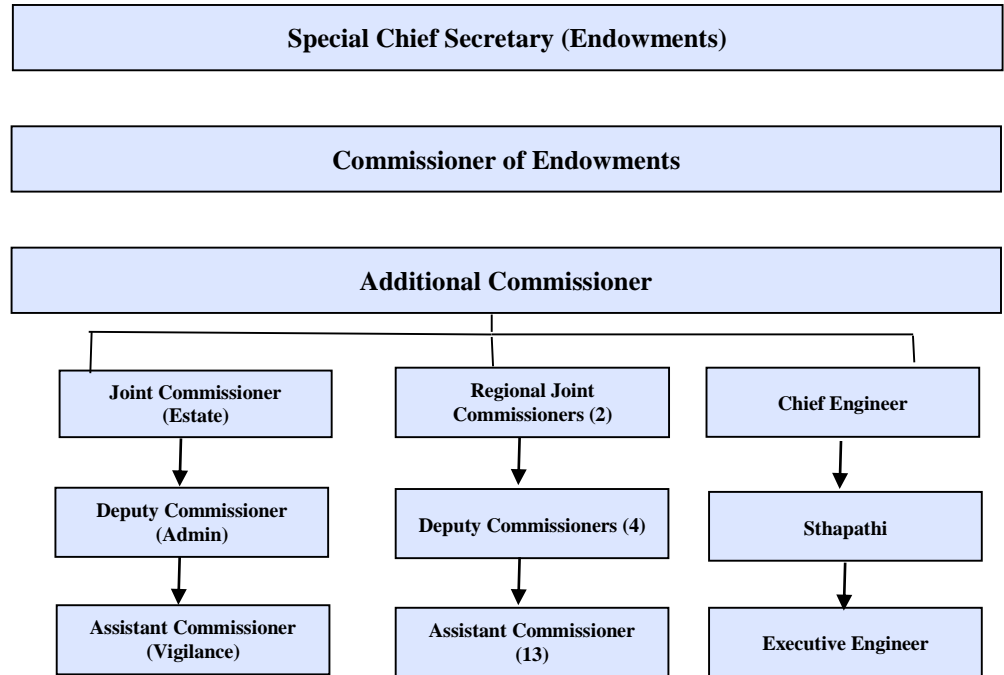
The Endowments Department is headed by the Principal Secretary, Revenue (Endowments) Department at Government level and by the Commissioner of Endowments who is assisted by two Additional Commissioners, one Joint Commissioner and a Vigilance Officer at the State level, Regional Joint Commissioners (2) at Regional level; Deputy Commissioners (4) at Zonal level; and Assistant Commissioners (13) at District level. There is an Engineering Wing headed by the Chief Engineer with supporting staff and also a *Silpi* Wing being headed by the *Sthapathi*²²⁵. As per Section 15 of the APCHRIE Act, every religious institution/ charitable institution or endowment, shall have a Board of Trustees.

²²³ Repealed and replaced the earlier APCHRIE Amendment Act, 1966.

²²⁴ 6(a) institutions whose annual income is more than ₹ 25.00 lakh – 129, 6(b) institutions whose annual income between ₹ 2.00 lakh and ₹ 25.00 lakh – 780, 6(c) institutions whose annual income is less than ₹ 2.00 lakh – 23,676, 6(d) maths – 135 and 6(e) Dharmadayams – 2.

²²⁵ Sthapathi is a religious representative for construction and maintenance of the temples and related buildings in terms of the Hindu scriptures.

Organogram



Based on their annual income, the temples are administered by the officers at various grades of the Endowment Department called Executive Officers (EO) in this Report as detailed in the following table:

Rank of Executive Officers	Annual income of temples
Regional Joint Commissioners (RJs)	Above ₹ 1 crore
Deputy Commissioners (DCs)	Between ₹ 50 lakh and ₹ 1 crore
Assistant Commissioners (ACs)	Between ₹ 15 lakh and ₹ 50 lakh
Executive Officers Grade-I, II, III	Between ₹ 2 lakh and ₹ 15 lakh

7.2.3 Financial Management

The main source of revenue for the temples is through sale of tickets for *darshan*, *prasadams*, accommodation to pilgrims, *kesakhandana*²²⁶ besides daily *hundial*²²⁷ collections and donations given for *Annadanam*²²⁸, *Saswathapujalu*²²⁹ etc., Although every item of expenditure is met from the funds of the temples, administrative sanction is obtained from the CoE.

According to provisions of APCHRIE (Amendment) Act 2007, every temple/Hindu religious institution in the State shall contribute certain sums to the Endowments Department every year towards Endowment Administration Fund (EAF), Audit Fee, Common Good Fund (CGF), and Archaka Welfare Fund (AWF) as detailed in the following table:

²²⁶ Offering of hair to the deity as a custom by the pilgrims.

²²⁷ Money and ornaments offered by the devotees in a box called Hundial.

²²⁸ Providing free food to the Pilgrims.

²²⁹ Amount offered by the pilgrims to perform rituals on permanent basis, periodically.

Sl. No.	Name of the Fund	Section under which the funds are deducted	Annual Contribution ²³⁰	Purpose of the Fund
1	Common Good Fund (CGF)	Section 70 (1)	9 per cent of assessable income ²³¹ of temples under 6(a) and 6(b) category.	CGF is meant for renovation, preservation and maintenance of smaller temples with insufficient income.
2	Archaka Welfare Fund (AWF)	Section 161 (1)	3 per cent of assessable income if annual income exceeded ₹ 20 lakh.	Funds shall be utilised for the welfare of the Archakas (Priests) and other employees working in the temples viz., loans for Housing, Marriage etc.
3	Endowment Administration Fund (EAF)	Section 65 (1)	8 per cent of assessable income of temples under 6(a) and 6(b) category.	EAF is remitted to Government account towards services rendered by Government and their employees to temples. Funds shall be utilised for payment of salaries to Eos and other Administrative staff.
4	Audit Fee (AF)	Section 65 (4)	1.5 per cent of assessable income of temples under 6(a) and 6(b) category.	The AF shall be remitted to the Government account for meeting the cost of auditing of accounts of the temples.

The accounts of these contributions are maintained at Commissionerate. The salaries and other allowances of the staff of the Department are met from the EAF for the services rendered by them to the temples.

The expenditure of Endowments Department is initially met out of the Consolidated Fund of the state (through MH 2250-102-01) and later recouped from the EAF held as a public deposit (8235-103-01: General and other Reserve Fund-Hindu Religious and Charitable Endowment Account Fund Main) with the state. The contributions made by the endowments institutions towards EAF are remitted to the public deposit head.

According to Section 57 of the Act, every Institution shall submit a budget showing the probable receipts and disbursement of the Institution to CoE. Every budget shall make an adequate provision for the maintenance²³² of the institution. The Commissioner, Deputy Commissioner or Assistant Commissioner, as the case may be, pass an order after making required alterations, omissions or additions in the budget.

7.2.4 Audit Objectives and criteria

Audit was conducted to ascertain whether

- The Executive Officers are monitoring the activities of temples efficiently and effectively;
- Effective steps/measures have been taken to protect the temple lands from encroachments.

The audit objectives were benchmarked against the following audit criteria:

²³⁰ As per Government order dated 01 October 2015, all temples falling under category 6(c) of the Act were exempted from payment of statutory contributions.

²³¹ Assessable income means the net income of temples after deducting certain eligible amounts as prescribed under section 65(5) of the Act.

²³² Salaries of the staff, arrangements to be made for securing the health, safety or convenience of the pilgrims, construction, repair, renovation and improvement of the institution etc.

- Andhra Pradesh Charitable and Hindu Religious Institutes and Endowment Act 1987 and rules made there under
- Relevant notifications/ Circulars/ Orders etc., issued by Government from time to time.

7.2.5 Audit Scope and Methodology

Audit was conducted²³³ for the period from 2014-15 to 2017-18 covering offices of the Commissioner of Endowments, Assistant Commissioner, Guntur and 13 offices of EOs categorised under Section 6(a) of the APCHRIE Act. These temples were selected for test check based on the assessable income under each category²³⁴ of EOs at the level of JC/ DC/ AC.

7.2.6 Audit Findings

7.2.6.1 Non-levy of statutory contributions

Assessable income of temples is not being reviewed annually. As a result, temples are not being categorised properly leading to non-levy of statutory contributions.

As per Section 6 (a), (b), (c) of the APCHRIE Act, the Commissioner shall prepare separately and publish a list of endowment institutions based on their annual income. The Commissioner may alter the classification assigned to an institution or endowment in the list and enter the same in the appropriate list, in case the annual income of such institution or endowment calculated exceeds or falls below the limits specified for three consecutive years.

Analysis of assessable income²³⁵ disclosed that assessable income of temples is not being reviewed annually. There are no prescribed rules fixing the time frame for taking up annual review. As a result, temples are not being categorised properly leading to short levy of statutory contributions.

- In 21 temples, the annual income for the years 2014-15 to 2016-17 exceeded ₹ 25 lakh, but were not categorised as 6(a) temples.
- In 706 temples the annual income exceeded ₹ two lakh but below ₹ 25 lakh for the years 2014-15 to 2016-17, but were not categorised as 6(b) temples during 2017-18.

It was further observed that statutory contributions from 48 temples amounting to ₹ 12.98 lakh was not demanded during the year 2017-18.

Government accepted (February 2019) the Audit observation and stated that demand notices would be issued.

²³³ Between April 2018 and July 2018.

²³⁴ Category I -7 (out of 8) headed by Joint Commissioners, Category II -2 (out of 3) headed by Deputy Commissioners and Category III- 4 (out of 23) headed by Assistant Commissioners.

²³⁵ Out of 24,722 temples, data (Assessable income and EAF) in respect of only 1,713 temples was furnished by CoE in electronic format. Hence the consolidated data for all the temples was not included in the Report.

7.2.6.2 Non-payment of statutory contributions

Contributions amounting to ₹ 470.98 crore were in arrears towards EAF and CGF from a temple specified under Section 65 (2) of APCHRIE Act.

(a) Scrutiny of the records in the office of CoE revealed that an amount of ₹ 298.21 crore²³⁶ was pending²³⁷ realisation from the temples as of 31 March 2018. Of this, in six test checked institutions categorised under Section 6(a) of APCHRIE Act, the arrears of contributions accumulated to ₹ 72.39 crore.

Government stated (February 2019) that audit fee arrears of ₹ 82.89 lakh was recovered from a temple and assured recovery of remaining arrears at the earliest.

(b) A temple categorised under Section 65(2) of the Endowment Act, shall be liable to pay annual contribution at seven *per cent*²³⁸ of its annual income or ₹ 50 lakh whichever is higher in lump sum towards EAF. Further, in terms of Section 70 (1) of the Act, five *per cent* of its annual income or ₹ 1.25 crore, whichever is higher, shall also be payable towards CGF. Due to heavy accumulation of arrears, the Government directed²³⁹ (January 2014) to contribute ₹ 25 crore per annum (₹ 15 crore towards CGF and ₹ 10 crore towards EAF) from the financial year 2012-13.

Scrutiny of records of the office of CoE revealed that the temple specified under Section 65(2) of the Act was paying ₹ 50.00 lakh and ₹ 1.25 crore every year towards EAF and CGF respectively. A total of ₹ 7.50 crore was received against EAF arrears of ₹ 398.73 crore leaving a balance of ₹ 391.23 crore for the period from 2003-04 to 2017-18. Further, out of total CGF arrears of ₹ 90 crore for the period from 2012-13 to 2017-18, an amount of ₹ 10.25 crore was contributed leaving a balance of ₹ 79.75 crore. Thus, total contributions amounting to ₹ 470.98 crore were in arrears towards EAF and CGF from the temple specified for the period ended March 2018. No action had been initiated by the Department to recover these arrears.

Government replied (February 2019) that action would be taken to recover the outstanding dues under intimation to audit.

Similar observation was included in Comptroller and Auditor General's Audit Report for the year ended March 2013 at para No. 8.1.17.

No timeline has been prescribed for payment of CGF and EAF by temples or for raising demand by temple authorities. This needs to be specified. Further, the collection should be pursued regularly so as to avoid accumulation of arrears and to safeguard revenue.

²³⁶ EAF – ₹ 143.03 crore; AF – ₹ 34.00 crore; CGF – ₹ 70.99 crore and AWF – ₹ 50.20 crore.

²³⁷ Upto 2014-15 – ₹ 71.62 crore; 2014-15 – ₹ 47.95 crore; 2015-16 – ₹ 66.90 crore; 2016-17 – ₹ 43.42 crore; 2017-18 – ₹ 68.32 crore.

²³⁸ Rates are applicable from 4 April 1987.

²³⁹ Government Memo No. 2186/Endt.I (2)/2013 dated 28 January 2014.

7.2.6.3 Incorrect computation of contributions

Incorrect assessment resulted in underassessment of assessable income of ₹ 285.83 crore and consequent short payment of statutory contributions of ₹ 61.45 crore.

As per Section 65(5) of the Act, read with explanation (2), only the net profit shall be taken as income of temple.

During scrutiny of the records of five temples categorised under Section 6 (a) of APCHRIE Act, it was observed that the temples erroneously computed the assessable income by deducting ineligible items²⁴⁰ of expenditure. Thus, incorrect assessment of income resulted in underassessment of assessable income of ₹ 285.83 crore and consequent short payment of statutory contributions amounting to ₹ 61.45 crore for the period from 2014-15 to 2017-18.

Government replied (February 2019) that certain items of expenditure²⁴¹ were deducted taking the spirit of the provisions into consideration, though categorically not prescribed under provisions of the Act.

The reply is not correct. Specific items entitled for deduction have been prescribed under the provisions of the Act and the same need to be complied with.

7.2.7 Utilisation of Common Good Fund

As per Section 70 (b) of the Act, the CGF created shall be utilised for the purposes of providing renovation, preservation and maintenance of needy Hindu religious Institutes or endowments, establishment and maintenance of vedapathasalas and schools for the training in Hindu religion or like services and construction of new temples etc.

It was observed that the amount accumulated under CGF was not utilised in accordance with the provisions/purposes mentioned in the Act. The discrepancies noticed are discussed below:

²⁴⁰ Pooja expenses, repairs and maintenance of vehicles, insurance, capital nature of items viz., deposits, Receipts from livestock, donations for Saswata pooja, Prasadam provisions, Taxes to Government etc.

²⁴¹ Pooja expenses, Purohit charges, Nagapadigalu Expenditure.

7.2.7.1 Release of funds to a Trust without expenditure details

An amount of ₹ 10.60 crore was released to a Trust without issuing guidelines for utilisation of funds. Details of utilisation is not being monitored by Commissioner of Endowments.

Government of Andhra Pradesh had created (October 2015)²⁴² a Trust to propagate and preserve Hindu Dharma. For this purpose, Government directed that two *per cent* of CGF contributions be allocated for Hindu Dharmik activities and these funds shall be kept at the disposal of the Trust in a separate bank account on a quarterly basis. Government also directed²⁴³ Chairman of the Trust to submit a detailed report at the end of year both to CoE and EO of temple specified under Section 65 (2) of the Act, indicating the activities taken up.

During scrutiny of records of CoE, it was observed that an amount of ₹ 10.60 crore was released by CoE from CGF to Trust during the period 2015-16 to 2017-18. However, guidelines/ instructions for utilisation of these funds were not issued. The Utilisation Certificates were received without mentioning the details of expenditure. CoE also did not insist upon this. Thus, due to non-receipt of details of expenditure made by Trust, proper utilisation of these funds could not be ascertained by Audit.

Commissioner replied (January 2019) that funds deposited in bank were utilised by Trust and Government was addressed to prepare guidelines for utilisation of these funds. Thus, it is evident from the reply that there were no guidelines for utilisation of funds by Trust.

Guidelines/ instructions need to be framed for utilisation of funds and a mechanism needs to be instituted for monitoring the expenditure of Trust.

7.2.7.2 Diversion of funds

An amount of ₹ 12.41 crore was diverted from Common Good Fund for construction of Commissioner's office building in violation of the provisions.

It was observed from the records of CoE that an amount of ₹ 12.41 crore was sanctioned (November 2017) from CGF for construction of CoE office building against the provisions of the Act.

Government replied (February 2019) that the expenditure was incurred out of the interest earned from CGF contributions without disturbing the principal amount.

The fact remains that the provisions of Act applicable for CGF would also include interest accrued.

²⁴² G.O.RT.No. 927 Revenue (Endowments-1) Department dated 01 October 2015.

²⁴³ G.O.Ms. No. 65 Revenue (Endowments-III) Department dated 08 February 2017.

7.2.8 Loans granted from Archaka²⁴⁴ Welfare Fund

There is no monitoring mechanism over repayment of loans granted from Archakas and other employees welfare fund trust. As a result, loans advanced are not being recovered regularly.

As per the Bye laws of Andhra Pradesh Endowments Archakas and Other Employees Welfare Fund Trust, Archakas and other employees are eligible for interest free Housing, Education, and Marriage loans etc. Housing loans, Marriage and education loans are recoverable in 120 and 60 monthly instalments respectively. Penal interest, however, will be charged at the rate of 12 per cent per annum only on housing loan instalments which become overdue.

During the scrutiny of the records at CoE, it was observed that 2020 loan cases amounting to ₹ 5.05 crore²⁴⁵ granted were pending recovery to the end of March 2018. It was observed that as of May 2018, against marriage loans of ₹ 4.73 crore recoverable in 52,604 instalments, only ₹ 1.11 crore was recovered in 14,028 instalments. Similarly in case of housing loans, against ₹ 1.82 crore recoverable in 34,552 instalments to the end of May 2018, only ₹ 45.95 lakh was recovered in 9,246 instalments. As regards educational loan against ₹ 5.71 lakh recoverable in 1,014 instalments, only ₹ 0.52 lakh was recovered in 101 instalments as of July 2018. The loan amounts were being recovered separately through cheques/ online payments. Thus there is no monitoring mechanism to ensure regular periodical repayment of loans. It is therefore suggested that loans be recovered from salaries instead of acceptance of cheques/ online payments to monitor recoveries periodically and to avoid accumulation of arrears.

Government accepted and replied (February 2019) that notices were issued for recovery of dues.

7.2.9 Non-depositing of excess gold

In four temples, 68.468.860 kilograms of gold was not deposited in the Gold Deposit Bond Scheme in violation of instructions.

CoE permitted²⁴⁶ the Executive Officers of all temples to invest the unused gold, lying in the temple lockers whenever it accumulates to more than one kilogram, in SBI Gold Deposit Bond Scheme. The instructions were issued keeping in view, the security of the Gold and also to earn additional income for temples.

In four temples categorised under Section 6(a) of the Act, 68.468.860 kgs of gold was accumulated (including a quantity of 1.493.970 kgs of gold appraised

²⁴⁴ Archaka means the Priest includes a pujari, a panda, an Archakatwam Mirasidar (Descendent or other person who personally performs or conducts any archana, pooja or other ritual).

²⁴⁵ Housing loans sanctioned between May 2008 and March 2016 – ₹ 1.36 crore (790 cases); Marriage loans sanctioned between January 2004 and January 2016 – ₹ 3.64 crore (1205 cases); Education loan – ₹ 5.18 lakh (25 cases).

²⁴⁶ Memo No. J3/ 24483/ 2009 dated 14 December 2009.

prior to April, 2011 at a temple) upto March 2018 and the same was not deposited in the Gold Deposit Bond Scheme.

Similar observation was included in Comptroller and Auditor General's Audit Report for the year ended March 2013 at para No. 8.1.9.

Government accepted (February 2019) and assured to issue necessary instructions for depositing the excess gold into Gold Deposit Bond scheme.

7.2.10 Utilisation of surplus funds of temples

7.2.10.1 Diversion of temple funds

Temple funds amounting to ₹ 34.07 crore were diverted against the provisions of the Act.

As per Section 72 of the APCHRIE Act, surplus funds of temple can be utilised for the purposes of establishing Institutes of Vedas, Sanskrit and for publicity of Sanatana dharma, granting aid to any other needy temple.

During scrutiny of records of eight temples categorised under Section 6 (a) of the Act, it was observed that temple funds amounting to ₹ 34.07 crore were utilised for establishment of schools/ colleges/ grant to the private hospital, fuel expenses of Government Officials etc. which are contrary to the purposes mentioned in the Act.

Government replied (February 2019) that an amount of ₹ 0.20 lakh was recovered (August 2018) from a temple towards expenditure incurred on fuel. In so far as payment of car hire charges, salaries to outsourced staff were concerned, they were met from temple funds subject to reimbursement after allotment of budget. In respect of staff working in educational institutions, Government contended that salaries were paid from temple funds meant for other than those working under Grants-in-Aid and hence did not amount to diversion.

Such expenditure out of temple funds was irregular as no such provision is in Act. Government was silent on grant provided to the private hospital.

7.2.10.2 Non-realisation of loans granted to other Institutions

No efforts were made by temple authorities to recover loan of ₹ 2.57 crore granted (between 1970 and 2016) to five temples against promissory notes. The validity period of promissory notes had expired.

As per the Limitation Act 1953, the validity of a Promissory Note is three years from the date of execution/ last payment recorded on the Promissory Note.

It was observed from the records of five temples categorised under Section 6 (a) of the Act, that loan of ₹ 2.57 crore was given to other temples against 63 promissory notes executed between the years 1970 and 2016. No efforts were made by these temple authorities to realise money from the borrowing

Institutions so far. The validity of these Promissory notes had already expired. This resulted in foregoing of even legal right on these promissory notes besides blocking up of interest amounting to ₹ 4.09 crore as of March 2018.

Government accepted (February 2019) and stated that an amount of ₹ 56.98 lakh was recovered by two temples²⁴⁷ from ten institutions that availed loan. As regards balance amount, it was replied that necessary instructions would be issued either to recover loan amount or to renew the promissory notes.

7.2.11 Locking up of funds

Advance of one crore was blocked up with a temple categorised under section 65 (2) of Endowment Act, for over eight years and the objective of providing Golden Chariot to a Temple categorised under section 6 (a) of the Act, failed though funds were collected and available towards the same.

A temple categorised under Section 6 (a) of the Act, proposed (2004) to provide Golden Chariot²⁴⁸ to the deity by collection of donations exclusively for this purpose without using temple funds. Temple authorities requested (January 2006) EO of Temple specified under Section 65 (2) of the Act, to supply the Golden chariot for use by temple during festivals. Temple under Section 65 (2) of the Endowment Act, had agreed and demanded ₹ one crore as initial deposit for the purpose. Temple authorities paid ₹ one crore as advance (February 2010) against Deposit works without obtaining detailed estimates for the Golden chariot.

After lapse of five years, estimated cost of Golden Chariot had risen (October 2015) to ₹ 4.80 crore²⁴⁹ with a condition to deposit the required gold, copper and supervision charges before commencement of the work. The EO intending to make a chariot confirmed sufficiency of funds, as demanded by Executing Authorities (Section 65 (2)). Accordingly a letter was addressed²⁵⁰ (December 2015) to CoE to permit commencement of the work. However, no permission was accorded by CoE for releasing the funds as of January 2019.

Thus, despite availability of sufficient funds (₹ 5.49 crore in SB account for the purpose), the objective of providing Golden Chariot to deity had not been fulfilled. Besides this, funds valuing one crore rupees were locked up with temple executing the work for over eight years. The interest loss sustained on this account amounted to ₹ 56 lakh at an average interest rate of seven *per cent* per annum for eight years.

Government accepted (February 2019) the Audit observation.

²⁴⁷ ₹ 10.22 lakh from one institution and ₹ 46.76 lakh from other institution (principal ₹ 41.15 lakh, interest ₹ 5.61 lakh from nine institutions).

²⁴⁸ A Golden Chariot is made (Gold is coated on copper sheets covered on the wooden chariot) exclusively for use by deity during the main festivals. The deity is taken outside the temple in procession on the Golden Chariot made for this purpose on festive days

²⁴⁹ Cost of gold and silver: ₹ 4.05 crore and ₹ 75.29 lakh towards supervisory and administrative charges.

²⁵⁰ RC.No.Q1/2612/2005 dated 04 December 2015.

7.2.12 Management of shops and other licences

As per Section 29 (3) (ii) of the Act, Executive Officer shall be responsible for collection of income from temples and for incurring expenditure from these collections. Leasing of temple properties are governed by the APCHRIE's Lease of Agricultural Lands Rules, 2003 and APCHRIE Immovable Properties and Other right (other than agricultural lands) Leases and Licences Rules, 2003.

Some of the major observations are as follows:

7.2.12.1 Arrears in collection from lease/ licence holders

In 12 temples arrears from lease holders of shops and licences accumulated to ₹ 18.48 crore to the end of March 2018.

In 12 temples categorised under Section 6 (a) of the Act, Audit observed that the arrears of collection from lease holders of shops, licences²⁵¹ and land accumulated to ₹ 18.48 crore as on 31 March 2018. The breakup of the prior period arrears was not made available to Audit. The reasons for non-recovery were not on record.

Government replied (February 2019) that an amount of ₹ 69.64 lakh was recovered from lease holders of five temples. With respect to another temple, it was stated that the amounts were not collected due to a court case. As regards remaining arrears, it was stated that necessary instructions would be issued to the temple authorities concerned.

Similar observation was included in Comptroller and Auditor General's Audit Report for the year ended March 2013 at para No. 8.1.13.

7.2.12.2 Loss of revenue from collection of human hair in Temples

Failure to include tender condition in the licence agreement with the successful bidder resulted in revenue loss of ₹ 60.97 lakh.

A temple categorised under Section 6(a) of the Act, had called (January 2016) tenders for granting licence for collection of human hair for the period 01 April 2016 to 31 March 2018. As per the tender conditions, attached to the tender schedule read with Government order²⁵², the rate quoted by the highest tenderer should be hiked by 10 per cent for the second year.

Accordingly, open auction was conducted and licence was granted to the highest bidder²⁵³ who quoted an amount of ₹ 6.10 crore per year. An agreement was entered into (February 2016) with the bidder for an amount of ₹ 12.19 crore for two years. However, the condition regarding enhancement of licence fee for the second year was ignored while entering into agreement. Thus, exclusion of licence fee enhancement clause for the second year in the agreement had resulted in loss of revenue of ₹ 60.97 lakh.

²⁵¹ Human hair, coconut halves and parking etc.

²⁵² G.O.No. 426 Rev (Endts-1) Department dated 09 November 2015.

²⁵³ M/s. Indian Hair Industries, Tanuku.

Government stated (February 2019) that reply would be furnished after ascertaining the facts from the temple.

7.2.13 Management of Temple Lands

A total extent of 4,53,459.61 acres of agricultural land and 9,05,374 square yards of non-agricultural land spread over the State were owned by the Temples. Out of the above, 70,091.79 acres (15.46 *per cent*) of agricultural land and 11,131.81 square yards (1.23 *per cent*) of non-agricultural land was reported to be under encroachment. In the test checked five temples categorised under Section 6(a) alone, 716.10 acres of land was under encroachment. Steps taken by the EOs for protecting/eviction of the encroached land were deficient as discussed below:

7.2.13.1 Non-eviction of encroachers

Failure of district administration in supporting the EO at a temple categorised under section 6 (a) of the Endowment Act, for eviction of land resulted in temple land remaining in the hands of private parties.

(a) Land property measuring 4.88 acres of a temple categorised under Section 6(a) of the Act, was encroached, prior to the year 1971 by private parties. Endowment Tribunal had passed eviction orders in 2004. Even after a lapse of 14 years of Court passing the order to evict the encroached land, no concrete steps were taken by the department for its eviction.

In reply, Government stated (February 2019) that the District Collector was taking necessary action for eviction of encroachers. The fact, however, remains that the land is under encroachment for the past 14 years even after the eviction orders of the Tribunal.

(b) It was observed from the scrutiny of land records of a temple categorised under Section 6(a) of the Act, that in seven cases, the Endowment Tribunal ordered (between August 2012 and August 2016) respondents to deliver vacant possession of the encroached land admeasuring 4,340 square yards within one month or necessary action be taken by the Department to take delivery of the property along with structures. The respondents have neither vacated the land nor any action for eviction was initiated by the department.

Government replied (February 2019) that necessary copies of eviction orders were not received and action would be taken after receipt of the orders. The eviction orders were, however available with the temple authorities.

7.2.13.2 Non-recovery of compensation

Land compensation and interest of ₹ 18.58 crore was not paid to temple authorities towards 44.57 acres of land allocated to Central Government organisations.

During the scrutiny of records of a temple categorised under Section 6(a) of the Act, it was observed that the temple land measuring 44.57 acres was allotted

and possession was given to various Central Government offices viz., Naval Science and Technological Laboratory, East Coast railways, Doordarshan and National Highways Authority of India without fixing any land compensation, between the years 1973 and 1995. Though the land was allotted long back, the amount of compensation to be paid was assessed²⁵⁴ at ₹ 18.58 crore in March 2016 by taking basic value of land prevailing at the time of handing over possession and adding interest there on at the rates applicable to GPF. No amount, however was realised upto February 2019.

Government replied (February 2019) that District Collector conducted meeting for recovery of compensation with relevant Institutions and temple authorities appealed to Hon'ble High Court in certain cases.

7.2.14 Conclusion and Recommendations

Assessable income of temples is not being reviewed every year. Consequently categorisation of temples was not undertaken regularly. Incorrect categorisation of temples led to short realisation of statutory contributions from temples.

There is no monitoring mechanism for timely collection of contributions from temples categorised under Section 6(a) of the Act and a temple categorised under Section 65(2) of the Act. This had resulted in huge accumulation of arrears of ₹ 298.21 crore from 6 (a) category temples and ₹ 470.98 crore from a temple categorised under Section 65(2) of the Act, to the end of March 2018.

Recommendation

Endowments Department may ensure annual categorisation of temples. Government may establish a mechanism for timely collection of contributions from a temple categorised under Section 65(2) of the Act and other temples categorised under Section 6(a) of the Act, to avoid accumulation of arrears.

Common Good Fund and temple funds were utilised for purposes other than for which they were meant.

²⁵⁴ NSTL – ₹ 17.25 crore, Microwave repeater station (ECO railway) – ₹ 45.04 lakh, TV Tower (Doordarshan) – ₹ 37.73 lakh and National Highway Authority of India for Road widening – ₹ 50.12 lakh.

Recommendation

Endowments Department may ensure utilisation of temple funds in accordance with the provisions of the APCHRIE Act.

Of the total extent of 4,53,459.61 acres of agricultural land, 70,091.79 acres (15.46 *per cent*) was under encroachment. Temple land measuring 4.88 acres was encroached by private parties prior to 1971. Despite issue of eviction orders by the Tribunal in 2004, no action has been taken so far to evict the encroachers. Similarly in seven other cases no action was initiated by the Department to take possession of 4,340 acres of land despite issue of court order.

Recommendation

District Administration may extend necessary support to Executive Officers for protecting temple land and also in implementation of court orders of eviction.

Hyderabad
The



(LV SUDHIR KUMAR)
Principal Accountant General (Audit)
Andhra Pradesh

Countersigned

New Delhi
The



(RAJIV MEHRISHI)
Comptroller and Auditor General of India