

Chapter-IV

Compliance Audit Observations

4.1 Loss of revenue due to settlement of Market/Vehicle Gate/Area below the official value

In exercise of the powers conferred under paragraph 8 of the Sixth Schedule, NCHAC operated 17 Markets/Vehicle Gates/ Areas where taxes on entry of goods into markets (Scheduled goods) during 2017-18 and taxes on animal and vehicles entering into the district were collected. These market/gates are settled annually with different lessees after inviting tender by fixing official value for each market/vehicle gate/area and adding five to 10 *per cent* to the settled value of the previous year. Audit noticed that tender notice for leasing out six markets and three areas was issued in December 2016 indicating official value of each market and area. Tender was not invited for the remaining eight markets/vehicle gates/areas.

Scrutiny of records of the Taxation Department of the Council revealed that though tender notice was issued for nine markets/areas, all the 17 markets/vehicle gates/areas were found settled on negotiation with the existing lessees on lump sum basis. Audit further noticed that five out of the 17 markets/vehicle gates/areas were settled below the official value resulting in loss of revenue of ₹ 19.17 lakh as shown in **Table-4.1**:

Table-4.1: Loss of revenue

(In ₹)

Sl. No.	Name of Market/Area	Name of the lessee	Official value	Settled value	Loss of revenue
1	Mahur Bazar	Amrit Kemprai	10,25,500	7,77,700	2,47,800
2	Hatikhali Bazar	Kailash Langthasa	1,75,000	1,08,000	67,000
3	Maibang Bazar	Joyhit Jidung	10,12,000	7,00,000	3,12,000
4	Manderdisa area on BG/ NHAI related goods	Moden Daulagupu	17,50,000	7,60,000	9,90,000
5	Mahur/Harangajao area on petroleum products	Sangit Phonglo	15,00,000	12,00,000	3,00,000
Total					19,16,800

Settlement of markets/vehicle gates/areas without following tendering process and leasing out the markets/vehicle gates/areas at rates below the official value was irregular and has caused loss of revenue to the Council to the extent of ₹ 19.17 lakh.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that reply would be furnished after verification of records, which is awaited in Audit (May 2023).

The Council should take measures to revamp the revenue earning departments, so as to explore all the possibilities to increase its revenue earning and to eliminate the instances of loss of revenue.

4.2 Short realisation of Land Revenue

Land Revenue is an inherent subject provided under the Sixth Schedule of the Constitution. For NCHAC, which consists of four Revenue Circles under Revenue

Department, there are 28 mouzas headed by mouzadars entrusted for timely collection of revenue and depositing it to Revenue Department, NCHAC.

The Revenue Department of the Council could only furnish compiled reports to Audit for examination in respect of 8 out of 28 mouzas only for the year 2017-18. Records such as demand register, collection and deposit register were sought for from the mouzadars, but none of the mouzadars could furnish these basic records. The details of revenue collection in respect of these eight mouzas are shown in **Table-4.2:**

Table-4.2: Details of Revenue realisation in 2017-18

(In ₹)				
Arrear Demand till 31 March 2017*	Demand raised in 2017-18	Total Demand	Revenue realised	Outstanding as on 31 March 2018
2,87,310	16,21,287	19,08,597	7,79,628	11,28,969

*Pertains to only two Mouzas viz., Haflong and Harangjao as the remaining mouzas did not furnish figures of arrears

It can be seen from the table above that the Council failed to realise the total demand issued during 2017-18 from eight mouzas. Position of revenue collected by the remaining 20 mouzas could not be ascertained in audit due to non-furnishing of information.

Due to non-maintenance of any demand and collection registers to monitor the revenue collection by the Mouzadars of the respective mouzas, it has not been possible to verify the position of revenue collection which posed serious limitation on Audit.

The Council did not furnish any reply.

The Council should issue strict instruction for maintenance of vital records of revenue collection to prevent any possible mis-utilisation, misappropriation of revenue, etc.

4.3 Irregular utilisation of departmental receipts

Rule 17 of the District Fund Rules, 1953 of NCHAC provides that all receipts due to the Council collected by any employee of the Council authorised to collect such receipts shall pass through the Cashier, who shall enter them in his cash book. Rule 18 of the said Rules states that all moneys received by the Cashier on account of the Council shall be remitted intact into the treasury promptly and shall on no account be appropriated towards expenditure.

Scrutiny of records of the Transport Department revealed that during 2017-18 out of ₹ 43.20 lakh collected as bus fare, hiring charges of buses/dumpers and auction of old vehicles, etc., only ₹ 17.07 lakh was deposited into the PDA. The balance of ₹ 26.13 lakh was spent towards purchase of Petroleum Oil and Lubricant (PoL), repairing and maintenance of vehicle during 2017-18 in violation of Fund Rules. Similarly, General Administration Department (GAD) of the Council realised revenue of ₹ 2.63 lakh during 2017-18 on sale of stamp paper. GAD deposited only ₹ 2.34 lakh into PDA and the balance of ₹ 0.29 lakh was utilised towards contingency expenditure.


Thus, during 2017-18, a total amount of ₹ 26.42 lakh (₹ 26.13 lakh + ₹ 0.29 lakh) was spent out of departmental receipts in violation of Fund Rules *ibid*.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that the day to day expenditure on PoL *etc.*, were adjusted from the revenue collection in absence of separate budget provision for the purpose. The appropriate authority had been requested to make separate budget provision for the purpose from the next financial year.

The Council has not taken any corrective measures despite being pointed out in previous year's Audit Report.


The Council should evolve a system of checks so that revenues collected by various departments are deposited to PDA expeditiously as per the Fund Rules.

Guwahati
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Countersigned

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