

CHAPTER-V

TRANSACTION AUDIT

5.1. Taxes deducted at source not deposited into Government accounts

Income Tax, Sales Tax and Royalty deducted from bills of contractor/suppliers were required to be credited to the respective heads of Government accounts.

Rs 35.00 lakh deducted on account of Income Tax, Sales Tax & Royalty not credited into Govt. Account.

Test check of records revealed that seven ULBs deducted Income Tax, Sales Tax and Royalty of Rs 35.00 lakh during 2002-07, as detailed below but had not credited it in the respective heads of government accounts and instead retained the money in their respective funds.

(Rs in lakh)					
Sl.No.	Name of ULBs	Amount of Sales Tax deducted	Amount of Income Tax deducted	Amount of Royalty deducted	Total
1.	Ranchi	---	6.16	6.05	12.21
2.	Dhanbad	2.72	---	4.68	7.40
3.	Madhupur	0.45	0.50	5.31	6.26
4.	Kharsawan	---	2.54	1.14	3.68
5.	Hussainabad	---	1.31	1.51	4.13
6.	Jasidih	1.31	---	0.15	0.15
7.	Rajmahal	---	---	1.17	1.17
	Total	4.48	10.51	20.01	35.00

This affected the budgetary provision of State Government to the extent of Rs 35.00 lakh.

5.2. Improper grant of supervision charge of Rs 1.75 crore to Sulabh International Social Service Organization

The Government of Jharkhand sanctioned Grants and Loans (50 per cent each) during 2002-07 for construction of Sulabh Sauchalayas and conversion of dry latrines into septic ones within Municipal areas. The Government directed (February 2002) that (i) the estimates for construction of Shauchalayas would be prepared on the basis of schedule of rates and technical approval would be taken from Public Health

Improper payment of Rs 1.75 crore to SISSO as 15 per cent Supervision charges on estimated cost inclusive of 10 per cent contractor's profit.

and Engineering Department (ii) the work would be executed by the Sulabh International Social Service Organisation (SISSO) and 15 *per cent* supervision charges would be paid to the SISSO on the estimated cost.

Scrutiny revealed that the estimated cost was inclusive of 10 *per cent* contractor's profit and it appeared that government did not take into account this aspect while issuing directive for payment of 15 *per cent* supervision charges on estimated cost. The State Public Works Account Code, which is applicable to municipal works, does not provide for payment of supervision charges to a Contractor/Agency over and above the contractor's profit involved in the estimated cost.

The matter was referred to the State Government (June 2004). In reply, Government stated that the supervision charge was paid for works, which included planning, designing, motivation, implementation and follow-up. The Government, further, referred to the sub-group on strategies to address unmet needs for Public Health Drinking Water, Sanitation and Nutrition set by the National Commission on Population of the Planning Commission that recommended implementation charge of 15 *per cent* to be paid to such voluntary organizations. The government's reply was not tenable in view of the fact that necessary amendments to State Public Works Account Code was not made for payment of supervision charges by disallowing contractor's profit.

Thus, due to injudicious decision of the Government without suitable amendment to Public Works Account Code, Rs 1.75 crore was improperly paid as supervision charges on the construction of Sulabh Sauchalaya and for conversion of dry latrines into septic ones up to March 2007 by nine ULBs as detailed below:

(Rs. in lakh)			
<i>Sl.No.</i>	<i>Name of ULBs</i>	<i>Period</i>	<i>Amount paid to SISSO as 15% supervision charges</i>
1.	Ranchi	2001-07	92.56
2.	Dhanbad	2002-04	14.21
3.	Giridih	2000-03 and 2005-07	9.16
4.	Godda	2003-07	6.89
5.	Jhumritelaiya	2005-07	3.24
6.	Chakradharpur	2004-07	9.32
7.	Jamshedpur	2004-07	28.95
8.	Hussainabad	2002-07	7.59
9.	Rajmahal	2004-07	3.16
Total			175.08

5.3 Non-recovery of Sulabh sauchalaya Loan

The Government released 50 per cent grant and 50 per cent loan to ULBs for construction / conversion of dry latrines into septic ones during 2001-07. As per terms and conditions of the scheme 50 per cent of the construction cost was to be borne by the Government and balance 50 per cent i.e. loan portion to be borne by the beneficiaries, whose dry latrines were converted into septic ones. Thus 50 per cent of the construction cost was to be treated as Govt. subsidy where as balance 50 per cent alongwith interest was to be recovered from the concerned beneficiaries.

Recovery of Sulabh Shauchalaya loan of Rs 206.47 lakh and interest thereon neither effected nor any account for the same was being maintained.

During audit it was noticed that an expenditure of Rs 4.13 crore was incurred on account of construction/conversion of dry latrines into septic ones by eight ULBs, but recovery of such loan of Rs 2.06 crore (50 per cent of Rs 4.13 crore), as detailed below, was neither effected nor any account for the same was maintained by the concerned ULBs:

(Rs. in lakh)			
<i>Sl. No.</i>	<i>Name of ULBs</i>	<i>Period</i>	<i>Amount of Loan recoverable</i>
1.	Ranchi	2001-07	73.29
2.	Giridih	2005-07	17.92
3.	Pakur	2003-06	3.47
4.	Jhumritilaiya	2005-07	73.94
5.	Gumla	2004-06	7.91
6.	Chakradharpur	2001-07	8.99
7.	Adityapur	2004-07	16.76
8.	Rajmahal	2004-07	4.19
Total			206.47

For want of maintenance of loan accounts, dues against each beneficiary were not ascertainable at any date. Further, the liability of the ULBs on account of repayment of loan with interest thereon was increasing with the lapse of time and chances of recovery are also remote.