

## CHAPTER - VI: NON-TAX RECEIPTS

### 6.1 Results of Audit

Test check of the records of the following receipts conducted in audit during the year 2003-2004, revealed losses/non-recovery of revenue etc. of Rs 993.23 crore in 234 cases as indicated below:

(Rupees in crore)			
Sl. No.	Categories	No. of cases	Amount
<b>A</b>			
<b>Mines and Minerals</b>			
1	Non-levy or short levy of royalties and cesses	4	2.67
2	Non-levy of interest	3	0.31
3	Non-levy of penalty/fees	30	17.69
4	Non-levy of stamp duty and registration fees	8	1.33
5	Non-levy or short levy of auction money due to Non-settlement/irregular settlement of sand ghat	10	1.33
6	Non-initiation of certificates proceedings	10	28.74
7	Other cases	35	35.47
<b>Total</b>		<b>100</b>	<b>87.54</b>
<b>B</b>			
<b>Forest Receipts</b>			
1	Loss of revenue due to departmental lapses	6	1.15
2	Loss of revenue due to delay in initiation of certificate cases	6	1.86
3	Loss of revenue due to non-registration of saw mills	9	0.67
4	Other cases	26	12.61
<b>Total</b>		<b>47</b>	<b>16.29</b>
<b>C</b>			
<b>Water Rates</b>			
1	Delay in assessment of water rates	1	2.74
2	Other cases	85	160.93
<b>Total</b>		<b>86</b>	<b>163.67</b>
<b>D</b>			
<b>Review on Interest Receipts</b>			
<b>Grand Total</b>		<b>234</b>	<b>993.23</b>

During the year 2003-2004, the concerned Department accepted irregularities in one case involving Rs 0.63 crore which had been pointed out in earlier years.

A few illustrative cases including a review on "Interest Receipts" involving tax effect of Rs 749.20 crore are discussed in the following paragraphs:

### A: INTEREST RECEIPTS

#### 6.2 Review: Interest Receipts

##### *Highlights*

- The Administrative departments had not prepared budget estimates or revised estimates for the years 1998-1999 to 2002-2003 under the head 'Interest receipts' for submission to the Finance Department though the

Finance Department had issued directions reiterating preparation/ submission of budget estimates and revised estimates.

**(Paragraph 6.2.5)**

- None of the Administrative departments test checked had maintained loan ledger and demand, collection and balance register. The Departments failed to exercise control over recovery of principal and interest.

**(Paragraph 6.2.6)**

- Interest and penal interest of Rs 687.67 crore accrued as of March 2003 was neither worked out nor demanded by the Administrative departments. Of this, Rs 648.89 pertained to the years 1998-1999 to 2002-2003.
- Interest of Rs 70.63 crore accrued upto March 2003 on loans outstanding against three loanees of Co-operative department. Of this Rs 39.97 crore pertained to the years 1998-1999 to 2002-2003.

**(Paragraph 6.2.7)**

- Non-finalisation of terms and conditions of loan by the Housing Department had resulted in non-realisation of interest of Rs.1.53 crore

**(Paragraph 6.2.8)**

## **Introduction**

**6.2.1** In pursuance of achievement of various objectives, the State Government sanctions loan and advances to Public Sector Undertakings, Local bodies, Co-operative societies and autonomous bodies. The loans sanctioned carry different rates of interest as fixed by the sanctioning authority keeping in view the purpose for which the loan is sanctioned. The terms and conditions specified in orders sanctioning the loans and advances prescribe the periodicity of instalments, the rates of interest, the mode and the manner of repayment of the principal and interest. Interest is also realised on investment on cash balance investment by the Government and is an important source of revenue.

## **Organisational set up**

**6.2.2** The proposals received from different organisations for grant of loans and advances are processed by the concerned Heads of Administrative Department who sanction the loans with the concurrence of Finance Department Recoveries of loans and advances along with the interest are required to be watched by the respective Heads of the Administrative Department.

**Scope of audit**

**6.2.3** Records of six departments<sup>1</sup> alongwith the Finance Department which sanctioned loans and advances and made recoveries of interest etc for the period 1998-1999 to 2002-2003 were test checked during November 2003 to June 2004.

**Audit objectives**

**6.2.4** The Review was conducted with a view to

- evaluate the efficiency of the Administrative departments in ensuring that the levy and collection of interest is in accordance with the prescribed procedure;
- ascertain the correctness and proper maintenance of records containing details of interest receipt and collection; and
- evaluate the efficiency of internal control system.

**Trends of Interest receipts and budget estimates**

**6.2.5** Under the provisions of Rule 54 of Bihar Budget Procedures (BBP), the estimates of revenue and receipt should show the amounts expected to be realised within the year. In estimating fixed revenue for the ensuing year, the calculations should be based upon the actual demand including any arrears due for past years and the probabilities of their realisation during the year. In the case of fluctuating revenue, the estimate should be based upon a comparison of the last three years receipts. Further the Controlling Officer should examine the budget received from the Disbursing Officer and submit it to Finance Department.

The budget estimates and actuals alongwith the percentage of interest receipts to the total non-tax revenue for the years 1998-1999 to 2002-2003 are shown below:

Year	Budget Estimate (Revised)	Actual realisation	Variation between Budget Estimates and Actuals		Total non-tax revenue	Percentage of interest receipts to non-tax revenue
			(+) Increase (-) decrease	Percentage		
1998-1999	309.60	135.99	(-) 173.61	(-) 56	1,146.29	11.86
1999-2000	328.54	135.75	(-) 192.79	(-) 59	1,165.86	11.64
2000-2001	132.81	30.68	(-) 102.13	(-) 77	711.68	4.31
2001-2002	89.08	11.75	(-) 77.33	(-) 87	286.70	4.10
2002-2003	29.03	53.01	(+) 23.98	(+) 83	260.82	20.32

The above table indicates that:

- The actual realisation of interest receipts was short by 56 to 83 per cent of the budget estimates during the years 1998-1999 to 2001-2002.
- There was unusual reduction in the estimate in the year 2002-2003.

<sup>1</sup> Agriculture, Co-operative, Energy, Housing, Industries and Urban Development.

- The percentage of interest receipts to non-tax revenue varied between four per cent and 20 per cent during the years 1998-1999 to 2002-2003.

The examination of the records of budget estimate of the concerned administrative departments for the years 1998-1999 to 2002-2003 revealed that neither the administrative departments prepared estimates nor the same was submitted to the Finance Department. The budget estimates were prepared by the Finance Department on ad-hoc basis by an increase/decrease in the preceding year's budget and the prescribed procedure under BBP for preparation of estimates was not followed.

After this was pointed out, the Energy Department agreed to follow instructions from the next financial year. Replies from other departments have not been received (September 2004).

### Position of loans and advances

**6.2.6** The loan ledger is the basic record of loans granted in which initial information such as details of loanees, sanction, date of drawal of loan, schedule of repayment, rate of interest and penal interest, particulars of repayment of principal amount, payment of interest are noted. Besides loan ledger, a Demand Collection and Balance (DCB) register is also required to be maintained for raising of demand, watching recoveries of loans granted and interest accrued thereon and working out the balance of outstanding loan from time to time.

It was, however, noticed that none of the Departments test checked, had maintained loan ledgers and DCB registers to watch recovery/repayment of loan and recovery of interest accrued thereon. As such these departments were not in a position to furnish the details of loans and advances granted by them and the interest accrued thereon. The details of loans and advances granted by the Energy, Agriculture, Industry, Urban Development and Co-operative Departments during the years 1998-1999 to 2002-2003 as available in the Finance Accounts indicated that the loans and advances sanctioned were Rs 3,511.29 crore against which only Rs 22.08 crore (0.63 per cent) was repaid by the loanee organisations. Details are given in Appendix-II of this Report.

The concerned Administrative departments could not furnish the details of rates of interest realisable on loans and advances granted for the period prior to 1998-1999. However, the amount of recoverable interest<sup>2</sup> on the arrears of principal amount outstanding as on 1st April 1998 was worked out to Rs 2,822.93 crore and the same for the period 1998-1999 to 2002-2003 worked out to Rs. 1,020.99 crore. Thus, total amount of interest on loans and advances at the end of the year 2002-2003 stood at Rs. 3,843.92 crore. Details are as under:

Department	Rate of interest (per cent/ annum)	Interest accrued on outstanding loan as on 1.4.1998	Interest accrued on loans paid during the year					Total
			1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	
Energy	13	1,896.06	277.08	384.52	153.00	62.71	81.94	2,855.31
Agriculture	6	177.72	1.52	1.14	3.54	1.36	1.86	187.14

(Rupees in crore)

<sup>2</sup> At the rate ranging from six to 16 percent per annum on the basis of rate of interest prescribed for the loan granted during 1998-1999 to 2002-2003.

Department	Rate of interest (per cent/ annum)	Interest accrued on outstanding loan as on 1.4.1998	Interest accrued on loans paid during the year					Total
			1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	
Industries and Mines	13	364.08	0.42	1.29	0.008	0.30	0.62	366.72
Housing and Urban Development	13	231.79	7.62	8.89	2.90	2.09	3.12	256.41
Co-operative	16	153.28	4.00	3.04	9.44	3.63	4.95	178.34
<b>Total</b>		<b>2,822.93</b>	<b>290.64</b>	<b>398.88</b>	<b>168.89</b>	<b>70.09</b>	<b>92.49</b>	<b>3,843.92</b>

Due to non-maintenance of loan ledger and DCB registers etc., the administrative departments could not pursue the collection of arrears indicating internal control.

After this was pointed out, two departments (Energy and Urban Development) stated in March 2004 that files were maintained only while Industries Department stated that the records were maintained at district level. The reply was not tenable as the above registers are required to be maintained at administrative department level for watching the repayment of loans/ recovery of interest. Reply from other departments has not been received (September 2004).

#### **Non-raising/realisation of demand**

**6.2.7** Under the provisions of Bihar Financial Rules (BFR), responsibility for recovery of loan and interest rests with the sanctioning authority. The terms and conditions as specified in the sanction order indicate the manner of repayment of principal and payment of interest. Penal interest is also chargeable on instalments of principal not paid as per the terms and conditions of the sanction.

- Test check of records of the Housing, Energy and Urban Development departments and the loanee organisations revealed that the loanee organisations were granted loans to be repaid within ten years to 20 years along with interest failing which penal interest was chargeable. It was noticed that the Departments had neither worked out nor raised the demand for interest and penal interest of Rs 687.67 crore as on March 2003. Out of this, an amount of Rs 648.89 crore (interest Rs 588.15 crore and penal interest Rs 60.74 crore) pertained to the years 1998-1999 to 2002-2003 as per details given below :

(Rupees in crore)								
Sl. No.	Name of the Loanee organisation	Purpose of loan	Amount of loan Year of payment	Rate of interest/ Rate of penal interest (Per cent)	Period of repayment	Loan repaid	Recoverable interest	Recoverable penal interest
1	Housing Bihar State Housing Board, Patna	Construction of Houses	35.74 1990-1991 to 2001-2002	13 Compound Interest	15 Years	0.47	19.98	4.04
2	Energy Bihar State Electricity Board, Patna	Rural Electrification and assistance	1513.54 1998-1999 to 2002-2003	13 2.5	10 Years	-	541.07	56.70

Sl. No.	Name of the Loanee organisation	Purpose of loan	Amount of loan Year of payment	Rate of interest/ Rate of penal interest ( Per cent )	Period of repayment	Loan repaid	Recoverable interest	Recoverable penal interest
3	Urban Development Patna Municipal Corporation	Payment of pay & allowance	38.80 1990-1991 to 2002-2003	13	20 Years	-	19.56	---
	Munger Nagar Parishad	- do -	5.19 1991-1992 to 2002-2003	- do -	20 Years	-	2.54	---
	Jamalpur Nagar Parishad	- do -	2.12 1991-1992 to 2001-2002	- do -	20 Years	-	0.93	---
	Water Board, Gaya	- do -	0.58 1990-1991 to 2002- 2003	- do -	20 Years	-	0.29	---
	Municipal Corporation, Gaya	- do -	7.14 1990-1991 to 2002-2003	- do -	20 Years	-	3.78	---
	<b>Total</b>		<b>1,603.11</b>			<b>0.47</b>	<b>588.15</b>	<b>60.74</b>

The reason for non-payment of principal and interest was attributed to non-availability of funds as stated by Bihar State Housing Board, Municipal Corporation, Patna & Gaya and Water Board Gaya. The reply from Bihar State Electricity Board Patna, Nagar Parishads, Munger and Jamalpur has not been received (September 2004).

- Industries Department sanctioned loan to Bihar State Industrial Development Corporation Ltd., and Bihar State Credit and Investment Corporation Ltd., to be converted into equity shares. As per terms and conditions if loans were not converted into equity shares within a year, the loans would be repayable within 10 years with interest and penal interest at the rate of 13 *per cent* and 2.5 *per cent* respectively.

Test check of records of these Corporations revealed that neither the loans were converted into equity shares nor repayment of loans was made. The outstanding interest and penal interest on the loans advanced during the years 1990-1991 to

2002-2003 as reported by these corporations was Rs 91.46 crore as on 31 March 2003. Out of this Rs 35.34 crore (interest Rs 29.66 crore and penal interest Rs 5.68 crore) pertained to the years 1998-1999 to 2002-2003.

The Industries Department had not raised any demand on account of interest and penal interest.

- As per terms and conditions mentioned in the sanction order, interest is chargeable at the prescribed rate and is realisable after one year annually in 10 equal instalments.

As per information furnished by Co-operative Department, interest of Rs 70.63 crore accrued upto March 2003, on loans sanctioned to three loanees<sup>3</sup> by the Department were outstanding as on 31 March 2003. Out of this, Rs 39.97 crore pertained to the years 1998-1999 to 2002-2003.

Out of the three loanees, only one (Bihar Land Development Bank, Patna) had repaid loan and interest of Rs 1.02 crore and Rs 0.24 crore respectively during the period 1998-1999 to 2002-2003. However, the Department did not raise any demand for repayment of outstanding loan and interest accrued thereon against the loanees.

#### **Non-realisation of interest**

**6.2.8** Under the provisions of BFR, while sanctioning the loan, specific terms and conditions should be fixed incorporating therein the due date for payment of instalment of loans and interest.

Test check of records of Bihar State Housing Board, Patna revealed that the Board had issued debentures to banks and financial institution on the guarantee given by the Government of Bihar. The Board did not pay the principal and interest on the debentures. Since the Government of Bihar had given guarantee against the loan, the Finance Department authorised the Reserve Bank of India to arrange payment of loans and advances together with interest to the respective banks and financial institutions by debiting directly from the Consolidated Fund of the State in March, 2002 and February, 2003 for Rs 5 crore and Rs 1.62 crore respectively. The payment so made by the Finance Department was treated as loan to the Board. The Finance Department while authorising the payment also directed the concerned Administrative Department to finalise the terms and conditions of loan. Since Housing department had not finalised the terms and conditions, neither the Housing Department raised the demand nor the Board had made repayment. Thus,

<sup>3</sup> (i) Bihar State Co-operative Bank, Patna.  
(ii) Bihar Land Development Bank, Patna; and  
(iii) Bihar State Co-operative Marketing Union, Patna.

non-finalisation of terms and conditions resulted in non-realisation of interest of Rs 1.53 crore calculated for the period 2002-2004 at the rate of 13 *per cent* per annum.

### **Conclusion**

**6.2.9** The Administrative departments had failed to ensure timely repayment of loans and advances from the loanee organisations thereby affecting the ways and means position of the State exchequer. There was system failure with regard to monitoring of overdue loans and advances and recovery of interest/penal interest, even though guidelines in this regard were given in the Rules. As interest receipts constitute a major part of non-tax revenue, it was necessary for the Government to have a detailed look at the system and procedure with a view to ensure prompt assessment and recovery of loans and advances and interest thereon.

### **Recommendations**

**6.2.10** The State Government may consider taking following steps to ensure:

- Preparation of budget estimates on realistic basis by the Administrative Departments;
- Maintenance of loan ledgers and DCB Register by Headquarters to keep watch over prompt repayment of loans and recovery of interest; and
- Effective internal control mechanism to monitor the position of overdue principal and interest amount.

The above matter was reported to the Government in July 2004; their reply has not been received (September 2004).

## **B : MINERAL CONCESSIONS, FEES AND ROYALTIES**

### **6.3 Non/short levy of penalty for illegal mining of brick earth**

Under the provisions of Bihar Minor Mineral Concession (BMMC) Rules, 1972 and notification of March 1992, every brick kiln owner/brick earth remover shall pay amount of prescribed consolidated royalty based on categories of brick kilns before issue of permit. Further, Rule 40(8) provides that whoever removes minor mineral without valid lease/permit, shall be liable to pay the price thereof as penalty and the Government may also recover from such person rent, royalty or taxes, as the case may be, for the period during which the land was occupied by such person without any lawful authority. To stop the business of illegal mining, the department issued instructions in October 1986, for periodical raids and report thereon to superior authorities.



In 14 Districts Mining Offices<sup>4</sup> (DMOs), it was noticed between September 2003 and March 2004 that 1,679 brick kilns operated in brick season 2001-2002 and 2002-2003 without payment of prescribed consolidated royalty and without obtaining valid permit. Out of these, no demand for recovery of price of mineral (brick earth) was raised in 1,529 cases. In 150 cases relating to two DMOs (East Champaran and Purnea), demands for penalty ranging from Rs 2,500 to Rs 26,250 were raised without reference to the price of mineral. The competent authorities also failed to stop such business. Taking the minimum price of mineral equivalent to royalty and deducting the amount of penalty already levied therefrom, there was non/short levy of penalty of Rs 8.43 crore.

After this was pointed out in audit between September 2003 and March 2004, Assistant Mining Officer (AMO), Vaishali stated in March 2004 that action was being taken to levy and recovery of penalty whereas eight AMOs<sup>5</sup> stated between September 2003 and March 2004 that action would be taken after verification. Five AMOs<sup>6</sup> stated in September 2004 that there was no provision to levy penalty. The reply was not tenable as operation of brick kilns without permits attracted levy of penalty under Rule 40(8) of BMMC Rules, 1972.

The cases were reported to the Government between February and June 2004; their reply has not been received (September 2004).

#### **6.4 Loss of revenue due to non-execution of deeds of settlement**

Under the provisions of BMMC Rules, 1972, settlement of sand is made for one calendar year by the Collector of the district by public auction and deed of settlement is to be executed within 60 days of the order of the settlement. In case of non-execution of deed the settlement order shall be deemed to have been revoked.

In four DMOs<sup>7</sup>, 78 sand bearing areas were settled at Rs 14.83 crore for the years 2002 and 2003 without executing proper deeds of settlement as required under the Rules. Settling sand bearing areas without getting the deeds of settlement executed, resulted in loss of stamp duty of Rs 93.41 lakh including surcharge of Rs 48.93 lakh.

<sup>4</sup> Aurangabad, Bhojpur, Chapra, Darbhanga, East Champaran (Motihari), Gopalganj, Madhubani, Muzaffarpur, Nalanda (Biharsharif), Nawada, Purnea (Comprising the districts of Araria, Katihar, Kishanganj and Purnea), Rohtas (Sasaram), Samastipur and Vaishali (Hajipur)

<sup>5</sup> Aurangabad, Darbhanga, E. Champaran (Motihari), Gopalganj, Nalanda (Biharsharif), Nawada, Purnea and Samastipur.

<sup>6</sup> Bhojpur, Chhapra, Madhubani, Muzaffarpur and Rohtas

<sup>7</sup> Aurangabad, Bhojpur, Chapra and Rohtas (Sasaram)

After this was pointed out in audit between October and December 2003, AMO Bhojpur stated in September 2004 that all concerned were being intimidated to deposit the amount whereas two AMOs, (Aurangabad and Rohtas) stated between October and November 2003 that necessary action would be taken. Further report has not been received (September 2004).

The cases were reported to the Government between February and April 2004; their reply has not been received (September 2004).

#### **6.5 Non-levy of penalty for non-submission of monthly returns**

Under the provisions of BMMC Rules, 1972, every lessee or permit holder is required to submit every month a return in the prescribed form for extraction and removal of minor mineral by the fifteenth day of the following month to which it relates. In case a lessee or a permit holder fails to furnish the required return within the prescribed period, he shall be liable to pay as penalty a sum of Rs 20 for every day after the expiry of the prescribed date subject to a maximum of Rs 2,500.

In DMO, Gaya it was noticed between March 2002 and April 2003 that 37 lessees/permit holders did not furnish their monthly returns till the date of audit. Despite non-submission of returns for various months relating to the period from April 1998 to March 2003, AMO did not levy penalty of Rs 8.33 lakh.

After this was pointed out in audit between March 2002 and April 2003, the AMO, Gaya stated between April 2002 and May 2003 that matter would be examined. Further reply has not been received (September 2004).

The case was reported to the Government between March 2004 and September 2004; their reply has not been received (September 2004).

### **C: FOREST RECEIPTS**

#### **6.6 Violation of Forest Conservation Act, 1980**

Forest Conservation Act, 1980 and amendments made thereunder stipulate that no forest land may be diverted for any non-forest purposes without the prior approval of the Central Government. Violation in this regard by any person/Government Department is liable to be proceeded against and it is mandatory for the State Government to report each case of violation to the Central Government with complete details. Besides, diversion of forest land for non-forest purposes is also subject to realisation of Net Present Value (NPV) of forest land proposed to be diverted at rates prescribed by the Government in 1991 and 1998 alongwith cost

of standing trees and cost of compensatory afforestation on equivalent non-forest land made available by the user agency.

Test check of records of Afforestation Division, Gaya revealed in December 2003 that 146.09 hectares of Government forest land was unauthorisedly utilised by the Army Service Corps (ASC) Centre, Gaya for enlargement of existing cantonment by constructing a golf course, roads, buildings etc. as noticed by the department in 1998-1999. Proposal for diversion of said forest land submitted (August 1998) by ASC to the Department was returned (January 2001) to ASC for submission of revised proposal encompassing the essential details like provision of non-forest land for transfer to the Department, scheme and cost of compensatory afforestation, NPV, enumeration of standing trees etc. Though revised proposal was not submitted till September 2004, neither legal action was taken by the Department for eviction nor the matter was reported to the Central Government.

Thus, non-adherence to the provisions of Forest Conservation Act resulted in loss in the shape of depletion of forest affecting environmental stability and ecological balance besides non-realisation of NPV of Rs 6.65 crore and cost of compensatory afforestation of Rs 32.45 lakh. Loss of revenue in shape of royalty of standing trees was unascertainable for want of its enumeration.

After this was pointed out in December 2003 and September 2004, the Divisional Forest Officer (DFO) stated in September 2004 that revised proposal was awaited.

The matter was reported to the Government in March 2004; their reply has not been received (September.2004).

### **6.7 Non eviction of encroached forest land**

Under the provisions of Indian Forest Act, 1927, as amended from time to time, the encroachment of forest land shall be a cognizable and non-bailable offence. Any forest officer not below the rank of DFO, if he has reasons to believe that encroachment of Government forest land has been done, may evict the encroachment and may use all the powers conferred on a Magistrate under the Bihar Public Land Encroachment Act, 1956. The Act further provides for realisation of royalty and compensation for the damages of forest produce and forest land from the encroachers. Hon'ble Supreme Court had also ordered for eviction from all encroachments of forest land latest by September 2002.

In light of the orders of the Hon'ble Supreme Court, the department issued instructions on 01 October 2002 for compliance within seven days and initiate recovery proceedings against the defaulting officials. Subsequently, Principal Chief Conservator of Forest, Bihar observed in June 2003 that there was lack of

initiative on the part of the DFOs and directed for accelerated action for eviction and initiate proceedings in case of any dereliction.

In Valmikinagar Tiger Project Division No. II, Valmikinagar, Bettiah, it was however, noticed in January 2004 that in 10 cases, 55.43 hectares of forest land valued at Rs 2.52 crore encroached during the period 1992-2002 was not evicted till the date of audit (January 2004) in spite of mandatory requirements under the Indian Forest Act and specific instructions of the Department. However, no departmental proceeding was initiated for the failure in effecting eviction of encroachments.

After this was pointed out in January 2004, the DFO stated in January and September 2004 that the encroachments were being evicted. Reply of the DFO was not tenable as no eviction had been effected as of September 2004

The matter was reported to the Government in May 2004; their reply has not been received (September 2004).

#### **6.8 Non-realisation of revenue due to non-disposal of collected/unclaimed timber**

Bihar Forest Produce (Regulation of Trade) Act, 1984 provides that all forest produce collected or to be collected from the forests of the State shall be disposed off by public auction every year preferably before the end of April.

In two Forest Divisions<sup>8</sup> it was noticed between December 2003 and March 2004 that 1,571.49 cu. m. of firewood of various species and 4,722 fencing posts valued at Rupees one crore collected during 1999-2003 remained un-disposed till the date of audit. No action was taken for timely disposal of the same by the respective D.F.O, which resulted in non-realisation of revenue of Rupees one crore. Besides, timbers were deteriorating due to prolonged storage in open sky.

After this was pointed in audit between December 2003 and March 2004, the concerned DFOs stated that action for auction was being taken. However, absence of effective action for disposal of timbers was evident from the fact that out of above balances only 353.309 Cu.m (out of 818 Cu.m) could be disposed off at Rs 17.73 lakh. Position remained unchanged till September 2004 in Bhabua division.

The cases were reported to the Government between March and May 2004; their reply has not been received (September 2004).

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<sup>8</sup> *Bhabua and Katihar (now Purnea) Divisions.*

**D : WATER RATES****6.9 Non-raising of demand due to non-preparation of *Khatiani***

Under the provisions of Bengal Irrigation Act, 1876 and Rules framed thereunder as applicable to Bihar, various formalities such as preparation of statement of land irrigated (*Sudkar*), preparation of detailed measurement cultivator-wise (*Khesra*) and preparation of demand statement (*Khatiani*) are required to be completed by 30 November in respect of *Kharif* and 25 May for *rabi* crops by Irrigation Department for the purpose of recovery of water rates from the beneficiaries to whom the water is supplied for irrigation purposes.

In four Water Ways divisions<sup>9</sup> it was noticed between June and December 2003 that *khatiani* in respect of 4.11 lakh acres of *Kharif* and 1.01 lakh acres of *rabi* land irrigated during the years 1999-2000 to 2002-2003 were not prepared and forwarded to the concerned revenue divisions for raising demand and collection of water rates of Rs 3.73 crore.

After this was pointed out between June and December 2003, the concerned Executive Engineers attributed the reasons for non-preparation of *Khatiani* to shortage of staff. The reply was not tenable as the available manpower in these divisions was more than the work required to be done. Further reply has not been received (September 2004).

The cases were reported to the Government between January and February 2004; their reply has not been received (September 2004).

**6.10 Loss of revenue due to settlement of *Chat land* at lower rates**

Under the provisions of Bihar Irrigation Manual and instructions issued thereunder, the *chat land*<sup>10</sup> is to be settled on lease for nine months for the period from June to February each year to Scheduled Castes/Scheduled Tribes and landless farmers on priority basis at the prescribed rates, as revised from time to time including water rates.

In two Canal divisions<sup>11</sup> it was noticed that 2496.04 acres of double crop *chat land* was settled at old rates of Rs 213 per acre instead of the revised rate of Rs 1,163 per acre for the year 2002-2003, resulting in short realisation of revenue of Rs 23.71 lakh.

<sup>9</sup> Sone Canal Division Arrah, water ways Division (Bhagalpur, Biharsharif and Jahanabad)

<sup>10</sup> Government land which is situated on both sides of the canal

<sup>11</sup> Ganga Pump Canal Division, Buxar and Sone Canal Division, Buxar

After this was pointed out in February 2004, the concerned Executive Engineers stated that the revised rates were not communicated to the divisions by the Department. Reply of the Department was not tenable as the order for the revision of rates was communicated in the month of March 2002.

The matter was reported to the Government in May 2004; their reply has not been received (September 2004).

**Patna**  
**The**

**(VIKRAM CHANDRA)**  
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