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No. IA/I/20/Circular/Vol-VI

Date. 12/02/2019

**IMPORTANT CIRCULAR**

To,

✓ All the LAOs

Subject:- Circulation of Local Test Audit Report.

The following DADS(EC) Patna Local Text Audit Report are circulated herewith for examination and further necessary action of all the LAOs:-

- (i) DADS, EC, Patna Local Test Audit Report bearing LTAR No. 2269/LTCOR/W-22/2018-19 dated 05/12/2018 Part-II (A) Item No. I against GE(N) Tezpur under LAO(A) Tezpur regarding Avoidable payment to the State Electricity Board due to un-realistic Contract Demand.
- (ii) DADS, EC, Patna Local Test Audit Report bearing LTAR No. 2486/LTCOR/F-178/2018-19 dated 10/01/2019 Part-II (B) Item No. I against DEO, Guwahati Circle under LAO(A) Guwahati regarding Non-realization of revenue for Rs. 45.38 lakh due to non-renewal of Lease agreement.
- (iii) DADS, EC, Patna Local Test Audit Report bearing LTAR No.1109/LTCOR/F-92/2018-19 dated 10/07/2018 Part-II(C) Item No. II against 154 General Hospital Zakhama under LAO(A) Silchar regarding Non-Auditing of Public Fund Cash Book in due Course by the LAO.

In the light of the above reference LTARs, the LAOs are requested to give special emphasis on the above areas of audit while conducting the audit and reviews of MES formation under their jurisdiction and report the outcome through the LACR of the Units audited.

Please accord " Top Priority" and acknowledge receipt.

This issues with the approval of ACDA.

Accounts Officer (IA)

Copy to:

The O I/C  
EDP Section  
(Local)

} With a request to upload in the CDA Guwahati website.

Accounts Officer (IA)

PART-II(A)

**Item I: Avoidable payment to the state electricity board due to un-realistic contract demand**

(A) During scrutiny of documents maintained by AGE E/M and AGE Charduar subdivisions of GE (N) Tezpur it was noticed that MES is continuously paying higher fixed charges due to higher contracted demand (CMD) agreement signed with the state electricity board. Consumer number wise details of such avoidable payments made by the MES during 2017-18 and 2018-19 (upto 09/2018) are given in Statement-I enclosed. However, summary is as under:-

Sl. No.	Consumer no.	Location	CMD (KVA)	RMD (KVA)	Excess payment of fixed charges due to higher CMD (Rs)
1	64000002045	Haleswar TR Tezpur	209.41 (revised in 02/2018)	80.7 to 107.70	1,54,129
2	64000002036	Thakurbari (HT) Def	275	117 to 158	3,82,460
3	64000002025	Harchura Def Un Balipara	109	53.4 to 107.6	78,198
4	64000002028	638 TPT W/S	70	1701 to 51.21	1,38,708
5	64000002029	Timber Factory	70	45 to 57.6	67,084
6	64000002024	711 TPT W/S	116	44 to 81.4	1,48,318
7	64000002022	Ameribari	154	33.7 to 81.4	1,48,278
8	64000002026	Ameribari Def Pl Balipara	95	57.5 to 71.6	1,97,954
				<b>Total</b>	<b>13,15,129</b>

(B) It was further observed that MES is also paying penalty to the state electricity board due to excess demand as compared to the CMD. Details of consumer number wise avoidable penalty paid by the MES during 2017-18 and 2018-19 (upto 09/2018) are given in enclosed Statement-II. However, summary is as under:-

Sl. No.	Consumer no	Location	CMD (KVA)	Overdrawn penalty (Rs)
1	64000002023	Thakurbari Def unit Ph-I	117	1,29,298
2	64000002021	Medical BTTN Drf Balipara	43	13,639
3	64000002027	Phulbari Engg Balipara	108	62,586
4	64000002030	Ameribari def W/L-1	54	5,113
5	64000002045	Haleswar TR Tezpur	97.65	25,503
6	64000002025	Harchura Def Un Balipara	109	18,372
				2,54,511

It could be seen from the above that MES has paid excess payment of Rs.15,69,640/- to the state electricity board either on account of fixed charges or penalty which could have been avoided by revision/optimisation of the contract demand based on actual load.

On being taken up during audit it was stated that fixed charges are paid as per agreement with APDCL and their tariff schedule. Validity of agreement with APDCL is expiring in 2019, therefore during renewal of agreement the CMD will be revised as per load pattern. A case for regularization of fixed charges will be taken after revision of CMD and revision of agreement with APDCL.

Thus revision of CMD as well as regularisation of excess payment to APDCL will be watched in Audit.

#### PART-II(B)

#### **Item – I: Delay in completion of work for ‘augmentation of clean drinking water at Tezpur’ (Job No. E/1941)**

QMG Branch, IHQ of MOD (Army) conveyed the sanction for work ‘Augmentation of clean drinking water at Tezpur’ at as estimated cost of Rs.1494.24 lakh vide their letter No. A/49869/LW (East) dated 12.08.2015 (Job No. E/194). The work was also released through sanction letter with initial allotment of Rs. 1.00 lakh. The time required for completion of the work was 156 weeks from the date of release.

Part-II (B)**Item I:- Non-realisation of revenue for Rs. 45.38 lakh due to non-renewal of lease agreement.**

Lease of Defence land measuring 7850 sqft. was last renewed to IOCL with dealership of B P Agarwala for petrol pump out-let in Sy. No. 98, class B-4 under management of DEO Guwahati in Shillong Cantonment for a period of 10 years with effect from 10.06.1963 to 09.06.1973 as per the sanction accorded vide GoI, MoD letter No. 18/99/L/L&C/56/779-A/L/D/C&D dated 29.01.1963. On expiry of ibid period, the IOCL was asked to vacate the site as per revised policy of the Govt. that dealership will be reserved for ex-serviceman of all 3 services while granting lease of defence land in future to the IOC for petrol pump out-let. However, Shri B P Agarwala did not vacate the site and obtained injunction against determination of dealership by IOCL and eviction order issued by DEO Guwahati.

Meanwhile, GoI, MoD had accorded sanction to regularize/extend the lease vide letter dated 13.01.1982 for the original area of 7850 sqft. on payment of premium of Rs.75,050/- and annual rent @ Rs.15,010/-. However, a joint survey of the lease site was conducted by DEO Guwahati with the State PWD on 25.08.1982 and found that the actual area under occupation of the IOCL petrol pump outlet was 4976 sqft. instead of actual lease site measuring 7850 sqft and the shortage land measuring 2874 sqft (7850-4976) was being utilized by State PWD for development and beautification of adjoining main roads on the three sides of survey No. 98 of Shillong Cantonment. Thereafter the ibid sanction dated 13.01.1982 was cancelled vide GoI, MoD letter dated 08.12.1983 as the same was not complied with by the IOCL dealer due to high rent/premium against the actual area under occupation measuring 4976 sqft. Therefore, the distt. Judge gave a judgment to do proper fencing for only the area measuring 4976 sqft to the lease. Again the site was re-surveyed on 05.01.2017 using ETS and the area found as 4368.3648 sqft. (Say 4370 sqft).

Initially the lease agreement was concluded for 7850 sqft. defence land between GoI, MoD and dealer of IOCL Shri B P Agarwala, hence dealer was fully responsible to fence the occupied defence land measuring 7850 sqft. from encroachment during the lease period.

After expiry of approx 45 years, GoI, MoD, DGDE vide letter No. 18/152/L/DE/64 dated 29.08.2018 has accorded the ex post facto sanction for renewal of lease for the period

w.e.f. 10.06.1973 to 30.09.2018 on payment of annual lease rent and premium as given below:

Sl No	Period of lease	Area (In sqft.)	Annual lease rent (In Rs.)	Total lease rent (In Rs.)	Premium (In Rs.)
1	10.06.1973 to 09.06.1978	7850	10008.75	50043.75	50043.75
2	10.06.1978 to 09.06.1983	7850	12022.27	60111.37	60111.37
3	10.06.1983 to 09.06.1988	7850	18894.95	94474.75	94474.75
4(a)	10.06.1988 to 04.10.1988	7850	22753.22	7293.49	7293.49
4(b)	05.10.1988 to 09.10.1993	4976	14422.93	67491.40	67491.40
5	10.06.1993 to 09.06.1998	4976	15908.27	79541.36	79541.36
6(a)	10.06.1998 to 31.12.1999	4976	19416.35	30321.42	30321.42
6(b)	01.01.2000 to 09.06.2003	4400	17168.8	59079.48	59079.48
7	10.06.2003 to 09.06.2008	4400	18471.12	92356.00	92356.00
8	10.06.2008 to 09.06.2013	4400	20527.76	102638.80	102638.80
9	10.06.2013 to 09.06.2018	4400	299207.92	1496039.60	1496039.60
10	10.06.2018 to 30.09.2018	4400	418858.44	129673.84	129673.84
<b>TOTAL</b>				<b>22,69,065.26</b>	<b>22,69,065.26</b>
<b>Grand Total</b>				<b>45,38,130.52</b>	

**In this connection, the following information was called for in audit:**

1. The details as to why the area was reduced from 7850 sqft. to 4400 sqft. However, the land was under occupation of IOCL dealer.
2. Whether any permission of the competent authority for utilization of the defence land was obtained for development and beautification of the main road by PWD.
3. Whether any action has been taken to recover the rent/premium against occupied defence land measuring 3450 sqft from PWD since their occupation.
4. Action taken/proposed to be taken to receipt outstanding amount.

In reply DEO Guwahati stated that (i) the matter was taken up with the IOCL authority for depositing the lease rent. (ii) The reduction of area from 7850 sq feet to 4400 sq feet took place due to widening of main roads by state PWD, however no permission

from the competent authority was taken by the PWD for utilisation of defence land for development and beautification of main road.

Hence, recovery of outstanding lease rent premiums of Rs. 45.38 lakh and regularization of shortage of land will be watched in audit.

**Item II:- Encroachment of 2.26 acres defence land near Digaru.**

During scrutiny of documents maintained by DEO Guwahati, it came to notice that an area of 2.26 acres defence land at Digaru was encroached by Assam State Govt. in 1978. Subsequently, State Govt. had allotted the said land to "Govt. Girls High School, Digaru". Thereafter a permanent building was constructed by the school administration on the said land and so far the same is under the occupation of Govt. Girls High School, Digaru.

In this connection, reason for non-eviction of encroached land and action team in this regard was called for in audit.

In reply DEO Guwahati stated that the land measuring 2.26 acres of land at Digaru was allotted of Govt. Girls School with equal exchange of alternate land to Air Force for which the land survey was done in 2007. However, matter is still pending with the State Govt. for alternate exchange of Defence land.

As the alternate exchange of defence land is under progress, Hence the same regularization of encroached defence land will be watched in audit.

**Item III:- Non-renewal of lease period and non-renewal of rents/un-authorised utilization of land/bungalows.**

During scrutiny of Schedule Registers maintained at 'T' Section of DEO Guwahati, it is observed that Rent/Premium/Instalments on account of defence land which have been leased out to State Govt./Central Govt. Undertaking Org./Private Parties, is outstanding since long. It is also observed that a large number of cases of expired lease of lands presently remain un-finalised despite inordinate delay in some cases which extends to a period of nearly 30 years or so. This has been resulting in the accumulation of arrears including other complications.

In some cases it is also seen that private parties are utilizing the land/bungalow for the other than originally leased out and lessee has done addition/modification in bungalows and constructed the shop on vacant land without any amendment in lease agreement.

As per Para 6 under Standard Table of Rent of Cantonment Laws Vol. 2, it was decided that STRs of all Cantonments would be revised at least once in every 3 years instead

LTAR No. 1109/LTCOR/F-92/2018-19 Dt. 10/07/2018

Part-II(C)

**Item II: Non-Auditing of Public Fund Cash Book in due Course by the LAO**

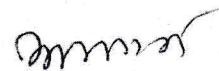
During scrutiny of Public Fund Cash Book at 154 GH, Zakhama, it is observed that cash book has been audited up to Mar 2016.

In this context, an audit observation has already been issued against Non-Auditing of Public Fund Cash Book by LAO, Silchar vide item No II of part II (C) in Feb 2016 during audit of 154 GH, Zakhama. However, it is observed that no remedial action has been taken to auditing the cash book on half yearly basis as per the Local audit Manual Part II.

In reply, unit stated that internal audit for the period from Apr 2016 to Sept 2017 will be carried out by LAO Silcher in 2<sup>nd</sup> week of June 2018.

In view of reply the auditing public Fund cash Book would left to the watched in internal audit.

The inspection report has been prepared on the basis of information furnished and made available by unit. The office of DADS EC Patna disclaims any responsibility for any misinformation and or non-information on the part of the auditee.



Sr. Audit Officer  
Defence Services, EC,  
Patna