

## **CHAPTER- V**

### **MAJOR IRREGULARITIES IN IMPLEMENTATION OF SCHEMES**

#### ***5.1 Schemes Remained Incomplete Despite Expenditure - Rs.10.04 Crore***

The ULBs executed schemes out of Finance Commission Grants, NSDP, SJSRY, IDSMT, MP/MLA Fund etc. On the basis of figures of execution of schemes made available to audit it was noticed that 4066 schemes were undertaken for execution by 37 ULBs during various period ranging from 2001-02 to 2006-07, but only 3080 schemes were got completed and 1043 (986+57<sup>5</sup>) schemes remained incomplete after due date of completion despite incurring expenditure of Rs.10.04 crore as detailed in **Appendix-XIII**.

It was rendered possible due to weak monitoring and supervision by the Executives of the ULBs.

#### ***5.2(a) Blocking of Fund of Rs.3.11 Crore in PWB meant for Purchase of Chlorinator***

The UDD sanctioned Rs. 3.23 crore vide letter no. 1097 for purchase of Chlorinators to PMC. Rs.3.22 crore was transferred to Patna Water Board (PWB) by the Chief Executive officer, PMC vide letter no. 891 dt. 08.05.06 (Cheque no. 203831 dt. 10.04.06) for effecting the purchase following due procedures.

In the meantime, a meeting under the Chairmanship of Commissioner and Secretary of UDD was held on 11.06.06 for solving the problem of cleaning and water logging in Kankarbagh/ Hanuman Nagar area of Patna. As per resolution no. 5 of the meeting, the Chief Engineer, PWB was directed to purchase 13 chlorinators immediately for use in these areas. Accordingly, PWB issued supply order to M/s Herambh Pvt. Ltd, Varanasi without any tender/quotation on the ground that Gaya Water Board purchased Chlorinator of the Capacity of 50000 gallons @ 64290/- each from the same firm. 16 Chlorinators were purchased (June, 2006) at a cost of Rs.11.57 lakh.

Apart from this the remaining amount of Rs.3.11 crore (Rs.310.87 lakh with PWB and Rs.0.50 lakh with PMC) was lying idle since then without any use resulting in

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<sup>5</sup> In 57 schemes only figures regarding amount involved in incomplete schemes are found available whereas positions with regard to number of schemes taken up, completed etc. was not found in audit report, so the number of incomplete schemes is shown as 1043 instead of 986.

blocking of funds. The matter was referred to PMC (February 2008) but no reply has been received yet.

**5.2(b) Blocking of fund of Rs.96.46 Lakh meant for Computerization of Patna Municipal Corporation**

The UDD, Government of Bihar vide letter no. 2;ks-uk &1&01/2002/828/NVV dt. 22.03.03 sanctioned Rs.5.33 crore to PMC. Out of this amount Rs. 96.46 lakh was for computerization of PMC. This work was delegated to the Patna Regional Development Authority (PRDA), by the PMC. The PMC transferred Rs.96.46 lakh to PRDA vide letter no. 178 dt. 02.06.2003 for the aforesaid work. Even after a lapse of more than three years PRDA could not take up computerisation of PMC and refunded Rs.41.49 lakh (August 2006) to PMC. The balance amount was not refunded by the Authority.

Hence, despite Government sanction for Rs.96.46 lakh, the work of computerization of PMC was not done even after lapse of six years since allotment.

**5.2(c) Fruitless Expenditure over Construction of Workshop and Store - Rs.21.49 Lakh in Muzaffarpur Nagar Nigam**

Under the scheme "Solid Waste Management" five schemes relating to construction of godown, store, tool room, service station building, PVC water tank, parking shed etc were undertaken by Muzaffarpur Nagar Nigam at an estimated cost of Rs.28.97 lakh and expenditure incurred was Rs.21.49 lakh as shown in Table -24.

**Table -24  
Details of Expenditure Incurred Under the Schemes of SWM**

(Rupees in lakh)			
Sl. No.	Name of scheme	Estimated cost	Total expenditure upto 2006-07
1	Construction of Store Room, Godown, & Tool Room at Bahalkhana	7.60	6.72
2	Construction of Service Station building	9.99	6.80
3	Construction of Service Station clinic and office building	6.34	4.24
4	Construction of Parking shed Garage, Guard Room & boundary wall	4.06	2.85
5	Boring with IHP Motor and PVC tank	0.98	0.88
<b>Total</b>		<b>28.97</b>	<b>21.49</b>

Sri Kaishar Ali, J.E was appointed as executing agent for schemes at Sl. No. 1 to 4 which commenced in October 2006 and a sum of Rs.20.62 lakh was spent on the work upto February 2007. The Government of Bihar, Nagar Vikash Vibhag vide its letter no. 1549 dated 13.04.07 directed the Nagar Nigam not to entrust any work to those engineers against whom enquiry of serious allegation was going on

by the vigilance and get the work executed by some engineers from the DM office.

As the vigilance enquiry was going on against Sri Kaishar Ali, JE the work was stopped in incomplete stage. The D.M Muzaffarpur was requested vide L. No. 72V dt. 15.05.07 i.e. after one month from the date of receipt of Government directions to depute four Junior Engineers (Civil) and two Assistant Engineers so that the incomplete work may be completed. A reminder to this effect was sent to the D.M after two months vide L. No. 96 dt. 23.07.07 but in vain and the works remained incomplete.

The work at Sl. No. 5 entrusted to Shri K.K. Singh, AE was completed at a total cost of Rs.0.88 lakh but the PVC tank could not be fixed and the 1HP Motor could not be commissioned due to non-completion of building work.

Thus, due to non-completion of work, expenditure incurred amounting to Rs.21.49 lakh became fruitless.

### ***5.3 Irregular Expenditure on Execution of Schemes in Bettiah Nagar Parishad - Rs. 14.13 Lakh***

Six schemes of NSDP were taken up by Bettiah Nagar Parishad for execution without administrative approval of any authority which was to be accorded by the DDC West Champaran.

The schemes were undertaken at an estimated cost of Rs.14.63 lakh in the year 2002-03 and a total sum of Rs.14.13 lakh was spent over them (March 2007). The above schemes were sent to DDC, West Champaran for approval but DDC ordered for enquiry of the work. No enquiry report was submitted and administrative approval was, therefore, not accorded by the DDC. Thus, a sum of Rs.14.13 lakh was spent on schemes without administrative approval of the DDC which was highly irregular and resulted in blockage of fund. This was possible due to weak administrative and financial control on the part of Executives of Bettiah Nagar Parishad.

### ***5.4 Estimate Prepared and Work Executed on the Rate Other Than Government Approved Rate in Bairania Nagar Panchayat***

The UDD sanctioned Rs.1.47 crore to Bairania Nagar Panchayat in March' 2006 for construction of roads and drains in areas under Bairania Nagar Panchayat. However, only Rs. 1.17 crore was actually released to the Nagar Panchayat through bank drafts in March' 06.

The Nagar Panchayat took up 52 schemes of construction of road, drain, etc. at an estimated cost of Rs.1.22 crore. The estimates of these schemes were prepared by the Junior Engineer, Bairgania Block. The estimate was prepared without deducting contractor's profit. On discussion, the Junior Engineer informed that the estimate was not prepared on Government approved rate, rather the engineers prepared a new rate themselves which was not approved by the Government/competent engineering authority.

On the unapproved rate, 40 schemes at an estimated cost of Rs.1.04 crore, were executed and completed. A total of Rs.1.01 crore was spent on these schemes.

Thus execution of schemes on the rate other than the Government approved rate worth crores of rupees was highly irregular. Ex-post facto approval of competent authority is required to be obtained and action against those responsible for execution of work on unapproved rate is required to be taken.

#### **5.5 Estimate Split up to Avoid Higher Level Sanction By Danapur Nagar Parishad**

The Board of Danapur Nagar Parishad in its meeting dated 30.12.03 decided to construct a Market Complex at Nagar Parishad's office premises for the purpose of generating additional revenue to local body. The work was divided into four (4) parts, the details are given below:

**Table -25  
Division of Works into Four Parts**

(Rupees in lakh)

Sl. No.	Name of work	Estt. cost	Tech. sanction by	Admn. approval	Letter no/ date	Value of work as per M.B	Amt. paid	Comp. date
1	Market Complex, Part A (West)	17.20	EE,NCEP, Patna	17.20	397/NVV dt. 29.01.04	14.81	14.81	08.05.05
2	Market Complex, Part B (East)	17.46	-Do-	17.46	395/NVV dt. 25.01.04	17.46	17.46	15.06.05
3	Market Complex, 1 <sup>st</sup> Floor	25.00	-Do-	25.00	N.A	25.00	25.00	05.06.05
4	Development of sides of Market Complex	5.91	-Do-	5.91	694 (5) NVV dt. 17.12.03	5.91	5.91	08.06.05
Total		<b>65.57</b>		<b>65.57</b>		<b>63.18</b>	<b>63.18</b>	

As per work order issued in the month of January' 04, all works (except M. Complex, 1<sup>st</sup> Floor) were to be completed upto March' 04, but they were completed in May/June'05.

As the estimated cost of the work was more than Rs.50.00 lakh, the technical sanction was required from the Chief Engineer level as per Government Letter no. 116/96 - 1662 dated 25.02.97, but in order to avoid higher technical sanction, this work was split into four (4) parts and technical sanction of Executive Engineer was taken, which was irregular. Thus, scrutiny of the estimate by higher officers was not done. Danapur Nagar Parishad was deprived of valuable suggestions and directions of higher engineering officials and the benefit of competitive rate due to bulk order.

#### ***5.6 Non/Short Utilisation of Earmarked Amount of Construction/Upgradation of House under NSDP- Rs.1.21 Crore***

As per provision contained in para 4 (V) of the guidelines, not less than ten percent of allotment of NSDP fund was required to be utilised for construction or upgradation of houses for the urban poor. The total grant received was Rs.34.74 crore by 35 ULBs against which Rs.3.47 crore was to be utilised for construction/upgradation of houses. Rs.1.21 crore was either not utilised or short utilised by 17 ULBs against the earmarked amount of Rs.2.69 crore. Figure of utilisation /short utilisation was not found available in 18 ULBs against the earmarked amount of Rs.78.64 lakh.

Thus, Rs.1.21 crore earmarked for construction of house for urban poor was either not utilised or short utilised, thereby denying the benefits to deprived poor as detailed in **Appendix - XIV**.

#### ***5.7 Idle Investment of Rs.13.41 Lakh on Camp Road Sweeper in Muzaffarpur Nagar Nigam***

Administrative approval was accorded by the Government of Bihar vide letter no. 557 dated 25.02.2006 for purchase of one Camp Road Sweeper Machine. On the basis of lowest tender of Rs.13.41 lakh, supply order was placed with M/s R.K. Enterprises, Patna vide letter No. 1237/V dated. 28.07.2006. In response to the supply order the firm supplied the machine and submitted its bill for payment.

As per log book the Camp Road Sweeper Machine was used for a maximum period of 30 to 35 hours during the period 05.10.2006 to 30.05.2007 that too on testing of machine. Despite the machine being in working order, it is lying idle since May 2007 resulting in idle investment of Rs.13.41 lakh.

### 5.8 Expenditure under XIIth F.C.

A total sum of Rs.50.96 crore was received by 42 ULBs under 12th Finance Commission. As per Para 5 of the grant sanctioning letter, 50% of grant was to be utilised for Solid Waste Management (SWM) which would include collection, ramification and transportation of waste.

The remaining 50% of grant was to be utilised on the following scheme.

**Table-26**  
**Break up of Remaining 50% expenditure**

Sl.No.	Allocation head	Allocation
1	Urban Management	1%
2	E-Governance such as double entry system account, development of data base	1% to 3%
3	Civic amenities viz supply of drinking water, road construction, construction of drain, street lighting etc.	46%

Source: Grant Sanctioning letter of 12th F.C.

Test check of records in 17 ULBs revealed following irregularities.

(1) In 13 ULBs no expenditure was incurred under SWM, only four ULBs incurred expenditure under E-governance (Rs. 3.97 lakh).

**Table -27**  
**Expenditure on e- governance**  
(Rupees in lakh)

Sl.No.	Name of ULB	Expenditure	Period of Expenditure
1	Banka	0.39	2005-06 to 2006-07
2	Danapur	0.92	2005-06 to 2006-07
3	Mokama	0.63	2005-06 to 2006-07
4	Muzaffarpur	2.03	2005-06 to 2006-07
	<b>Total</b>	<b>3.97</b>	

No ULB spent any amount on Urban Management.

(2). Diversion of different components amount into civic amenities-

In three ULBs expenditure to the tune of Rs.3.43 lakh was incurred in excess of 46% of fund allocated under civic amenities as per detail below:

**Table-28**  
**Excess Expenditure under Civic Amenities**  
(Rupees in lakh)

Sl.No.	Name of ULB	Allocation Receipt	Expenditure	Difference
1	Banka	13.09	15.76	2.67
2	Danapur	22.01	22.67	0.66
3	Muzaffarpur	16.87	16.97	0.10
	<b>Total</b>			<b>3.43</b>

Thus, funds of different components were encroached upon to get the civic amenities work completed.

### ***5.9 Creation of Liability of Rs.11.85 Lakh in Samastipur Nagar Parishad***

It was decided to construct a shop in Gudri Bazar in Ward No. 16 under self financing scheme by Samastipur Nagar Parishad. Administrative approval for Rs. 9.73 lakh was accorded by the Board in its meeting dated 09.12.2005.

It was decided to invite applications from public for allotment of shops. Out of applications received, 21 applications were selected on lottery system and Rs. 11.50 lakh was collected as "Deposit Reserve". The amount was credited in P/L account on 05.11.2005.

The construction work was entrusted to Sri Arvind Kumar, JE vide work order no. 44 dated 30.01.2006 and the construction work was to be completed by 01.08.2006. The executing agency was granted first advance of Rs. 15000/- vide Cheque no.464067 dated 04.02.2006 and on 14.02.2006, he further requested for advance of Rs.2.50 lakh. The notes in file dated 14.02.2006 of the Accountant indicated that balance amount of Rs.11.35 lakh was not available in Nagar Parishad Fund rather diverted for establishment expenditure. Thus the construction work was deferred due to paucity of fund, no further progress was recorded in file in respect of construction work.

No action was taken for wiping out the liability till the date of audit (28.09.2007). Immediate steps may be taken for wiping out the liability so that construction work could be completed.

### ***5.10 Avoidable Payment of Interest of Rs.2.90 Lakh by Munger Nagar Parishad***

The bills of M/s B.B. Sharma Engineering Works, Bekapur on account of repair of water supply motor/ machines, etc. pertaining to the period August 1990 to March 1997 for Rs. 2.04 lakh was not paid by the Nagar Parishad despite repeated request made by the firm. The reasons for non payment was not provided to audit.

At last, the firm filed a CWJC 14178/04 in Patna High Court. The Hon'ble High Court ordered to pay the pending bills together with interest, but the Nagar Parishad did not comply court's order. The firm again filed a MJC 1250/05 in the High Court and the Hon'ble court directed the Nagar Parishad to comply the order passed in CWJC 14178/04 passed on 04.05.05.

Complying with court's order, the Nagar Parishad paid the outstanding bills of the firm and also interest of Rs.2.90 lakh.

Thus, timely payment of bills could have avoided the Nagar Parishad from payment of interest of Rs.2.90 lakh.

The avoidable payment of Rs.2.90 Lakh is recoverable from persons responsible.

#### **5.11 Payment on Hand Receipt in four ULBs - Rs.1.25 Crore**

In contravention of Rule 200 of PWD a total sum of Rs.1.25 crore was paid to different Executing Agents in four ULBs against hand receipts, which was irregular as per detail below:-

**Table-29**  
**Payment on Hand Receipt**  
(Rupees in lakh)

Sl.No.	Name of ULB	Amount	Period of audit
1	Begusarai	1.54	2005-06 to 2006-07
2	Maner	85.90	2003-04 to 2006-07
3	Mokama	30.02	2004-05 to 2006-07
4	Saharsa	7.19	2005-06 to 2006-07
<b>Total</b>		<b>124.65</b>	

#### **5.12 Land and Property of Danapur Nagar Parishad Not Traceable**

Land and Property Register was produced in audit, but it was not maintained properly. On query, whereabouts of various land and property were not pointed out, the details of such land and property is given in **Appendix-XV**.

Due to improper maintenance of Land and Property Register, assets worth Crores of rupees of Danapur Nagar Parishad remained unascertainable/untraceable.