

CHAPTER V

AUDIT OF TRANSACTIONS (URBAN LOCAL BODIES)

5.1 Idle investment of ₹ 33.93 lakh on construction of Fish and Meat market

Urban Development Department, Government of Tripura placed ₹ 25 lakh to Belonia Nagar Panchayat for construction of Fish and Meat market during 2005-06. Accordingly, Nagar Panchayat executed the work through the contractor at an estimated cost of ₹ 21.01 lakh (tender value of ₹ 23.11 lakh). The site of the market was in a distant place from the town.

The contractor completed (September 2006) the construction of the market at the final cost of ₹ 33.93 lakh. The market could not be leased out even after completion of the work for more than three years (March 2010). In reply to audit query, the Executive Officer of the Nagar Panchayat intimated (November 2010) that a meeting was held in the Nagar Panchayat on 23.08.2008 and 37 nos. of stalls have been allotted w.e.f. 01-10-2008 @ ₹ 50 per month for each stall. The Executive Officer further stated that the revenue collection was under process and the market was constructed on public demand at Vitar Bazar, the extreme border of Indo-Bangladesh.

The reply of the Executive Officer is not tenable as no revenue was received from the allottees being the stall rent till date (November 2010) and no record was furnished in support of construction of the market on public demand.

Thus, there was an idle investment of ₹ 33.93 lakh and loss of revenue of ₹ 22,200* per year.

* Number of stalls – 37
Rate fixed by NP - per stall ₹ 50 per month
Annual loss – ₹ 22,200

5.2 Development funds of ₹ 3.63 crore kept in fixed deposits and remained un-utilized

Urban Development Department, Government of Tripura released Additional Central Assistance (ACA) of ₹ 3.31 crore for development of Nagerjola and Radhanagar City Bus Terminus to the Chief Executive Officer, Agartala Municipal Council (AMC) as grants-in-aid in 2005-06. The AMC kept the whole amount in eleven Fixed Deposits with UCO Bank, Agartala and earned an interest of ₹ 0.51 crore upto maturity on 07.02.2008. The details of utilisation of interest earned of ₹ 0.51 crore could not be ascertained in audit.

Further scrutiny revealed that during 2006-07, Urban Development Department, Government of Tripura released another ACA fund of ₹ 0.32 crore to AMC for improvement of Madhyapara Water Body behind the sales counter of Handloom and Handicrafts, Agartala. It was noticed that the principal amount of ACA funds of ₹ 3.63 crore (₹ 3.31 crore + ₹ 0.32 crore) was deposited again in the UCO Bank on 30.04.2008 without utilising it for the purpose for which it was sanctioned. Keeping of scheme funds in fixed deposits for prolonged period without utilization defeats the very purpose for which funds were sanctioned by the State Government.

The matter was brought to the notice of the Chief Executive Officer in August 2010 and replies are awaited (November 2010).

5.3 Non-utilization of IDSMT funds of ₹ 1.42 crore for five years resulted in failure of achievement of objectives

Integrated Development of Small and Medium Towns (IDSMT), a centrally sponsored scheme was introduced in the sixth plan with its main objective to slow down migration from rural area and smaller town to large cities by improving infrastructural facilities and helping in the creation of durable public assets in small medium towns having potential to emerge as regional centre of economic growth.

Test check of records of IDSMT scheme at AMC revealed that the AMC received ₹ 1.33 crore during 2005-06 to 2007-08 for implementation of various works under the scheme. Instead of implementing the works such as improving infrastructural development, creation of durable public assets, etc., the amount was kept in bank for prolonged period

and an interest of ₹ 0.09 crore was earned upto 31.03.2009. Thus, the fund received for improvement in infrastructure has been lying un-utilised for about five years as on date (November 2010).

During discussion the Chief Executive Officer stated (July 2009) that the amount would be utilised shortly. The latest position has not been furnished (November 2010).

5.4 Non-realisation of outstanding fees of ₹ 2.88 crore from Tripura State Electricity Corporation Ltd.

Section 97 of the Tripura Municipal Act, 1994 provides that sanction of the Municipality shall be required for any specific rights of way in the subsoil of public and private streets within the municipal area for different public utilities including electric supply. Municipality may levy any fee or charges for granting such sanction.

On the basis of the above provisions of the Act, AMC decided on 25.07.2006 to levy fee on the erection of electrical poles and transformers w.e.f. 2003-04 in its areas @ ₹ 100 per electrical pole and ₹ 1000 per transformer. Records indicated that there were 43,930 electrical poles and 400 transformers in AMC area.

Thus, the Tripura State Electricity Corporation Ltd. (TSECL) was liable to pay ₹ 2.88* crore to AMC for erection of poles and transformers in Municipal area for the period from 2003-04 to 2008-09.

At the instance of audit, AMC issued (July 2009) demand notice to TSECL for realisation of the outstanding fees. Latest position has not been furnished (November 2010).

5.5 Avoidable loss of ₹ 12.59 lakh on account of penalty due to delayed payment of electricity bills

It was observed that the AMC paid penalty of ₹ 12.59 lakh to Tripura State Electricity Corporation Ltd. in March 2007 for delayed payment of electricity bills for the period from 31.08.1998 to 28.02.2007.

Thus, due to non-payment of the bills on due dates, AMC had to pay avoidable penalty of ₹ 12.59 lakh. Reasons for non payment of the bills in time were not on record.

* $43,930 \times 100 \times 6 = ₹ 2,63,58,000$
$400 \times 1000 \times 6 = ₹ 24,00,000$
Total ₹ 2,87,58,000

5.6 Non-realisation of outstanding revenues of ₹ 20.80 lakh from Bharat Sanchar Nigam Ltd.

Under the provision of Section 275 of the Tripura Municipal Act, 1994 read with Agartala Municipal Council Regulation 2004, any person erects/fixes any structure upon or over any land and building within Agartala Municipal Council area is liable to obtain permission from AMC on payment of appropriate fees. The erection of Mobile Tower within Agartala Municipal area without prior approval of the AMC is illegal and liable to pay penalty of the same amount.

As per the above provision of the Act, AMC fixed one time fee of ₹ 40,000 for installation of each Mobile Tower under its jurisdiction.

During test check of records of AMC, it was noticed that Bharat Sanchar Nigam Ltd (BSNL) erected 26 nos. of Mobile Towers in AMC area to launch Mobile service in Tripura without prior permission of the AMC and also without payment of the necessary fees. The date(s) of erection of the Towers were not on records.

Thus, BSNL was liable to pay one time fees of ₹ 10.40 lakh and penalty of ₹ 10.40 lakh to AMC for installation of 26 Mobile Towers as per the provision of the Act. AMC raised the demand to BSNL in November 2006 and thereafter no persuasion was made to realise the said amount. Thus, inaction of the AMC resulted in non-realisation of outstanding fees and penalty of ₹ 20.80 lakh.

During discussion the Chief Executive Officer stated (July 2009) that the matter would be taken up with the BSNL for making payment. Latest position has not been furnished (November 2010).

5.7 Poor implementation of Swarna Jayanti Shahari Rojgar Yojana (SJSRY)

SJSRY, a centrally sponsored scheme was introduced in Tripura in 1998-99. The objective of the scheme was to provide gainful employment to the urban unemployed or underemployed poor living below the poverty line through encouraging self-employment ventures or provision of wage employment. The scheme was to be funded on 75:25 basis between the Central and State Governments. The scheme consisted of two special

programmes viz., (i) The Urban Self Employment Programme (USEP) (ii) The Urban Wage Employment Programme (UWEP).

Test check of records of Agartala Municipal Council revealed that out of the available SJSRY funds of ₹ 7.12 crore during 2007-08 and 2008-09, AMC could utilise only ₹ 2.23 crore (31.32 *per cent*) leaving a balance of ₹ 4.89 crore (68.68 *per cent*) un-utilised and parked in the bank account as on March 2009. Out of ₹ 7.12 crore, ₹ 4.58 crore was sanctioned prior to 2007-08.

Scrutiny of records indicated that AMC did not have adequate plans nor did it make concerted efforts for full implementation of the scheme resulting in non-generation of employment opportunities and depriving the urban poor, unemployed and underemployed from intended benefits of the scheme.

During discussion the Chief Executive Officer stated (July 2009) that steps would be taken for speedy implementation of the scheme.

5.8 Diversion of scheme funds of ₹ 35.88 lakh towards payment of salaries and wages

The Government of India introduced the Valmiki Ambedkar Malin Basti Awas Yojana (VAMBAY) scheme in 2001-02 with the objective to provide shelter to slum dwellers in urban areas who are living below the poverty line and members of economically weaker section who do not possess adequate shelters.

Scrutiny of cash book and bank account of VAMBAY scheme of AMC, it was noticed that the authority of AMC transferred VAMBAY funds of ₹ 35.88 lakh from Bank of Baroda to State Co-operative Bank, Battala Branch for payment of staff salaries and wages.

Thus, utilisation of scheme funds towards payment of salaries and wages has not only led to irregular diversion of funds but also deprived the people from the intended benefits of the scheme.

During discussion while admitting the fact, the Chief Executive Officer stated (July 2009) that reply would be furnished to audit regarding diversion of fund. The reply was still awaited (November 2010).

5.9 Slow implementation of National Slum Development Programme/ Environmental Improvement of Urban Slum led to locking up of funds

The basic objective of the National Slum Development Programme (NSDP)/ Environmental Improvement of Urban Slum (EIUS) scheme is to strive for holistic slum development with a healthy and enabling urban environment by providing adequate shelters and basic infrastructure facilities to the slum dwellers of the identified urban slum area. The component for assistance under the scheme includes all slum improvement/up-gradation/new construction and infrastructural facilities like water supply sewerage etc.

During test check of relevant records of Agartala Municipal Council, it was noticed that Urban Development Department, Government of Tripura placed NSDP/EIUS funds to AMC for the period from 2005-06 to 2008-09 for implementation of different works as shown in the table below:

Table No. 11

(₹ in lakh)

Year	Name of scheme	Opening balance	Fund received		Total	Expenditure	Balance
			Central	State			
2005-06	NSDP	92.88	12.72	13.75	119.35	26.95	92.40
2006-07	NSDP	92.40	Nil	Nil	92.40	61.37	31.03
2007-08 & 2008-09	EIUS	31.03	52.84	Nil	83.87	11.91	71.96

From the above, it would be seen that there was locking up of funds in each year. AMC utilized only ₹ 26.95 lakh out of total funds of ₹ 119.35 lakh during 2005-06. During 2007-08 & 2008-09 utilisation of funds was very poor and only ₹ 11.91 lakh could be utilised leaving an unspent balance of ₹ 71.96 lakh at the end of March 2009.

Thus, AMC failed to provide adequate infrastructural facilities to slum dwellers inspite of having sufficient funds during the last four years due to locking up of funds.

During discussion the Chief Executive Officer stated (July 2009) that action plan for the year 2009-10 has been taken up for utilisation of the fund.

5.10 Non-allotment of stalls resulted in idle investment of ₹ 10.89 crore

Scrutiny of records of AMC revealed that National Board of Construction Corporation (NBCC) Limited constructed three Bipani Bitan (Super Markets) namely, Chandrapur Bipani Bitan, Shymali Bazar Bipani Bitan and Bardowali Bipani Bitan at a cost of ₹ 8.41 crore. The NBCC handed over the Bipani Bitan to AMC in September 2008 and December 2008. Further scrutiny revealed that there were 325 nos of stalls in the three Bipani Bitan out of which only 155 nos were allotted and 170 nos remained un-allotted till the date of audit (July 2009). The proportionate construction cost of 170 nos of stalls was ₹ 4.46 crore. Similarly, Kailashahar Nagar Panchayat had constructed Shri Neketan Shopping Complex with 198 nos of stalls at a cost of ₹ 7.04 crore in 2007. Nagar Panchayat could allot only 17 nos of stalls and 181 stalls remained un-allotted as on October 2009. The proportionate construction cost of 181 stalls was ₹ 6.43 crore. Details are shown below:

Table No. 12

(₹ in crore)

Name of Bipani Bitan	Construction cost	No. of stalls constructed	No. of stalls allotted	No. of stalls un-allotted	Proportionate construction cost of un-allotted stalls
Chandrapur	3.60	160	93	67	1.50
Shyamalibazar	3.05	110	33	77	2.13
Bardowali	1.76	55	29	26	0.83
Total	8.41	325	155	170	4.46
ShriNiketan Shopping Complex	7.04	198	17	181	6.43
Grand total	15.45	523	172	351	10.89

Thus, non-allotment of 351 stalls resulted in idle investment of ₹ 10.89 crore (₹ 4.46 crore + ₹ 6.43 crore) for construction of the Bipani Bitan and the Shopping Complex. During discussion the Chief Executive Officer of AMC stated (July 2009) that the vacant stalls would be allotted within September 2009 while the Executive Officer of the Kailashahar Nagar Panchayat stated (October 2009) that the matter would be forwarded to the Nagar Panchayat Committee for taking decision for allotment of the vacant stalls. The latest positions have not been furnished (November 2010).

5.11 Award of works for ₹ 2.08 crore in excess of financial powers

Rule 23(B) of Delegation of Financial Powers Rules (DFPR), Tripura, 2007 provides the extent of financial and technical power delegated to the Engineering Officers of various Departments of the Government of Tripura other than PWD as shown below:

Table No. 13

(₹ in lakh)

Subject	Extent of power delegated				
	Chief Engineer	Add. Chief Engineer	Superintendent Engineer	Executive Engineer	Asstt. Engineer
Technical sanction to detailed estimates for work	150.00	75.00	50.00	10.00	1.00
Acceptance of lowest tender	75.00	50.00	30.00	5.00	0.50
Award of work without call of tender or by negotiation	₹ 2.00 lakh in each case	₹1.00 lakh in each case	₹ 0.50 lakh in each case subject to ₹ 2.00 lakh annually	₹ 0.25 lakh in each case subject to ₹ 1.00 lakh annually.	Nil

During test check of records of AMC for the year 2008-09, it was noticed that the Executive Engineers of four Divisions (Division No. I, II, III & IV) under the AMC awarded 427 nos of works (without call of tender) for ₹ 2.08 crore in excess of their financial powers in violation of DFPR as detailed in the table below:

Table No. 14

(₹ in lakh)

Year	Division	No of works awarded	Extent of power delegated annually	Value of work done	Value of works awarded in excess of financial power
2008-09	I	78	1.00	53.96	52.96
	II	240	1.00	61.73	60.73
	III	65	1.00	47.17	46.17
	IV	44	1.00	49.79	48.79
Total		427		212.65	208.65

On this being pointed out in audit, the Chief Executive Officer of AMC intimated (May 2010) that as per decision of the Chairperson-in-Council instruction has been issued to the concerned Executive Engineers of AMC to restrict themselves to the limits mentioned in the Delegation of Financial Power Rules of Tripura-2007.

5.12 Outstanding touji rent of ₹ 1.73 crore

Test check of records of 13 markets under AMC revealed that touji* rent of ₹ 1.84 crore was outstanding as on 31-03-2007. These outstanding amount were further increased by ₹ 0.50 crore and ₹ 0.60 crore during 2007-08 and 2008-09 respectively totaling to ₹ 2.94 crore.

However, AMC could realise only ₹ 1.21 crore (41 *per cent*), and ₹ 1.73 crore (59 *per cent*) was outstanding as on 31.03.09. No record was made available to audit whether any step was taken by AMC to collect the outstanding rent. Besides, reasons for non-recovery of the arrears were also not on record.

This indicated that AMC could not efficiently enforce collection of revenue resulting in bulk of revenue remaining unrealised. During discussion the Chief Executive Officer intimated (July 2009) that special drive would be given through camps for collection of arrears.

5.13 Non-adjustment of advances of ₹ 2.72 crore

Test check of records of two ULBs revealed that advances of ₹ 2.72 crore (AMC: ₹ 1.29 crore and Kailshahar Nagar Panchayat: ₹ 1.43 crore) paid to Implementing Officers (IOs) for various developmental works during the period from 2003-04 to 2008-09 are yet to be adjusted/settled (**Appendix VI & VII**). The practice of non-adjustment of advances for several years has encouraged the practice of blocking of institutional funds for indefinite period.

Due to non- adjustment of advances, it could not be ascertained in audit whether all the works were actually executed and the expenditure incurred. Non-adjustment of advances for long period also indicates lack of internal control and improper financial management.

In August 2010, the Drawing and Disbursing Officer of AMC intimated that out of ₹ 1.29 crore, an amount of ₹ 66.11 lakh has been adjusted till March 2010 and the concerned IOs have been instructed for submission of adjustments without further delay. But the

* Touji is a document issued by the Municipal Authority to the vendor for running business in Municipal area. In turn, the vendors pay certain annual rent for running their business to the Municipality.

details of adjustments/vouchers indicating the name of works against which advances were given have not been furnished and no reply has been received from the Kailashahar Nagar Panchayat regarding adjustments of advances till date (November 2010).

5.14 Loss of revenue of ₹ 23.67 lakh due to non-imposition of property tax

Director, Urban Development Department, Government of Tripura instructed all Nagar Panchayats to impose of property tax w.e.f 1st April 2006.

During test check of records of Kailashahar Nagar Panchayat, it was noticed that Nagar Panchayat made an assessment (October 2006) for collection of property tax w.e.f 01.09.2006. Reasons for non assessment of the same w.e.f. 1st April 2006 were not on records. Details of assessment made for collection of property tax are shown below:

Table No. 15

(₹ in lakh)

No of wards	Total number of holding	No of cases where application received	No of cases where holding number allotted	No of cases where assessment done	Demand as per assessment w.e.f 01.09.06
15	3597	2632	2632	3597	7.89

Although the assessment was made in 2006 but the property tax was yet to be imposed thereby resulting in loss of revenue to the extent of ₹ 23.67[₹] lakh upto 31.03.2009. Nagar Panchayat did not furnish any record for non-imposition of property tax.

During discussion the Executive Officer of the Nagar Panchayat stated (October 2009) that the matter would be placed before the Nagar Panchayat Committee for taking up early decision for imposition of property tax. Latest position has not been intimated (November 2010).

5.15 Idle expenditure of ₹ 18.63 lakh

Scrutiny of records of Teliamura Nagar Panchayat for the year 2008-09 revealed that on the basis of the recommendation of the State Level Sanctioning Committee, Teliamura Nagar Panchayat constructed a commercial complex departmentally at a cost of ₹ 42.00 lakh within the area of Teliamura Agricultural Produce Regulated Market Committee

[₹] Assessment made per year ₹ 7.89 lakh

Property tax was to be collected for 3 years (w.e.f. 1st April 2006 to 31.03.2009) i.e. ₹ 23.67 lakh.

(TAPRMC) in 2007. Besides, one fish, meat & dry fish market and a vegetable market were also constructed at a cost of ₹ 27.18 lakh and ₹ 9.72 lakh respectively in the same complex during 2007. Though the commercial complex and the fish & vegetable markets were constructed by the Nagar Panchayat, these were handed over to the TAPRMC for their control and supervision. Reasons for handing over of the above commercial complex and the market/stalls to the TAPRMC were not on records. Further, the Executive Officer of the Nagar Panchayat intimated (November 2009) that the allotment of stalls and fixing of rate for rent have been done by the TAPRMC and revenue is also collected by them. Details are shown in the table below:

Table No. 16

Name of the market	Total Nos. of stalls	Stalls allotted to businessmen	Rate of rent fixed per month	Rent collected upto 31.3.2009 (In ₹)
Commercial complex	83	83	50	34900
Fish, meat and dry fish market	122	82	50	22350

It would be seen that out of 122 nos. of stalls, only 82 stalls have been allotted and 40 nos. stalls remained vacant in fish, meat and dry fish market as on 31.3.2009. The proportionate construction cost of 40 nos. of vacant stalls was ₹ 8.91 lakh. Besides, no record could be made available to audit whether the stalls of vegetable market were allotted to the businessman for which an amount of ₹ 9.72 lakh was spent.

Thus, there was an idle expenditure of ₹ 18.63[₹] lakh spent on the construction of the stalls. The Executive Officer intimated (November 2009) that the State Government had already taken decision to hand over the aforesaid commercial complex and the market/stalls to the Nagar Panchayat. Latest position has not been furnished (November 2010).

5.16 Splitting up of work

According to para 2.47 of CPWD Manual Vol-II, splitting up of work in smaller components or in phases for the purpose of technical sanction or invitation of tenders by lower authorities is prohibited unless such splitting is allowed by Chief Engineer.

[₹] ₹ 8.91 lakh + ₹ 9.72 lakh = ₹ 18.63 lakh

During test check of records of Executive Officer, Khowai Nagar Panchayat for the year 2008-09, it was noticed that Nagar Panchayat prepared five estimates for construction of a satellite market at a cost of ₹ 43.93 lakh and obtained technical sanction of the estimates from the Executive Engineer in a phase manner. The value of each estimate is shown below:

Table No. 17

(₹ in lakh)		
Sl. No.	No. of group-wise estimates	Estimated cost
1	Gr. I	9.00
2	Gr. II	11.74
3	Gr. III	7.73
4	Gr. IV	9.74
5	Gr. V	5.72
Total		43.93

Accordingly, work order was issued to the Junior Engineer of the Nagar Panchayat to construct the market. The Junior Engineer was paid the whole amount of ₹ 43.93 lakh as advance and the work was still in progress.

Thus, Nagar Panchayat has taken up the construction of the satellite by splitting the work into groups to avoid technical sanction of the higher authorities in violation of CPWD Manual. Further, approval of the Chief Engineer for splitting up of the work was also not obtained.

The Executive Officer while admitting the fact intimated (February 2010) that henceforth administrative approval and expenditure sanction/technical sanction would be obtained from the appropriate authority.

5.17 Extra avoidable expenditure of ₹ 8.52 lakh

Scrutiny of records of Sonamura Nagar Panchayat revealed that the Executive Officer invited tender (October 2007) for construction of a Super Market during 2007-08 with an estimated cost of ₹ 16.22 lakh. Only two contractors had responded to the tender. The tender of Shri Obaidul Haque being the first lowest (8.99 per cent above) was accepted with the tender value of ₹ 17.68 lakh. But Shri Obaidul Haque submitted a representation on 11.01.2008 to cancel his tender on the ground that he had quoted the rate at 8.99 per cent above the estimated cost in place of 28.99 per cent above due to slip of pen. Accordingly, the Executive Officer cancelled the same (January 2008) and the tender of

Shri Manik Lal Saha being the second lowest was accepted at 19.50 *per cent* above the estimated cost of ₹ 16.22 lakh with the tender value of ₹ 19.39 lakh in March 2008. The contractor was requested to start the work at once and complete the same in 45 days. But the contractor could not start the work as the clear site was not handed over to him within the stipulated time. The contractor requested on 24.04.2008 to raise his rate from 19.50 *per cent* to 50 *per cent* above due to price escalation which was not accepted by the Nagar Panchayat and the contract was cancelled in May 2008. In June 2008 fresh tender was called and four tenderers had responded. The tender of Shri Manik Lal Saha being the first lowest was accepted in July 2008 at 72 *per cent* above the estimated cost with the tender value of ₹ 27.91 lakh. The contractor started the work on 15.08.2008 with the stipulation to complete by six months. But the work was still in progress till March 2010. Due to failure to handover a clear site to the contractor in time, avoidable extra expenditure of ₹ 8.52⁹¹ lakh had to be incurred due to time and cost over run.

5.18 Conclusion and recommendations

There were a number of cases of accumulation of unutilized balances of funds. Annual accounts were not prepared. The loss of revenue due to non-allotment of stalls coupled with idle investment on construction of shopping complexes and markets, non-imposition of property tax, non-adjustment of advances for prolonged period, delays in implementation of schemes, diversion of funds, splitting up of work are instances indicating inadequate internal control mechanism in the ULBs.

The following recommendations are made for consideration of the Government:

- Annual accounts may be prepared by the ULBs without further delays.
- Proper assessment of requirement should be made before construction of market stalls.
- Schemes should be implemented in timely manner to avoid time and cost over run and to achieve the intended benefits.
- Advances given to Implementing Officers should be adjusted within the prescribed time.

⁹¹ ₹ 27.91 lakh – ₹ 19.39 lakh = ₹ 8.52 lakh

- The outstanding revenues should be timely billed, collected and accounted for.
- Diversion of funds should be avoided to ensure implementation of scheme to achieve the specific purposes.
- Internal control mechanism should be put in place and strengthened wherever found necessary.

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