

CHAPTER-VI

IMPLEMENTATION OF SCHEMES

ULBs were assigned the implementation of various Central/State sponsored developmental schemes during the period under audit. Various irregularities including blockade of Government funds, infructuous expenditure, irregular engagement of contractors, diversion of Government specific grants and other shortcomings in the implementation of the schemes are described in the subsequent paragraphs. These are indicative of poor planning and lack of monitoring by the respective ULBs.

6.1 Incomplete Civil Works

116 civil works taken up during 2005-08 are still incomplete though Rs 3.32 crore was spent on them.

Failure in completing the works within the timeframe resulted in blockade of fund

The Govt. released non-recurring grants & loans for various schemes of construction/renovation of roads, drains, drilling of tube wells, water supply schemes etc. during 2005-08. During audit, it was noticed that 116 schemes taken up by 12 ULBs during 2005-08 remained incomplete till December 2008, although Rs 3.32 crore, as detailed below, was spent against these pending schemes:

(Rs in lakh)					
Sl. No.	Name of ULBs	Position as of 31 March	No. of pending works	Estimated expenditure on incomplete works	Expenditure incurred on incomplete works
1.	Ranchi	2008	35	312.49	138.41
2.	Lohardaga	2008	11	53.30	42.79
3.	Gumla	2008	13	71.67	28.96
4.	Jharia	2006	12	32.01	24.59
5.	Medininagar	2008	11	51.28	23.42
6.	Khunti	2007	06	16.87	15.25
7.	Koderma	2007	06	23.91	14.27
8.	Dumka	2008	05	31.63	12.74
9.	Katras	2006	05	19.72	12.62
10.	Pakur	2008	05	13.95	9.60
11.	Deoghar	2008	03	37.01	6.39
12.	Hazaribagh	2008	04	3.74	2.84
Total			116	667.58	331.88

The said works remained incomplete even after lapse of considerable period beyond the scheduled date of completion. The execution of the works was delayed due to improper planning, constraints of funds and lack of monitoring by the ULBs.

Failure in completing the works within the stipulated dates not only deprived the local people from intended benefits but also caused blockade of fund of Rs.3.32 crore. Reasons for non-completion of these pending works were not stated.

A few major works of higher money value were examined in details and findings are discussed in the succeeding paragraphs.

6.2 Failure to obtain State Government's prior approval resulted in infructuous expenditure

RMC created an additional liability on account of interest/penalty besides infructuous expenditure of Rs. 27.48 lakh due to non-execution of Lease Lead in respect of Integrated Real Estate Project at Jaipal Singh Stadium, Ranchi.

Govt of Jharkhand, Nagar Vikas Vibhag vide its letter no 265 dated March 06 sanctioned Rs. 86.00 lakh (Loan) to RMC for payment of professional fee to Infrastructure Development Corporation Limited- IIDC (IL & FS), appointed as process manager for real estate/commercial development of six acres of land at Jaipal Singh stadium site by the Govt.

As per agreement executed (March 2006) between RMC and IL&FS, the consultancy fee to be paid was Rs 25 lakh plus service-tax for carrying out the project development process. As per Govt. letter, expenditure on Preliminary Project Report (PPR) was to be recouped by the Developer and the amount was to be used by the RMC in its different scheme in the shape of Revolving Fund.

PPR was submitted by the IL & FS and accordingly Rs 27.48 lakh was released to the firm as consultancy fee. Later on, the highest bidder M/S PARSVNATH DEVELOPERS LTD., NEW DELHI was selected as Developer (January 2007). As per Letter of Agreement (LOA), the developer deposited Rs 26.60 crore to RMC through Demand Drafts besides Bank Guarantees of Rs.40.29 crore prior to signing of lease deed.

As per Section 76(5) (ii) of the Ranchi Municipal Corporation Act 2001, the land whose market value is more than Rs 10,000 may be leased or sold after approval of the State Government. But RMC made agreement with the developer and accepted a huge amount of Rs. 66.89 crore for signing lease deed without prior approval of the State Government, which was irregular. Although, RMC vide its several letters issued after LOA, requested the Govt of Jharkhand for granting permission to execute the lease but nothing has been heard in this regard. In the meantime, elected body of RMC Board came into existence (March 2008). The Govt. requested RMC

(August 2008) to send the above proposal after approval of the Municipal Board. But, the proposal was rejected by the Board and thus, the scheme could not be taken up by the developer. Further, RMC created an additional liability on account of huge interest as well as penalty on cash deposits of Rs 26.60 crore of the developer, which may be claimed by him.

As the scheme could not be executed by the developer therefore the expenditure made on account of preparation of PPR i.e. Rs.27.48 lakh paid to the IL&FS consultancy might not be recouped by the developer due to failure on the part of RMC and Govt. Hence, the entire expenditure of Rs 27.48 lakh incurred on account of payment of professional fee to IL&FS proved unfruitful.

6.3 *Infructuous Expenditure on purchase of drain Cleaning Equipment and Road Sweeper at Chaibasa*

Drain cleaning equipment and Road sweeper purchased at a cost of Rs. 10.77 lakh at Chaibasa remained idle.

(A) A drain cleaning equipment mounted on a hydraulic tipping trailer was purchased from Apee Automobiles Pvt. Ltd., an authorized dealer of Eicher Motors Ltd. and Eicher Tractors, Ratu Road, Ranchi vide invoice No.RSB/Fab/06/042 dated 29.3.2006 and payment of Rs 7.27 lakh was made vide Voucher No.55 dated 15.4.06.

Utilisation of machine could not be done. It was stated by the Executive of the municipality (June 2008) that this machine has no utility in Chaibasa municipal area, as there was no such big drain in Municipal area where this machine could be utilized. Thus, the machine was lying idle since its purchase. Reasons for purchase of machine, which had no utility in Chaibasa municipal area, were not stated to audit and the expenditure incurred on purchase of drain cleaning machine proved infructuous. A reminder seeking compliance of the same was issued to ULB (February 2009) but reply is still awaited.

(B) Like wise, one Road Sweeper, which can be fitted on tractor, was purchased under invoice No.RSb/Fab/06/044 dated 29.3.2006 and payment of Rs 3.5 lakh was made to Apee automobiles Pvt.Ltd vide Voucher No.55 dated 15.4.06. The, “Sweeper machine” was lying idle since its purchase. As there was no utility of this machine, the purpose of purchase of the same was beyond imagination. Thus, expenditure of Rs. 3.50 lakh towards the purchase of sweeper

machine became wasteful. A reminder seeking compliance of the same was issued to ULB (July 2009) but reply is still awaited.

6.4 Irregular Payment of Advance

Payment of Rs. 8.82 lakh Advance to contractor against the total value of work done of Rs. 3.24 lakh.

The Urban Development Department, Govt. of Jharkhand, vide letter no. 467 dated 25.02.02 sanctioned Rs 9.34 lakh as Grant to N.A.C., Jharia for construction of slaughter house and administrative approval was accorded in December 2002. The work was to be executed by Shri Akhtar Hassan, T.C.(Feb 2004). As per work order issued, the construction of the same was to be completed in 75 days i.e. by 15.05.04.

Scrutiny of files revealed that against total value of work done of Rs 3.24 lakh, Sri A.Hassan was paid Rs 8.82 lakh as advance in 7 instalments (Rs 4.57 lakh during 2004-05 and Rs 4.25 lakh during 2005-06), without measurement and ascertaining the progress of work which remained incomplete (November 2008) even after lapse of more than 4 years since issue of work order. As the previous advances of Rs 4.57 lakh paid during 2004-05 was not adjusted from subsequent bills, the payment of 7th advance to the tune of Rs 4.25 lakh to the agent without further measurement/progress, was highly irregular. Reasons for such undue favour to the agent were not known to audit. Non-completion of the scheme defeated the very purpose of the grant as the beneficiaries were also deprived of the benefits of the scheme and expenditure of Rs 8.82 lakh became infructuous

6.5 Diversion of grants and loans

Rs. 2.23 crore sanctioned for specific purposes was diverted towards payment of salary to staff.

Specific grant and loan amounting to Rs 1.04 crore diverted towards payment of salary.

Under Rule 14 A of Bihar Municipal Accounts Rules, 1928, any grant made by the Government for specific purpose shall not be spent for any other purpose. Further, under Section 89 of the JMA, 2000, unspent balance amount of Government loan for specific purpose shall not be appropriated even temporarily for any other purpose. However, in contravention of the above instructions of the Govt., two ULBs as detailed below, diverted Rs 2.23 crore towards payment of salary of staff, execution of different schemes etc. during 2003-08:

(Rs in lakh)

Sl. No.	Name of ULBs	Period	Purpose of Fund	Amount diverted	Amount refunded	Amount remained diverted	Purpose for which diverted
1.	Hazaribag	2003-07	(i) VAMBAY* A/C No. 6038.	70.46	32.21	38.25	Salary of Staffs & other civil works ----do-----
			(ii) VAMBAY* A/C No. 23876	102.34	66.42	35.92	Salary of Staffs
			(iii) Construction of Modern Bus Stand.	50.00	20.00	30.00	
			Total	222.80	118.63	104.17	
2.	Gumla	2006-07	Development Work	0.21	Nil	0.21	Purchase of Diesel/Mobil
Total				223.01	118.63	104.38	

*Valmiki Ambedkar Malin Basti Awas Yojna

Out of Rs 2.23 crore, Rs 1.19 crore was refunded to the concerned Head. Thus, a sum of Rs 1.04 crore remained still diverted (March 2009). Due to the diversion of above funds, physical targets of the schemes concerned could not be achieved.

6.6 BLOCKING OF GOVERNMENT FUND

6.6.1 Blockage of Govt. Fund of Rs 9.50 crore received for specific purposes.

Govt. Fund of Rs. 9.50 crore received for specific purposes was blocked for years.

A sum of Rs 9.50 crore as detailed below, received for specific purposes viz. Modern Bus Stand, drainage-cum-sewerage system etc. during the period 2001-04 by five ULBs remained unutilized as on 31 March 2008:

(Rs in lakh)

Sl. No.	Name of ULB	Purpose	Year of receipt	Grant received	Loan received	Total	Actual expenditure	Balance	Remarks
1.	Medininagar	Drainage cum-sewerage System	2001-02	171.21	171.21	342.42	Nil	342.42	Inception report submitted by M/s M Tech India, Ranchi (September 2004), but not accepted by Municipality. Due to non-payment of consultancy fee of Rs 4.97 lakh, the firm lodged case in Indian Council of Arbitration (ICA)(August 2007).
2.	Hazaribagh	Modern bus stand	2001-02	125.00	125.00	250.00	0.40	249.60	Neither site has been selected nor has land been acquired as yet, although Rs 33 lakh was transferred to the Land Acquisition Officer. Rs 30 lakh was diverted towards pay & allowances of staff.

Sl. No.	Name of ULB	Purpose	Year of receipt	Grant received	Loan received	Total	Actual expenditure	Balance	Remarks
3.	Dumka	-do-	-do-	113.55	113.55	227.10	Nil	227.10	Concerned records not made available.
4.	Pakur	Water supply scheme	2003-04	28.41	85.24	113.65	2.23	111.42	As per Govt. direction, E.E., Drinking water & sanitation deptt. was requested several times to prepare an observation report regarding surface water position in Pakur. But, reply is still awaited.
5.	Bundu	Construction of Town Hall	2002-03	16.42	NIL	16.42	NIL	16.42	Nothing has been initiated as yet.
Total				454.59	495.00	949.59	2.63	946.96	

The aforesaid funds were released by the Govt. without ensuring proper planning and ascertaining the requirement of the cities. Even after 4-7 years of the sanction/ release of the funds, no fruitful action/initiation has been taken by the ULBs for implementation of the schemes. Thus, the Government fund was blocked for years and public were deprived of the benefits of the scheme.

6.6.2 Blockade of fund of Rs.1.25 crore

Public money of Rs. 1.25 crore in respect of desilting of Kanke Dam, Ranchi was blocked for years.

State Government approached (December 2001) National Environmental Engineering Research Institute (NEERI), Nagpur for consultancy of desilting work at Kanke dam as per direction of Honorable High Court,, Jharkhand . The NEERI suggested (January 2002) to the State Government that desilting was not a prior activity for protection of dam and may be deferred for the present as it has sufficient water holding capacity in relation to current water supply pattern.and further suggested to construct a comprehensive management plant covering the issues related to the dam and waste water treatment plant. In between, Urban Development Department, Government of Jharkhand released (December 2001) Rs. 2.28 crore to Ranchi Municipal Corporation for desilting work and construction of sewerage treatment plant at Kanke Dam. RMC transferred Rs 81.26 lakh to PHED for construction of sewerage treatment plant and Rs.22.00 lakh to Executive Engineer, KDW & S Deptt. Gonda division (March 2007) as consultancy fee for desilting work at Kanke Dam. and balance amount of Rs 1.25 crore was lying in the P/L Account of RMC as yet without any purpose. Thus, the grant was blocked for more than seven years.

6.6.3 Swarna Jayanti Shahari Rojgar Yojna (SJSRY) Grant remained unutilized

Due to non-implementation of SJSRY, the beneficiaries were deprived of the intended facility and opportunity apart from blocking of fund.

The Government sanctioned Rs 101.41 lakh to the RMC and NAC, Koderma during 1999-2000 to 2003-04 under Swarna Jayanti Shahari Rojgar Yojana (SJSRY) for training to the unemployed persons in different professions and to support them financially, so that they may start their business/profession for their livelihood. The portion of the funds released, utilized and amount lying unutilized is given below:

							(Rs in lakh)
Sl. No.	Name of ULBs	Authority	Year of receipt	Amount of grant	Bank interest earned	Total amount lying unutilised	Remarks
1.	Ranchi	UDD, Govt. of Jharkhand	2003-04	100.00	18.91	118.91	Kept in Savings Bank Account
2.	Koderma	UDD, Govt. of Bihar letter no. 175/03.08.1999	1999-2000	1.41	---	1.41	Kept in P.L. Account
Total				101.41	18.91	120.32	

But, the ULBs neither initiated any action for implementation of the scheme nor refunded the same sanctioning authority as required under Rule 14 A of the Bihar Municipal Accounts Rules, 1928 and the amount remained unutilized (January 2009). Due to non-implementation of scheme the beneficiaries were deprived of the intended facility and opportunity apart from blocking of fund.

6.6.4 Non-completion of Market complexes under Integrated Development of Small and Medium Town Scheme (IDSMT) at Hazaribag.

Market complexes under IDSMT were not constructed at Hazaribag although 87% of estimated cost was incurred on it.

The Integrated Development of Small and Medium Town Scheme (IDSMT), a centrally sponsored scheme, was launched in the year 1979-80 with the objectives of development of small and medium towns by improving economic and physical infrastructure as well as promoting resources generation for Urban Local Bodies. Against the sanctioned amount of Rs 9.68 crore for Centrally sponsored scheme of IDSMT, the State Govt. released (September 2003) grant of Rs 2.20 crore. The Deputy Commissioner, Hazaribag, transferred the amount to Municipality in

March 2004. The Municipality proposed to construct Market Complexes at Matwari in 8 Blocks (10 Shops in each block) under the scheme.

The Municipality prepared estimate of Rs. 7.62 lakh for each block of Market Complexes. For execution of work, the Municipality awarded the work to Sri Kedar Singh, Asstt. under the supervision of Sri C.B.Singh,JE and Sri S.Singh, AE. Construction of Market Complex at Block A to H was taken up at a time and Rs 48.64 lakh was granted as advance to Sri Kedar Singh (March 2004, September 2004 and during 2005-06). In addition to this, 3100 bags of cement amounting to Rs 4,62,400/- was issued to him during 2004-06, thus a total amount of Rs 53,26,400/- was paid as an advance out of total estimate of Rs 60,96,000/-. The Schemes were not completed, whereas 87% of estimate cost was paid as advance to Sri Kedar Singh, the executing agent. The Executing agent had neither completed the work after lapse of four years nor refunded the advance money. Since it had been remunerative scheme, therefore, the Municipality has been losing a handsome amount as rent of shops as well as interest of deposit money, which might have been deposited by the shopkeepers. Secondly, Rs.53.26 lakh of Govt. fund was blocked for years and people were deprived of the benefits of the scheme.

6.6.5 Non-completion of District Science cum Technical Library Building at Hazaribag.

Although 75% of total estimated cost was already incurred, the construction of District Science Centre cum Technical Building at Hazaribag was not completed, the beneficiaries were deprived of the benefits.

A sum of Rs 15.00 lakh was released (September 2003) by the Deputy Commissioner, Hazaribag for construction of District Science Centre cum Technical Building at Hazaribag at an estimated cost of Rs 41.40 lakh. Further, allotment of Rs 21.83 lakh was also released (December 2005 and January 2007) from District for Rs 8.33 lakh and Rs 13.50 lakh. The work was initially allotted (October 2003) to Sri Chandra Bhushan Singh, JE and Sri Kedar Singh, Store keeper. Later on transferred to Sri Chandra Bhushan Singh, JE(January 2006). A total sum of Rs 26.45 lakh, as detailed below, was paid to the Executing Agents as advance.

(Rs in lakh)

Sl No.	Cheque No. & Date	Amount of Advance	Whether adjusted	Value of Work Done	Net Payment	To Whom Paid (S/Sri)
1.	826951/11.10.03	10.00	Yes	16.50	1.10	C.B.Singh,JE
2.	826953/07.11.03	3.50	Yes	-	-	----do----
3.	826964/13.06.07	3.00	---do---	-	-	----do---
4.	826961/13.04.07	2.00	No	-	-	----do----
5.	826963/25.05.07	1.50	--do--	-	-	----do---
6.	826965/24.03.08	0.95	---do---	-	-	----do---
7.	826958/06.01.06	2.50	---do---	-	-	Kedar Singh, S/K
8.	826970/16.01.06	3.00	--do---	-	-	----do----
Total		26.45		16.50	1.10	

Thus, a total sum of Rs 26.45 lakh was advanced to the Executing Agents. In addition advance of Rs 26.45 lakh, the Municipality had also issued 3000 bags of Cement (2000 bags to Sri C.B.Singh, JE in August 2003 and 1000 bags to Sri Kedar Singh, Store-Keeper in January 2006). Out of advance of Rs 20.95 lakh to Sri C.B.Singh, JE, Rs 13.50 lakh was adjusted and recovery of 1100 bags of cement was made from total value of work of Rs 20.56 lakh. Thus Rs 12.95 lakh as advance and Rs 2.56 lakh as cost of 1900 bags of cement @ Rs.135/- each totalling Rs 15.51 lakh was remained unadjusted against the executing agents and the construction work was still incomplete, although 75% of total estimated cost was already incurred.

Due to inordinate delay in completion of the scheme, the very purpose of the same was defeated and the public were deprived of the benefits of the scheme.

6.6.6 Non-completion of Market Complexes under Self Financed Schemes at Hazaribag.

Huge public money was blocked for years and the beneficiaries were deprived of the benefits of the scheme since long.

The Municipality proposed for construction of Market Complexes within Municipal area under self financed scheme during 2006-07 at three places. a) Buddhwa Mahadev-2 blocks, b) near Hindu High School- 11 blocks and c) Ravindra Path- 8 blocks. Accordingly, the proposed shops were auctioned through open bid under close supervision of District Administration. The work of construction of Complexes was initially allotted to Sri Kedar Singh, Storekeeper and Sri Nagendra Sharma, Assistant. Later on the work was transferred to Sri Chandra Bhushan Singh, JE. The Municipality paid an amount of Rs 66.60 lakh (Rs 4.30 lakh adjusted during 2007-08), as advance, to the executing agent in addition to 3850 bags of Cement worth Rs 5.20 lakh issued to them till 31 March 2008 as detailed below:

(Rs in lakh)

Sl. No.	Name of the Advance Holder (S/Sri)	Amount of advance paid	No. of Cement Bags issued	Rate of Cement	Total Cost of Cement	Total amount of Advance
1.	Kedar Singh, StoreKeeper	28.81	1800	@Rs.135/-	2.43	31.24
2.	Chandra Bhushan Singh, JE	22.69	1150	--do--	1.55	24.24
3.	Nagendra Sharma, Asstt	15.10	900	--do--	1.22	16.32
Total		66.60	3850		5.20	71.80

Thus, a total sum of Rs 71.80 lakh was incurred as of March 2008 on construction of Market Complexes, but the same has not been completed as yet.

Due to delay in completion of scheme, the Municipality sustained recurring loss of Shops Rent, which might have enhanced the income of Municipality to sort out the financial imbalance. Secondly, huge public money was blocked for years and the beneficiaries were deprived of the benefits of the scheme since long.

6.7 Payment to District Land Acquisition Officers without acquisition of land for construction of Modern Bus Stand

Payment of Rs. 1.47 crore was made to District Land Acquisition Officers without acquisition of land for Modern Bus Stand.

Govt. of Jharkhand, Urban Development Department (UDD) released Rs 1.66 crore to the following three ULBs for acquisition of land for construction of Modern bus stand and on demand, the ULBs transferred Rs 1.47 crore to the concerned District Land Acquisition Officers to make the land available by making payment of compensation to the land owners at Govt. rates:

(Rs in lakh)

Sl. No.	Name of ULBs	Period of receipt	Amount received			Amount transferred	Balance
			Grant	Loan	Total		
1.	Lohardaga	2005-06	30.00	30.00	60.00	48.00	12.00
2.	Hazaribagh	2006-07	40.06	Nil	40.06	33.00	7.06
3.	Khunti	2005-07	43.24	22.29	65.53	65.53	Nil
Total			113.30	52.29	165.59	146.53	19.06

Although, the cost of land was transferred to the District Land Acquisition Officers during 2006-08, the land had not been acquired /made available to the ULBs. As such, the construction of modern bus stand had not been started resulting time overrun as well as cost overrun. In case of Lohardaga, the proposal for acquisition of land at Katmu village was rejected by the Government (May 2008) and the amount of Rs 48 lakh was lying with the District Land Acquisition Officer till January 2009. No action was taken by the authority for refund of the said amount.

Thus, due to non-acquisition of land, the construction of modern Bus Stand could not be started defeating the very purpose of Govt. fund apart from blocking of fund of Rs.48.00 lakh.

6.8 Reorganisation of Bundu Shahri Water Supply Scheme- estimate enhanced due to delayed transfer of funds to PHED.

Estimate of Bundu Shahri Water Supply Scheme was enhanced by 70% due to delayed transfer of funds to PHED.

The UDD, Govt. of Jharkhand released (February 2004) Rs. 96.89 lakh (Rs. 24.22 lakh as loan and Rs. 72.67 lakh as grant) to Bundu NAC for reorganization of Bundu Shahari Water Supply Scheme at an estimated cost of Rs. 96.89 lakh including construction of a Jal Minar and an infiltration at Kanchi river. As per direction of the Secretary, UDD, Government of Jharkhand regarding transfer of Rs. 96.89 lakh to P.H.E.D, Rs. 30 lakh only was transferred by (August 2004) for execution of the said scheme. The PHED requested NAC several times for transfer of balance amount of Rs. 66.89 lakh for execution of the scheme but the same was transferred to PHED only in February 2007. Due to delay in transfer of fund of Rs. 66.89 lakh to PHED the cost of the scheme enhanced from Rs. 96.89 lakh to Rs. 164.93 lakh although revised estimate was not sanctioned by the Government and the scheme had not been completed. Against payment of Rs. 96.89 lakh to PHED, utilization certificate of Rs. 28.34 lakh only was sent by PHED (November 2007). It was stated by the Special Officer, NAC, Bundu that due to non-receipt of utilization of 1st instalment of Rs. 30 lacs from PHED, the final transfer of Rs. 66.89 lakh was not made previously. In the light of State Government direction to transfer the whole amount of Rs. 96.89 lakh to PHED for execution of scheme, reply is not tenable and satisfactory.

Thus, due to delayed transfer of funds to PHED, not only the costs of the scheme enhanced by 70 *per cent* of the original cost but also the people were deprived of the benefits of the scheme. (April 2008).

6.9 Agreement at unreasonably higher cost without approval of Central Govt. in respect of preparation of DPR for providing Basic Services to Urban Poor (BSUP) under JNNURM by RMC.

RMC executed agreement at unreasonably higher cost without approval of Central Govt. in respect of DPR under JNNURM

M/s Infrastructure Professional Enterprises Pvt. Ltd. was appointed (June 2007) consultant by RMC for preparation of Detailed Project Report for providing Basic Services to Urban Poor of Ranchi. An agreement was executed with the firm for the said task at Rs 2.20 crore including service tax. As the cost of DPR was to be reimbursed by the Ministry of Housing & Urban Poverty Alleviation Department, Government of India with the maximum ceiling limit of Rs. 75 lakh, the execution of agreement with the firm at a higher cost of Rs. 2.20 crore without approval of Central Govt. was not regular. Reasons for entering into the agreement at an unreasonably higher cost i.e. approx. three times the maximum limit without prior approval of the Government was not explained.

RMC approached UDD several times for release of fund of Rs. 2.20 crore for payment of consultancy fee of DPR. Last reminder was issued in May 2008. But, no amount was released by the Government. (December 2008). However, Rs. 1.49 crore was paid to the firm (till December 2008) by diverting funds from the other head. The impact of such diversion on other schemes could not be specified as a huge fund on account of Grants and Loans were available in the PL Account.

6.10 Non-fulfilment of objectives of Valmiki Ambedkar Malin Basti Awas Yojana (VAMBAY)

Objectives of Valmiki Ambedkar Malin Basti Awas Yojana (VAMBAY) were yet to be achieved although the scheme was launched on December 2001.

Valmiki Ambedkar Malin Basti Awas Yojana, a centrally sponsored scheme was launched on (December 2001) to ameliorate the conditions of the urban slum dwellers below poverty line. The objective of the scheme was primarily to provide shelter to people living below the poverty line in urban slums. The financial limit for construction of a dwelling unit under this scheme was Rs 40000/-. The cost of providing shelter was to be shared on 50:50 basis between Central & State Govt. The funds of the scheme were released by the Govt. during 2004-06.

Following was the position of utilization of funds and physical achievement of the scheme by seven ULBs as on 31 March 2008:

(Rs in lakh)

Sl. No.	Name of ULB	Utilization of funds				Physical achievement				
		Amount received	Amount utilized	Balance	Percentage of fund utilized	No. of units proposed	No. of units selected	No. of units completed	No. of units incomplete	Percentage of units completed in comparison to proposed
1.	Deoghar	89.00	77.08	11.92	86.61	223	197	177	20	79.38
2.	Gumla	58.80	43.40	15.40	73.81	144	144	87	57	60.42
3.	Medininagar	80.00	71.00	9.00	88.75	200	200	124	76	38.00
4.	Pakur	89.80	18.97	70.83	21.13	225	56	54	02	24.00
5.	Hazaribagh	438.40	402.40	36.00	91.79	1096	1009	62	947	5.66
6.	Ranchi	999.20	563.20	436.00	56.37	2498	2498	Nil	2498	0.00
7.	Dumka	50.00	14.35	35.65	28.70	100	30	Nil	30	0.00
Total		1805.20	1190.40	614.80	65.95	4486	4134	504	3630	11.24

From the above table it is evident that seven ULBs utilized 66 per cent of their funds but 11.24 per cent of proposed dwelling units only were completed till December 2008. RMC and Hazaribagh Municipality executed agreement with HUDCO during 2005-06 for construction of 3440 (2498 and 942 respectively) units and paid Rs. 9.40 crore (Rs.5.63 crore and Rs.3.77 crore respectively) to the Agency as of March 2008. But, the dwelling units were not constructed and dwelling units, the BPL beneficiaries were deprived of the benefits of the scheme and the objectives of the VAMBAY were yet to be achieved.

6.11 Loss of Rs 14.95 lakh due to execution of schemes by contractors in lieu of departmental work.

A number of schemes were to be executed departmentally but these schemes were executed through contractors resulted in loss of Rs. 14.95 lakh on account of contractors profit.

As per instruction of Urban Development Department (June 2005), schemes with estimated cost below Rs. Five lakh were to be executed departmentally. But, in contravention of the said instruction, five ULBs executed 68 schemes at a cost of Rs. 1.49 crore through contractors though the ULBs had its own technical staff for execution of the schemes. Due to this, the ULBs sustained a loss of Rs. 14.95 lakh on account of Contractor's Profit (10 per cent) as under:

(Rs in lakh)

Sl. No.	Name of ULBs	Period	No. of schemes	Total value of work done	Total loss @10 per cent as Contractor Profit.
1.	Hazaribagh	2006-08	31	56.26	5.63
2.	Ranchi	2007-08	19	51.11	5.11
3.	Gumla	2007-08	10	23.76	2.38
4.	Medininagar	2007-08	07	14.14	1.41
5.	Jugsalai	2006-07	01	04.17	0.42
Total			68	149.44	14.95

6.12 Unreasonable Rates acceptance of Detailed Project Report (DPR) of Drainage cum Sewerage system at Ranchi.

Acceptance of unreasonable rates for Detailed Project Report of Drainage cum Sewerage System at Ranchi.

The Urban Development Department, Government of Jharkhand, appointed(2005-06) an agency as consultant for “Project Management consultancy Services including detailed Engineering Design and Construction, supervision for the capital city of Ranchi. The consultancy fee was fixed by the Government as below:

(Rs in crore)		
Sl. No.	Phase	Demand
A	Design phase	16.04
B	Construction/Supervision phase	5.36
Total		21.40

A total sum of Rs. Four crore was released by the Government as Grant and Loan during 2005-06 for the aforesaid purpose in addition to unspent balance of Rs. 0.94 crore of 2001-02.

The agency submitted the final DPR (December 2007) which was approved by the Government (December 2007). The Corporation paid Rs 6.12 crore to the agency against their bills which includes mobilization advance of Rs 1.60 crore. However, a sum of Rs 64.17 lakh was adjusted from subsequent bills. The agency also submitted bill of Rs 9.01 crore for final PPR and draft DPR which is pending for payment for want of funds.

Scrutiny of agreement records revealed that the proposed salary/payment of deputed Engineers/other personnel shown in the agreement was much higher i.e. inconsistent with any norms/criteria and seems to be very much inflated as compared to prevailing market rates, so as to achieve the project cost of Rs 21.40 crore. A few instances are shown below:

(Rs in lakh)						
Sl. No.	Name of personal	Designation	Total no. of post	Rate per month	Months	Total amount
1.	Junaid Qureshi	Structural Engineer	1	6.50	4	26.00
2.	C.C.Cheung	Electrical Engineer	1	6.50	4	26.00
3.	-	Project Management Planner	1	6.50	6	39.00
4.	-	Catchment Management Expert	1	6.50	3	19.50
5.	-	Drainage System Modeling Expert	2	6.50	5	65.00
6.	-	Sewarage system modeling Expert	2	6.50	5	65.00
7.	-	Sewage treatment Expert	2	6.50	5	65.00
8.	-	Chemical Engineer	1	6.50	4	26.00

The proposed payment and cost of different items of work shown in the agreements as lump sum were also unreasonably/ abnormally high so as to achieve the cost of agreed cost of Rs. 21.40 crore. A few examples are shown below:

(Rs in lakh)

Sl. No.	Name of work	No.of items	Rate per month	Month	Total
1.	Specialist Software	1	23.20	1	23.20
2.	Training and orientation	1000	0.13 per KM		130.00
3.	Water Quality testing	-	-	-	15.00
4.	Soil investigation	-	-	-	30.00
5.	Environmental Impact/Assessment	-	-	-	40.00
6.	Report preparation	-	-	-	50.00
7.	Tender preparation and documents	-	-	-	50.00
8.	Courier charges	-	-	-	10.00

The basis on which aforesaid quoted rates of payments/cost of items of different works were generated was not shown to audit. The rates were neither negotiated nor analyzed by the Technical Committee/Technical Experts of the Government. Thus the quoted rates were very far from authenticity and were not beyond doubt. Further, as per agreement, the DPR was to be submitted by (December 2006) but the same was submitted after a year i.e. on (December 2007). The consultant had made provision of interest @ 18% p.a. in the agreement for delayed payments but the Corporation had not made any provision of penalty for delay in execution of work in the contract. Due to the provision of interest in the agreement, RMC may have to pay a huge amount of accrued interest @ 18% to the firm. UDD had informed (November 2006) that the responsibility of making such payment of interest to the firm goes to RMC and its authority concerned.

6.13 Non-refund of balance amount of advance after adjustment.

Excess advance of Rs. 10.67 lakh after adjustment, was not refunded by Executing Agents.

The ULBs executed schemes departmentally whose estimated cost was upto Rs Five lakh. For execution of schemes, the Local Bodies paid advance to the executing agents. The executing agents of Hazaribag Municipality and Fusro NAC completed the schemes below the estimated cost and advance of Rs 10.67 lakh, remained unadjusted in hands of executing agents as detailed below:

(Rs in lakh)

Sl. No.	Name of ULBs	Period	Amount of advance paid	Value of work executed	Amount of unadjusted advance not refunded
1.	Hazaribag	2001-07	115.33	107.02	8.31
2.	Fusro	2006-07	6.06	3.70	2.36
Total			121.39	110.72	10.67

(Details vide *APPENDIX-X*)