

CHAPTER-IV

Execution of Schemes

The ULBs executed schemes out of Finance Commission Grants, NSDP, SJSRY, IDSMT, UIDSSMT, MP/MLA fund etc. Irregularities noticed by audit in implementation of schemes are discussed in the following paragraphs.

4.1 Unfruitful/Wasteful Expenditure

• Unfruitful expenditure on purchase of tractor in Marhoura Nagar Panchayat

The Urban Development Department (UDD) sanctioned (Sept. 2006) ₹ 4.25 lakh to Marhoura Nagar Panchayat for purchase of tractor. A total of ₹ 4.27 lakh was spent on purchase tractor. The tractor was standing idle from the day of purchase i.e. April 2007. No reason was pointed out on the necessity of tractor. Thus, the purchase of tractor and subsequently not being used thereafter leads to unfruitful expenditure of ₹ 4.27 lakh.

• Unfruitful expenditure on purchase of suction machine in Birpur Nagar Panchayat

The Nagar Panchayat board in its meeting decided (February 2008) to purchase suction machine under Solid Waste Management (SWM) in 12th F.C. Grants. Three quotations were received and supply order was issued (April 2008) to a firm and an advance of ₹ 2.28 lakh was given. The firm supplied the machine on 25.01.2009 and it was kept in Mukhya Parshad's house due to non-availability of place in Nagar Panchayat. The firm was paid (February 2009) remaining ₹ 2.29 lakh. No post for driver is sanctioned in Nagar Panchayat and neither any daily wages driver was kept due to which the said machine is lying idle since February 2009 resulting in unfruitful expenditure.

• Unfruitful expenditure on pumping stations by Patna Municipal Corporation

Patna Water Board under Patna Municipal Corporation spent ₹ 39.87 lakh on five Pumping stations¹⁸ for water supply but the expenditure became unfruitful because Pumping stations were not functioning due to non supply of transformers in three Pumping stations and mechanical defects in two Pumping stations.

• Wasteful expenditure due to abandonment of schemes of construction of Commercial Complex in Narkatiyaganj Nagar Parishad

In the District Planning Committee meeting held on 4.8.2003, it was decided to construct one Commercial Complex in front of Adarsh Pokhar at a cost of ₹ 52 lakh out of

¹⁸ ₹ 17.62 lakh in Murtaliganj, City Hospital Park and Bhanwar Pokhar and ₹ 22.25 lakh in Chiraiyatar and High Court no. 1.

IDSMT grant. The work was split-up in two parts and technical sanction was accorded by the Executive Engineer, special Division No.2 on 22.6.2004 of ₹ 24,23,700/- for each part.

The execution of work (Part I and II) was entrusted to one Tax Daroga and one Tax Collector and both were advanced (June 2004) ₹ 6.00 lakh each. Complaints were made to DM that the construction work is being done on a public road and after visiting the site, the DM directed (4.9.2004) to stop the work and adjust the expenditure out of its own resources. One writ petition (CWJC No. 15197/04) was also filed in honorable Patna High Court by the Narkatiyaganj Nagar Panchayat (now Nagar Parishad) in which the Railway was also made a party. In the counter affidavit filed by the Railway it was stated that the plots in question belonged to Railway and accordingly the Court dismissed the writ.

The value of work done in both parts of the work was of ₹ 12 lakh besides the Nagar Parishad incurred an expenditure of ₹ 1.96 lakh on payment of court fees and Advocate fee (₹ 1.45 lakh), advertisement (₹ 0.41 lakh) and removal of encroachment (₹ 0.10 lakh). Total expenditure of ₹ 13.96 lakh thus proved wasteful as the work had to be stopped due to construction on a land which did not belong to Nagar Parishad.

Had Nagar Parishad verified title of land prior to proposal of construction plan, this situation would have not arisen.

- **Infructuous expenditure on DPR of UIDSSMT of ₹ 3.50 Lakh in 2 ULBs (Gopalganj and Sasaram Nagar Parishad)**

In Gopalganj Nagar Parishad, the DPR prepared by a firm in respect of UIDSSMT scheme was not approved by the Secretary, UD&HD, in the meeting held on 26.6.2007 because this was not prepared as per guidelines of the Scheme. ₹ One lakh paid to the firm on 19.10.06 thus became wasteful as the revised DPR was not submitted by the firm.

Sasaram Nagar Parishad advanced ₹ 0.50 lakh (May 2005) to M/s Sen and Lal, Patna for preparation of DPR of IDSMT scheme without execution of any agreement. The firm intimated (June 2005) that the above scheme has been closed and a new scheme is being formulated. The Municipal Board directed the Firm (January 2006) to prepare DPR of the new scheme UIDSSMT and submit this by 25.12.2006 and paid ₹ One lakh to the Firm (August 2006). The Firm submitted the DPR in March 2007 and ₹ One lakh was further paid to the Firm on 30.3.2007. The DPR was sent to State Govt. in September 2007 but the SDO, Sasaram intimated (October 2007) to State Government that the DPR may not be approved because this is incomplete and several schemes required for the development of the town has not been included in this and due to this the State Government did not accord approval to the DPR which resulted in infructuous expenditure of ₹ 2.50 lakh on account of payment to the Firm for preparation of DPR.

- **Idle investment on purchase of Rickshaw trolley in Bihar Sharif Nagar Nigam**

The Board of Bihar Sharif Nagar Nigam in its meeting dated 08.05.08 decided to purchase 46 rickshaw trolleys for garbage collection from a firm of Patna @ ₹ 21000/- per trolley. Supply order was issued (August 2008) to the said firm to supply 46 trolleys within 30 days after which no supply will be accepted.

The firm supplied 46 trolleys during 24.10.2008 to 03.03.2009 and ₹ 9.29 lakh was paid after deducting ₹ 0.37 lakh as VAT.

No tender was invited. Further, under section 24C of Income Tax Rules, 1961, tax deducted at source @ 2.24% was not deducted due to which there was a loss of ₹ 0.02 lakh to Union Government. As per stock register and on physical examination all the 46 rickshaw trolleys were lying idle since March 2009.

- **Vehicles and Equipments lying idle**

In 5 ULBs, Vehicles and Equipments worth ₹ 24.82 lakh as shown in Table below (**Table-13**) remained idle for 2 to 8 years as these were not put to use for want of drivers and other supporting staff. It appeared that the purchases were made without assessing the requirement and man power available and due to this the expenditure of ₹ 24.82 lakh became unfruitful besides losing guarantee period and remaining unserviceable due to wear and tear.

Table-13
Position of Vehicles and Equipments lying idle

(₹ in lakh)					
Sl.No.	Name of ULB	Period of purchase	Cost of purchase	Particulars of items	Period from which lying idle
1.	Gaya	2001-02	10.40	Hercules Showel Loader and Hercules Wheel Loader	8 years
2.	Jhajha	Oct. 2004	2.75	Ambulance	5 years
3.	Kasba	Jan. 2007	3.90	Hydraulic Tractor with tailor	2 years
4.	Manihari	April 2007	3.42	Eischer Tractor 30 HP	2 years
		April 2007	0.83	Hydraulic Tractor trolley	
		June 2007	3.01	Trolley 6 No., Waste Dumping container with top cover	
5.	Madhepura	Jan. 2004	0.51	Computer with accessories	4 years
Total			24.82		

4.2 Irregular/Doubtful Expenditure

• Irregularities in utilization of SJSRY grant in Patna Municipal Corporation

In the scheme under the head “Self Employment by establishing Small Scale Industry and Development of Excellence” a maximum grant of ₹ 7500/- or 15% of the total capital investment had to be given to those urban people who intended to establish a business of small scale with a maximum capital investment of ₹ 50,000/-

On scrutiny it was revealed that the Nigam sanctioned grant of ₹ 6.75 lakh (₹ 0.075 lakh each) to 90 people whose capital investment were more than ₹ 0.50 lakh. Thus, there was irregular expenditure of ₹ 6.75 lakh.

As per SJSRY guidelines, ‘Training for self employment’, should be imparted only by a Government, semi-Government or a Registered Private institutions having wide fame in training in specific subject. Payment made to the institution engaged under training @ ₹ 2000/- for each trainee which would include the following component of expenditure namely,

- (a) ₹ 100/- each month to each trainee should be disbursed by the Institute.
- (b) ₹ 230/- each month for each trainee should be spent over training expenditure like remunerations to staff etc. were also the component of expenditure.

Scrutiny of related records revealed that Nigam paid ₹ 426749/- to an unregistered organization Adivasi Harijan Mahila Samagra Vikash Yojna after adjustment of advance.

• Hypothetical preparation of Detailed Project Report (DPR) for IDSMT Project in Jhanjharpur Nagar Panchayat and execution of works without administrative approval

The State Govt. approved (March 2005) DPR prepared by M/s Plan Architect Engineer and Interior Designer, Patna which contained 11 works under IDSMT Scheme of ₹ 2 crore and released ₹ 68.14 lakh to the Jhanjharpur Nagar Panchayat. The details of work were as follows (Table-14):

Table-14
Details of Work which DPR Approved under IDSMT

Sl.No.	Particulars of work	No. of works	(₹ in lakh)
			Estimated cost
1.	Construction of 126 shops at 3 places	3	79.87
2.	Two works of road improvement	2	23.04
3.	Construction of Marriage cum Multipurpose hall	2	55.65
4.	Pay and use toilet	1	4.35
5.	Construction of open drain at 3 places	3	36.96
Total		11	199.87

Scrutiny of records of the ULB disclosed that the ULB did not possess any land for construction of Shops and Multipurpose Hall. Thus, the DPRs prepared were hypothetical because no actual site inspection was done. As a result of this, the ULB did not execute 7 works of shops and Multipurpose Hall construction estimated at ₹ 1.59 crore.

Out of the available fund of ₹ 68.14 lakh, the ULB executed 7 works estimating ₹ 66.56 lakh (4 works of PCC road construction estimating ₹ 48.33 lakh and 3 works of Drain construction estimating ₹ 18.23 lakh) and spent ₹ 66.12 lakh.

Further audit scrutiny revealed that against 7 works executed, administrative approval of the State Govt. was available for 3 works only (one PCC road and Two Drain construction) of ₹ 19.92 lakh and no approval was available for 4 works (3 works of PCC road and 1 Drain work) estimating ₹ 46.31 lakh and payment made of ₹ 46.20 lakh. There was, thus, irregular expenditure of ₹ 46.20 lakh.

- **Utilization of payment of ₹ 5.60 Lakh to Non- Government Organisation (NGO) for training remained doubtful in Motihari Nagar Parishad**

During 2006-08 ₹ 5.60 lakh was advanced to three NGOs for imparting training for self employment to 280 candidates. The NGOs neither submitted the position regarding period of training and number of candidates trained nor submitted expenditure details against advance of ₹ 5.60 lakh. Successful training to candidates and full utilization of ₹ 5.60 lakh thus remained doubtful.

4.3 Excess payment

- **Excess payment in training programme under SJSRY in Begusarai Nagar Parishad**

As per SJSRY guidelines regarding training for self employment, the training should be imparted by registered private and non-government organization in a batch of 25 trainee each. The training duration should be between 2 to 6 months. The minimum duration should be of 300 hrs according to the nature of training and payment should be made @ ₹ 2000/- per trainee per month. This would include a stipend of ₹ 100/- per month and training expenses of ₹ 230/- per month. A total of 237 women were enrolled in training programme for self employment under SJSRY during 2008-09. The training was allotted to registered non-government organization “Krishi Udhog Education and Health Seva Sansthan”, Kailash Enclave, H.No. 1, Shivpuri Nagar, Sangita Apartment, Patna-23. The said organization imparted training for 300 hours and completed the training in 3 months and submitted bill of ₹ 474000/- (2000 *237) as per details below:

Table-15

Sl. No.	Details	Rate/month	Number	No. of month	Amount(in ₹)
1.	Trainer's honorarium	10000	4	3	120000
2.	Raw materials	650/trainee	237	-	154050
3.	Stipend	100	237	3	71100
4.	Rent of training centre	5000	2	3	30000
5.	Writing material	-	-	-	4000
6.	Employee's honorarium	10000	2	3	60000
7.	Others (Training expenses)	-	-	-	34850
Total					474000

The organization was supposed to spend ₹ 163530/- (237*230*3) as training expenses on 237 trainees whereas the amount actually spent was ₹ 34850/- only . So, ₹ 128680/- (₹ 163530 – ₹ 34850) was spent in excess on heads other than training expenses. Thus, there was excess payment of ₹ 128680/- in training programme in SJSRY in Begusarai Nagar Parishad .

- Excess payment for purchase of cement in Barh Nagar Parishad**

₹ 9.98 lakh was paid to M/s Kalyanpur Cement Factory in February 2006 for supply of 6978 bags of cement @ ₹ 143 per bag for execution of PCC road works under IDSMT Scheme. Only 3842 bags of cement valuing ₹ 5.49 lakh were supplied by the Factory and rest 3136 bags were neither supplied nor was its cost ₹ 4.49 lakh refunded. ₹ 5.17 lakh was further paid to Shri Amrendra Paswan, executing agent for purchase of cement but neither purchase of cement was made nor the advance recovered. Thus, there was excess payment of ₹ 9.66 lakh in both the cases.

The stock position of cement further revealed that against supply of 3842 bags of cement only 1330 bags of cement were issued and no position was available for 2512 bags (₹ 3.59 lakh) because there was neither certificate of physical verification nor it was clarified where the balance stock was stored.

- Double payment on execution of schemes under BRGF in Danapur Nizamat Nagar Parishad**

Eighty six schemes under BRGF were taken up by Danapur Nizamat Nagar Parishad during 2008-09. Scheme No. 84/08-09 related to construction of two culverts in road from Bazar Samiti to Handal (East of Bazar Samiti) at an estimated cost of ₹ 4.62 lakh was allotted to a contractor at a tender amount of ₹ 4.99 lakh. Another work order for same work named 84(B), having same estimate was again issued to same contractor vide same letter no. 669 dated 27.05.06 at ₹ 4.95 lakh and paid vide voucher no. 770/08-09.

Thus, the possibility of double payment for same work cannot be ruled out.

- Irregularities in supply and installation of solar lamps in Chakia Nagar Panchayat**

The scheme for supply and installation of 48 solar lamps (4 lamps each in 12 wards of 75 & 40 watts) was approved by the Nagar Panchayat Board and so a short notice for the same was invited up to 05.02.09. Four quotations were received on 25.02.09 out of which three quotations were invalid. The fourth quotation of M/s Sherawali Solar System was accepted and supply order was issued on 26.02.09 for installation of 48 solar lamps at ₹ 44500/- each within 30 days. The firm was paid advance of ₹ 18.96 lakh out of interest earned from self-financing schemes and BRGF. Thus, following irregularities were noticed:-

1. The quotations were submitted after the closing date without grant of extension of time for submission of quotation.
2. The quotation of single tender was accepted as all the three tenders were invalid without giving wide circulation of tender.
3. Supply order of 75 watts solar lamps were only placed instead of 75 watts and 40 watts.
4. The firm supplied 40 solar lamps costing ₹ 17.80 lakh but was paid ₹ 18.26 lakh resulting in excess payment of ₹ 1.16 lakh.

4.4 Unutilized Grants

- SJSRY Grants lying unutilized since years in 5 ULBs**

Test check of SJSRY grants in revealed that ₹ 22.72 lakh was lying unutilized since years as per details below:-

Table-16
SJSRY grants lying unutilized in 5 ULBs
(₹ in Lakh)

Sl.No.	Name of ULB	Period	Amount
1.	Banka	2007-08 to 2008-09	0.46
2.	Kateya	2005-06 to 2008-09	3.43
3.	Madhubani	2007-08 to 2008-09	5.82
4.	Marhoura	2005-06 to 2008-09	2.20
5.	Purnea	2007-08 to 2008-09	10.81
Total			22.72

- Blocking of Capital of ₹ 79.69 Lakh in Chakia Nagar Panchayat**

The Government of Bihar accorded sanctioned of water supply scheme in year 1986-87 to be executed by Public Health and Engineering Department (PHED). The Nagar Panchayat prepared an estimate of ₹ 71.63 lakh against which ₹ 47.19 lakh was given to Nagar Panchayat

who in turn transferred ₹ 34.00 lakh to PHED, Dhaka. Further, the State Government released ₹ 32.50 lakh directly to PHED, Dhaka. The total sum of ₹ 66.50 lakh was made available to Executive Engineer, PHED, Dhaka but the work had not been completed.

Thus, ₹ 79.69 lakh (₹ 66.50 lakh with PHED and ₹ 13.19 lakh with Nagar Panchayat) remained blocked due to non completion of work.

4.5 Miscellaneous Observations

• Non/Short Utilization of earmarked amount of construction/upgradation of house

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 utilized for construction or upgradation of houses for the urban poor. The total grant received was ₹ 5.70 crore by 11 ULBs against which ₹ 0.57 crore was to be utilized for construction/upgradation of houses. Against this, ₹ 0.38 crore was either not utilized or short utilized by 11 ULBs. Figure of utilization/short utilization was not found available in rest 53 ULBs (as on 31.03.2009).

Thus, ₹ 0.38 crore earmarked for construction of house for urban poor was either not utilised or short utilized, thereby denying the benefits to deprived poor as detailed in table below.

Table- 17

Non/short utilization of earmarked amount for construction/upgradation of house for the urban poor under NSDP

(₹ in lakh)

Sl.No.	Name of ULB	Period receipt of Grant	Total Grant received	10% earmarked	Amount utilized	Amount utilised in short
1.	Belsand	2003-08	30.73	3.07	Nil	3.07
2.	Buxar	2006-08	52.93	5.29	3.26	2.03
3.	Bagha	2000-08	108.43	10.84	3.35	7.49
4.	Chhapra	2005-08	95.16	9.52	Nil	9.52
5.	Gogri Jamalpur	2002-08	53.07	5.31	Nil	5.31
6.	Jhajha	2004-08	61.74	6.17	5.73	0.44
7.	Manihari	2002-08	13.45	1.34	Nil	1.34
8.	Nabinagar	2005-08	6.66	0.67	Nil	0.67
9.	Raxaul	1999-06	73.53	7.35	5.07	2.28
10.	Sheikhpura	2000-06	61.27	6.13	1.42	4.71
11.	Thakurganj	2002-03	13.59	1.36	Nil	1.36
Total			570.56	57.05	18.83	38.22

- **Execution of NSDP Schemes in non-slum area in Raxaul Nagar Parishad**

Raxaul Nagar Parishad executed 87 schemes of NSDP out of which 24 schemes of PCC road, drain, culvert and toilet construction were executed in non-slum areas at a cost of ₹ 32.58 lakh. The very purpose of development of slum area thus stood defeated and the inhabitants of the slum area remained deprived of the benefits of the scheme.

- **Defective Supply of High Mast Light in Araria Nagar Panchayat**

Araria Nagar Panchayat paid ₹ 10.50 lakh during 2006-07 out of XIIth FC grant for supply and installation of three high mast light. M/s Mycrotel Computer, Patna was paid ₹ 4.70 lakh for supply and installation of one 20 meter High Mast Light and Rs. 5.80 to M/s Pawanputra Agency, Purnia for supply and installation of two number High Mast Light of 11 meter height.

As per terms of Agreement, the guarantee period for the Light was for one year but all the three Light became defective from January 2007, however, full payment was released to above firms by March 2007 and the firms did not remove the defects due to which the Lights remain nonfunctional. The Executive Officer ultimately ordered (June 2007) blacklisting of firms and filing FIR against them but no further action was available in the records of the Nagar Panchayat.

Surprisingly, fifty pieces Sodium Vapour Light were again purchased on 1.10.2007 from the same agency (Pawanputra Agency, Purnia) at ₹ 3.28 lakh which showed that the firm was actually not black listed and the Executive of the Nagar Parishad remained in collusion with the firm.