

CHAPTER – IV

EXECUTION OF SCHEMES

The ULBs executed schemes out of Finance Commission Grants, National Slum Development Programme (NSDP), Swarn Jayanti Sahari Rojgar Yojna (SJSRY), Backward Region Grant Fund (BRGF), Integrated Development of Small and Medium Town (IDSMT), Urban Integrated Development Scheme for Small & Medium Town (UIDSSMT), MP/MLA fund etc. Irregularities noticed by audit in implementation of schemes are discussed in the following paragraphs:-

4.1 Unfruitful Expenditure on Construction of Drain and Roads in Nagar Parishad, Bettiah - ₹ 2.24 Crore

The UD&HD, Government of Bihar released a sum of ₹ 94.99 lakh for construction of drain and ₹ 1.58 crore for construction or repair of PCC road in Bettiah Nagar Parishad. The entire work was divided in four groups covering 39 wards of the Nagar Parishad. Notice Inviting Tender (NIT) was issued for construction of drains and roads at a total estimate of ₹ 1.54 crore and ₹ 2.27 crore respectively. All schemes in each of the wards were allotted equal fund i.e. ₹ 2.43 lakh (construction of drain) and ₹ 4 lakh (construction/repair of road).

As per the grant sanctioning letter, list of the schemes to be taken up by the Nagar Parishad, Bettiah out of the available grant was to be sent to the State Government indicating the length and breadth of drain/road and population getting benefit out of it. Also, schemes were to be executed within the available grant so that work may not remain incomplete.

But, contrary to the above directives, schemes were undertaken whose estimates were not in parity with the available funds and as such against the total estimate of ₹ 1.54 crore and ₹ 2.27 crore, only ₹ 78 lakh and ₹ 1.46 crore could be spent out of the available funds for the construction/repairs of drains and roads, respectively which clearly indicates that all the works could have only been executed partially. The Nagar Parishad, Bettiah in its reply stated that in anticipation of further grant; schemes were taken up, which is not acceptable.

Thus, Government directives of not leaving any scheme incomplete were not adhered. As a result, the purpose for which grants were released stood defeated resulting in unfruitful expenditure of ₹ 2.24 crore.

4.2 Irregularities in Execution of BRGF Schemes

4.2.1 Irregular Expenditure in Nagar Parishad, Masaurhi – ₹ 48.35 lakh

As per Section 275 of BMA 2007, having regard to the draft development plan, as prepared by the District Planning Committee or the Metropolitan Planning Committee, as the case may be, and as approved by the State Government, the Municipality shall implement such components of such development plan as relates to its jurisdiction and carry out such functions as may be assigned to it in this behalf.

Government of Bihar directed in February 2009 that schemes related to administrative buildings of ULBs would not be executed from the funds of BRGF. In contravention of the above directives, six schemes of interior designing of administrative building were executed from the funds of BRGF during the year 2008-09 & 2009-10 by Nagar Parishad, Masaurhi. However, in above six schemes approval of the DPC and the State Government were not obtained. Thus, ₹ 48.35 lakh was irregularly spent on the execution of the said schemes grossly violating the directives of the Government and established rules.

4.2.2 Execution of Work in Violation of Guidelines in Nagar Parishad, Khagual- ₹ 5 Lakh

As per para 4.3.1 of BRGF programme guidelines, “The fund will be used for the execution of work which is included in District Plan and may not be used for construction of religious structures, structures in the premises of religious institutions *etc.*” In contravention of programme guidelines, Nagar Parishad Khagual spent a sum of ₹ 5 lakh on construction of boundary wall for Kabir Panthi Community Building which was not included in District Plan.

4.3 Irregularities in Tenders

4.3.1 Loss due to Wrong Disposal of Tender in Nagar Parishad, Sitamarhi - ₹ 9.46 Lakh

As per Rule 163 of Bihar Public Works Department Code, work would be awarded to the lowest tenderer but scrutiny of scheme files of various schemes revealed that in seven cases tenders were awarded to highest tenderer in place of lowest tenderer for the schemes executed by the Nagar Parishad, Sitamarhi in the year 2009-10. Envelopes of the lowest tenders were found sealed in the relevant files which were opened during audit. In response to audit query, the Executive Officer, Nagar Parishad, Sitamarhi referred the matter to the Superintendent Engineer, Rural Engineer Office, Muzaffarpur but no reply has been received yet. Due to wrong disposal of tender for schemes Nagar Parishad incurred an excess expenditure of ₹ 9.46 lakh with undue favour to the tenderers. The details are given below: -

Table- 10
Excess Payment due to Wrong Disposal of Tenders

(Amount in ₹)

Sl. No.	Fund of scheme	Name of work	Estimated value	Rate of lowest tenderer/Name of tenderer whose(envelope was sealed)	Rate of tender/Name of tenderer to whom work was awarded	Difference	Excess payment made
1	2	3	4	5	6	7	8
1.	For drain construction from the grant received by UDD	Construction of pucca drain from the house of Late BaldeoBabu to Laxmi High School's corner	9,96,800	15 per cent less from the scheduled rate (Sri Binod Kumar)	1.5 per cent less from the scheduled rate (Sri Sharafat Khan)	13.5 per cent	1,34,568.00
2.	For drain construction from the grant received by UDD	Construction of PCC road from the house of Sahdeo Sah's house to Sri NagendraTiwari's house in ward no.16	2,49,100	15 per cent less from the scheduled rate (Sri Mukesh Kumar)	1.5 per cent less from the scheduled rate (Sri Ajay Kumar)	13.5 per cent	33,628.50
3.	Grant received for renovation/ construction of road by UDD	Construction of PCC road in different link road in red light area in ward no. 9	7,60,400	15 per cent less from the scheduled rate (Sri Binod Kumar)	0.5 per cent less from the scheduled rate	14.5 per cent	1,10,258.00
4.	Mukhyamantr iSamekit Shahari Yojna	Construction of children park on Nagar Parishad Land near Civil Surgeon Office under municipal area	16,57,900	8 per cent less from the scheduled rate (Sri Niraj Kumar Singh)	0.5 per cent less from the scheduled rate (Sri Sujjan Kumar)	7.5 per cent	1,24,342.50

Sl. No.	Fund of scheme	Name of work	Estimated value	Rate of lowest tenderer/Name of tenderer whose(envelope was sealed)	Rate of tender/Name of tenderer to whom work was awarded	Difference	Excess payment made
5.	B. R. G. F.	Construction of road from Sri RandhirMandal's house to ring bandh in ward no.2	4,35,000	15 per cent less from the scheduled rate (Sri Binod Kumar)	1.5 per cent less from the scheduled rate (Sri Kush Kumar)	13.5 per cent	58,725.00
6.	B. R. G. F.	Construction of R/wall/ B/E soling road from Sri MunnaPandey's house to FulmataMandir in ward no.1	15,06,400	15 per cent less from the scheduled rate (Sri Surfath Khan)	1.5 per cent less from the scheduled rate	13.5 per cent	2,03,364.00
7.	B. R. G. F.	Construction of PCC road from Sri BaidyanathMahto's house to Murliyachak in ward no. 14	22,45,800	15 per cent less from the scheduled rate (Sri SurendraMahto)	2.5 per cent less from the scheduled rate (Sri Surfath Khan)	12.5 per cent	2,80,725.00
Total							9,45,611

4.3.2 Award of Schemes on Single Tender in Nagar Panchayat, Bodh Gaya - ₹ 8.54 Lakh

As per Rule 163 of Bihar Public Works Department Code, in case of single tender, the approval of the next higher authority will be taken to ensure that due procedure and publicity were ensured. However, where a tender is brought before the tender committee, its decision will be final.

Eight schemes under BRGF and Nagar Panchayat fund were undertaken on single tender basis by the Executive Officer, Nagar Panchayat, Bodh Gaya during the year 2008-09. Neither the tender was re-invited nor the sanction of higher authority obtained. Thus, the expenditure of ₹ 8.54 lakh was incurred on the said schemes violating the relevant procedure.

4.3.3 Loss due to Tampering of Rates in Tender in Nagar Parishad, Sitamarhi - ₹ 61,522/-

A short term open tender notice was issued in June 2009 by Nagar Parishad, Sitamarhi for execution of schemes in the financial year 2009-10 from grants received for different works.

Separate sealed envelopes for both bids (technical bid and financial bid) were called from the tenderers.

It was noticed that rates quoted by the tenderer were tampered in order to keep the lowest tenderer out from the competition as detailed below: -

**Table- 11
Loss due to Tampering of Rates in Tenders**

Sl. No	Name of work	Estimated cost (₹)	Rate given by the tenderer	Rate after tampering	Approved rate	Loss
1.	Construction of drain from Sahdeo Sah's house to Nagendra Tiwari's house in ward no. 16	1,91,200	15% less from the scheduled rate	18% less from the scheduled rate	1.5% less from the scheduled rate	191200*13.5% =25812
2.	Construction of PCC road from Narendra Singh's house to NH 77 in ward no. 27	3,16,100	5% less from the scheduled rate	25% less from the scheduled rate	At scheduled rate	316100*5% =15805
3.	Construction of PCC road from Bye pass Road to Maharani Asthan in ward no. 13	3,98,100	5% less from the scheduled rate	25% less from the scheduled rate	At scheduled rate	398100*5% =19905
TOTAL						61522

Approval of higher rates and keeping the lowest tenderer out of competition due to tampering rates led to loss of ₹ 61,522/-.

4.4 Irregularities in Purchase Vouchers

4.4.1 Doubtful Work in Munger Nagar Nigam - ₹ 12 Lakh

Test check of eight schemes under MP-LAD scheme revealed that materials required for execution of work amounting to ₹ 12 lakh were purchased one to 61 days after the completion of work, thus, creating doubts over its execution. Even there was discrepancy in serial no. of cash memos of purchases made earlier and later.

Table – 12

Doubtful Execution of Work

Sl. No.	Scheme No.	Name of Executing Agent	Exp. on scheme	Date of completion as per M.B./M.R	Material Purchased/Qty	Date of purchase	Remarks
1	2/07-08	Sri Rajesh Kr., Assistant	1,49,900	10/03/09	Cement 315 bag	24/03/09 to 26/03/09	After 14 to 16 days
2	3/07-08 (M.P. Fund)	Sri Rajesh Kr., Assistant	1,49,900	05/04/09	Cement 281 bag	25/05/09	Purchased after 50 days
3	6/07-08 (M.P. Fund)	Sri Jai Prakash Pd., Asstt	1,99,905	06/04/09	Cement 443 bag	07/04/09 to 11/04/09	After one to five days
4	9/07-08 (M.P. Fund)	Sri Vijay Kr. Sah, Assistant	2,00,000	20/04/09	Cement 384 bag	02/05/09	After 12 days
5	11/07-08 (M.P. Fund)	Sri Ajay Kr. Ambastha, Assistant	1,50,000	10/04/09	Cement 290 bag	23/04/09 to 16/05/09	After 13 to 36 days
6	13/07-08 (M.P. Fund)	Sri Ajay Kr. Ambastha, Assistant	1,00,000	10/04/09	Bricks- 7000 no.	25/04/09	After 15 to 61 days
					S. Chips 850 cft	25/04/09	
					Cement 180 bag	02/05/09 to 11/06/09	
7	14/07-08	Sri Jai Prakash Pd., Asstt	1,00,000	06/04/09	Cement 185 bag	05/05/09	After 30 days
8	16/07-08	Sri Vijay Kr. Sah, Assistant	1,50,000	06/04/09	Cement 281 bag	23/05/09	After 47 days
Total			1199705				

The above instances raise doubt over not only on purchase of materials but also on the execution of work.

4.4.2 Doubtful Purchase of Material in Nagar Parishad Sitamarhi – ₹ 9.48 Lakh

Test check of seven scheme files for construction / renovation of road funded out of grant for construction and repairing of PCC roads received during 2007-08 in Nagar Parishad, Sitamarhi revealed that Sone sand amounting to ₹ 2.68 lakh and Stone Chips amounting to ₹ 6.80 lakh were purchased for these schemes.

Scrutiny of challans for transportation of minor mineral revealed the following facts:

- Capacity of Truck for sand and stone chips as per schedule is five cubic meter *i.e.* 176.55 cubic feet but the trucks used in carrying materials were found to be supplying four times more than the scheduled capacity of the truck.

**Table - 13
Details of challan for Sone Sand**

Date of supply	Quantity (cft)	Challan No.	Scheme No.
09/02/08	640	358	6/07-08
10/04/08	700	355	5/07-08
05/02/08	500	24	1/07-08
15/05/08	700	17	3/07-08

**Table- 14
Details of challan for Stone Chips**

Date of supply	Quantity (cft)	Challan No.	Scheme No.
09/04/08	700	533	5/07-08
10/04/08	550	529	4/07-08
15/05/08	636	28	2/07-08
28/05/08	800	26	7/07-08

- Sl. No. of challan of material issued later was found to be of earlier date than the Sl. No. of challan of materials issued earlier (which was later dated).
- None of the challan contained any seal/ signature of authority of mining dept. of State Government.

Thus, above irregularity raised doubt on purchase of material apart from actual execution of Schemes.

4.4.3 Irregular Payment on Schemes

- Scrutiny of various schemes implemented from funds received under 11th FC, 12th FC, State Plan Schemes *etc.* revealed that bills against purchase of materials for execution of schemes amounting to ₹ 8.16 lakh passed by Nagar Parishad Dumraon were not bearing Serial Number/ Date/ Signature of Shopkeeper, Executing Agency certifying the purchase/VAT Reg. No. *etc.* (**Appendix-X**). This raises doubt on genuineness of the bill.

- Vouchers for purchases of materials in seven works undertaken by the Nagar Parishad, Bettiah showed following irregularities:-
- (a) Materials were purchased by Sri Sujoy Suman, J.E. on contract, from M/s Janta Traders, Bettiah but it was noticed that serial no. of cash memos of purchases made earlier was of later date than the purchases made later as detailed below:-

Table- 15

Incoherent Serial Number and Date of Purchase Vouchers

Sl. No.	Name of the firm	Cash memo no.	Date	Amount (₹)
1.	Janta Traders	37	15/03/10	1037
2.	Janta Traders	44	15/01/10	13733
3.	Janta Traders	48	15/03/10	3492
4.	Janta Traders	46	15/01/10	17391
5.	Janta Traders	82	03/08/09	9608
6.	Janta Traders	83	23/04/09	2164
7.	Janta Traders	84	24/04/09	35003
8.	Janta Traders	85	03/07/09	5951
9.	Janta Traders	91	10/06/09	10527
Total				98906

- (b) Similar cases were also found in purchase made from J.P. Traders, Jai Hind Traders and CKO Bricks as mentioned below: -

Table – 16

Incoherent Serial Number and Date of Purchase Vouchers

Sl. No.	Name of the firm	Cash Memo no.	Date	Amount (₹)
1.	J. P. Traders	662	25/04/09	2826
2.	J. P. Traders	672	04/07/09	9025
3.	J. P. Traders	674	06/05/09	26103
4.	J. P. Traders	675	11/06/09	6720
5.	J. P. Traders	676	03/08/09	4479
6.	Jai Hind Trader	94	14/06/09	2000
7.	Jai Hind Trader	95	07/07/09	1500
8.	CKO Bricks	28	08/05/09	11279
9.	CKO Bricks	30	03/08/09	1265
10.	CKO Bricks	27	28/05/09	3955
Total				69152

Above instance clearly indicates that vouchers were not genuine and the purchases amounting to ₹ 1.68 lakh were made on fake vouchers.

4.5 Excess Payment due to Non Deduction of Penalty from Contractor's Bill in Gaya Nagar Nigam- ₹ 17.83 Lakh

As per clause 2 of the terms and conditions of agreement with the contractors for execution of civil works “In case, work is not completed within stipulated time, penalty is to be charged @ of 0.5 *per cent* per day of the work value for the period of delay subject to a maximum of 10 *per cent* value of work done”.

In contravention of the said provision, Gaya Municipality did not deduct such penalty from the contractor's bill. This resulted in excess payment of ₹ 17.83 lakh to the contractors.

4.6 Unfruitful Expenditure on Computerisation (e-governance) of PMC - ₹ 52.38 Lakh

The computerisation (e-governance) work of PMC was given to Indian Telephone Industries (ITI), Bangalore, a unit of Government of India on basis of proposal approved by the board of PMC in pursuance of Hon'ble High Court Patna directive for computerisation of PMC. Accordingly, work order was issued in September 2007 for supply of computer and other equipments and supply order was given in October 2007. An agreement was signed with the firm on 20/12/07. As per agreement ITI Ltd. had to provide e-governance solution to PMC within four month on 14 items costing ₹ 80 lakh.

The PMC paid ₹ 52.38 lakh (₹ 39.09 lakh for e-governance package + ₹ 8.29 lakh for supply of computer and others equipments + ₹ 5 lakh for software) to the firm, but the e-governance Project was not completed and the purpose of making various works of PMC people friendly could not be achieved leading to unfruitful expenditure of ₹ 52.38 lakh.

4.7 Fraudulent Payment on Two-way Communication System in PMC - ₹ 18.09 Lakh

To strengthen the communication system a sum of ₹ 18.09 lakh was paid to M/S ICOTEC, Chennai against their retail invoice of ₹ 18.09 lakh (March 2010) for providing two-way communication system in PMC as under: -

**Table 17
Fraudulent Payment on Two-way Communication System**

Sl. No.	Cheque No. & Date	Amount paid(₹)	Description
1	323837 & 10/9/09	631875	For supply of Motorola GP 328 Walky talky 75No. @ 16850/-(50 per cent)
2	905660 & 4/11/09	252750	For supply of Motorola GP 328 Walky talky 75No. @ 16850/- (20 per cent)
3	121849 & 5/10/09	450000	For installation of tower at three places @ 3 lakh each
4	905660 & 4/11/09	360000	For installation of tower at three places @ 3 lakh each
5	905660 & 4/11/09	114625	For installation of Motorola GMB38 base station
Total		1809250	

In Stock Register, there was entry of 75 PP-328 walkie-talkie but the store keeper denied any such supply. No distribution was shown in the stock register. Two-way Communication System was not started in PMC (December 2010).

Thus, it could not be established whether walkie-talkies were actually supplied & distributed and tower and base stations were established. So, the payment of ₹ 18.09 lakh made to the firm was fraudulent.

4.8 Unfruitful Expenditure on Purchase of Generator Set in Begusarai Nagar Nigam- ₹ 3.05 Lakh

The Empowered Standing Committee in its meeting (24/09/2008) decided to purchase a 15 KVA capacity silent generator for coping up with power shortage in Begusarai Nagar Nigam. Accordingly, a 15KVA generator set was purchased for ₹ 3.05 lakh. At the time of purchase of Generator Set, Begusarai Municipal Corporation was paying rent @ ₹ 3150/- per month for supply of electricity (through generators) to private party.

Further, in a meeting of Empowered Standing Committee dated – 18/11/09 (Proposal no. 11- 01) it was decided that as 15 KVA Generator set consumed more fuel, so earlier alternative arrangement of electricity may be continued, *i.e.* from private parties and the rate was hiked from ₹ 3150/- to ₹ 8750/- per month w.e.f. October 2009, (178 *per cent* more than the previous rate). Details are as under:-

Table-18
Expenditure for Supply of Electricity from Private Party

Sl. No.	Vr. No.	Date	Amount (in ₹)	Particulars
1.	730	10/12/09	15750	May 2009 to Sep. 2009
2.	731	10/12/09	17500	Oct. 2009 to Nov. 2009
3.	886A	26/02/10	8750	Jan.2010
4.	886B	26/02/10	8750	Feb. 2010
Total			50750	

Thus, decision for purchase of 15 KVA generators was not judicious as the Corporation continued to purchase electricity from private party. As a result, expenditure on purchase of generator set of ₹ 3.05 lakh was completely unfruitful. Moreover, Municipal Corporation was compelled to purchase electricity at a higher rate.

4.9 Double Payment in Execution of State Plan Schemes in Mahnar Nagar Panchayat

In Mahnar Nagar Panchayat, Payment on two sets of muster rolls, showing engagement of same labourers for same period in two State Plan Schemes was made. As a result fraudulent drawal of ₹ 34,244 was done as under:-

Table- 19
Double Payment in Execution of Schemes

State Plan Scheme No.	Period of Muster Roll	Date of Payment	No. of Labourers	Fraudulent drawal on Muster Roll (₹)
14/06-07	18/07/06 to 24/07/06	25/07/06 & 30/07/06	42	20916
12/06-07	18/05/06 to 24/05/06	14/06/06 & 14/07/06	14	13328
Total				34244