

Chapter 6

Audit of Transactions in Urban Local Bodies

6.1 Unfruitful expenditure

Hydraulic Tower Wagon System and Multipurpose Garbage Vehicle were purchased without assessment of requirement and were lying idle for more than three years, resulting in unfruitful expenditure of ₹ 20.27 lakh.

With a view to ensure repairs of electric poles for maintenance of street lights and transportation of solid waste in urban areas, *Nagar Palika Parishad* (NPP) board decided to purchase one Multipurpose Garbage Vehicle and one Hydraulic Wagon System in its board meeting held on 14 August 2010. Accordingly, an estimate of ₹ 17.69 lakh (one Multipurpose Garbage Vehicle: ₹ 7.72 lakh and one Hydraulic Wagon System ₹ 9.97 lakh) was approved (March 2011) by the committee headed by District Magistrate (DM), Meerut. The committee sanctioned (March 2011), ₹ 9.62 lakh under the 13th Finance Commission grant and the balance amount of ₹ 8.07 lakh was to be met by the *Nagar Palika Parishad* (NPP) from State Finance Commission Grant (SFC)/ *Palika Nidhi*.

Scrutiny of the records (January and June 2015) of the Executive Officer (EO), NPP, Sardhana, Meerut revealed that one Multipurpose Garbage Vehicle: ₹ 8.95 lakh and Hydraulic Wagon System: ₹ 11.32 lakh was purchased (December 2011) at a cost of ₹ 20.27 lakh. Further scrutiny revealed that Multipurpose Garbage Vehicle and Hydraulic Tower Wagon System were lying idle since their receipt (December 2011 and March 2012). Moreover, the vehicle on which the Hydraulic Tower Wagon System was to be mounted was not provisioned for in the estimate. Furthermore, entries (December 2011 and March 2012) in the Stock Book revealed that these machines were not even issued for operation as of May 2015. It was also noticed that no regular staff was posted to operate these machines.

On this being pointed out, EO, NPP stated (May 2015) that requirement for the purchase of machines was not assessed and the machines were kept safe and not operational, its utilisation will be ensured in future. However, EO, NPP did not furnish specific reasons for non-utilisation of machines. The EO, NPP again stated (August 2015) that Multipurpose Garbage Vehicle was converted for mounting of Hydraulic Tower Wagon System and was now being put to use, as and when required by employing contractual staff. The reply is not acceptable as (i) Multipurpose Garbage Vehicle is not being used for garbage collection purpose for last four years defeating the purpose for which it was procured, (ii) the Hydraulic Tower Wagon System was not used

for three years and its utilisation now is also sub optimal, (iii) the machines have been procured without proper assessment of requirement, and (iv) a significant part of the productive life of these machines has elapsed without drawing any intended benefits.

Thus, the Multipurpose Garbage Vehicle was not being utilised for the purpose of garbage collection and Hydraulic Tower Wagon System was not optimally utilised even after lapse of three years of its purchase, rendering the investment of ₹ 20.27 lakh on purchase of these equipment unfruitful.

6.2 Loss of revenue

Loss of revenue of at least ₹ 89.86 lakh to Nagar Palika Parishad, Shamli due to non-collection of water charges during 2008-15 and irregular abolishing of water charges worth ₹ 46.11 lakh upto March 2008.

As the prevailing rates of domestic water charge were very low in comparison to increasing cost of water supply, the Government of Uttar Pradesh advised (January 1997) all the Urban Local Bodies to revise the rates of domestic water charge to at least ₹ 75, ₹ 50 and ₹ 30 per month in the areas of *Nagar Nigam* (NN), *Nagar Palika Parishad* (NPP) and *Nagar Panchayat* (NP) respectively. Subsequently, NPP, Shamli revised rates of domestic water charges in accordance with Rule 9 of *Jal Sambharan Niyamavali* 2001 (Rule) and notification published in Gazette (July 2002) of GoUP for *Nagar Palika Parishad*, Shamli fixing the water charges rates between ₹ 8 and ₹ 70 per month, on the basis of annual valuation of the house and capacity of pipe lines installed for water supply.

Scrutiny of the records (January 2015) revealed that the Board of NPP, Shamli passed (December 2008) a resolution for abolishing water charges along with arrears of previous years' worth ₹ 46.11 lakh, outstanding at the end of March 2008. The decision to abolish the water charge was taken on the ground that levy of water charges in addition to water tax was causing confusion and arrears of water charges were waived off on the plea that these were outstanding for last many years. The matter was referred (March 2009) to the GoUP for taking final decision under section 137 of UP Municipality Act , 1916. However, decision of the Government was awaited as of August 2015 despite several reminders issued by EO, NPP.

Audit observed that based on the decision of the Board of NPP and without approval of GoUP, NPP Shamli stopped assessing and issuing water charge bills during 2008-15 to the domestic consumers of the area, which resulted in non-collection of water charges of at least ₹ 89.86 lakh¹ (*Appendix 6.1*) from 14,708 domestic consumers.

Audit also noted that the EO, NPP in the Board meeting categorically pointed out that the water charges have been levied as per directions of the

¹ Calculated at the minimum rate of ₹ 8 per month.

Government under the relevant provisions of *Niyamawali* to enhance revenues of local bodies and therefore cannot be abolished. Despite the above provision, the Board of the NPP Shamli decided to abolish water charges, waive off the arrears of previous years and stopped assessing and issuing water bills to the consumers.

Thus, decision of the Board to abolish water charges without approval of GoUP was irregular and unjustified. Further, abolition of water charges merely on the plea that recovery of such charges when water tax was already being levied, causes confusion was not justified.

On this being pointed out (January 2015), the Executive Officer of the NPP, Shamli accepted the fact (August 2015) that the Board was not competent to abolish old arrears. He also confirmed that water charges were not being realised as of August 2015.

Thus, NPP, Shamli suffered a loss of at least ₹ 89.86 lakh due to non-collection of water charges during 2008-15 and ₹ 46.11 lakh due to irregular abolishing of water charges and waiver of its arrears in contravention of UP Municipalities Act, 1916.

6.3 Loss of revenue

Running of a slaughter house without adhering to Uttar Pradesh Pollution Control Board norms led to closure of the slaughter house resulting in loss of revenue of ₹ 5.37 crore (November 2015).

Under Section 114 (xxi) of the Uttar Pradesh Municipal Corporations Act (MCA), 1959, one of the obligatory duties of *Nagar Nigam* (NN) is the construction and maintenance of public markets, slaughter houses and their regulation. Further, as per the provisions of Water (Pollution Prevention and Control) Act, 1974, No Objection Certificate (NOC) under section 25 of the Act from Uttar Pradesh Pollution Control Board (UPPCB) is required for establishing a slaughter house.

Scrutiny of the records (January 2014) of NN, Aligarh revealed that a slaughter house of NN, Aligarh was being operated on contract basis on payment of agreed fee and the contractor was bound to adhere to environmental norms of UPPCB. Audit observed that UPPCB ordered to close the slaughter house several times² during 2002-15 due to non-adherence of norms of UPPCB (*Appendix 6.2*). However, closure orders were relaxed (from 23 May 2007 to 31 March 2012 and 6 December 2013 to 11 March 2015) keeping in view the illegal slaughtering of animals due to high demand for meat in the city subject to the condition that NN, Aligarh must ensure installation of Effluent Treatment Plant (ETP) along with compliance to the other environmental norms of UPPCB. However, NN did not take any

² Date of closure of slaughter house from 27.11.2002 to 22.05.2007, 01.04.2012 to 05.12.2013 and finally from 12.03.2015 to 30.11.2015.

effective action between 2002 and 2011 to enforce contractual provisions on the contractor operating the slaughter house for adherence to the pollution control norms and also failed to modernise the slaughter house by installing ETP, Bio Composing Unit and ensuring proper management of solid and liquid waste and its proper disposal.

Further, it was also noticed that tenders for modernisation of the slaughter house on Public Private Partnership (PPP) model, compatible to the norms of UPPCB, were invited (September 2012) by the Municipal Commissioner, NN Aligarh. The proposal was approved in the Board meeting for ₹ 1.91 crore and was submitted to the Government (December 2012) but approval for the same was awaited (November 2015). In the meantime, due to non-adherence to the norms, the UPPCB issued order (December 2014) to close the slaughter house immediately. However, NN closed the slaughter house in March 2015.

Thus, frequent closure of the slaughter house since 2002 for long periods due to non-adherence to the norms of UPPCB indicated that NN, Aligarh failed to discharge its obligatory duties regarding maintenance of slaughter house. At the time of closure of slaughter house from April 2012 to December 2013 and from 12 March 2015 till November 2015, the slaughter house was generating revenue at the rate of ₹ 15.60 lakh and ₹ 26 lakh per month respectively. Hence, failure of NN, Aligarh and GoUP to ensure timely modernisation of slaughter house led to loss of revenue of ₹ 5.37 crore as of November 2015 (*Appendix 6.3*).

On this being pointed out, Municipal Commissioner, NN, Aligarh stated (January 2014 and June 2015) that the proposal for the construction of a modern slaughter house, compliant with UPPCB norms, is under consideration of the Government and action has been taken against unauthorised slaughter houses. Reply is not acceptable as NN failed to comply with the norms prescribed by the UPPCB which led to illegal slaughtering of animals and the proposal (March 2013) for construction of a modern slaughter house was delayed by more than 10 years.

Thus, lack of timely action to construct the modern slaughter house adhering to the norms of UPPCB by NN, Aligarh, resulted in closure of the slaughter house and loss of revenue amounting to ₹ 5.37 crore as of November 2015.

6.4 Wasteful expenditure

Lack of coordination between *Nagar Palika Parishad, Pratapgarh* and *Jal Nigam* led to wasteful expenditure of ₹ 27.33 lakh on construction of damage road, in addition people had to suffer for more than three years.

Para 205 of Uttar Pradesh Budget Manual stipulates that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Scrutiny of the records (August 2014) of *Nagar Palika Parishad* (NPP), Pratapgarh, revealed that a road from *Gaay Ghat via* Ambedkar crossing, Shri Ram crossing and Ghantaghar to Achalpur jail *tiraha* (tri-junction) was to be strengthened under Backward Region Grant Fund Scheme. Tenders were invited on 07 February 2011 by NPP. Meanwhile, *Jal Nigam* (JN), on 26 February 2011, requested Executive Officer (EO), NPP, Pratapgarh not to construct any road which came under the purview of NPP as sewer pipelines were to be laid, otherwise expenditure on construction of road twice would have to be incurred. Further, District Magistrate (DM), Pratapgarh directed (July 2011) the NPP to make the first coat from *Sri Ram tirahe* to cinema road and patching work on remaining part of road keeping in view the coming festivals and then permanent construction of road was to be laid after laying of sewer pipeline by JN.

Audit observed that NPP, disregarding the orders of DM, again invited tenders (February and May 2012) and work of strengthening of road was started in May 2012 without consulting JN before commencement of work. NPP also did not take the matter with higher authorities for coordination and early action, if the work had to be executed on priority on account of it being a busy road. Subsequently, the work of 3,369.76 cubic meter of Water Mix Macadam (WMM) was got executed (August 2012) by NPP through a contractor. It was noticed that JN started (October 2012) laying sewer pipelines immediately after the completion of the WMM work of road by NPP. As a result, 856.06 cubic metres of WMM of the road was damaged costing ₹ 27.33 lakh. The fact that JN started their work, just four months after starting of the work by NPP shows complete lack of coordination between the two agencies and utter disregard to the rules of financial propriety by NPP. The work of construction of damage road was completed by NPP at the cost of ₹ 27.33 lakh in March 2014. Thus, lack of proper coordination between NPP and JN led to wasteful expenditure of ₹ 27.33 lakh on construction of damaged road.

On this being pointed out (January 2015), NPP replied (February 2015) that orders for inviting tenders (April 2012) given by the then DM, were approved by the DM and work order was issued to start the work. The reply of NPP is not acceptable because the DM had ordered NPP (July 2011) to construct the road only after laying the sewer pipelines which was not complied. DM had

also instructed the NPP (July 2011) to make only first coat and patching work on the road and also directed not to carry out the permanent construction of road. Further, NPP did not ascertain the status of sewer pipeline proposal from JN before commencing the work. Thus, lack of co-ordination between the NPP and JN led to wasteful expenditure ₹ 27.33 lakh.

6.5 Loss of revenue

Failure to finalise the tender for outsourcing the collection of parking charges and inability of the departmental staff to achieve revenue collection target resulted in less recovery of revenue amounting to ₹ 32.53 lakh for vehicle stands in Nagar Palika Parishad, Balrampur.

As per section 99 of the Uttar Pradesh *Nagar Palika* (NP) Act 1916, every NP will prepare budget for 31 March of the ensuing year in which details of actual and anticipated receipt and expenditure will be prepared and placed in the meeting of the Board prior to 1 April. The process of every anticipated receipt, therefore, should be completed before the ensuing year.

Scrutiny of the records (August 2014) of Executive Officer (EO), NPP, Balrampur revealed that NPP levies parking charges from taxi stands and all commercial vehicles for loading and unloading in the city area. The levy of parking charges is annually auctioned through open bidding for collection of charges. EO, NPP started the tendering (March 2013) for the auctioning of parking charges for taxi stands and all commercial vehicles for loading and unloading in the city area for 2013-14. Despite tendering and retendering (total eight³ times) upto July 2013, the work of collecting parking charges could not be auctioned by the EO. The reasons for non-auctioning of tender were non-availability of required number of bidders (three times), absence of competent authority (two times) and offer price being lower as compared to previous year (three times). The highest bid of ₹ 44 lakh was received (May 2013). The reasons for low bid were not analysed by the department. The bid was rejected by the District Magistrate (DM) on the ground that bid amount was less than amount received in previous year *viz.* ₹ 74.75 lakh. Meanwhile, revenue of ₹ 4.63 lakh from April 2013 to July 2013 was being collected through departmental officials. Further, DM ordered (August 2013) to fix the target⁴ of ₹ 47.57 lakh for remaining period of 2013-14, taking into account previous year's revenue realisation. But, due to laxity in monitoring, targeted amount could not be collected by the departmental officials.

Scrutiny further revealed that collection of parking fee by the departmental authorities ranged between ₹ 1,140 and ₹ 5,045 per day (April 2013 to August 2013) were against the target of ₹ 22,652.72 per day. But, NPP, Balrampur continued to collect the parking fee with laxity by employing

³ On the dates of 10.04.2013, 17.04.2013, 30.04.2013, 10.05.2013, 10.06.2013, 19.06.2013, 01.07.2013 and 12.07.2013

⁴ ₹ 22, 652.72 per day, ₹ 6.80 lakh per month and ₹ 20.39 lakh per quarter.

departmental officials and recovered only ₹ 15.04 lakh, during the year. Thus, EO, NPP, Balrampur failed to achieve the target set by DM for revenue collection. Had the process of realisation of revenue been monitored effectively, loss of ₹ 32.53 lakh could have been avoided. It was also noticed that contract for 2014-15 was concluded (March 2014) for ₹ 46.05 lakh and amount was realised by the EO from contractor.

On this being pointed out in audit (August 2014), NPP replied (May 2015), that low recovery was due to ban on mining which hindered the entry of vehicles in the city. The reply is not acceptable because no documentary evidence regarding period of ban and non-realisation of revenue during the period of ban was furnished to audit, though called for (August 2015). Further, no action was taken against the departmental officials for their non-performance.

It was also noticed that failure to finalise the tender for outsourcing and non-timely decision to check the loss of revenue due to lackadaisical approach of NPP, it suffered a loss of ₹ 32.53 lakh.

6.6 Unfruitful expenditure

Unfruitful expenditure of ₹ 32.66 lakh was incurred on construction of drains which remained incomplete in Nagar Panchayat, Nichloul, Maharajganj, resultantly, the objective to regulate the outfall of water by connecting it to the main drain (Nala) was not achieved.

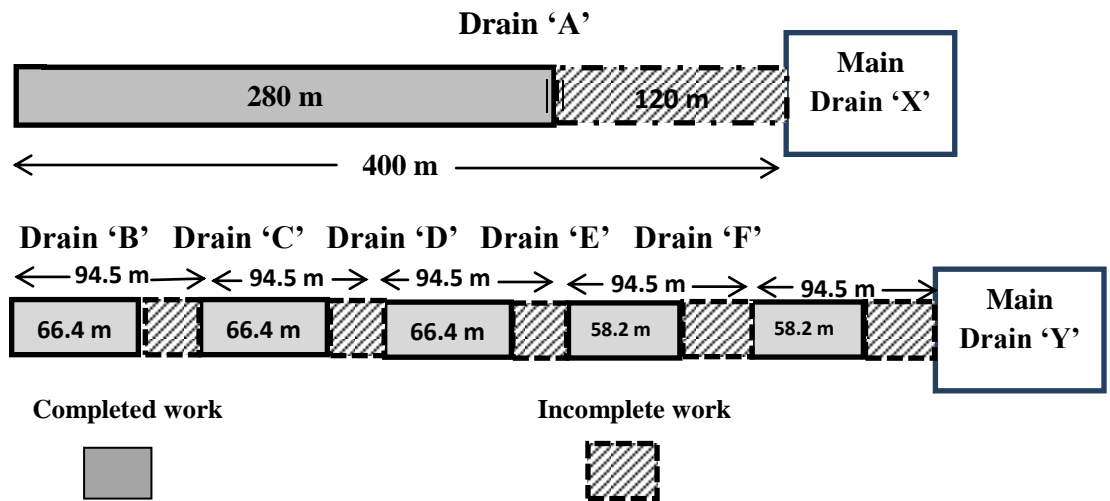
With a view to provide drainage in Nagar Panchayat (NP), Nichloul, Maharajganj, a committee headed by the District Magistrate, Maharajganj approved (December 2012) ₹ 6.50 lakh under Thirteenth Finance Commission (TFC) grant for construction of a drain⁵ of 400 metre in ward no. 11 (Drain 'A' in the diagram below) which was to be connected to the Main drain (Drain 'X') at Thhuthibari road. The technical sanction of estimate for ₹ 13.25 lakh was accorded (January 2013) by the Executive Engineer, PWD, Maharajganj. The excess expenditure of ₹ 6.75 lakh was to be met out of State Finance Commission grant. For construction of drain 'A', work order was issued on 16 February 2013 with the scheduled date of completion within 15 days from the date of issue of work order.

Another proposal was also approved by the *Adhyaksh*, NP (December 2012) for construction of a set of five drains of 472.50 metres in ward no. 3 and 13 (drain 'B' to 'F' in the diagram below) which was to be connected to the Main drain (Drain 'Y') at Siswa road, for which Government accorded sanction of ₹ 20 lakh (February 2013) under *Nagriya Jal Nikasi Yojna* (NJNY). The technical sanction of ₹ 20 lakh (₹ 4 lakh of each drains 'B to F') was accorded on February 2013 by the Executive Engineer. For drain 'B to F', work order

⁵ From house of *Shri Satyanarayan Baba, Katra Chauraha to Madhwalia Road Bagh*.

was issued on 7 March 2013 with the scheduled date of completion within 15 days from the date of issue of work order.

Diagram showing estimated and executed length of drains



Scrutiny of records (June 2014) of NP revealed that out of 400 metres drain 'A', only 280 metres was constructed (July 2013). Similarly, out of 472.50 metres of drains 'B', 'C', 'D', 'E' and 'F', only 315.60 metres was constructed (April 2013). All the constructed drains were incomplete (September 2015). Subsequently, NP made the payment of ₹ 32.66 lakh⁶ for the total constructed length of 595.60 metres against estimated length of 872.50 metres of six drains (*Appendix 6.4*). Further, it was also revealed (January 2015) that drains 'A' and 'B' to 'F' were to be connected to main drains 'X' and 'Y' respectively but these were not connected to the main drains due to incomplete construction. Further, scrutiny of sanctioned estimate revealed that these were new drains but no survey was conducted before construction of drains to ensure availability of land site for preparing a realistic estimates as a result some portion of land of drain 'A' was disputed as being forest land for which no clearance was obtained resulting in non-completion of drain 'A'. Thus, objective of outfall of water from the NP area was not fulfilled which led to unfruitful expenditure of ₹ 32.66 lakh (May & August 2013).

On this being pointed out (January and May 2015), the Executive Officer (EO), NP replied that construction of Drain 'A' was not completed due to dispute on the site. For drains 'B, C, D and F' it was stated (January 2015) that due to higher tender rate and short administrative and financial sanction, the required length was not constructed. For drains 'E' it was stated that due to the depth of the drains being more than estimated, the corresponding length was not constructed. NP also stated that presently drains are being dug temporarily, to enable outfall of water. Further it was stated (September 2015) that fund had been received to complete the remaining work and drains will be connected to main drains. The reply is not acceptable because the record

⁶ ₹ 12.66 lakh for drain A on 27.8.2013 and ₹ 20 lakh for drain B to F on 01.05.2013.

revealed that fund received was for other than stated works as such the prospects of providing connectivity of drains X and Y in near future was remote.

Moreover, availability of the land site was to be ensured before start of work. Further, proper survey of site to avoid issues, like dispute on land, pits on the site and to enable preparation of realistic estimates should have been ensured before start of work. Therefore, due to not ensuring proper survey of land before taking up construction of drains and preparation of unrealistic estimate for work, the purpose to regulate outfall of water was not achieved rendering the expenditure of ₹ 32.66 lakh unfruitful.

6.7 Unfruitful expenditure

Expenditure of ₹ 12.96 lakh incurred on the construction of a Community Centre in Nagar Panchayat Oon, Shamli, remained unfruitful due to its non-utilisation for more than six years.

With an aim to develop selected regional growth centres with infrastructure and service facilities *Sangathit Vikas Yojna* (SVY), a Centrally Sponsored Scheme was launched (1979-80) to enable such towns to emerge as regional centers for economic growth and employment opportunities and arrest migration to large and metropolitan cities.

The Town and Country Planning Department, Uttar Pradesh, Lucknow sanctioned ₹ 15.13 lakh (February 2007) for the construction of a Community Centre consisting one hall and three rooms for the welfare of the community by organising community functions, weddings etc. in *Nagar Panchayat* (NP) Oon, Shamli. Out of the total construction cost, ₹ 7.06 lakh was to be met from SVY fund and remaining fund of ₹ 8.06 lakh was to be met from NPs' own sources.

Scrutiny of the records (December 2014) of Executive Officer (EO), NP, Oon, Shamli revealed that work of construction of the Community Centre was awarded to a contractor in July 2007, with the schedule date of completion within three months. The work was started in July 2007 and the contractor was paid ₹ 12.96 lakh (April 2009). No further payment was made to the contractor. As NP did not contribute its required share, the work was stopped midway in September 2009 leaving the works of electrification, doors and windows incomplete. Thus, the construction of the Community Centre remained incomplete for more than six years (September 2015) resulting in unfruitful expenditure of ₹ 12.96 lakh.



Community Centre building at *Nagar Panchayat*, Oon, Shamli

On this being pointed out (December 2014 and June 2015), EO, Shamli accepted that the building was lying unutilised and stated that the work was stopped due to non-release of funds by the State Government. The reply is not acceptable as the funds released by the Government under SVY had already been utilised to the extent of ₹ 12.02 lakh i.e. in excess to the sanctioned amount of ₹ 7.06 lakh for the Community Centre. However, NP did not release funds from its own resources, as required under the sanction issued by GoUP which resulted in non-completion of community centre as of September 2015.

Thus, due to slackness of EO, Shamli the Community Centre was lying incomplete, rendering the objective of welfare of the community by organising community functions, weddings etc. unfulfilled and resulting in unfruitful expenditure of ₹ 12.96 lakh. Also, as shown in the photographs above, the building of Community Centre is deteriorating due to non-utilisation and proper upkeep.

6.8 Unfruitful expenditure

Non-functioning of Biometric Finger Print Attendance Machines led to unfruitful expenditure of ₹ 14.27 lakh in *Nagar Nigam*, Moradabad.

For attaining the objectives of modernisation and transparency in the functioning of *Nagar Nigam*, as envisaged in the Government policy, Biometric Finger Print Attendance Machines were installed (December 2009) in *Nagar Nigam*, Moradabad (NN).

Scrutiny of the records revealed (June 2014) that NN, Moradabad decided (June 2009) to purchase and install Biometric Finger Print Attendance Machines (BFPAM) in NN offices. Tenders were invited (July 2009) but since no offers were received, NN invited quotation (August 2009) from M/s Adman Technologies Private Limited, New Delhi (Firm) who had supplied the similar machines in Municipal Corporation of Delhi (MCD). Subsequently, a Memorandum of Understanding (MoU) was executed

between the Firm and NN (October 2009) for ₹ 13.69 lakh for installation of 20 number of Biometric Finger Print Attendance Machine. Further, we observed that in the MoU signed between MCD and the Firm, there was a clause for obtaining performance security⁷ from the firm, however, no such clause was incorporated in the MoU signed between NN and the Firm. The machines bore warranty of one year from the date of supply. The machines were received on October 2009 and installed and made operational in December 2009 (18 machines in Health department, one machine in *Jalkal Vibhag* and one in NN office). Subsequently, from October 2009 to February 2011 the Firm was paid ₹ 12.68 lakh. However, the machine installed at *Jalkal Vibhag*, stopped working (August 2010) during the warranty period. Later, the computer department of NN informed the Municipal Commissioner (December 2010) that all the machines and the software installed by the firm became non-operational. As warranty period⁸ of these machines had expired (December 2010), the firm asked (January 2011) NN to execute an Annual Maintenance Contract (AMC) for the period from February 2011 to January 2012 which was concluded in February 2011 and an amount of ₹ 1.59 lakh was paid (January 2011) as an advance to the firm. But, even after advance payment, made under AMC, repair services were not resumed by the firm. Thereafter, NN stated that it pursued the matter telephonically but due to lackadaisical response by the firm, NN removed Biometric machines however, no specific date for removal of machines was available in the record of NN.

Audit observed that NN did not incorporate the performance guarantee clause in the contract due to which it could not enforce penalty on the contractor by deducting 10 per cent of the amount of bill in cases the default is not rectified within 24 to 48 hours. Hence, Municipal Commissioner, NN Moradabad failed to protect the interest of the NN and rendered the entire investment of ₹ 14.27 lakh on procurement and maintenance of these machines unfruitful.

On this being pointed out, while accepting the audit finding, the Municipal Commissioner stated (July 2015) that performance security/bank guarantee was not taken by the officer in-charge at the time of purchase. The reply confirms the audit observation.

6.9 Unproductive investment

Investment of ₹ 47.87 lakh incurred on construction and repair of shops and hall in *Nagar Panchayat, Mahona, Lucknow* was rendered unproductive due to its non-allotment.

Sangathit Vikas Yojana (SVY) a Centrally Sponsored Scheme under Integrated Development of Small and Medium Towns (IDSMT) was launched (1979-80) with the aim to develop selected regional growth centres with

⁷ Performance security of 10 per cent of contractual value (of total project) valid for 84 months, in the form of bank guarantee from any nationalised bank with 30 days of issue of work order failing which the earnest money deposit was to be forfeited.

⁸ One year from the date of supply i.e. from 21.10.2009 to 20.10.2010.

infrastructure and service facilities so as to enable such towns to emerge as regional centres for economic growth, provide employment opportunities and arrest migration to large and metropolitan cities. Subsequently, State Government sanctioned ₹ 80 lakh (₹ 40 lakh in October 2004 and ₹ 40 lakh in September 2006) for the scheme. Further, the Town and Country Planning (T&CP) department, Lucknow awarded technical sanction of ₹ 52.16 lakh⁹ for construction work in Mahona bazar. Thus, 36 shops and one hall were to be constructed under SVY. Out of the total construction cost, ₹ 35.68 lakh¹⁰ was to be met under SVY and remaining cost of ₹ 16.48 lakh¹¹ was to be met from NPs' own sources. For schemes under IDSMT, a Committee¹², headed by *Adyaksh*, CC&MS constituted in the year 2003 by the standing orders of Secretary, Housing and Urban Planning Department, was to co-ordinate, monitor and evaluate the scheme and review its progress regularly.

Scrutiny of records (April 2015) of Executive Officer (EO), NP, Mahona, Lucknow revealed that work order for construction of 36 shops and one hall was awarded (March 2005, March and September 2006) to three contractors and were to be completed within schedule period of three months. Audit noticed that the work of 22 shops and one hall was completed and ₹ 38.02 lakh was paid (December 2006 to March 2008) to the contractor (**Appendix 6.5**). However, remaining 14 shops were not constructed due to inadequacy of funds to be provided out of NP's own share.

Audit examination revealed that these 20 shops and the hall were lying unutilised with the NP and the remaining two shops were under unauthorised occupation of police *chowki*, Mahona. Over the time these shops became dilapidated and ₹ 9.85 lakh was spent on their repair by the NP (September 2013). However, a proposal for sale of shops and hall was submitted (November 2013) after a delay of more than five years to the *Sanyukt Niyojak* (Associate Planner) of Regional Planning Unit (RPU) of Town and Country Planning Department by the EO, NP. After receiving the directives for sale from the RPU, though the decision for their sale by auction was taken by the Committee (November 2013) but the shops and the hall were not sold as of October 2015. This indicated lackadaisical attitude and complete lack of monitoring by EO to ensure that assets created under SVY was not allowed to keep idle for long periods.

⁹ Four shops and one hall: ₹ 8.72 lakh in June 2006; 21 shops: ₹ 29.37 lakh in December 2005 and June 2006; 11shops: ₹ 14.07 lakh in February 2005 and July 2006.

¹⁰ *Sangathit Vikas Yojana* fund: ₹ 12.72 lakh in February 2005; ₹ 6.16 lakh and ₹ 16.80 lakh in June 2006.

¹¹ From own source ₹ 2.56 lakh in February 2005, ₹ 1.35 lakh and ₹ 12.57 lakh in June 2006; Total fund from own source: ₹ 16.48 lakh.

¹² Consisting of EO, NP, Mahona, *Tehsildar*, Executive Engineer, PWD, electricity board and UP *Jal Nigam* and *Adyaksh*, Citizen Coordination and Monitoring Committee (CC&MS), constituted by the DM, Mahona.

In reply EO, NP, Mahona while accepting the audit observation stated (October 2015) that sale through auction is under process. Fact remained that non-allotment of shops and hall for the last seven years resulted in degradation of constructed shops/hall and unproductive investment of ₹ 47.87 lakh in NP, Mahona.

The matter was reported (June 2015) to the Government; their reply was awaited (December 2015).

(P. K. KATARIA)

Principal Accountant General (G&SSA)
Uttar Pradesh

ALLAHABAD
THE

1 March 2016

COUNTERSIGNED

(SHASHI KANT SHARMA)

Comptroller and Auditor General of India

NEW DELHI

THE - 2 MAR 2016