

## CHAPTER IV

### COMPLIANCE AUDIT

#### URBAN ADMINISTRATION AND DEVELOPMENT DEPARTMENT

#### 4.1 Transfer of lesser value land to Economically Weaker Section (EWS)

##### Undue financial benefit of ₹ 1.54 crore extended to coloniser as the land transferred for EWS at alternate site was of lesser value

According to Rule 10 (1) of Chhattisgarh Municipal Corporation and Municipalities (Registration of Colonizer, Terms and Conditions) Rules (CMRCTC), 2013, in every residential colony in the Municipal area, out of the total area, 15 *per cent* of the land shall be transferred by the colonizer to the Competent Authority for Economically Weaker Sections (EWS). Further according to Rule 10 (2), if for any reason, the coloniser instead of transferring the land at the proposed residential colony, proposes to transfer the land at an alternative site, he may do so with certain conditions mentioned in the Rule. Further, as per Rule 10 (2) (d) of CMRCTC, the value of the offered land must be equivalent to the value of 15 *per cent* of the land of the proposed residential colony provided that the land offered must have land use of residential in the Master Plan. It was also clarified in the Rule that value of land shall be calculated according to the Market Value Guiding Principles.

Scrutiny of records (November 2019) in the office of the Chief Municipal Officer (CMO), Municipal Council, Kanker revealed that, a coloniser<sup>1</sup> was given permission (July 2015) by Assistant Director, Town and Country Planning (T&CP), Regional office, Kanker for developing residential colony (Gokul Dham) in the total area of 8.80 acre (35612 square metre) at Adarsh Nagar in Shri Ram Nagar ward subject to the condition of diversion of land by the Revenue Department. The Revenue department diverted (April 2017) the land use from retrospective date i.e. 2014-15. The Coloniser applied the rates of agriculture land for computing the total value of land in the proposed residential colony and accordingly transferred (October 2016) land measuring 5284.87 sqm and valuing ₹ 28.12 lakh for EWS at alternate site.

Audit observed that as per the permission granted for development of colony by T&CP, the land offered by the coloniser must be residential and land use was accordingly diverted. Therefore, application of rate of agriculture land instead of plot rate prescribed for residential plots for computing the value equivalent to 15 *per cent* of the land in residential colony for transfer to EWS was not correct.

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<sup>1</sup> M/s Satguru Infra Project Pvt. Ltd. (Gokuldham).

According to the rates for residential plots prescribed in Market Value Guiding Principles 2016-17, the total value of land in proposed residential colony worked out to be ₹ 24.20<sup>2</sup> crore. As per the above-mentioned Rule 10 (2) (d), the coloniser was required to offer the land equivalent to the value of 15 *per cent* of the land (value ₹ 3.63 crore) at alternate site but the coloniser had transferred land (5284.87 sqm.) valuing ₹ 2.09<sup>3</sup> crore only. Thus, coloniser had transferred land of lesser value of ₹ 1.54 crore (₹ 3.63 crore - ₹ 2.09 crore) for economically weaker sections.

This has not only resulted in undue financial benefit of ₹ 1.54 crore to the coloniser but also deprived the EWS of society of their due share of land as authorised by the Legislature.

On this being pointed out, Government stated (January 2024) that the rates pertaining to agricultural land was applicable and not the rates of developed land, as pointed out by audit. In case of agricultural land having area less than or equal to 0.15 hectares, rate per square meter was applicable and in case of land exceeding 0.15 hectares, the rate per hectare of agriculture land for the area was applicable. It further stated that the residential colony was initially proposed in the undeveloped land and T&CP in its order attached the condition of diversion which indicates that the proposed land of residential colony was agriculture land.

Reply is not acceptable as the permission of proposed residential colony was granted by the T&CP on the condition of the diversion of land use by the coloniser. The land use was also diverted as residential w.e.f the year 2014-15, therefore, the rates of residential plot was applicable on the proposed colony. By applying rates of agriculture land, undue benefit was extended to coloniser due to undervaluation of land and transfer of less land to EWS at alternate site.

#### 4.2 Short recovery of fee from colonizers

##### Short recovery of fee of ₹ 76 lakh from three colonizers in lieu of land due to application of incorrect rate of land by Municipal Corporation, Korba

According to Rule 10 (1) of Chhattisgarh Municipal Corporation and Municipalities (Registration of Colonizer, Terms and Conditions) (CMRCTC) Rules, 2013, 15 *per cent* of the land should be transferred by the colonizer to the Competent Authority for economically weaker sections (EWS) and Rule 10 (3) provides that if the proposed colony is less than one acre, the colonizer may exercise the option of paying fee at current rate for raw land for the area prescribed by the District Collector and the amount should be deposited in the designated “Services to the Poor fund” bank account of the Municipality.

<sup>2</sup> Total land area=35612 sqm, {Value of land in year 2016-17 (First 4048 sqm at the rate ₹ 8731 per sqm) + (balance 31564 sqm at the rate of 75 *per cent* of ₹ 8731) = ₹ 24.20 crore}

<sup>3</sup> Total land area=5284.87 sqm, {Value of land in 2016-17 (First 4048 sqm at the rate of ₹ 4205 per sqm) + (balance 1236.87 sqm at the rate of 75 *per cent* of ₹ 4205) = ₹ 2.09 crore}

During test check of records (February 2020) of the Office of Commissioner, Municipal Corporation (MC), Korba, Audit observed that, Deputy Director, Town and Country Planning, Korba gave permission (March 2016, July 2016 and December 2018) to three private colonizers<sup>4</sup> respectively at three different location of Korba MC for development of land for residential purpose. For development of land for residential purpose, the land use is required to be diverted as residential in the records of Land Revenue Department as per the Land Revenue code of Chhattisgarh. In two out of three cases mentioned above, land use was diverted at the time of grant of permission while in one case diversion order was issued (May 2018) after the grant of permission by T&CP. Further, MC, Korba gave permission (November 2016, December 2017 and January 2019) to these three colonizers for development of colonies and construction of flats at these three different sites of Korba MC. The area of land allotted to these three colonizers for development was 2,267.06 sqm (0.223 hectare), 3,039.03 sqm (0.304 hectare) and 3,474.62 sqm (0.347 hectare). As the area of land of the proposed colonies was less than one acre (0.405 hectare), so the colonizers exercised the option to pay fee in the Services to the Poor fund at current rate of raw land in lieu of 15 *per cent* of land that was required to be transferred for EWS. Accordingly Colonisers had deposited ₹ 2.72 lakh, ₹ 1.08 lakh and ₹ 4.37 lakh aggregating to ₹ 8.17 lakh as fee in lieu of 15 *per cent* land.

The fee paid by Coloniser in lieu of land was calculated on the basis of per hectare rate prescribed for agriculture land in the Market Value Guidelines as the market rates of raw land as such was not prescribed by the District Collector separately.

Audit observed that as per Guiding Principles for Market Value of Immovable properties (Market Value Guidelines) for the year 2015-16 to 2017-18, if any agriculture land measuring less than 0.405 hectare falling under the limits of Municipal Corporation has been diverted for residential purpose, the market value shall be calculated at the plot rates prescribed in the Market Value Guidelines for that area. The plot rate of land at these three sites were ₹ 7,125; ₹ 6,700 and ₹ 5,600 per sqm. So, the fees in lieu of 15 *per cent* of land for these sites would be ₹ 24.23 lakh, ₹ 30.54 lakh and ₹ 29.19 lakh respectively aggregating to ₹ 83.96 lakh.

Thus, a total fee of ₹ 83.96 lakh was required to be collected against which fee of ₹ 8.17 lakh was deposited by the colonizers in the Service to the Poor Fund. Failure to apply the correct rate provided in the Market Value Guidelines by the Municipal Corporation, Korba resulted in short realisation of fee of ₹ 75.79 lakh in the Poor Fund.

On this being pointed out by Audit (February, 2020), the Commissioner, Municipal Corporation, Korba replied (September, 2021) that the amount of fee has been recovered at the rate per hectare of undeveloped land in accordance with guidelines for the value of immovable properties issued by Deputy Registrar.

<sup>4</sup> viz. M/s. Sarvamangla Buildcon (2267.06 sqm), M/s. RKC Infratech (3039.03 sqm) and M/s. H M Infratech, Korba (3474.62 sqm).

Reply is not acceptable as any agricultural land measuring less than 0.405 hectare falling within the urban area, if diverted for residential purpose, the plot rates prescribed in the Market Value Guidelines would be applicable. Hence recovery of fee should have been made at the higher rates prescribed in the Guidelines.

The matter was reported (May 2022) to the Government. However, their reply is awaited (January 2023).

### **4.3 Irregular payment to contractor at higher rates for pipes used in the work**

**Municipal Corporation, Korba had made payment to contractor at higher rate applicable for Pre Cast Concrete pipes while Pre-stressed Cement Concrete pipes were used in work resulting in excess payment of ₹ 7.88 crore**

As per Rule 9 under Section II of Chhattisgarh Financial Code, “Every Government servant who incurs or authorises the incurring of any expenditure from public funds should see that it does not contravene the standards of financial propriety. Every Government servant 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. The expenditure should not be prima facie more than the occasion demands.

Under Atal Mission for Rejuvenation and Urban Transformation (AMRUT), the Mission Director, Chief Executive Officer, State Urban Development Agency (SUDA) issued (May 2016) administrative approval and technical sanction for water augmentation supply scheme Korba phase-II costing ₹ 207.03 crore. Accordingly, NIT for the work of providing, laying, joining, interconnection, testing and commissioning of raw water pumping main, clear water pumping main, clear water gravity main of PCCP pipes and DI pipes was issued by the Korba Municipal Corporation in June 2016. The specification of work under Annexure E-I of Notice Inviting Tender (NIT) included use of Pre-stressed Concrete Cylinder pipes for water supply mains. The work was awarded (November 2016) to a contractor<sup>5</sup> at a contract value of ₹ 115.51 crore and payment of ₹ 103.55 crore was made to the contractor (23<sup>rd</sup> Running Account bill) as of May 2023.

During test check of records (March 2020) in the Office of the Commissioner, Municipal Corporation, Korba, Audit observed that the payment to contractor for providing Pre stressed Cement Concrete pipes was made at higher rates applicable for Pre cast Concrete pipes. The rates for Pre cast Concrete pipe (500 mm to 800 mm) ranged from ₹ 6,372 to ₹ 9,688 Running Meter (RM) while that for Pre-stressed Cement Concrete pipes ranged from ₹ 3,371 to ₹ 6,233 RM in the SOR, 2013. This resulted in excess payment of ₹ 7.88 crore to contractor as detailed in the *Appendix-4.1*.

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<sup>5</sup> M/s The Indian Hume Pipe Co. Ltd., Mumbai

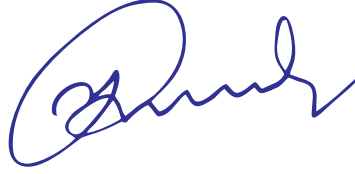
Audit noticed that NIT was not prepared correctly and there were discrepancies in the rates and type/name of item to be used in the work. In the NIT, term PCCP was used for Pre stressed Cement Concrete pipe as per the specification of pipe given in Annexure E-I of NIT whereas in SOR term PSCP is prescribed for the same. Further all the design criteria, specification details and standards (IS: 784) prescribed in the NIT were for Pre stressed Cement Concrete pipes. But in the schedule of quantity/NIT, the rates applicable to “Pre cast Concrete pipe” were adopted. However, correct reference of SOR item no. (20.10) and page (237) for Pre-stressed Cement Concrete pipes was used for work of Clear water gravity main and Clear water pumping main while for Raw water pumping main incorrect reference of SOR item no. (19.11) and page 230 was mentioned. Subsequently, amendment in NIT was approved (August 2016) by the Executive Engineer and Municipal Commissioner in which correct reference of item no. 20.10 (chapter 20) that deals with pre stressed pipes was revised to item no. 19.11 (Chapter19) pertaining to Pre cast Concrete pipes. Thus, amendment reinforced the existing ambiguity instead of removing it and raised serious question on the approving authority.

On this being pointed out by Audit, the Office of Municipal Commissioner replied (March 2020) that PCCP pipes were used in the work as mentioned in the schedule of quantity/contract. Due to typographical error in the schedule of quantity for clear water pumping main (Annexure F-2) and clear water gravity main (Annexure F-3) instead of item no. 19.11 (rate ₹ 9253) of SOR at Page 230, item no. 20.5 and 20.10 of SOR Page 235 and 237 was used mistakenly. To resolve the issue, a pre-bid meeting was held on 25 July 2016 and accordingly, revised information was uploaded in the Department’s website and e-tender system. It was further stated that reference of PCCP Pipes to be used in the work is mentioned in Chapter 19 of PHED SOR. It may be noticed that PCCP Pipes used for Raw water rising main (RWP) & Clear water rising main (CWP) belongs to the same category as described in Page no. 95 and 96. Therefore, the same pipes as prescribed in the schedule of quantity/NIT were used in the work executed by Contractor and payment was made accordingly.

However, the reply is not acceptable as the contractor has used Pre-stressed Concrete pipes in the executed work as evident from the material consumption statements, measurements recorded in the Measurement books as well as the test reports of pipes. Contractor has not used the PCCP pipes as referred in the amended item code no. 19.5 at page 230 in chapter-19 of SOR and as such, payment to contractor cannot be made for the item that was not used in the work. Hence excess payment was made to the contractor due to adoption of incorrect terminology for Pre-stressed Concrete pipe.

After repeated follow-up by Audit with the UADD and Government, the Commissioner, Municipal Corporation, Korba deducted (April 2023) amount of ₹ 8.39 crore (excess payment of ₹ 7.88 crore and interest of ₹ 0.51 crore) from the 23<sup>rd</sup> RA Bill of the contractor on the basis of Audit observation. It is recommended that the Department initiate action to fix the responsibility of the officials involved in preparation and amendment of NIT and making excess payment to contractor.

The matter was brought to the notice (August 2022) of the Government. However, reply is awaited (May 2023).



**Raipur**  
**The : 11 February 2025**

**(YASHWANT KUMAR)**  
**Principal Accountant General (Audit)**  
**Chhattisgarh**

**Countersigned**



**New Delhi**  
**The : 14 February 2025**

**(K. SANJAY MURTHY)**  
**Comptroller and Auditor General of India**