

**CHAPTER – V  
REVENUE RECEIPTS**

**(Urban Administration and Development Department)**

**5.1 Loss of revenue as premium and rent on vacant shops in Sehora (Jabalpur)**

**Loss of revenue of Rs. 38.36 lakh as premium and rent on vacant shops in Sehora (Jabalpur)**

Under the Centrally Sponsored Scheme of Integrated Development of Small and Medium Towns (IDSMT) State Government of Madhya Pradesh had accorded sanction of Rs. 2.02 crore for construction of shops in Sehora at Jabalpur district (April 1996) against which an amount of Rs. 1.00 crore (Central share Rs.60 lakh and State share Rs.40 lakh) was released during 1997-98 to 2002-03 by Housing and Environment Department, Govt. of Madhya Pradesh, Bhopal.

During the scrutiny (July 2005) of records of Nagar Palika Sehora (Jabalpur) and further information collected (January 2007) it was observed that an expenditure of Rs. 95.32 lakh had been incurred on construction of 113 shops in different areas upto January 2004 as per details given below: -

Name of work	Total Expenditure (Rs. in lakh)	No. of shops constructed	Year of completion	Date of possession	No. of shops lying vacant
1. Shopping complex at Hospital Road	34.01	48	1998-99	25.8.2000	33
2. Truck terminal shopping	22.40	18	2002-03	16.1.2004	11
3. Shops near forest office	18.30	34	2001-02	30.4.2001	16
4. Shops and community Hall in Khitola	20.61	13	2002-03	15.11.2002	03
	<b>95.32</b>	<b>113</b>			<b>63</b>

Out of 113 shops constructed during 1998-2003, only 50 shops could be allotted to public while the remaining 63 shops were lying vacant for 3 to 6 years. The reason for shops lying vacant were attributed to division of Tehsil area which effected the business hence the business men were not interested for the allotment of shops.

Government had replied (July 2007) that notices were issued 25 times for auction of these shops but the shop-keepers were not interested to purchase the shops.

The reply of the department was not acceptable as the shops were not constructed on demand basis.

Thus expenditure incurred was unfruitful defeating the objective of the scheme as well as the loss of revenue of Rs. 38.36 lakh (premium of Rs. 26.73 lakh and rent Rs. 11.63 lakh) to the Nigam (upto February 2007) **Appendix XXVII** Besides, avoidable liability of maintenance of shops and deterioration of shops by passage of time can not be ruled out.

**5.2 Non-recovery of “Urban Development Cess” by Indore Municipal Corporation**

**Non-recovery of “Urban Development Cess” by Indore Municipal Corporation amounting to Rs. 18.78 crore**

Urban Development Cess imposed by the Government of Madhya Pradesh in 1982 was recoverable through Local Bodies in respect of all lands and buildings falling under their jurisdiction having annual rental value/annual value exceeding Rs.10,000 at following rates prescribed by the State Government.

- All the rental lands and building at 5 per cent of the annual rental value (ARV) / annual value.
- All lands and building in the possession and use of owner at 2.5 per cent.

As per the instructions contained in the Gazette Notification (February 1982), the Urban Development Cess was required to be recovered from the property owners and deposited in the Government fund meant for utilization on power generation programme, etc. approved by the Government.

Audit scrutiny of the records of Municipal Corporation Indore (May-July 2005) revealed that contrary to the above directions, the cess was not being realised from the property owners.

Cess for the period from 2000-01 to 2004-05, which worked out to Rs.18.78 crore has not been recovered by the Nigam as detailed in **Appendix – XXVIII.**

Commissioner Nagar Nigam accepted (February 2006) that Urban Development cess had been imposed but not recovered. The reasons for non-recovery were however not intimated.

The matter was reported to Government (June 2006) but no reply has been received (March 2008).

**5.3 Non levy of Workers Welfare Cess by Nagar Nigam, Bhopal**

**Non levy of Workers Welfare Cess by Nagar Nigam, Bhopal – Rs.8.76 crore**

As per provisions contained in Rule 4(4) of Building and Other Construction Workers Welfare Cess Rules 2002 (framed by the M.P. State Govt. and published in gazette 1.1.2003), where the approval of construction work by a local authority is required, every application for such approval shall be accompanied by a crossed demand draft in favour of M.P. Building & other Construction Workers Welfare Board and payable at the station at which the Board is located for an amount of Cess payable at the notified rates on the estimated cost of Construction.

The Labour Commissioner Indore issued instructions (Feb. 2003) to ensure that demand draft of the Cess amount @ 1 % of the estimated cost of building above Rs.10.00 lakhs is obtained along with the application received for according permission for the construction of building and remitted by challan to the Board.

Scrutiny of the records of Commissioner Nagar Nigam Bhopal (May-June 2006) revealed that contrary to the rules and instructions issued by the Labour Commissioner permission for the construction of the building was issued without obtaining cess charges @ 1% during the years 2003-06. This has resulted in non-recovery of cess and loss to the Board to the tune of Rs. 8.76 crore.

The matter was reported to the Government (August 2006) but no reply has been received (March 2008).

**5.4 Loss of revenue on unsold property as well as undue interest liability payable to HUDCO**

**Loss of revenue of Rs 6.64 crore on unsold property as well as undue interest liability of Rs. 4.15 crore payable to HUDCO**

A commercial scheme “Rajiv Gandhi Civic Center” was launched during 1994-95 by Town Improvement Trust, Ratlam which was merged with Municipal Corporation, Ratlam vide Government of Madhya Pradesh, Urban Administration and Development orders (August 1994) Under the scheme houses for various income group, shopping complexes and office chambers were to be constructed on a plot of land measuring 4.54 hectares (survey No. 131) located in Ratlam. For implementation of the scheme loan of Rs. 3.71 crore was sanctioned and Rs. 3.24 crore was paid by Housing and Urban

Development Corporation (HUDCO) during 1994-95 against the estimated development cost of Rs. 5.79 crore.

Test check of records (November 2005) of Commissioner, Nagar Nigam, Ratlam revealed that two hundred and fifty three flats were constructed at a cost of Rs.4.27 crore without obtaining the prior approval of the State Government despite revenue authorities asking to produce the legal documents regarding land title. Of 253 flats, 132 flats were temporarily allotted during 1995 to 1999. As against the total expected sale value of Rs. 3 crore for 132 flats, Nigam received Rs.1.49 crore as advance and balance to be received on transfer/registry of flat to the allotted. Meanwhile a notice was served by the Nazul Adhikari on the Commissioner, Nagar Nigam (December 1998) stating that the construction carried out was unauthorized. Due to land dispute the Collector imposed (December 1998) ban on sale and transfer of flats. Since then the work has been stopped.

The Government sanctioned (February 2000) the allotment of above land at a premium of Rs.1.49 crore and lease rent of Rs. 11.22 lakh per annum payable from 1993-94 and ordered to deposit within six months. Nagar Nigam could not deposit requisite amount (January 2007). Consequently, the land was not allotted to Nigam and the ban on sale/transfer of flats was not lifted. Due to this, remaining 121 flats were not allotted and 132 flats already allotted temporarily were not transferred resulting in loss of revenue of Rs. 6.64 crore (121 flats: Rs.5.13 crore and already allotted 132 flats not yet transferred: Rs.1.51 crore). More over the interest liability of Rs. 4.15 crore was due for payment to HUDCO.

Thus construction of flats on disputed land resulted in loss of revenue as well as undue liability of interest payment to HUDCO.

The department accepted the objection and stated that only Rs.1.68 crore could be deposited in Government account against Rs.2.96 crore due for payment of premium and lease rent (up to March 2006) More over Rs. 7.39 crore were due for payment to HUDCO for loan and interest.

Matter was reported to Government (February 2006) but the reply was awaited (March 2008).