

**CHAPTER – VI  
OTHER POINTS OF INTEREST**

**(Urban Administration & Development Department)**

**6.1 Loss to Government due to non-depositing of guarantee fees by the Indore Municipal Corporation**

**Loss of Rs. 56 lakh to Government due to non-depositing of guarantee fees by the Indore Municipal Corporation.**

Government of M.P. Urban Administration and Development Department consented (September 2003) to guarantee for a loan of Rs. 45 crore by Housing and Urban Development Corporation (HUDCO) to Indore Municipal Corporation for widening, strengthening and improvement of roads, with certain conditions. As per conditions the borrower was to pay guarantee fees at half percent every year on the borrowed funds to the guarantor and deposit in the treasury.

Scrutiny of records of Municipal Corporation Indore (July 2006) revealed that the guarantee fees at half percent of the borrowed funds were not deposited in Government treasury. Thus the government had been put to a loss of Rs. 56.25 lakh (Rs. 45 crore X 0.50X2.5) up to March 2006 due to non-depositing guarantee fees in the treasury.

On being pointed out in audit the reply to the observation was not furnished by the department.

Matter was reported to Government (March 2007); reply was awaited (March 2008).

**6.2 Undue benefit to the coloniser due to irregular release of reserved plots for Economically Weaker Sections (EWS)**

**Undue benefit of Rs. 1.56 crore to the coloniser due to irregular release of reserved plots for Economically Weaker Sections (EWS)**

Madhya Pradesh Nagar Palika (Registration of Coloniser, Terms and Conditions) Rules, 1998 (Published in Madhya Pradesh Gazette in 3.7.2002) provide that 15 percent of the plots, developed by coloniser, shall be reserved for the persons of EWS in each housing colony of urban areas.

Further, rules also provide that if the coloniser does not want to develop plots or construct house for EWS he shall have to make payment of Ashray fees in Ashray Nidhi for whole areas of colony at the prescribed rates. The coloniser

may exercise this option within six months from the date of publication in the gazette.

Scrutiny of records (August 2006) of Municipal Corporation, Sagar (Nigam) revealed that the layout of 7.55 acres of land in Sneh Nagar Colony, Madhukarsah ward was approved by Town and Country Planning in favour of coloniser (April 1992). The land was developed by the coloniser (March 1998) who opted to reserve the 15 percent plots of the colony measuring 49332 sq. ft (4584.76 sq. mt). The coloniser applied to deposit Ashrya fees in Nidhi (June 2003). On the recommendation of Commissioner, Nigam, Additional Collector released the plots reserved for EWS (November 2003).

According to the rules *ibid* the coloniser could exercise his option to deposit in Nidhi within six months from the date of publication in the gazette i.e. 2<sup>nd</sup> January 2001. But it was exercised (June 2003) after 31 months. The acceptance of the option by the Commissioner (August 2003) and release of reserved plots for EWS (November 2003) to the coloniser resulted in undue advantage to the coloniser to the tune of Rs. 1.56 crore **Appendix XXIX**.

On being pointed out Commissioner, Nigam replied that the amount was deposited and the reserve plots were released on the orders of Commissioner, Town and Country Planning, Bhopal (July 2003)

The reply of the Nigam is not acceptable as the Commissioner, Town and Country Planning directed (July 2003) to take action according to provision of Rules 1998 and Gazette Notification (January 2003). As there was no amendment in the notification about the option to deposit Ashraya Nidhi, after 6 months of notification, action taken by the Nigam was in contravention of Rules.

Matter was reported to Government (February 2007); reply was awaited. (March 2008).

**6.3 Undue financial aid to the resident beneficiaries in Gwalior during 2002-04**

**Undue financial aid of Rs. 1.26 crore to the resident beneficiaries in Gwalior during 2002-04**

Govt. of Madhya Pradesh had decided in 1982-83 to convert dry latrines to water pour flush latrines under the centrally sponsored scheme. The state Govt. identified 5,06,571 dry latrines for conversion to water pour flush latrines of which 294893 dry latrines were converted up to December 2001. The financial management to meet out the expenditure under scheme was as under: -

50 Per cent subsidy from central Govt.

45 per cent loan from HUDCO

5 Per cent to be borne by beneficiaries.

The scheme was to be implemented by the Municipal Corporations (Nigam). The loan from HUDCO was to be repaid by the Director, Urban Development department by deduction of amount of Octroi compensation payable to Nigam. The Nigam was required to recover the loan amount from beneficiaries in seven years. As per procedure prescribed by the Nigam the beneficiaries were required to deposit Rs. 146/- and to execute an agreement on stamp paper of Rs. 5/- to the effect. The contractor would take up the work in the residence of beneficiaries. M/S Social Equity Welfare Society was appointed by the Govt. for conversion of dry latrines to water pour flush latrines. The Commissioner Nagar Nigam Gwalior placed work order (June 2002) on M/S Social Equity Welfare Society for construction of 5000 dry latrines to water pour flush latrines @ Rs. 2910 per unit. The work was to be taken up within 15 days from the date of award of work order and to be completed with in a period of 1 ½ year.

Test check of the records of Corporation (Sept. 2005) revealed that 4984 dry latrines were converted to water flush latrines during 2002-03 (2750) and 2003-04 (2234) against which prescribed contribution was received only from 655 beneficiaries. 4329 number of latrines valuing Rs.1.26 crore were constructed without receiving contribution and agreement on stamp paper of Rs. 5/- from beneficiaries.

This has resulted in undue financial aid of Rs. 1.26 crore to the beneficiaries and also financial loss of Rs. 0.63 crore to Nigam due to non-recovery of beneficiary's contribution and loan amount.

The matter was reported to Government (December 2005), The reply was awaited (March 2008).