

Chapter – VI

Other Points of Interest

(Urban Administration and Development Department)

6.1 Diversion of Funds

Diversion of Funds of Rs. 1.40 crore

Government of Madhya Pradesh Urban Administration and Development Department, Bhopal laid down (December 2004) the guideline for the utilisation of financial assistance to urban local bodies where in it was stated that funds provided for the maintenance of roads should be utilised for the same purposes.

Test check (September 2007) of records of Chief Municipal Officer Nagar Palika, Vidisha (Nagar Palika) for the period April 2004 to March 2007 revealed that Nagar Palika had taken a loan of Rs. 35 lakh from UCO Bank during 1987-90 for the construction of shops at Bus stand which was refundable from the expected revenue from Bus stand. The Nagar Palika could not refund the loan in time to Bank, hence Tribunal awarded (September 2002) the payment of Rs. 2.36 crore including interest and legal charges to Bank. Nagar Palika showed their inability for making the above payment and sent a compromise proposal of Rs. 1.41 crore. The bank agreed (October 2005) to accept the payment of Rs. 1.41 crore which was paid from the grant-in-aid for maintenance of roads (Rs. 129.09 lakh) and (Rs. 11.40 lakh) from assistance of State Finance Commission Fund for the year 2005-06, without obtaining the sanction from Parishad and the Government.

Thus, Nagar Palika diverted the funds of grant-in-aid provided for maintenance of roads and from the assistance of State Finance Commission towards repayment of loan, in contravention of above directions. This led not only to irregular diversion of fund, but the public at large was also deprived of the facility of smoother roads in absence of their maintenance.

On being pointed out in audit, the CMO replied (September 2007) that the matter will be investigated and the results will be intimated through Government.

The matter was reported to Government (April 2008); reply was awaited (October 2008).

6.2 Irregular/ avoidable payment of Stamp Duty and Registration fee

Irregular/ avoidable payment of Stamp Duty and Registration fee of Rs. 25.72 lakh by Nagar Palika Nigam, Singroli

Rule 34 of the Madhya Pradesh Urban and Rural Development, Land, Houses, Buildings and other construction Rule 1975 provides that the registration fee as well as stamp duty should be paid by lessee.

Test check of records (July 2007) of Nagar Palika Nigam, Singroli (Nigam) for the period April 2001 to March 2006, revealed that 233.98 Acre land worth Rs. 87.11 lakh was allotted to M/s Northern Coal Field Limited Singroli on lease for the period of 99 years for construction of office Building, Residential Complex and other construction works.

Contrary to the provision of rules the stamp duty and registration fee on lease deed was paid by Nigam as per details given below:

Date 27.3.2003	Rs. 20,57,943 (Cheque No. 941744)
Date 26.2.2005	Rs. <u>5,14,485</u> (Cheque No. 30332)
Total	<u>25,72,428</u>

This has resulted in avoidable irregular payment of Rs. 25.72 lakh.

On being pointed out, Nigam replied that it was erroneously mentioned in the deed that the payment shall be born by the lessor. However, M/s Northern Coal Field, Limited has been requested (March 2005) for payment of said amount to Nigam. Recovery is still awaited.

The matter was reported to Government (February 2008) and reminder issued (May 2008); reply was awaited (October 2008).