

## CHAPTER-5

### IRREGULARITIES IN EXECUTION OF WORKS, PROCUREMENT AND UTILISATION OF ASSETS

#### 5.1 Irregular allotment of works to ineligible contractors

(i) Tenders documents were to be issued to the contractors having valid registration/enlistment on the date of issue of tender documents<sup>29</sup>. JMC, however, irregularly awarded (2000-2003) execution of 11 works of Rs 116.62 lakh (expenditure of Rs 68.37 lakh) to six unregistered/unlisted contractors, thus showing undue favour to them.

(ii) Contractors of 'D' class were not to be awarded works exceeding Rs 15 lakh.<sup>30</sup> However, JMC irregularly awarded (November 2001) one work for Rs 28.90 lakh to a contractor registered in JMC as 'D' class.

#### 5.2 Non-imposition of penalty

In JMC, execution of two roads estimated at Rs 14.60 lakh were allotted (September 1996 and September 1997) to a private contractor, which had been left incomplete after an expenditure of Rs 6.67 lakh. Penalty under clauses two and three of the agreements was not imposed on the contractor by CEO. However, after five years it was decided to treat the work as final and release the Security Deposit (Rs 0.31 lakh) to the contractor giving undue benefit to the contractor.

#### 5.3 Unfruitful expenditure on incomplete works

In three MCs and 14 MBs, 43 works had been abandoned midway/left incomplete for the last one to 10 years reportedly due to paucity of funds and other technical reasons, which resulted in unfruitful expenditure of Rs 1.71 crore (*Annexure XXXVI*), besides depriving the public/ beneficiaries of the intended benefits.

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29. Rule 334 of PWF&ARs.

30. Public Works Finance &Accounts Rules and Schedule of Powers- Section II-Civil Contractors-II (3).

**5.4 Non / short-recovery of taxes, liquidated damages/ compensation, cost of materials, etc. from contractors**

(i) The State Government<sup>31</sup> vide notification of 29 March 2001 enhanced the rate of sales tax to be deducted from bills of contractors from 1.5 per cent to 3.0 per cent along with 15 per cent surcharge thereon but MC, Bikaner, continued deducting the sales tax from contractors at 1.5 per cent during 29 March 2001 to 31 March 2003 which resulted in short recovery of Rs 9.40 lakh.

(ii) In 26 ULBs, deductions of Rs 25.25 lakh on account of sales tax, income tax, royalty, penalty, liquidated damages, cost of excess materials issued/consumed, etc. though required, were not made at all or made short from the bills of the contractors during 1999-2003 (Annexure-XXXVII).

**5.5 Irregular/excess expenditure on execution of works**

Cases of irregular/excess/avoidable expenditure of Rs 1.38 crore in execution of works during 1998-2003 noticed in audit of 15 ULBs are summarised as under:

(Rs in lakh)

S.No.	Audit observations	Number of Urban Local Bodies	Amount involved	Remarks
(A)	<b>Irregular expenditure due to:</b>			
	(i) Execution of extra items without obtaining administrative sanction(Rule286 of PWF& ARs)	One	15.44	Annexure XXXVIII
	(ii) Execution of works without obtaining revised sanction (Rule 356 of PWF and ARs)	Seven	25.30	Annexure XXXIX
	(iii) Splitting of the amount of work orders to avoid sanction of higher authority	Four	68.36	Annexure XL
			109.10	
(B)	<b>Avoidable/excess expenditure due to:</b> Execution of works at higher rates without comparison of the rates of similar works/ items from other offices	Seven	28.49	Annexure XLI

31. Commercial Taxes Department.

## 5.6 Non-utilisation of assets

### (i) *Non - utilisation of working women hostels for intended purposes*

Three hostel buildings constructed (1985-93) at a cost of Rs 39.11 lakh with the assistance of GOI were not utilized by three ULBs<sup>32</sup> for providing accommodation to working women or those under training for employment. These either remained vacant for five to seven years (MC Pali) or were let out to Government Departments (MB Balotara) and a University for office use or providing accommodation to regular students (MC Udaipur).

### (ii) *Blocking of funds due to non-utilisation of bus stand*

A bus stand constructed at Dhoinda in Rajsamand through Avas Vikas Sansthan (AVS) at a cost of Rs 31.40 lakh under IDSMT scheme was handed over to MB, Rajsamand in July 1999, which was subsequently inaugurated by the Chief Minister in November 1999. However, it had not been put to use due to non-shifting of existing bus stand by RSRTC to newly constructed one at Dhoinda, stating that the shifting of existing bus stand was not in the interest of RSRTC. This indicates that bus stand was constructed without assessing the feasibility and without prior consultation of RSRTC, which resulted in blocking of funds of Rs 31.40 lakh on construction of bus stand and Rs 16.77 lakh on other improvement works such as filling of pits, construction of link road, paver work, etc.

### (iii) *Non-operation of bio- gas plants resulting in recurring loss*

Rural Development Department, Government of Rajasthan nominated M/s. Aryan Associates and Municipal Corporations as executing and beneficiary agencies respectively for installation of bio-gas plants based on human excreta costing Rs 9.75 lakh each and one plant based on animal excreta costing Rs 6.90 lakh. Object of the bio-gas plants was to produce electricity through increased use of alternative and non-conventional sources of energy for lighting of streets/ community toilets and to produce manure.

The firm had installed (September 2000-May 2002) 10 bio-gas plants based on human excreta and a bio-gas plant based on animal excreta at Sanganer for which Rs 1.04 crore were paid to it by two Municipal Corporations<sup>33</sup>. However, possession of none of these bio-gas plants were handed over to Municipal Corporations (March 2004) for generating electricity. This resulted in unremunerative expenditure of Rs 1.04 crore on bio-gas plants and loss of estimated income/savings of Rs 18.81 lakh to JMC, besides defeating the very purpose of promoting alternative/non-conventional sources of energy.

### (iv) *Non-utilisation of other assets*

In MCJ, three MCs and MB Ringus, other assets like community centres, shops, residential quarters, etc. created between 1982 and 2003 at a cost of

32. MB, Balotara 1992-93 (Rs 17.60 lakh); MC, Pali 1989-90 (Rs 14.82 lakh) and MC, Udaipur 1985- 86 (Rs 6.69 lakh).

33. JMC (Seven plants: Rs 65.40 lakh) and MCJ (Four plants : Rs 39.00 lakh).

Rs 71.92 lakh (*Annexure- XLII*) were lying unused. Thus, the expenditure on their construction became unproductive.

### **5.7 Non-removal of unauthorised possession/encroachment on Government/ Municipal land**

As per Section 203 of the Act, the encroachers are punishable with imprisonment of not less than a month. Further, their property found on encroached land can be seized and auctioned after giving notice. It also empowers the municipalities or their authorised officers to remove the unauthorised obstruction or encroachment on public land/space at the expenses to be borne by the person causing such obstruction or encroachment. Officials and concerned employee of the ULBs who willfully neglect or omit to stop such obstruction or encroachment could, on conviction, be punished with imprisonment or fine or both for the prescribed terms and the amount.

Despite separate vigilance wing/vigilance staff in two Corporations and two MBs, 982481.40 sq. yards Government/municipal land valued at Rs 59.45 crore had been encroached during 1979-2002 by various persons (*Annexure- XLIII*). Effective action to remove the encroachments and to prosecute the offenders had not been taken as of April 2004. This also requires fixation of responsibility and punitive action against the responsible employees who failed to prevent the encroachments.

### **5.8 Non-utilisation/under-utilisation of vehicles**

JCB front loader with sweeper attachment (robot) was purchased (February 2001) at Rs 14.73 lakh by MCJ for automatic sweeping of streets at 200 hours per month. However, after sweeping for 462 hours only, it was lying idle since January 2002 for want of replacement of sweeper attachment and repair of control drive. MCJ also admitted (January 2004) that the use of sweeper attachment was uneconomical. Thus, wasteful expenditure of Rs 14.73 lakh was incurred on purchase of JCB without working out its cost benefit ratio.

### **5.9 Irregular use of vehicles without milometers / hour meters**

Vehicles whose milometers (hour meters in case of tractors, etc.) remained out of order were not to be used until these meters were got repaired or replaced<sup>34</sup>.

In contravention of these provisions, out of 102 vehicles of JMC, 66 vehicles of which milometers/ hour meters remained out of order were used, for which

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34. Rule 14 of Rajasthan Municipalities (Use of Vehicles) Rules, 1961.

Rs 7.01 lakh litre diesel valuing Rs 1.25 crore was issued (2001-03) from JMC's own diesel pumps on the basis of number of trips performed by the vehicles daily. This basis for showing issue / consumption of diesel could not be an appropriate method as distance covered in a trip would differ from place to place and even the entries of trips made by such vehicles were not made in the registers maintained at dumping grounds.

In MCJ, although diesel valuing Rs 74.57 lakh was shown as consumed by vehicles of MCJ during 2001-03, journeys in log books had not been verified by any authorised officer.

Thus, JMC and MCJ lacked system of accountability and economy in consumption of diesel fuel at the risk of its misuse and pilferage.

### **5.10 Irregular allotment of vehicles to elected persons and other officers**

(i) State Government imposed (December 1999) restrictions on individual allotment of vehicles to Dy. Mayor and chairpersons of various Committees of the ULBs<sup>35</sup>.

In disregard of the instructions, JMC and MCJ irregularly allotted vehicles to Dy. Mayor and Chairpersons of five committees and incurred expenditure of Rs 16.41 lakh on maintenance/hiring on such vehicles during 2000-2003.

(ii) JMC had also borne (2001-03) expenditure of Rs 11.07 lakh on maintenance of cars/jeeps allotted to Secretary, UDH and DLB (Rs 8.98 lakh) and maintenance of five vehicles of DLB (Rs 2.09 lakh).

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35. Department of Local Self Government circular No 9815/corp/local self /10607-10787 dated 1 December 1999 read with Rule 6 of RM (Use of Vehicles) Rules, 1961.