

CHAPTER VII

OTHER ISSUES

KOLKATA MUNICIPAL CORPORATION

7.1 Loss of Rs 4.09 crore on lease out of land on EM Bye-Pass

Allotment of land on EM Bye-Pass on lease to several business houses publishing newspapers at a lower rate of premium resulted in a loss of Rs 4.09 crore to Kolkata Municipal Corporation.

Section 539(c) of Kolkata Municipal Corporation (KMC) Act 1980 provides that the Municipal Commissioner may, with the sanction of the Corporation, lease, sell, let out on hire or otherwise transfer any property, movable or immovable belonging to the Corporation. Section 539(d) of the said Act also provides that the consideration for which any immovable property might be sold, leased or otherwise transferred should not be less than the value at which such immovable property could be sold, leased or otherwise transferred in normal and fair competition.

It was observed in audit that certain business houses publishing newspapers viz. Pratidin Prakashani Ltd., Ananda Bazar Patrika Pvt. Ltd., Akbar-E-Mashriq Pvt. Ltd., all located at Kolkata requested KMC on various dates during May 2003-August 2004 for land on EM Bye-Pass. The Corporation allotted them land on 33 years lease, renewable twice, at a premium of Rs 1.46 lakh per cottah during October 2003 to March 2005. However, M/S RSI Ltd., another business house, had been charged at a normal and fair competitive premium of Rs 3.25 lakh per cottah for land in an adjacent area on the same EM Bye-Pass in 2002-2003. Thus, the Corporation suffered a loss of Rs 408.67 lakh in allotment of 228.31 cottahs of land to three business houses as detailed in the table below:

Business House (Date of request)	Date of allotment	Area allotted in cottah	Amount at the rate of		Loss
			Rs 1.46 lakh per cottah	Rs 3.25 lakh per cottah	
			(R u p e e s i n l a k h)		
Pratidin Prakasani Ltd. (May 2003)	14 October 2003	16.08	23.48	52.26	28.78
Akbar-E- Mashriq Pvt.Ltd. (July 2003)	7 March 2005	15.00	21.90	48.75	26.85
Ananda Bazar Patrika(P) Ltd. (August 2004)	31 December 2004	197.23	287.96	641.00	353.04
Total		228.31	333.34	742.01	408.67

The reason for allowing a lower rate of premium to the three business houses were not furnished to audit.

The matter was brought to the notice of the Corporation in March 2007 and the Government in April 2007; their replies are awaited.

BISHNUPUR MUNICIPALITY

7.2 Unfruitful expenditure of Rs 30.53 lakh

Loan assistance under the Integrated Development of Small and Medium Town scheme spent on creation of a bus terminus which remained unutilised, thereby resulting in an unfruitful expenditure of Rs 30.53 lakh.

Mention was made in para 2.7 of the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1997 regarding inaction in providing fund to the Public Works Department (PWD) for approach road and culvert to the bus terminus built by Bishnupur Municipality in March 1989, at a cost of Rs 24.18 lakh (land Rs 5.00 lakh + construction Rs 19.18 lakh).

Subsequent scrutiny (April 2006) in audit revealed that having failed to provide fund to the PWD for construction of approach road and culvert, the Municipality approached (1995-96) South Bengal State Transport Corporation (SBSTC) for taking over the asset for their use. The State Government decided (December 1994) that land and building of the said bus terminus would be leased out to SBSTC for 99 years on payment of Rs 20 lakh. The decision of the

Government was communicated to SBSTC in December 1994. Accordingly, SBSTC forwarded a draft agreement in April 1995 followed by a reminder in August 1996. In the meantime, SBSTC deposited Rs 14 lakh (April 1996) with District Magistrate, Bankura pending execution of lease agreement for transfer of possession of Bishnupur Bus Terminal Complex in favour of SBSTC. However, the Municipality did not take any action on the draft agreement as of March 2007. The reasons for inaction of the Municipality for almost 11 years were not available on record.

After the completion of the building in March 1989, the Municipality engaged three guards with effect from June 1989 for watch and ward purposes for which incurred an expenditure of Rs 6.35 lakh upto March 2006. The Municipality also conducted a physical verification of the assets in April 2006 and reported that the bus terminal was in a dilapidated condition having been constructed in 1989 and was presently being used as a grazing field.



Bus Terminus without approach road lying unutilized for 18 years

Thus, the expenditure of Rs 30.53 lakh (Rs 24.18 lakh + Rs 6.35 lakh) was rendered unfruitful since the intended benefits could not be derived due to infeasibility of the project and also delay in transfer of the asset to SBSTC by the Municipality. Non-maintenance over the years had also caused damage to the bus terminal building.

The cost of land and building had been met out of Central loan under Integrated Development of Small and Medium Town (IDSMT) scheme. The loan amount stood at Rs 38 lakh as on March 2006 together with interest and has to be repaid by the Municipality. Furthermore, the recurring interest liability on the loan and the increasing cost of maintenance of guards puts an additional burden on the Municipality.

The matter was brought to the notice of the Municipality and the Government in February 2007; their replies have not been received (March 2007).

GOBARDANGA MUNICIPALITY

7.3 Unfruitful investment of Rs 66.32 lakh

Unauthorised deviation from IDSMT scheme frustrated its objectives besides resulting in an unfruitful investment of Rs 66.32 lakh.
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The main objectives of the centrally sponsored scheme of Integrated Development of Small and Medium Towns (IDSMT) were, inter alia, to improve infrastructural facilities and help in the creation of durable public assets in small and medium towns; decentralize economic growth and employment opportunities; promote dispersed urbanization and increase the availability of serviced sites for housing, commercial and industrial uses. The components for assistance under IDSMT included works for roads, sites and services, development of bus/track terminals, construction /upgradation of drains, solid waste management, development of market complexes/shopping centres, provision of tourist facilities and development of parks.

The fund was to be provided as grants by Central and State Governments based on category and size of projects for service oriented / non-remunerative projects. The remunerative projects were to be funded mainly through institutional finance by way of loan.

On the recommendation of the State Level Sanctioning Committee (SLSC), the Gobardanga Municipality accepted (March 1994) six projects

approved by the Town and Country Planning Organisation (TCPO), Government of India under IDSMT Scheme at an estimated cost of Rs 1.10 crore for the overall development of the town. The details of the approved projects and financial outlay were as under:

Sl No.	Projects	Central share	State share	HUDCO share	Total cost
		(Rupees in lakh)			
1.	Market Centre at western side of Railway Station	3.66	2.44	8.90	15.00
2.	Market Centre near Khatura Market	3.73	2.49	9.08	15.30
3.	Super Market at Ward No. 3	4.68	3.12	11.40	19.20
4.	Tourist Dormitory	6.11	4.07	14.82	25.00
5.	Bus Terminus with link road	12.00	8.00	0	20.00
6.	Land Development in Ward No. 7	9.00	6.00	0	15.00
Total		39.18	26.12	44.20	109.50

It was resolved in the meeting of the Board of Councillors (BOC) of the Municipality in March 1995 that the projects were to be executed through Municipal Engineering Directorate (MED) as a 'deposit work'. Accordingly, out of the total receipt of Rs 65.30 lakh from the Central and State government (February 1995 to May 2001), an amount of Rs 63.63 lakh was paid to the MED in 7 instalments during April 1995 to December 2001. An additional amount of Rs 2.69 lakh was also paid in February 2004 to the West Bengal State Electricity Board (WBSEB) for installation of a transformer for the Market Centre. Meanwhile, the BOC in its meeting held in March, 1999 dropped four projects viz. item nos. 2, 3, 4 and 6 due to non availability of site, loan etc. and merged the entire fund earmarked for those four projects with item nos. 1 and 5 viz. the Market Centre and Bus Terminus and utilized the entire amount on these two projects without approval of the TCPO. This contravened the provision of IDSMT guidelines.

The construction of the Bus Terminus and Market Centre started during 2000-01 and was scheduled to be completed in July 2001 and April 2002 respectively. The Market Centre could be completed only in March 2006. In reply (April 2007), the Municipality stated that due to poor response from the

public neither could the stalls be rented out nor any revenue could be earned till date.

As regards the Bus Terminus the Municipality stated (April 2007) that the project had failed to become commercially viable as the Transport Department, Government of West Bengal had not sanctioned the bus routes.

It is, therefore, evident that before ensuring the prospect of renting out the shops and the sanction of routes by the Transport Department in respect of Market Centre and the Bus Terminus respectively, the Municipality commenced the execution of the works. The non functioning of both the Bus Terminus and the Market Centre resulted in blocking of funds of Rs 66.32 lakh and adversely impacted the scope for improving the resource generation capacity of the Municipality. Furthermore, non execution of four projects relating to market centre, supermarket, tourist dormitory and land development frustrated the objectives of the IDSMT scheme of developing small and medium towns as growth and service centres for the rural hinterland.

The matter was reported to the Government in February 2007; their reply has not been received.