

CHAPTER-IV

AUDIT FINDINGS ON URBAN LOCAL BODIES

This chapter contains eight paragraphs relating to Urban Local Bodies.

Local Self Government Department

4.1 Non-tax receipts in Nagar Nigams (Municipal Corporations)

Introduction

The resource base of Municipal Corporations (M Corps) consists of own revenue which includes tax revenue and non-tax revenue, grants received from Government of India (GoI) and Government of Rajasthan (GoR). Rajasthan Municipalities Act (RMA), 2009 governs the functioning of Urban Local Bodies. Local Self Government Department (LSGD) is the administrative department dealing with affairs of the M Corps.

As per annual accounts of all six test checked M Corps¹, it was seen that non-tax revenue comprised on an average 38 *per cent* of their own revenue receipts.

Organisational Set up

The Commissioner/Chief Executive Officer (CEO) is the executive head of M Corps and performs all the duties and exercise the powers delegated under the RMA, 2009. The Chief Municipal Officer (CMO) prepare and maintain accounts of receipts and expenditure of municipalities. The Revenue Officer of M Corps is responsible for the assessment and collection of all the revenue including non-tax revenue.

Components of Non-tax Revenue

Non-tax revenue comprises of income earned under bye-laws i.e income from registration fees and utilisation charges from marriage places, fees from mobile towers, advertisement and registration fee from hotels/restaurants etc. It also includes revenue from assets, acts and rules and non-tax non-recurring income² i.e. income from sale of land, lease money, land use conversion charges etc.

The test check (May–September 2015) of records of six³ out of seven⁴ M Corps was done to examine whether an efficient and adequate system to ensure correct assessment, prompt raising of demand and collection of non-tax revenue existed in the M Corps during the period 2010-11 to 2014-15.

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1. M Corps - Ajmer, Bikaner, Jaipur, Jodhpur, Kota and Udaipur
 2. Non-tax non-recurring income represents the income which is not a regular income
 3. M Corps - Ajmer, Bikaner, Jaipur, Jodhpur, Kota and Udaipur
 4. Bharatpur had Municipal Council, which was upgraded to M Corps during June 2014

Audit Findings

4.1.1 Status of Non-tax Revenue

Chapter-VII of RMA, 2009 empowers M Corps to levy taxes to generate their internal revenues and prescribes the manner for their realisation. Further, chapter-XVI empowers M Corps to make rules and bye-laws in this regard.

The year-wise position of target and achievement of non-tax revenue of six M Corps for the year 2010-11 to 2014-15 is given in **Table 4.1** below:

Table 4.1

(₹ in crore)

| M Corp | 2010-11 | | 2011-12 | | 2012-13 | | 2013-14 | | 2014-15 | |
|--------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
| | T | A | T | A | T | A | T | A | T | A |
| Ajmer | 26.83 | 7.80 (29.07) | 28.64 | 16.88 (58.94) | 30.09 | 26.29 (87.37) | 29.41 | 20.71 (70.42) | 42.55 | 29.97 (70.43) |
| Bikaner | 23.05 | 14.19 (61.56) | 65.48 | 62.31 (95.16) | 34.42 | 33.71 (97.94) | 38.16 | 14.54 (38.10) | 39.18 | 20.83 (53.16) |
| Jaipur | 198.07 | 148.88 (75.16) | 372.82 | 153.59 (41.20) | 305.32 | 156.44 (51.24) | 402.86 | 243.74 (60.50) | 417.81 | 197.15 (47.19) |
| Jodhpur | 164.09 | 37.94 (23.12) | 121.10 | 27.88 (23.02) | 186.70 | 97.45 (52.20) | 172.48 | 39.39 (22.84) | 182.74 | 33.02 (18.07) |
| Kota | 23.92 | 11.39 (47.62) | 28.36 | 10.11 (35.65) | 49.00 | 12.50 (25.51) | 58.40 | 17.66 (30.24) | 72.40 | 11.42 (15.77) |
| Udaipur | 22.58 | 12.63 (55.93) | 18.60 | 21.27 (114.35) | 21.74 | 27.61 (127.00) | 22.31 | 28.44 (127.48) | 26.73 | 33.16 (124.05) |
| Total | 458.54 | 232.83 | 635.00 | 292.04 | 627.27 | 354.00 | 723.62 | 364.48 | 781.41 | 325.55 |

T: Target and A: Achievement

Note: Figures in brackets denote percentage to the target revenue

(Source: As per data provided by M Corps)

The above table indicates the following:

- Municipal Corporations could not achieve their targets consistently by a substantive margin except M Corp, Udaipur which collected ₹ 123.11 crore as non-tax revenue during 2010-15 against the target of ₹ 111.96 crore (109.96 per cent).

Achievement of targets of remaining five M Corps ranged between 15.77 per cent and 97.94 per cent during the period 2010-15.

- Total non-tax revenue of six M Corps increased by 39.82 per cent (from ₹ 232.83 crore to ₹ 325.55 crore) during 2010-11 to 2014-15. The increase in non-tax revenue is mainly attributed to increase of 115.96 per cent in receipt

from bye-laws (from ₹ 52.63 crore to ₹ 113.66 crore)⁵ and increase of 119.22 per cent under miscellaneous income (from ₹ 23.10 crore to ₹ 50.64 crore)⁶.

Municipal Corporations, Bikaner accepted the facts and stated (June 2015) that no effective steps for achievement of targets was taken. M Corp, Ajmer did not specify the reasons for short achievements of target whereas M Corp, Jaipur did not furnish reasons for not achieving the targets even after repeated requests by Audit. M Corps, Jodhpur (June 2015) and Kota (July 2015) stated that the targets could not be achieved due to shortage of staff. The reply is not convincing since the trend in achieving the targets during 2010-15 was not static, efforts should have been taken to achieve the targets by identifying reasons for shortfall.

4.1.2 Income from Bye-laws

Income from bye-laws includes income from registration fees and utilisation charges from marriage places, registration fee from hotels/restaurants, fees from mobile tower and income from advertisements etc.

During scrutiny of records relating to income from bye-laws in six M Corps, the following observations emerged:

4.1.2.1 Regulation of Marriage Places

Government of Rajasthan issued (February 2010) model bye-laws for regulation of marriage places, which was adopted by all test checked M Corps except M Corp, Jodhpur.

According to Marriage Places Bye-laws (M Corps, Ajmer: 2012, Bikaner: 2010, Jaipur: 2012, Jodhpur: 2008, Kota: 2010 and Udaipur: 2010) no person would operate a marriage place in the area without obtaining a license. The license/registration fees and other charges such as utilisation charges, sanitation charges etc. were payable every year at the rates prescribed in the respective M Corps bye-laws.

Shortcomings noticed during scrutiny of records of M Corps are discussed below:

Registration and Annual Utilisation Charges

Rajasthan Municipalities Act, 2009 provided that before imposing or altering a tax the proposal for such imposition/alteration should be approved by the general body of M Corps and notified in the official gazette.

5. M Corps – Ajmer (2010-11: ₹ 0.42 crore to 2014-15: ₹ 0.54 crore), Bikaner (2010-11: ₹ 0.44 crore to 2014-15: ₹ 1.09 crore), Jaipur (2010-11: ₹ 36.87 crore to 2014-15: ₹ 89.32 crore), Jodhpur (2010-11: ₹ 8.27 crore to 2014-15: ₹ 13.96 crore), Kota (2010-11: ₹ 3.50 crore to 2014-15: ₹ 4.08 crore) and Udaipur (2010-11: ₹ 3.13 crore to 2014-15: ₹ 4.67 crore)
6. M Corps – Ajmer (2010-11: ₹ 4.94 crore to 2014-15: ₹ 21.88 crore), Bikaner (2010-11: ₹ 2.32 crore to 2014-15: ₹ 17.13 crore), Jaipur (2010-11: ₹ 11.99 crore to 2014-15: ₹ 3.62 crore), Jodhpur (2010-11: ₹ 3.39 crore to 2014-15: ₹ 4.13 crore), Kota (2010-11: ₹ 0.25 crore to 2014-15: ₹ 1.25 crore) and Udaipur (2010-11: ₹ 0.21 crore to 2014-15: ₹ 2.63 crore)

Marriage place bye-laws of M Corp, Bikaner provided registration of marriage place at a one-time fee of ₹ 30,000, which was reduced to ₹ 15,000 (April 2013). The annual utilisation charges of ₹ 30 per square meter (sqm) were also reduced to ₹ 10 per sqm, ₹ seven per sqm and ₹ four per sqm (April 2013) respectively for A, B and C category⁷ of marriage places.

- Scrutiny of records revealed that the association of owners of marriage places requested (February 2014) Mayor of M Corp, Bikaner for further reduction in registration and annual utilisation charges. Consequently, the Commissioner, M Corp, Bikaner presented the proposal to the executive committee for reduction of registration charges to ₹ 5,000 and annual utilisation charges to ₹ four per sqm. The executive committee approved (February 2014) the reduction of these charges. Accordingly, the rates for registration charges and annual utilisation charges were reduced.

This reduction in charges done in year 2014 was not in consonance with the provision of RMA, 2009 as the proposal was neither approved by the general body of M Corp, Bikaner, nor was any gazette notification issued by GoR for its enforcement. The reasons for reducing the rates for registration and utilisation charges were called for (October 2015), reply awaited (February 2016).

- Three M Corps identified 449 marriage places⁸ for registration. However, out of these, 341 marriage places had not been registered by the M Corp concerned and did not pay registration charges of ₹ 1.02 crore (at the rate of ₹ 30,000 per marriage place). Subsequently, utilisation charges were also not deposited by these unregistered marriage places. Further, out of remaining 108 registered marriage places, 24 registered marriage places (M Corps, Bikaner: 22 marriage places and Kota: two marriage places) deposited less utilisation charges amounting to ₹ 0.08 crore (M Corps, Bikaner: ₹ 0.06 crore and Kota: ₹ 0.02 crore). However, reasons for less deposit of utilisation charges were not available on record.

The records depicting area of marriage places and demand and collection of utilisation charges were not made available to Audit. In the absence of which, the utilisation charges recoverable from 341 identified unregistered marriage places could not be worked out. On being pointed out, M Corps, Ajmer and Kota stated that effective steps would be taken to recover the outstanding license fee/utilisation charges from the defaulting marriage places. No reply was furnished by M Corp, Bikaner.

- Marriage places bye-laws of M Corp, Jodhpur provided recovery of annual license fee (registration fee) from marriage places based on its area at the rate approved by District Level Committee (DLC)⁹. M Corp, Jodhpur did

7. Marriage place collecting booking fee more than ₹ one lakh for each booking (Category-A), ₹ 0.50 lakh to ₹ one lakh for each booking (Category-B) and less than ₹ 0.50 lakh for each booking (Category-C)

8. M Corps, Ajmer: 131 marriage places, Bikaner: 165 marriage places and Kota: 153 marriage places

9. Calculated on DLC rate multiplied by the area (in square feet) of the marriage place to the ratio of 500.

not provide the complete requisite information regarding total number of existing as well as registered marriage places and provided files of 11 marriage places. Scrutiny of these cases revealed that an amount of ₹ 0.62 crore was recoverable from marriage places, out of which ₹ 0.19 crore was recovered and ₹ 0.43 crore (*Appendix-XI*) is still outstanding. The reasons for non-recovery of license fee were called for (June 2015), but reply was awaited (February 2016).

Municipal Corporations, Udaipur and Jaipur did not provide required information regarding registered/unregistered marriage places.

4.1.2.2 Trade License Fee from Hotel, Restaurant, Bakery, Sweet Shops etc.

As per the bye-laws of all M Corps, any person who intends to use any place as a restaurant, bakery, sweet shop etc. would apply for a trade license to M Corp. License fee ranging from ₹ 100 to ₹ 50,000 (M Corp, Jodhpur) and ₹ 300 to ₹ 30,000 (M Corp, Kota) is payable every year to M Corp at the rate fixed according to the category of vocation/trade. Further, bye-laws of respective M Corps provides for levy of penalties at the prescribed rates for non-renewal of licenses.

- Municipal Corporation, Jodhpur issued 13,270 licenses for various vocations during 2010-11 to 2014-15. Scrutiny of records revealed that M Corp itself assessed that 3,180 license holders did not renew their licenses but ₹ 2.11 crore recoverable as license fee¹⁰ was not recovered. No action for collection of penalties was initiated by M Corp. The reasons for non-recovery of license fee were called for (June 2015), reply was awaited (February 2016).
- Municipal Corporation, Kota issued only five licenses (four license during 2012-13 and one license during 2013-14) and license fee of just ₹ 0.10 lakh was recovered in a city having population more than 10 lakh. It is worth mentioning here that M Corp, Kota itself had 952 properties (shops, kiosks, land etc.) which were rented for various vocations. No action was taken to recover the license fee from tenants of these shops/kiosks. Further, no steps were taken to impose any penal action. M Corp stated (July 2015) that due to shortage of staff, survey for recovery of license fee was not conducted. The reply of the M Corp, Kota is not convincing as the license issuing authority have to ensure that these places should be suitable for human habitation and should not affect the health of human being as provided for in the bye-laws. Thus, non-initiating action for issuing/renewal of license resulted in deprival of revenue besides neglecting the health aspects of the population as well.

It is worth mentioning here that M Corp, Jodhpur issued 13,270 licenses while M Corp, Kota issued only five licenses during the period from 2010 to 2015 despite the facts that the Kota is an institutional area and a renowned educational hub.

10. Regulation of hotel, restaurant and other selling points, license fee ranging from ₹ 100 to ₹ 50,000 (M Corp, Jodhpur) and ₹ 300 to ₹ 30,000 (M Corp, Kota)

No information regarding demand, collection and details of outstanding amount of license fee etc. were provided by M Corps, Jaipur, Ajmer and Udaipur.

4.1.2.3 Registration and Annual Fees from Mobile Tower/Pole Antenna

Local Self Government Department directed (March 2011 and January 2012) all M Corps to recover one-time fee of ₹ 25,000 per mobile tower and an annual fee of ₹ 5,000 per mobile tower for the period 2010-12. Meanwhile, GoR issued a model bye-law during 2012 for regulation of installation of mobile tower/pole antenna and prescribed a registration fee of ₹ 30,000 and an annual charge of ₹ 10,000 per mobile tower. It also provided that M Corps would conduct a survey for identification of towers. It was noticed that GoR did not allow (March 2011) M Corps to take punitive actions for recovery of due charges from defaulters in this regard.

Scrutiny of records of M Corps revealed that:

- Five hundred thirty six mobile towers were installed under the jurisdiction of four M Corps (Ajmer, Bikaner, Jodhpur and Kota) during 2010-15. An amount of ₹ 2.95 crore¹¹ was recoverable as registration and annual charges for these mobile towers. Whereas, M Corps recovered only ₹ 1.35 crore¹² from mobile tower companies. Thus, M Corps did not recover ₹ 1.60 crore from mobile tower companies.

On being pointed out (July 2015) M Corps, Ajmer and Kota stated that the recovery of license/registration fee would be made from the mobile tower companies, whereas M Corps, Bikaner and Jodhpur did not furnish a reply (January 2016). The fact remains that the M Corps concerned could not recover the registration and annual charges from the mobile towers resulting in revenue loss.

- According to information provided by head office of M Corp, Jaipur, 917 mobile towers were installed in the city by various telecom companies. Whereas, all the eight zonal offices¹³ of M Corp, Jaipur intimated installation of total 226 mobile towers only which showed a huge mismatch between information provided by head office and its zonal offices. M Corp, head office, Jaipur and its zonal offices did not provide any specific information such as year of installation of these mobile towers, amount recoverable/deposited etc. in the absence of which exact recoverable amount for these mobile towers could not be worked out in Audit. This indicated apathy of management in zones and head offices of M Corp, Jaipur.

11. Ajmer (153 mobile towers): ₹ 1.07 crore, Bikaner (233 mobile towers): ₹ 1.28 crore, Jodhpur (81 mobile towers): ₹ 0.32 crore and Kota (69 mobile towers): ₹ 0.28 crore
12. Ajmer: ₹ 0.45 crore, Bikaner: ₹ 0.45 crore, Jodhpur: ₹ 0.24 crore and Kota: ₹ 0.21 crore
13. Amer, Civil Lines, Hawa Mahal (East), Hawa Mahal (West), Mansarovar, Moti Dungari, Sanganer and Vidhyadhar Nagar

4.1.2.4 Advertisement Bye-laws

Municipal Corporation enacted Advertisement Bye-laws to regulate the display of hoarding on buildings, bridges, roads, electric/telephone poles, kiosks, moving vehicles and any open space under their jurisdictions. The hoardings also included unipoles¹⁴ installed at the public places.

Unipole License Fee

Scrutiny of records of M Corps revealed that:

- Municipal Corporation, Jodhpur called Notice Inviting Tender (NIT) for installation of unipoles with the condition of depositing 25 per cent amount of bid value on the day of auction and remaining 75 per cent amount within seven days by the successful bidder. Further, the amount of license fee for the next financial year was to be increased by 15 per cent every year. The amount of license fee was to be deposited by 31 March of preceding financial year.

Municipal Corporation, Jodhpur allotted (July 2008) license for 166 unipole sites to five firms for the period of five years (2008-13). The period of license was extended up to June 2014.

However, M Corp, Jodhpur did not maintain proper records of demands and number of sites allotted to the contractors. Scrutiny of the correspondences with the firms revealed that M Corp, Jodhpur raised demands of ₹ 7.44 crore (at the 15 per cent incremental rate on original bid amount) to these firms for the period 2010-15 but only ₹ 7.03 crore was deposited by them. Thus, license fee amounting to ₹ 0.41 crore was less recovered from the firms (*Appendix-XII*). Reasons were called for (June 2015), reply is awaited (February 2016).

- Three firms were allotted 46 sites for installation of unipoles by M Corp, Kota during 2010-16 for license fee amounting to ₹ 1.17 crore. However, only ₹ 0.81 crore was recovered from the firms. Thus, license fee amounting to ₹ 0.36 crore was not recovered from the firms (*Appendix-XIII*). M Corp, Kota accepted the facts (July 2015).
- Hoarding sites of zone-II of M Corp, Bikaner were awarded to a firm for 2009-12 for an annual fee of ₹ 0.05 crore, which was to be increased by 10 per cent annually. The firm deposited ₹ 0.06 crore and ₹ 0.06 crore for 2010-11 and 2011-12 respectively.

Thereafter, bids for 2012-13 were invited (June 2012) and firm 'A'¹⁵ offered fee of ₹ 0.12 crore which was 87 per cent more than last year's fee for the same hoarding sites of zone-II. The offer of the firm was accepted by the competent committee and firm deposited one fourth of bid amount. Subsequently, the offer was rejected by the Commissioner on the grounds that the bid offered was less. Bids were re-invited (September 2012) and firm 'B'¹⁶ offered ₹ 0.12 crore. The offer of this firm was also not accepted by the

14. Unipole is a hoarding structure based on single steel pipe

15. Sawantantra Publicity, Bikaner

16. Bhawani Advertising Company, Bikaner

Commissioner on the ground that less fee was offered. The bids were again invited (October 2012) but no response was received and bid was not finalised for the year 2012-13.

It was observed that subsequently firm 'C'¹⁷ offered ₹ 0.14 crore for 2013-14, which was accepted by the Commissioner. Thus, due to non-accepting the offer of firm 'A', Bikaner for 2012-13, M Corp was deprived of ₹ 0.12 crore despite the fact that the offer was more than 87 *per cent* of previous bid.

Hoarding License

- Municipal Corporation, Kota issued licenses (2013-14) to two advertising agencies to hoist hoardings of various sizes on private building/land in Kota for ₹ 0.19 crore¹⁸.

Scrutiny of records of M Corp, Kota revealed that advertising agencies deposited license fee only of ₹ 0.11 crore¹⁹ against the license fee of ₹ 0.19 crore. Thus, ₹ 0.08 crore²⁰ was not deposited by the advertising agencies. M Corp, Kota accepted the facts (July 2015).

- Municipal Corporation, Jaipur did not provide required records.

4.1.3 Rajasthan Building Regulation

Local Self Government Department issued (June 2011) model Rajasthan Building Regulation Bye-laws, 2010 applicable to urban area of the State except walled city areas of all cities and Jaipur city as a whole. M Corps promulgated their building bye-laws by adopting the model bye-laws. The model Rajasthan Building Regulation Bye-laws provided permissible standard Floor Area Ratio²¹ (FAR) to 1.33, which could be increased to 3.75 after payment of Betterment Levy.

Short comings noticed in assessment and collections of betterment levy are discussed below:

4.1.3.1 Betterment Levy

- In M Corp, Ajmer, FAR of 1.33 for the construction of commercial building having area between 1,000 sqm and 2,500 sqm was permissible under the Building Bye-laws, 2013. Betterment levy equal to higher of 25 *per cent* of reserve price for commercial properties or ₹ 200 per square feet for excess FAR was recoverable for FAR more than 1.33.

17. Godawan Publicity Limited

18. NS Publicity India Private Limited, Jaipur: ₹ 0.09 crore and Quick Advertising Company, Kota: ₹ 0.10 crore

19. NS Publicity India Private Limited, Jaipur: ₹ 0.07 crore and Quick Advertising Company, Kota: ₹ 0.04 crore

20. NS Publicity India Private Limited, Jaipur: ₹ 0.02 crore and Quick Advertising Company, Kota: ₹ 0.06 crore

21. Floor Area Ratio is the ratio of a building's total floor area to the size of the land upon which it is built

Scrutiny of records revealed that a builder constructed a commercial complex on a plot measuring 1,341.99 sqm with FAR of 1.78. But betterment levy amounting to ₹ 35.11 lakh²² was not recovered from the builder.

Similarly, another builder applied (May 2013) for construction of a commercial building on 1,618.29 sqm land with FAR of 1.81. But neither the permission was granted within stipulated time of 60 days, nor the betterment levy amounting to ₹ 45.16 lakh²³ was recovered. The matter was brought to the notice (July 2015) of the commissioner M Corp, Ajmer but reply was awaited (January 2016).

- Building Bye-laws, 2007 of M Corp, Bikaner provided maximum permissible FAR of 1.75, which was enhanced to 2.25 in the revised Building Bye-laws, 2010. Betterment levy, equal to higher of 25 *per cent* of the reserve price for commercial properties or ₹ 200 per square feet for excess FAR was recoverable for FAR more than 1.33.

During scrutiny of records of M Corp, Bikaner, it was observed that a person²⁴ was granted (October 2008) permission for construction of commercial building on a plot of 920 sqm with FAR of 1.75. The owner of building again submitted (September 2011) an application for increase in FAR to 2.10. The application was accepted (November 2011) by building construction committee on payment of betterment levy, but the Commissioner did not issue the order for additional FAR. Hence, the owner of the land constructed additional floors without depositing betterment levy fee of ₹ 18.23 lakh²⁵.

The Mayor referred (June 2014) the matter to the Compromise Committee of the councilors, which decided to regularise the unauthorised construction on payment of applicable betterment levy along with five *per cent* amount as penalty. The Compromise Committee reviewed (September 2014) its earlier decision and decided to regularise the construction on payment of composition money amounting to ₹ 0.06 crore only rather than recovery of betterment levy of ₹ 0.18 crore.

- A hotel firm²⁶ applied (January 2012) to M Corp, Bikaner for additional FAR of 0.52 over the permissible FAR of 1.33 on the plot of area 4,274.81 sqm. Scrutiny of records revealed that the Commissioner issued (October 2012) sanction for additional FAR without the recovery of betterment levy of ₹ 47.84 lakh²⁷ before issue of sanction.

22. ₹ 35,10,924 for excess FAR 603.90 sqm (0.45 x 1,341.99 sqm) at ₹ 5,813.75 per sqm (25 *per cent* of reserve commercial rate ₹ 23,255 per sqm)

23. ₹ 45,16,005 for excess FAR 776.78 sqm (0.48 x 1618.29 sqm) at ₹ 5,813.75 per sqm (25 *per cent* of reserve commercial rate ₹ 23,255 per sqm)

24. Narendra Jain Surendra Jain

25. ₹ 18,22,904 for excess FAR 708.40 sqm (0.77 x 920 sqm) at ₹ 2,573.27 per sqm (25 *per cent* of reserve commercial rate ₹ 10,293.10 per sqm)

26. Chiragdeen Hotels Private Limited

27. ₹ 47,83,681 for excess FAR 2,222.90 sqm (0.52 x 4,274.81 sqm) at ₹ 2,152 per sqm (₹ 200 per square feet i.e. ₹ 2,152 per sqm)

Hence, due to non-recovery of betterment levy at the time of granting permission for construction of building, M Corp was deprived of betterment levy worth ₹ 0.48 crore for additional FAR.

- Jaipur Development Authority (Jaipur Region Building) Bye-laws, 2010 and 2012 (revised) were applicable for construction of buildings in Jaipur city. The maximum permissible FAR was 2.25 (Bye-laws 2010) which was later raised to 3.75 (Bye-laws 2012). Additional FAR was permissible after payment of betterment levy.

Scrutiny of records of M Corp, Jaipur revealed that in two cases, betterment levy of total ₹ 2.33 crore was recoverable, however, only ₹ 2.19 crore was recovered. Thus, M Corp, Jaipur recovered less betterment levy of ₹ 0.14 crore²⁸.

It was further observed that M Corp, Jaipur issued permission for building construction in more than 365 cases for raising heights of the buildings above eight meters, but despite repeated reminders and pursuance for production of records, M Corp, Jaipur provided only 20-25 case files. M Corp, Kota also did not produce records related to multi storey building constructions.

- Building Bye-laws 2010 of M Corp, Udaipur provided standard FAR of 1.33 and betterment levy, equal to higher of 25 *per cent* of reserve price for commercial properties or ₹ 200 per square feet for excess FAR was recoverable for FAR more than 1.33.

Municipal Corporation, Udaipur issued permission (December 2014) to a firm²⁹ for construction of one hotel building for FAR 1.65 on a plot of area 942.56 sqm. The M Corp issued order without ensuring the recovery of betterment levy fee of ₹ 6.49 lakh³⁰ for additional FAR of 0.32 (3,313 square feet) over the standard FAR. The M Corp accepted the facts (August 2015).

4.1.3.2 Occupancy/Completion Certificate Fee

Rajasthan Building Regulation, 2010 (revised 2013) was applicable to the urban area of the State except Jaipur city. Jaipur Development Authority Building Bye-laws, 2010 (revised during 2012) applicable for Jaipur city provided that the owner of a building of more than 15 meter height, after completing the construction of the residential/commercial/institutional buildings would obtain an occupancy certificate from M Corp after payment of prescribed fee³¹.

28. Sidharth Kansal, Jaipur: ₹ 0.01 crore (recoverable: ₹ 0.60 crore – recovered: ₹ 0.59 crore) and Ajit Singh Bafna: ₹ 0.13 crore (recoverable: ₹ 1.73 crore – recovered: ₹ 1.60 crore)

29. Udai Regency Private Limited

30. ₹ 6,49,086 for excess FAR 301.62 sqm (0.32 x 942.56 sqm) at ₹ 2,152 per sqm (₹ 200 per square feet i.e. ₹ 2,152 per sqm)

31. At the rate of ₹ 10/₹ 20 per sqm for residential/commercial buildings in M Corp, Bikaner and at the rate of ₹ 15/₹ 30 per sqm for residential/commercial buildings in M Corp, Jaipur

- Scrutiny of records of two M Corps (Jaipur and Bikaner) revealed that completion certificates were not issued for 13 buildings during 2010-15. Thus, M Corps were deprived of fee amounting to ₹ 0.13 crore³².
- The M Corp was required to inspect the completed building work to check whether the construction work was executed as per approved map and then a completion certificate was to be issued. However, the M Corp, Jodhpur recovered completion certificate charges at the time of issuance of building construction permission.

Municipal Corporations, Ajmer and Kota did not provide requisite records/information though called for.

4.1.3.3 Fire No Objection Certificate Charges

Municipal Corporation, Jodhpur issued (September 2010) orders for recovery of fee for issue of fire No Objection Certificate (NOC) at prescribed rates of ₹ one per square feet on built up area for residential buildings and ₹ 1.50 per square feet for commercial building of height upto 12 meters and ₹ two per square feet for commercial building of height above 12 meters. Annual renewal fee for the fire NOC was 50 per cent of the prescribed rates.

It was observed that M Corp did not recover fire NOC fee amounting to ₹ 0.06 crore from eight buildings (residential: 4,69,481 square feet and commercial: 44,411 square feet). Further, annual renewal fee amounting to ₹ 0.03 crore was also not recovered from these eight buildings. Thus, an amount of ₹ 0.09 crore was outstanding (*Appendix-XIV*).

4.1.3.4 Fire Cess

To make available the fire extinguishing facility and rejuvenating the fire brigade, GoR issued (October 2013) order for recovery of fire cess at the prescribed rates³³.

- It was observed that ₹ 0.17 crore was recoverable from five buildings in Udaipur city but M Corp recovered only ₹ 0.12 crore from these buildings. Thus, ₹ 0.05 crore was outstanding (*Appendix-XV*). On being pointed out, it was intimated (August 2015) that the due amount for fire cess would be recovered.
- In M Corp, Jaipur, fire cess at the prescribed rates were recovered while M Corps, Ajmer and Kota did not produce such records.

32. M Corp, Jaipur (10 cases) - Ajit Singh Bafna: ₹ 1.37 lakh, Keshav Dev Sharma: ₹ 1.35 lakh, Prem Kargo Movers: ₹ 0.54 lakh, Surendra Kumar Vaidya: ₹ 0.45 lakh, Sunita Jagtani: ₹ 0.94 lakh, Sidharth Kansal: ₹ 0.78 lakh, S.K. Bakliwal: ₹ 0.42 lakh, Atul Malhotra: ₹ 0.60 lakh, R.U. Oswal: ₹ 0.82 lakh and Mango People: ₹ 2.12 lakh
M Corp, Bikaner (three cases) - M/s Chiragdeen Hotels: ₹ 2.65 lakh, M/s K A Projects: ₹ 0.26 lakh and M/s Kashi Devi: ₹ 0.36 lakh

33. At the rate of ₹ 100 per sqm of FAR area for building of height from 15 meter and upto 40 meters and ₹ 150 per sqm of FAR area for building of height from 40 meter and upto 60 meters

4.1.4 Revenue from Assets

Revenue from assets of M Corps, include rent from shops, community centers, dairy booths, parking charges etc. Short comings noticed in assessment and collection of revenue from assets etc. are discussed below:

4.1.4.1 Rent of Shops

- Municipal Corporation, Ajmer have 1,393 properties (leased property: 347, shops: 822 and *chabutaras*: 224) and rented to various persons. The outstanding rent was ₹ 0.87 crore (₹ 0.42 crore on leased properties, ₹ 0.06 crore on 822 shops and ₹ 0.39 crore on 224 *chabutaras*) as of March 2015.
- Seventy shops were rented to various persons in Hawa Mahal Zone (East) of M Corp, Jaipur. Scrutiny of 53 files which were made available to Audit revealed that rent amounting to ₹ 0.73 crore was outstanding for recovery from the occupants as of March 2015. These shops were rented during 1969 and in one of the cases the rent has not been recovered since allotment.
- Municipal Corporation, Kota rented 952 properties (land, shops, platforms and kiosks) to various persons. A rent of ₹ 0.27 crore was outstanding on these properties as of March 2015.
- Seven hundred eighty nine shops were rented to various persons by M Corp, Jodhpur. The rent of ₹ 0.26 crore was outstanding as of March 2015.
- Seventy five shops and 99 kiosks were rented to various persons by M Corp, Udaipur. M Corp recovered rent from 71 shops and 77 kiosks, however rent amounting to ₹ 0.08 crore (four shops: ₹ 0.03 crore and 22 kiosks: ₹ 0.05 crore) could not been recovered from the occupants.

Reasons regarding non-recovery of outstanding rent from tenants were not provided by any M Corps.

4.1.4.2 Rent of Dairy Booths

Local Self Government Department prescribed (June 2005) rates for recovery of monthly rent from the dairy booths operating in urban area at the rates³⁴ of ₹ 400 to ₹ 850 per month

It was observed that:

- Five hundred ninety seven dairy booths of Rajasthan Cooperative Dairy Federation Limited (RCDF) were operating in municipal area of Jaipur. The outstanding rent for the period prior to 2010-11 was ₹ 2.82 crore. M Corp raised a demand of ₹ 4.63 crore (including interest amounting ₹ 2.87 crore payable for delay in payment of rent) towards the rent of these dairy booths for

34. Category-A (milk sale upto 100 liters): ₹ 400 per month, category-B (milk sale from 101 to 300 liters): ₹ 600 per month, category-C (milk sale from 301 to 1000 liters): ₹ 750 per month and category-D (milk sale more than 1000 liters): ₹ 850 per month

the period 2010-15. The rent to be deposited by RCDF after collecting it from the individuals. However, RCDF deposited only ₹ 1.40 crore with M Corp and balance rent amounting ₹ 6.05 crore remained outstanding as of March 2015.

- Though, Local Self Government Department prescribed (June 2005) rates for recovery of rent from the dairy booths operating in urban area, even then M Corps, Bikaner, Jodhpur, Kota and Udaipur were recovering the rent at different rates³⁵. M Corps, Jodhpur and Bikaner did not forward reasons for recovery of rent at different rates. M Corps, Kota and Udaipur accepted the facts (July-August 2015) and agreed to recover the rent at the prescribed rates.

4.1.5 Other Revenues

Revenue from acts and rules included road cutting charges, revenue from cattle houses and regularisation of *Kutchhi basti* etc. Scrutiny of records relating to revenue income from acts and rules in six M Corps the following Audit observations emerged:

4.1.5.1 Road Cutting Charges

Scrutiny of records of M Corps revealed that Public Health Engineering Department (PHED), Jaipur Vidhyut Vitran Nigam Limited, Jodhpur Vidhyut Parsaran Nigam Limited and Bharti Hexacom Limited made road cuts in the municipal roads without depositing road cutting charges to M Corps, Jaipur, Udaipur and Jodhpur. M Corps issued (February 2013 to March 2015) demand notices to these companies for depositing of road cutting charges amounting to ₹ 5.77 crore³⁶ but the same was not recovered from the users.

4.1.5.2 Share of Sale of Land

Government of Rajasthan directed (April 2010) that Rajasthan Housing Board (RHB), Development Authorities (DAs)³⁷ and Urban Improvement Trusts (UITs) would transfer 15 per cent share of sale of land and buildings to concerned M Corps on quarterly basis. Further, RHB, DAs and UITs would not adjust expenditure made on development works against the share of sale of land.

Short comings noticed by Audit in transfer of share of sale of land and buildings are discussed below:

- Urban Improvement Trusts, Kota sold land worth ₹ 470.76 crore during 2010-15, M Corp, Kota was entitled to ₹ 70.61 crore as its share. On enquiry

35. M Corps, Bikaner (88 booths): ₹ 500 per month, Jodhpur (276 booths): ₹ 800 per month, Kota (118 booths): ₹ 500 per month and Udaipur (25 booths): ₹ 300 per month and (40 booths): ₹ 600 per month

36. M Corp, Jaipur: ₹ 5.22 crore (Public Health Engineering Department: ₹ 4.60 crore, Jaipur Vidhyut Vitran Nigam Limited: ₹ 0.54 crore and Bharati Hexacom Limited: ₹ 0.08 crore), Jodhpur: ₹ 0.41 crore (Jodhpur Vidhyut Prasaran Nigam Ltd) and Udaipur: ₹ 0.14 crore (Public Health Engineering Department)

37. Ajmer Development Authority, Jaipur Development Authority and Jodhpur Development Authority

by audit, UIT, Kota intimated (July 2015) that it had transferred ₹ 10 crore to M Corp, Kota (2010-11: ₹ five crore and 2013-14: ₹ five crore) and adjusted ₹ 103.70 crore on account of development works executed by it. Thus, UIT, Kota did not remit an amount of ₹ 60.61 crore to M Corp, Kota and unauthorisedly adjusted ₹ 103.70 crore against expenditure made on development works contrary to directions of GoR.

Municipal Corporation, Kota intimated (July 2015) that UIT did not inform them about their entitled amount of share. Further no consent for adjustment of expenditure made on development works was given to UIT.

- Urban Improvement Trusts, Bikaner sold land worth to ₹ 111.06 crore during 2010-15, thus, M Corp, Bikaner was entitled of ₹ 16.66 crore as its share from the sale proceed. It was, however, observed that M Corp received only ₹ 14.67 crore. On being pointed out by Audit, M Corp, Bikaner stated that demand for transfer of its entitled amount had been raised to UIT, Bikaner. Thus, M Corp could not receive its entitled amount of ₹ 1.99 crore.

4.1.5.3 Contracts for Parking Places

Municipal Corporation, Kota handed over parking place of Nayapura Bus Stand to a Sehakari Samiti³⁸ for the period 2013-14 against the contract amount of ₹ 0.08 crore. The contract period was extended for the period April to June 2014 by enhancing the contract amount by 10 *per cent*. It was, however, observed that contract amount of ₹ 0.02 crore for the extended period was not recovered from the firm. M Corp, Kota accepted the facts (July 2015).

4.1.6 Other Observations

- A firm³⁹ deposited ₹ 0.02 crore for installation of five mobile towers (₹ 30,000 each) during June 2014-March 2015 through Demand Drafts (DDs) with Zone office, Sanganer of M Corp, Jaipur. The DDs were valid for three months from date of issue.

During scrutiny of records (August 2015) of zone office, Sanganer it was revealed that the DDs were not deposited in the bank account of M Corp, Jaipur. Thus, the amount of registration fee deposited by the mobile tower company was not realised. The time barred DDs were still lying in the files of zonal office.

- Rajasthan Municipalities Act, 2009 provided that revenue realised by M Corps should be credited in Bank account immediately. It was observed that cheques amounting to ₹ 0.65 crore received from a firm⁴⁰ were deposited by M Corp, Ajmer in the bank account with a delay of two to 10 months. This resulted in deprival of interest (at the rate of four *per cent*) amounting to ₹ 0.01 crore. M Corp, Ajmer accepted (July 2015) the facts.

38. M/s Jai Hind Purve Sainik Bahu Udaishiya Sehkari Samiti

39. Viom Networks Limited

40. M/s Pioneer Publicity

- Municipal Corporations, Ajmer, Jaipur, Kota, Jodhpur and Udaipur not produced the records⁴¹ even after recurring requests made by Audit.

The matter was referred to GoR (December 2015), reply was awaited (February 2016).

4.1.7 Conclusion and Recommendations

Municipal Corporations could not achieve their targets of collection of non-tax revenue consistently during 2010-15 and their achievement was lagging behind by a substantive margin, Municipal Corporation, Udaipur collected more revenue than the target during the period.

The entire system of collection of non-tax revenue such as assessment, demand and collection of the revenue was found in a bad shape resulting in huge arrears/losses of revenue. Even the relevant records related to non-tax revenue are not being properly maintained.

The rates for registration and annual utilisation charges were reduced by M Corp, Bikaner, which was not in consonance with the provision of Rajasthan Municipalities Act. M Corps, Ajmer, Bikaner and Kota could not recover registration and annual utilisation charges from identified marriage places. M Corps, Jodhpur, Udaipur and Jaipur did not provide the complete records of marriage places to audit.

Municipal Corporations, Jodhpur and Kota were deficient in recovery of license fee from Hotel, Restaurant, Bakery and Sweet Shops. M Corps Ajmer, Bikaner, Jodhpur and Kota did not recover the registration and annual charges from the mobile towers companies resulting in revenue loss. There was mismatch between information provided by zonal offices and head office of M Corp, Jaipur. Further, M Corp, Jodhpur did not maintain proper records relating to unipoles advertisement sites allotted to the contractors and M Corp, Bikaner did not finalise the bids for unipoles depriving them of revenue.

There were cases of non/partial recovery of betterment levy in all the M Corps. All the M Corps did not recover rent from properties rented to tenants. M Corp, Jaipur, Jodhpur and Udaipur did not recover road cutting charges from mobile and electricity distribution companies.

Thus, Audit could conclude that non-tax revenue was a completely neglected area though having good potential for collection of revenue and improving the financial position of the Municipal Corporations.

Municipal Corporations should evolve an effective and efficient mechanism to recover non-tax revenue from the defaulters duly following the provisions laid down.

41. M Corp: Ajmer (Building construction permission), Jaipur (building construction permission, mobile towers, marriage places, hotel, restaurant and advertisement), Kota (marriage places and building construction permission) and Udaipur (hotel restaurant)

Municipal Corporations were entitled of 15 *per cent* share of sale of land and buildings by RHB, DAx and UITs on quarterly basis. M Corps, Bikaner and Kota did not receive their share from respective UITs.

Municipal Corporations should take effective measures to receive their share of sale of land and buildings from other authorities.

4.2 Short Realisation of Revenue

Non recovery of conversion charges for change of land use from agricultural land to non-agricultural purposes resulted in short realisation of revenue of ₹ 0.64 crore by MC, Sirohi

Rule 8 of Rajasthan Township Policy, 2010 stipulates that before issue of *patta* to the developer or his nominee, conversion charges shall be deposited. Conversion charges levied for conversion of agricultural land into non-agricultural purposes for residential or other purposes. Different zone-wise charges are fixed for each town of Rajasthan. After conversion charge the layout plan shall be released. As per notification issued (September 2012) by the Local Self Government Department, the rate of conversion charges on actual land area of *pattas* was ₹ 60 per square yard (sqyd) for group housing/flats having land 5,000 sqyd or more for residential purposes and ₹ 360 per sqyd for land having more than 200 sqyd for commercial purposes.

Test check (September 2014) of records of the Municipal Council (MC), Sirohi for the period 2012-14 revealed that the MC, Sirohi issued orders for conversion of land from agricultural to non-agricultural purposes in nine cases during the period December 2012 to September 2013 as given in **Table 4.2** below:

Table 4.2

| Name of Scheme | | Total area of the | | | Conversion charges to be recovered on total area of approved plan (₹ in lakh) | Conversion charges recovered | | Short recovery of conversion charges (Col.6-Col.8) |
|---------------------|-------------|--------------------|------------------|-------------------|---|------------------------------|--------------------|--|
| | | Approved plan | Plots | Public facilities | | Area of plots (in sqyd) | Amount (₹ in lakh) | |
| | | (in sq yd) | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Abhay Nagar-A | Residential | 23,322.00 | 13,991.00 | 9,331.00 | 13.99 | 13,912.00 | 6.18 | 7.81 |
| Abhay Nagar-B | Residential | 14,497.46 | 8,328.71 | 6,168.75 | 8.70 | 6,619.92 | 2.69 | 6.01 |
| Abhay Nagar -C | Residential | 22,584.11 | 11,229.25 | 11,354.86 | 13.55 | 9,239.05 | 3.91 | 9.64 |
| Ahinsa Nagar | Residential | 8,109.23 | 4,475.56 | 3,633.67 | 4.87 | 4,919.91 | 1.88 | 2.99 |
| | Commercial | 444.44 | 444.44 | | 1.60 | 444.44 | 1.07 | 0.53 |
| Ahinsa Nagar-A | Residential | 6,936.66 | 4,150.00 | 2,786.66 | 4.16 | 4,174.95 | 1.67 | 2.49 |
| Ahinsa Nagar-B | Residential | 7,056.33 | 4,227.78 | 2,828.55 | 4.23 | 4,066.64 | 1.63 | 2.60 |
| Nishta Enclave | Residential | 22,961.06 | 13,688.31 | 9,272.75 | 13.78 | 6,697.86 | 3.11 | 10.67 |
| Shiv Vatika | Residential | 11,242.39 | 6,745.44 | 4,496.95 | 6.75 | 4,455.89 | 1.78 | 4.97 |
| Balaji Residency IA | Residential | 39,827.77 | 19,338.60 | 20,489.17 | 23.90 | 18,214.61 | 7.42 | 16.48 |
| Total | | 1,56,981.45 | 86,619.09 | 70,362.36 | 95.53 | 72,745.27 | 31.34 | 64.19 |

Thus, MC, Sirohi had recovered conversion charges of ₹ 0.32 crore for the area of 72,745.27 sqyd land of plots for which *pattas* have been issued leaving areas of public facilities of 70,362.36 sqyd, whereas the conversion charges of ₹ 0.96 crore should have been recovered for the total area of the approved plan of 1,56,981.45 sqyd. This resulted in short realisation of conversion charges of ₹ 0.64 crore.

The State Government stated (August 2015) that conversion charges on actual land area of *pattas* were recovered at the rate of conversion charges applicable for group housing/flats having land 5,000 sqyd or more for residential purposes as per notification issued (September 2012) by the Local Self Government Department. It was further stated that no reference regarding recovery of conversion charges on land area of public facilities was included in any circular issued by Government. The reply is not convincing as conversion charges was recoverable on total land area at the applicable rate of conversion charges for group housing/flats having land 5,000 sqyd or more for residential purposes mentioned in notification issued in September 2012.

4.3 Irregular Retention of Urban Assessment (Ground Rent)

Irregular retention of entire urban assessment (ground rent) by Municipal Corporation, Jaipur in disregard to rules resulted in non-crediting of Government revenue of ₹ 22.83 crore to the Consolidated Fund of the State

Rule 7 (4) of the Rajasthan Municipalities (Disposal of Urban Land) Rules, 1974 provides that urban assessment (ground rent) deposited with the Municipal Board by 31 March each year is to be credited to the Consolidated Fund of the State, provided that 10 *per cent* of the collected amount may be retained by the Board by way of service charges for collection of urban assessment or ground rent provided that recovery made was at least 50 *per cent* of total amount due in a year.

Rule 5 and 6 of General Financial and Account Rules (GF&AR), Part-I provides that all moneys received by or on behalf of Government either as dues of Government or for deposit, remittance or otherwise shall be credited into the Consolidated Fund of the State and/or Public Account of the State without delay.

Test check of the records of the Municipal Corporation (M Corp), Jaipur for the year 2012-13 revealed (April 2015) that M Corp, Jaipur collected ground rent of ₹ 25.37 crore⁴² during the period 2010-14. Of this, an amount of ₹ 22.83 crore⁴³ was to be credited to the Consolidated Fund of the State after

42. 2010-11: ₹ 4.54 crore, 2011-12: ₹ 4.19 crore, 2012-13: ₹ 8.20 crore and 2013-14: ₹ 8.44 crore

43. 2010-11: ₹ 4.09 crore (₹ 4.54 crore – ₹ 0.45 crore), 2011-12: ₹ 3.77 crore (₹ 4.19 crore – ₹ 0.42 crore), 2012-13: ₹ 7.38 crore (₹ 8.20 crore - ₹ 0.82 crore) and 2013-14: ₹ 7.59 crore (₹ 8.44 crore – ₹ 0.85 crore)

retaining ₹ 2.54 crore (10 per cent of ₹ 25.37 crore) as service charges. However, M Corp, Jaipur retained the entire ground rent in their accounts without crediting any amount to the Consolidated Fund of the State.

On being pointed out (April 2015), the Commissioner (Revenue), M Corp, Jaipur accepted the facts and stated (April 2015) that due to their poor financial position, the ground rent was not deposited in the Consolidated Fund of the State.

Thus, M Corp, Jaipur disregarding the Rule 7(4) *ibid* and Rule 5 and 6 of GF&AR retained Government revenue of ₹ 22.83 crore which should have been credited to the Consolidated Fund of the State.

The matter was referred (July 2015) to the State Government; reply awaited (February 2016).

4.4 Short Realisation of Revenue

Municipal Council, Bundi recovered conversion fee on residential rates instead of commercial rates for conversion of land use from agricultural to commercial purpose which led to short realisation of revenue ₹ 0.66 crore

The State Government in Urban Development and Housing Department notified (May 2012) the “Rajasthan Urban Areas (Permission for use of Agricultural Land for Non-agricultural purposes and Allotment) Rules, 2012. As per Para 2(iii) of notification use of any land or premises for the purpose of business and commercial activity including godown comes under category of ‘commercial purposes’. Further, the State Government notified (September 2012) the rates of premium for conversion of land from agricultural to non-agricultural purposes. The premium rates for exceeding 200 square yard (sqyd) were fixed as ₹ 90 per sqyd and ₹ 360 per sqyd for conversion of land from agricultural to residential and commercial purposes respectively.

Scrutiny (July 2014) of records for the period 2013-14 of MC, Bundi revealed that the two land owners applied (October 2012) for conversion of 24,698.55 sqyd land from agricultural to non-agricultural purposes (for personal Godown purposes) and MC, Bundi charged (November 2012 and April 2013) conversion fee of ₹ 0.23 crore⁴⁴ at the rate of ₹ 90 per sqyd (for warehousing project) and issued land conversion orders in October 2013. According to the rules in force, the conversion rate shall be ₹ 360 per sqyd for land conversion for commercial purposes (personal business godown). Thus, imprudent decision of the MC, Bundi to recover the conversion fee at the rate of ₹ 90 per sqyd instead of ₹ 360 per sqyd in contravention of notification (May and

44. Shri Brijraj Nyati: ₹ 0.15 crore and Shri Rajesh Kumar Nyati : ₹ 0.08 crore = Total ₹ 0.23 crore

September 2012) of the State Government resulted in short realisation of revenue ₹ 0.66 crore (to be recovered ₹ 0.89 crore⁴⁵ – recovered ₹ 0.23 crore).

On being pointed out (April 2015), the Commissioner, MC, Bundi stated (April 2015) that the conversion fee was calculated according to State Government notification (September 2012), the premium rate for warehousing project was fixed as minimum premium rate of residential purpose (₹ 90 per sqyd) on land upto five acre and extra 25 *per cent* on land in addition to five acre for the conversion of land for the purpose of warehousing projects. The reply is not convincing as the warehouse is public utility activity, whereas godowns constructed for personal use/personal business is not covered under the umbrella of warehouse.

The matter was referred (July 2015) to the State Government; reply awaited (February 2016).

4.5 Funds Lying Idle

Non-disbursement of financial assistance to the BPL families and other category families equivalent to BPL families resulted in ₹ 2.23 crore lying idle with Urban Local Bodies

The State Government issued (June 2013) order for lump-sum payment of ₹ 1,500 as financial assistance to Below Poverty Line (BPL) families and other category families equivalent to BPL families for purchase of two sarees and one blanket for each family. The Chief Executive Officer, Zila Parishad and Additional District Collector (Administration) were appointed as Nodal Officers for implementation of the Scheme in rural and urban areas respectively. The financial assistance was to be disbursed during the period 27 June 2013 to 12 July 2013 by the Urban Local Bodies (ULBs).

Test check of records of the M Corps, Bikaner (September 2014), Udaipur (January 2015), MC, Hindauncity (July 2014) and information collected (April 2015) revealed that the State Government released (June 2013) ₹ 5.74 crore in Personal Deposit (PD) Accounts/Saving Account of these ULBs for disbursement of the financial assistance. The position of released, disbursed and unspent funds are given in the **Table 4.3** below:

45. Shri Brijraj Nyati (16,324.44 sqyd x ₹ 360 per sqyd) : ₹ 0.59 crore and Shri Rajesh Kumar Nyati (8,374.11 sqyd x ₹ 360 per sqyd): ₹ 0.30 crore (Total ₹ 0.89 crore)

Table 4.3

(₹ in crore)

| Name of Municipal Body | Funds released by GoR | Total number of Identified families | Funds disbursed | | Unspent fund | |
|------------------------|-----------------------|-------------------------------------|--------------------|-------------|--------------------|-------------|
| | | | Number of families | Amount | Number of families | Amount |
| Bikaner | 3.41 | 22,760 | 14,161 | 2.12 | 8,599 | 1.29 |
| Hindauncity | 0.82 | 5,457 | 3,636 | 0.55 | 1,821 | 0.27 |
| Udaipur | 1.51 | 10,290 | 5,601 | 0.84 | 4,689 | 0.67 |
| Total | 5.74 | 38,507 | 23,398 | 3.51 | 15,109 | 2.23 |

From the above table it is seen that municipal bodies disbursed financial assistance amounting to ₹ 3.51 crore to 23,398 BPL families and other category families equivalent to BPL families. An unspent amount ₹ 2.23 crore was lying idle in Saving Bank Account/PD Account of the local bodies concerned.

The State Government while accepting the facts and stated (August 2015) that in respect of M Corp, Udaipur that efforts were made for disbursing the financial assistance to eligible beneficiaries by organising special camps but failed to achieve targets. However, the Commissioner, M Corp, Bikaner and MC, Hindauncity also organised camps though additional BPL families did not apply for financial assistance. Thus, unspent funds were lying with municipalities.

Municipal Corporations concerned should have refunded the unspent fund to the State Government so as to utilize the funds for the implementation of other schemes.

Thus, failure on the part of the M Corps, to identify the targeted the beneficiaries resulted in non-disbursement of financial assistance of ₹ 2.23 crore to the BPL families and other category families equivalent to BPL families.

4.6 Unauthorised Execution of Work Prior to Finalisation of Tender

Work of ₹ 0.75 crore executed by the Municipal Corporation, Jaipur prior to finalisation of tender was unauthorised and in violation to the provisions of PWF&AR

Rule 348 (a) of the Public Works Financial and Accounting Rules (PWF&AR) provides that no work shall be commenced unless a properly detailed design and estimates have been sanctioned, allotment of funds made and orders for its commencement issued by the competent authority.

The State Government (Local Self Government Department) issued (May 2013) directions to set up flood control rooms prior to 25 June 2013 at the level of all local bodies to safeguard public and their properties from probable

losses caused by flood and heavy rainfall during south west monsoon 2013 and to make necessary arrangements of sand bags/empty bags (bags) and other supporting material in control room to deal with any emergent situation. Accordingly, M Corp, Jaipur invited (June 2013) tender for supply of labour, bags and other necessary arrangements at an estimated cost of ₹ 47.68 lakh at flood control room, Banipark with a completion period of three months. After receiving tenders (15 July 2013) and negotiation held (16 August 2013) with lowest tenderer firm 'A'⁴⁶, the M Corp, Jaipur issued (23 September 2013) ex-post facto administrative and financial sanction of ₹ 0.54 crore and issued work order (27 September 2013) in favour of firm 'A' with stipulated date of commencement and completion as 20 July 2013 and 19 July 2014 respectively. The firm 'A' completed the work costing ₹ 0.75 crore as of September 2013.

Test check of the records of the M Corp, Jaipur (February 2015) for the year 2013-14 revealed that the M Corp, Jaipur made (1 November 2013) payment of ₹ 0.75 crore to firm 'A' for essential arrangements at flood control at Jaipur such as labours, sand bags and other supporting material (PVC pipe, wire fencing, Duck Beg etc.) during the period 20 July 2013 to 30 September 2013 before finalisation of tender. The act of the M Corp, Jaipur to commence work prior to finalisation of tender and issue of work order was against Rule 348 (a) *ibid* and conducting of negotiation and finalisation of tender were merely a formality. Moreover, according to comparative statement there was provision of 4,500 labours for flood control whereas labour was engaged to the tune of 12,045. Authentic records like attendance register of labour, work executed by labour and use of sand bags were not made available to Audit.

Thus, work of ₹ 0.75 crore shown executed by the M Corp, Jaipur prior to finalisation of tender was unauthorised and in violation to the provision of Rule 348(a) *ibid*.

The matter was referred (September 2015) to the State Government; reply awaited (February 2016).

4.7 Avoidable Extra Expenditure

Allotment of works without availability of land resulted in avoidable extra expenditure of ₹ 0.29 crore on execution of works

Rule 348 of PWF&AR provides that no work shall be commenced unless a properly detailed design and estimates have been sanctioned, allotment of funds made and orders for its commencement issued by the competent authority. Rule 351 *ibid* also stipulates that no work should be commenced on land which has not been duly made over by the responsible civil officer.

The State Government issued (October 2009) administrative and financial sanction for the works of revitalisation of Ajmeri Gate in Jaipur city under

46. M/s Chhote Lal Vrendra Kumar Jain, Jaipur

Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for ₹ 3.44 crore⁴⁷. Subsequently, the M Corp, Jaipur issued (October 2009) work order to contractor 'A'⁴⁸ with stipulated dates of commencement and completion as 5 October 2009 and 4 October 2010 respectively.

Scrutiny of the records of the M Corp, Jaipur (April 2015) for the period 2013-14 revealed that contractor 'A' did not maintain pro-rata progress of the work as complete lay out was not provided to the contractor against the work order amount of ₹ 3.44 crore. However, contractor 'A' merely executed work of ₹ 0.63 crore⁴⁹ against which payment was made (November 2010) through first running account bill. Subsequently, contractor 'A' left the work incomplete after a period of more than two years. The contractor 'A' was asked (March 2013) to execute remaining the works and granted provisional time extension upto 30 November 2013, but he refused to execute the work (April 2013).

It was further, noticed that period of JNNURM mission was likely to expire in March 2014 and M Corp, Jaipur was in haste to utilise the funds received from Government of India under JNNURM. Further, part of the work (i.e. heritage works) was handed over to another agency⁵⁰. Revised estimates of ₹ 2 crore⁵¹ for execution of left over works and new works were approved (March 2013) by Local Self Government Department.

Ultimately after inviting short term tender (May 2013), State Government approved (September 2013) revised work estimates of ₹ 3.98 crore for execution of left over works and new works⁵². The M Corp, Jaipur allotted (October 2013) the work to contractor 'B' at a cost of ₹ 3.35 crore⁵³ (67.51 per cent above G-schedule of ₹ 2 crore) without rescinding the contract agreement of previous contractor 'A' with the stipulated dates for commencement and completion of revised works were 4 October 2013 and 3 June 2014 respectively. As per second Running Account Bill (November 2014), contractor 'B' executed work of ₹ 1.37 crore⁵⁴ as of May 2014 and execution of remaining works was not possible as works on the proposed work sites were already executed by Jaipur Development Authority (JDA). This indicates that distinguish areas were not bifurcated and there was lack of co-ordination among the agencies viz. JDA and M Corp.

Thus, before taking up the works availability of land was not ensured on both the occasions which not only resulted in works remaining start-up despite

47. Civil works: ₹ 0.95 crore (at 32 per cent above G-schedule), road works: ₹ 2.08 crore (at 42 per cent above G-schedule), heritage works: ₹ 0.26 crore (at 25 per cent above G-schedule) and non-BSR item: ₹ 0.15 crore

48. M/s Kaviraj Constructions

49. Civil works: ₹ 0.14 crore and Road works: ₹ 0.49 crore

50. Amer Development & Management Authority

51. Civil works: ₹ 60.95 lakh, road works: ₹ 138.90 lakh and non-BSR item: ₹ 0.30 lakh (say ₹ 2 crore)

52. Cement Concrete road in Indira Bazar and Nehru Bazar

53. M/s Padmawati Enterprises - civil works: ₹ 102.10 lakh, road works: ₹ 232.67 lakh and non-BSR item: ₹ 0.45 lakh (say ₹ 3.35 crore)

54. G-Schedule work of ₹ 0.82 crore plus Tender Premium 67.51 per cent (i.e. ₹ 0.55 crore) = ₹ 1.37 crore

incurring expenditure of ₹ 2 crore and lapse of 42 months for schedule date of completion and change of contractor in resulting an extra expenditure of ₹ 0.29 crore⁵⁵.

On being pointed out (April 2015), Executive Engineer, M Corp, Jaipur stated (June 2015) that due to dispute on execution of works, a high level committee consisting members of Superintending Engineer, Executive Engineer and Assistant Accounts Officer has been constituted (August 2013) to ascertain the reasons for delay, the report thereof was still awaited (June 2015). However, the fact remains that allotment of works without due observance of availability of land/site as per provisions of PWF&AR, lack of co-ordination among the agencies viz. JDA and M Corp resulted in avoidable extra expenditure of ₹ 0.29 crore on execution of works and non-achievement of intended objective of even after lapse of more than five years.

The matter was referred (October 2015) to the State Government, reply awaited (February 2016).

4.8 Imprudent decision led to procurement of fodder on higher rates

Imprudent decision of Municipal Corporation, Jaipur by giving supply offer to non-participating firm with retrospective effect instead of inviting fresh tenders for procurement of fodder, resulted in avoidable extra expenditure of ₹ 0.34 crore

Rule 73(2) of the Rajasthan Transparency in Public Procurement Rules (RTPPR), 2013 provides that repeat orders for extra items or additional quantities may be placed, if it is provided in the bidding documents, on the rates and conditions given in the contract if the original order was given after inviting open competitive bids. The limit of repeat order shall be (a) 50 per cent of the quantity of the individual items and 50 per cent of the value of original contract in case of works, and (b) 50 per cent of the value of goods or services of the original contract.

Clause 10 of the 'Special Conditions for the Contract' annexed with Notice Inviting Tenders of Municipal Corporation (M Corp), Jaipur specified that instead of executing agreement for fodder supply with single firm, a panel of three or more tendering firms which agree to supply fodder at minimum rates shall be prepared.

Test check (March 2015) of the records related to Hingonia Gou-shala of M Corp, Jaipur for the period 2013-14 revealed that M Corp, Jaipur invited (November 2011) tender for supply of fodder for the year 2012-13. Seven firms participated in the tender process (29 December 2011). Firm 'A'⁵⁶ quoted the lowest rates and none of the remaining six tenderers agreed to

55. G-Schedule work ₹ 0.82 crore x 35.51 per cent = ₹ 0.29 crore

56. M/s Ravi Service, Jaipur

supply fodder at this rate. Hence, M Corp, Jaipur refunded the earnest money of remaining six tenderers.

Municipal Corporation, Jaipur finalised tender in favour of firm 'A' and issued order (7 February 2012) for supply of of *Khakhla* at ₹ 497 per quintal and *Kutti* at ₹ 595 per quintal for the period 2012-13 (7 February 2012 to 6 February 2013). Firm 'A' supplied fodder amounting to ₹ 2.90 crore for the period 7 February 2012 to 6 February 2013.

Meanwhile, the M Corp, Jaipur gave counter offer (26 December 2012) to another firm 'B'⁵⁷ for supply of fodder at approved rates (*Khakhla* at ₹ 497 per quintal and *Kutti* at ₹ 595 per quintal) of firm 'A' inspite of the fact that M Corp, Jaipur during the process of finalising the tender had already refused (20 December 2011) to accept the offer given by firm 'B' as it submitted the tender after the expiry of time of receipt of tenders. M Corp, Jaipur instead of initiating action for inviting fresh tenders or to extend the term of agreement of firm 'A' in terms of Rule 73(2) *ibid.* executed (22 February 2013) agreement with firm 'B' with retrospective effect i.e. for the period from 7 February 2012 to 6 February 2013 extendable for further period with the consent of parties concerned.

There was no justification for executing an agreement with firm 'B' and that also for a period which had already expired. Further, the M Corp, Jaipur extended the validity period of the contract upto May 2013 (upto the off season of fodder in the market) at their own without obtaining consent of firm 'B'.

Scrutiny by Audit further revealed that Firm 'B' started the supply of *Khakhla* and *Kutti* from 6 February 2013. It continued the supply at original rates upto 26 April 2013. Subsequently it refused to supply *Khakhla* at the contractual rates due to abnormal increase in rates and offered an increased rate of ₹ 735 per quintal. To consider this offer M Corp, Jaipur constituted (17 June 2013) a committee to conduct a survey (27 June 2013) for establishing market rates for *Khakhla*. The Committee recommended (20 January 2014) the rates of ₹ 730 per quintal for purchase of *Khakhla*. So, the M Corp, Jaipur purchased (between 1 June 2013 to 25 July 2013) 14,476.85 quintal *Khakhla* at rate of ₹ 730 per quintal and paid (upto September 2014) ₹ 1.06 crore to firm 'B', which was not in order as the contractual rate was ₹ 497 per quintal. This resulted in extra expenditure of ₹ 0.34 crore (calculated at the rate of ₹ 233 per quintal i.e. difference of ₹ 730 per quintal and ₹ 497 per quintal) on procurement of fodder because fresh tenders were not invited.

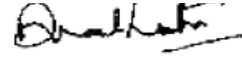
Municipal Corporation, Jaipur accepted the facts and stated (April 2015) that fresh tenders could not be invited in time for the year 2013-14 due to delay in new tender process and therefore, supply order was given to firm 'B'.

Reply is not convincing as the M Corp, Jaipur neither initiated timely action to invite fresh tenders for procurement of fodder for the year 2013-14 nor extended the existing agreement with firm 'A'. Further, an

57. M/s Dipendra Saini

agreement executed with firm 'B', whose offer was initially rejected and later supply from which was taken at higher rates, was not in order.

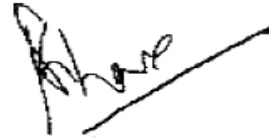
The matter was referred (October 2015) to the State Government; reply awaited (February 2016).



JAIPUR,
The 17 May 2016

(DIVYA MALHOTRA)
Principal Accountant General
(General and Social Sector Audit), Rajasthan

Countersigned



NEW DELHI,
The 18 May 2016

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India