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## CHAPTER – VI

### Implementation of Schemes

#### (1) MUNICIPAL CORPORATION, PATNA

##### **6.1 Misutilisation of grant of Rs. 7.11 crores of 11th Finance Commission.**

The Corporation received Rs. 19.28 crore from the State Government during 2002-03 (Rs.16.91 crore) and 2003-04 (Rs. 2.37 crore) under the recommendation of 11th Finance Commission. Out of Rs. 19.28 crore, the Corporation transferred Rs. 12.17 crore to the Patna Water Board and balance of Rs. 7.11 crore (Rs.

4.74 crore received in March 2003 and Rs. 2.37 crore received in March 2004) was retained for utilization.

Rs. 7.11 crore received in March 2003 and March 2004 was to be utilized for providing civic amenities like supply of pure drinking water, construction of roads and drainage, construction

of public latrines, disposal of solid waste, construction of Community Hall, Park, Bus stand, establishment of computer cell and other civic services. The corporation was required to prepare separate account in double entry system and to send a list inadmissible items of schemes to the State Govt. for prior approval, which were to be executed within three months. For the receipt of grant the Corporation rendered (April-2005) utilisation certificate to the State Government, which included expenditure on inadmissible items amounting to Rs. 7.11 crore.

Grant of Rs. 7.11 crore was spent on inadmissible items
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P.M.C did not prepare separate account of the grant and no scheme register was maintained. Following points were noticed in utilisation of this grant.

- (i) Proposal for implementation of 492 schemes costing Rs. 4.19 crore was sent to the State Govt. for approval which were approved between May 2003 and December 2004. No schemes for the balance grant of Rs. 2.92 crore were proposed.
- (ii) Out of Rs. 4.19 crore, Rs. 2.82 crore pertained to 202 schemes approved in June 2004 but at the time of execution the corporation authorities noticed that in 32 schemes of Rs. 43.11 lakh the work was already done out of District fund/M.P fund etc. Further, the corporation on its own approved 24 new schemes of Rs. 40.87 lakh. Thus the Government approval was for 460 (492-32) schemes at a cost of Rs. 3.76 crore (4.19 crore - 43.11 lakh) for 460 schemes, Against Government approval of Rs. 3.76 crore for 460 schemes the corporation took up 488 schemes at a cost of Rs.4.32 crore vide details below-

Sl. No.	Particulars of work	No. of works	Estimated amount (Rs. in Lakh)	Progress of work	expenditure incurred upto 31.03.06 (Rs. in lakh)
1	Construction/ repairing of drain, road etc.	177	258.89	In progress	214.13
2	Street light	21	23.85	Do	17.79
3	Sinking of Hand Pumps	285	119.60	do	69.44
4	construction of U.G. drains	5	30.07	complete	29.61
		488	432.41		330.97

Works of Sl. No. 1 was taken up departmentally and Sl. No. 2 to 4 was taken up through contractor. From above table it would appear that even after incurring expenditure of Rs. 3.01 crore (Sl. No. 1 to 3) works are still incomplete for which no reasons were assigned to audit. Thus, benefit of Rs.3.01 crore has not yet reached public.

The corporation did not make available required documents showing due date of completion and actual progress of work.

- (iii) As per terms and conditions of grant no expenditure was to be incurred on the purchase of fuel, but the corporation spent Rs. 3.42 crore irregularly over purchase of fuel.
- (iv) Beyond the provision of guidelines of 11th Finance Commission the Corporation incurred expenditure of Rs. 12.69 lakh on repair of machines.

### **6.2 Ineffective execution of schemes of Rs. 54.03 lakh**

As per order of the Honorable Patna High Court in writ petition no. 4460/90, the State Government sanctioned (March 2002) four schemes of Rs. 54.03 lakh for removal of water logging from the campus of Archaeological survey of India, Kumhrar and released Rs. 51.00 lakh (grant of Rs. 30.50 lakh in March 2002 and interest free loan of Rs. 20.50 lakh in March 2003) to the corporation.

Works remained incomplete after incurring expenditure of Rs. 44.60 lakh

Out of the said amount, the corporation took up three schemes for construction of drains and one scheme for construction of Sump House with electric motors at a total estimated cost of Rs. 54.03 lakh.

On scrutiny of payment vouchers and scheme files it was noticed that even after incurring expenditure of Rs.44.60 lakh (Appendix-XXVII) works were incomplete (Jan, 06) for which no reasons were assigned.

Further, work orders, agreements, materials at site account, measurement books in support of work done and muster rolls of construction of sump house (done departmentally) were not made available to audit in absence of which actual status of works could not be ascertained.

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### **6.3 Unfruitful Expenditure of Rs. 28.72 lakh under National Slum Development Programme**

A model bustee of 58 one bed room set units to be constructed in slum area at Yarpur Domkhana for sweepers and weaker sections at an estimated cost of Rs. 65.11 lakh was sanctioned by the Govt. (January 2000). The building comprised three floors- 22 sets in each of the ground and first floor and 14 sets in second floor. In order to clear the site for construction, the occupants of land were shifted to Karbigahia by paying assistance of Rs. 1000 to each family.

For the said purpose HUDCO sanctioned grant in aid of Rs. 35.00 lakh against which it released only 1st instalment of Rs. 8.73 lakh in March 2000 and rest amount was not released on the ground that the corporation did not repay instalments of loan of Rs. 67.19 lakh taken for construction of other commercial complex. The State Govt. sanctioned (March 1999) a grant of Rs. 30.11 lakh which was released (Jan 2001) under National Slum Development Programme.

The work was started by the contractor (Sept 2000) under the supervision of the Chief Engineer Main structure of the building was completed and Rs. 28.72 lakh was paid to the contractor between Sept 2000 and June 2001. Further payment, if any, after June 2001 was not ascertainable due to non-availability of cashbook. The work was abandoned due to paucity of fund as HUDCO refused to release further instalments of grant in aid. Remaining works of campus development, electrification, water supply, furniture & fixture etc. were not done. The Chief Engineer of the corporation reported (Sept 2004) that the incomplete structure of the building was damaged and it had been occupied by some unauthorized elements.

Works were abandoned after incurring expenditure of Rs. 28.72 lakh
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Thus without foreseeing and ensuring availability of fund the corporation started execution of the work which was abandoned midway. This resulted in wasteful expenditure of Rs. 28.72 lakh besides denial of intended benefit of shelter facilities to the people of slum areas.

### **6.4 Creation of an extra liability of Rs. 4.30 crore due to incomplete Construction of Commercial Complex.**

Plan and estimate of Rs. 6.08 crore for construction of commercial complex at Arya Kumar Road (Ward No. 17) was sanctioned (March 1998) by the State Government. On the guarantee of the State Government, the HUDCO sanctioned (March 1999) loans of Rs. 2.92 crore to PMC and agreement of loan was executed (March 1999). The remaining cost of construction of Rs. 3.16 crore was to be generated by leasing out of the proposed shops/conference hall/professional chambers. Against the sanctioned amount of Rs. 2.92 crore HUDCO released total loan of Rs. 1.73 crore in three instalments. The work was allotted to M/S Hindustan Steel Construction Limited, Patna (HSCL) and agreement was executed in April 1999. The work was to be completed within two years from the date of agreement. HUDCO did not release further instalment of balance loan of Rs. 1.19 crore as the PMC failed to repay the quarterly instalments of loan and interests in time as per agreement. The PMC also failed to generate its

Due to non-payment of loan to HUDCO and HSCL in time extra liability of Rs. 4.30 crore was created
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resources to meet the balance cost of construction of Rs. 3.16 crore. The work was ultimately stopped (October 2001) due to paucity of fund. The corporation incurred expenditure of Rs. 2.10 crore (Payment to HSCL Rs. 1.78 crore, Architect fee Rs. 14.98 lakh and Registration fee Rs. 17.44 lakh) on construction work and Rs. 19.10 lakh was paid to HUDCO as repayment of loan and interest. Thus, total expenditure of Rs. 2.10 crore became fruitless as work remained abandoned.

Further, outstanding claims of Rs. 4.30 crore (Rs. 28.50 lakh to M/S HSCL and Rs. 4.02 crore to HUDCO for repayment of loan and interest as of September 2005) could not be paid by the PMC (January 2006) which created an extra liability to the PMC.

### **6.5 Blocking of grant of Rs.2.51 crore.**

- i) The Municipal Corporation, Patna received (April 2004) grant of Rs. 27.50 lakh under NSDP for implementation of development programmes in slum area. However, no plans and estimates were framed to utilise the grant. The State Govt. did not release the grant for the year 2005-06, as the corporation failed to utilize the funds released previously.

<b>Grant of Rs. 27.50 lakh released under NSDP not utilised</b>
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Thus, the grant of Rs. 27.50 lakh remained blocked and people of slum area were deprived of the benefit of the schemes under NSDP.

- ii) PMC received (March 2003) the state development grant of Rs. 74.74 lakh for execution of five schemes. (a) Repairing of crematorium at Banskhat (Rs. 15.62 lakh), (b) Repairing of crematorium at Gulbighat (Rs.8.06 lakh), (c) Cleaning of big Nala (Rs. 40.00 lakh) (d) Purchase of insecticide (Rs. 5.00 lakh) and (e) Repairing of Nala (Rs. 6.06 lakh). Separate account of the grant was to be maintained. But separate account was not maintained and the corporation rendered (Nov. 2004), utilisation certificate of Rs. 53.30 lakh. Due to non-maintenance of grant register and work register utilisation of Rs. 53.30 lakh could not be verified. Even the payment vouchers were not made available to audit. Unspent grant of Rs. 21.43 lakh was neither utilized nor refunded to the Government, which remained blocked for more than three years as of March 2006.

- (iii) The State Government released Rs. 96.46 in lakh March, 2003 as interest free loan for installation of Computers in Patna Municipal Corporation. This amount was transferred by the corporation (May 2003) to Patna Regional Development Authority. The PRDA neither utilised the amount nor refunded the same to the corporation. Thus, scheme for installation of Computers in PMC is yet to be implemented and as such purpose of Government loan has been defeated.

<b>State Development Grant of Rs. 21.43 lakh released specific purposes was not utilised</b>
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- (iv) Rs. 1.06 crore was received by the corporation from the State Government under Development Grant during 2003-04. The amount was transferred to Bihar Rajya Jal Parishad (BRJP), Patna in May 2003. The purpose for which the grant was given was not spelt out in the sanction. BRJP treated this amount as untied fund and out of Rs. 1.06 crore, Rs. 70.00 lakh was invested in fixed Deposit which is

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still lying in fixed deposit of BRJP. Thus, Government grant of Rs. 1.06 crore was blocked.