



सत्यमेव जयते

**TECHNICAL INSPECTION REPORT
OF THE ACCOUNTANT GENERAL
ON THE
PANCHAYATI RAJ INSTITUTIONS
AND URBAN LOCAL BODIES
FOR THE YEAR
ENDED 31 MARCH 2006**

GOVERNMENT OF GUJARAT

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PREFACE

This Report has been prepared for presentation to the Government of Gujarat in accordance with the entrustment for Technical Guidance/Supervision and Test Audit under Section 20(1) of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This is the first Report prepared on the performance of Panchayati Raj Institutions and Urban Local Bodies in Gujarat.

Part-A of this Report contains observations on Panchayati Raj Institutions and Part-B contains observations on Urban Local Bodies.

The cases mentioned in this Report are among those which came to notice during the course of test audit of accounts during the year 2005-06; matters relating to the period subsequent to 2005-06 have also been included wherever necessary.

OVERVIEW

OVERVIEW

This Report contains two parts; Part A deals with results of test audit of Panchayati Raj Institutions and Part B deals with Urban Local Bodies

PART A : PANCHAYATI RAJ INSTITUTIONS

In District Panchayat, Rajkot 76 schools did not complete construction of compound wall resulting in expenditure of Rs.27.36 lakh remaining unfruitful.

(Paragraph 2.2.1)

Two cases of idle investment were noticed amounting to Rs.2.13 crore, of which there was a case of purchase of computers amounting to Rs.1.96 crore under E-Governance Programme.

(Paragraphs 2.3.1 and 2.3.2)

Overpayments aggregating to Rs.75.09 lakh were noticed due to non restriction of encashment of half-pay leave to vacation staff in excess of 150 days.

(Paragraph 2.4.1)

PART B : URBAN LOCAL BODIES

Urban Local Bodies have maintained accounts on 'receipts and payments' basis only. There was unreconciled difference of Rs.38.17 lakh in accounts of Gondal Municipality. Rajkot Municipal Corporation had not carried out Bank reconciliation in respect of any of their accounts. Vadodara Municipal Corporation had dishonoured cheques amounting to Rs.59.79 lakh; but the amounts were not written back in the accounts. Dhrangadhra Municipality received financial assistance of Rs.2.44 crore under Centrally sponsored National Slum Development Programme; but Rs.1.77 crore remained blocked in Savings Bank account. In case of five Urban Local Bodies arrears of property tax amounting to Rs.54.64 crore were pending collection.

(Paragraph 1.6)

Rajkot Municipal Corporation granted octroi exemption to two private telecom companies, but discriminated against Government sector BSNL and collected Rs.72.50 lakh towards octroi.

(Paragraph 2.2)

Rajkot Municipal Corporation paid Rs.75 lakh outside the scope of agreement to the agency constructed underpass at Mahila College Chowk.

(Paragraph 3.1.1)

Eight cases of unfruitful expenditure aggregating to Rs.3.73 crore were noticed, of which there was a case of excess consumption of mix material for road works amounting to Rs.1.27 crore in Rajkot Municipal Corporation.

(Paragraphs 3.2.1 to 3.2.8)

Non disposal of shopping complex resulted in idle investment of Rs.1.65 crore at Dhrangadhra Municipality.

(Paragraph 3.3.1)

A fire station got constructed by Gondal Municipality at Rs.25.58 lakh remained idle.

(Paragraph 3.3.3)

Morbi Municipality appointed staff in excess of sanctioned strength resulting in excess expenditure of Rs.1.01 crore

(Paragraph 3.4.1)

PART A
PANCHAYATI RAJ INSTITUTIONS

CHAPTER I

AN OVERVIEW OF FINANCE AND ACCOUNTS OF PANCHAYATI RAJ INSTITUTIONS

PART A PANCHAYATI RAJ INSTITUTIONS

CHAPTER I

AN OVERVIEW OF FINANCE AND ACCOUNTS OF PANCHAYATI RAJ INSTITUTIONS

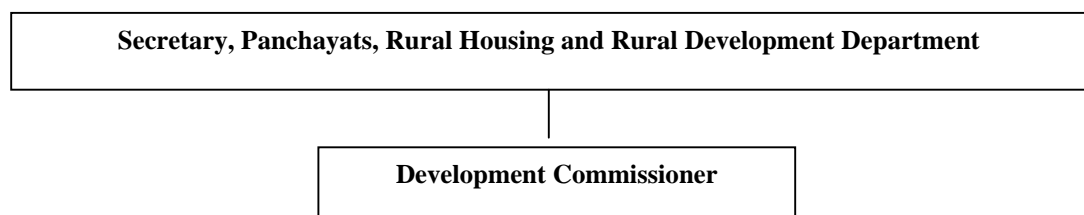
1.1 Background

Panchayati Raj Institutions (PRIs) came into existence in Gujarat from April 1963 under the Gujarat Panchayat Act, 1961. This was amended (April 1993) in keeping with the 73rd Constitutional Amendment Act, 1992. The Act envisages decentralization of powers to have three tier Rural Self Governing Bodies, viz., Village Panchayats, Taluka Panchayats and District Panchayats.

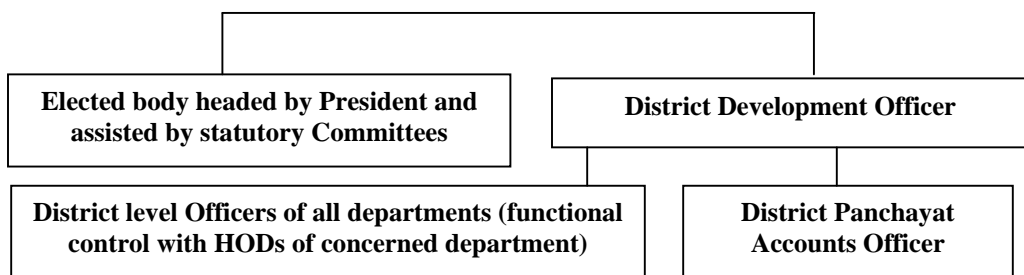
1.2 Organisational set up

There are 25 District Panchayats, 224 Taluka Panchayats and 13,788 Village Panchayats in the State. An organogram showing the organisational set up of PRIs is given below –

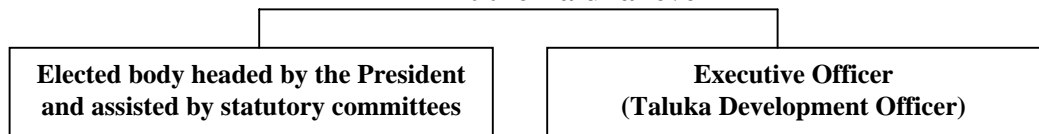
At the State level



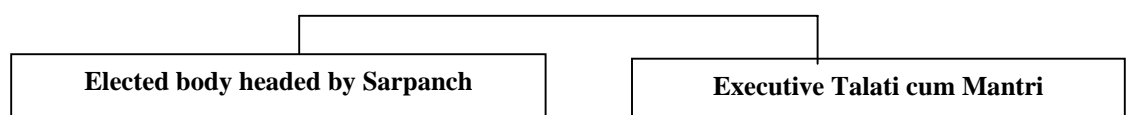
At the District level



At the Taluka level



At Village level



1.3 Powers and Functions

Panchayati Raj Institutions were to carry out the responsibilities conferred upon them under the Gujarat Panchayat Act, 1961. These include water supply and drainage, roads (with allied constructions), lighting of public places, health-care, education, relief activities, low cost dwellings for socially backward classes, etc.

1.4 Devolution of functions

The heads of each department at district level carry out their functions under the functional control of the Heads of Departments of concerned departments.

Twenty-nine functions are devolved under 11th Schedule of the Constitution. Of the above, 14 functions¹ are fully devolved. Out of the remaining, five functions² are partially devolved; while 10³ are yet to be devolved.

Revenues for the PRIs are raised from the following sources

- Tax and non-Tax revenues
- Funds allotted by State Government
- Central Finance Commission grants
- State Finance Commission grants

Total grants received from Government during 2003-06 by PRIs are as under –

(Rupees in crore)

Sl. No.	Description	Amount of grants received		
		2003-04	2004-05	2005-06
1	General Administration & Statistics	90.97	147.44	NA
2	Agricultural & Animal Husbandry	209.20	300.55	NA
3	Social Sector, Scarcity & Flood	293.48	179.27	NA
4	R&B, Irrigation and PWD	421.78	430.61	NA
5	Medical & Health	267.47	285.81	NA
6	Miscellaneous	1692.82	1783.50	NA
	Total	2975.72	3127.18	

The Tax and non-Tax revenues realised by the PRIs are negligible with reference to the total expenditure. The State/Central funds are received through concerned Heads of the Departments.

¹ (i) Agriculture, including agricultural extension (ii) Minor irrigation; (iii) Animal Husbandry; (iv) Rural housing; (v) Drinking water-water distribution; (vi) Roads, culverts, bridges, ferries, waterways; (vii) Fuel (Energy) and fodder; (viii) Minor forest projects; (ix) Poverty alleviation programmes; (x) Fair and markets; (xi) Health and sanitation, including PHCs dispensaries; (xii) Family Welfare; (xiii) Women and Child Development; (xiv) Welfare of Weaker Sections in particular of the SC and ST

² (i) Primary and Secondary Education-Primary; (ii) Adult and non-formal education; (iii) Cultural activities; (iv) Social Welfare, including welfare of handicapped and mentally retarded; (v) Maintenance of community assets

³ (i) Land improvement, implementation of Land Reforms; (ii) Fisheries; (iii) Social Forestry and Farm Forestry; (iv) Small scale industry; (v) Khadi, village and cottage industries; (vi) Rural electrification including distribution of electricity; (vii) Non-conventional source of energy; (viii) Technical training and vocational education; (ix) Libraries; (x) Public distribution system

1.5 Audit arrangements

Director of Local Fund Audit is the primary auditor of the PRIs. The Comptroller and Auditor General of India (C&AG) audits these institutions under Section 14(1) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971.

1.6 Technical Guidance and Supervision over the audit

Eleventh Finance Commission recommended that the C&AG shall exercise such control and supervision over the maintenance of the accounts and audit of the PRIs.

Government entrusted (June 2005) the technical guidance and supervision (TGS) over the audit of PRIs to the Comptroller and Auditor General of India under Section 20(1) of the CAG's (DPC) Act, 1971.

The details of accounts and finance are available in a centralised manner.

The new formats (Serial Nos. 1 to 5) for Budget and Accounts for PRIs prescribed by the C&AG have been accepted by the Government (September 2004); however, these were not implemented (March 2007). As for other formats (Serial Nos. 6 to 8), the matter is still under consideration of the Finance Department, Government of Gujarat (July 2007).

1.7 Release of funds on the recommendations of Finance Commission

During 2000-05, Rs.348.05 crore were released on the recommendations of the Eleventh Finance Commission, which were in turn allotted to PRIs. However, the State Government has not yet furnished utilisation certificates to the Union Government.

CHAPTER II
AUDIT OF TRANSACTIONS

CHAPTER II

AUDIT OF TRANSACTIONS

2.1 Undue favour to contractors

DISTRICT PANCHAYAT, RAJKOT

2.1.1 Non inclusion of standard terms in the agreement

Non inclusion of conditions for guarantee and defect liability resulted in unauthorised financial aid of Rs.32.05 lakh to the contractors

As per standard terms of agreement, in cases of road construction where carpet thickness is more than 25 mm, five *per cent* of each running account bill is to be withheld and kept as a guarantee for five years from the date of completion. During the five years period, if the roughness index of bituminous treated surface was poorer than 4000 mm/km, the contractor had to carry out fresh seal coat as per tender item as decided by the Engineer in charge.

The standard terms of agreement further provides that 10 *per cent* of payment pertaining to bituminous work is to be recovered from the contractors bill towards defect liability and held with the department till miscellaneous items like earthwork, embankment, cutting of side shoulders, side gutters, kilometer/hectometer indicator, guard stone, sign board, etc. are completed by the contractor.

A test check of the records of Executive Engineer, Panchayat Roads and Buildings Division, Rajkot revealed that these standard clauses were not included in respect of the agreements executed with various contractors for road works. The Executive Engineer therefore, could not recover Rs.32.05 lakh¹ from the contractors, which resulted in unauthorized financial aid to the contractors.

2.2 Avoidable/Excess/Unfruitful Expenditure

District Panchayat, Rajkot

2.2.1 Unfruitful expenditure on construction of compound wall

Construction of compound wall without enclosing all the sides resulted in unfruitful expenditure of Rs.27.36 lakh

Under the National Education Policy, 1986, basic amenities like drinking water, toilets, compound wall, electrification, etc. are to be provided to every school.

¹ Rs.5.37 lakh towards guarantee in respect of five works and Rs.26.68 lakh towards defect liability in respect of 13 works

District Primary Education Officer (DPEO), District Panchayat, Rajkot sanctioned (2004-05) Rs.43.56 lakh for construction of compound wall in 122 schools. The construction works were to be completed by March 2005. As per sanction, Rs.36,000 was provided to each school; any amount required in excess of the sanction was to be met out from popular contribution² or from contribution from trusts.

Scrutiny of the records revealed that though all the 122 schools had constructed (2004-05) compound walls, only 46 schools could cover-up the school premises from all the sides; rest 76 schools left the work incomplete, after incurring expenditure of funds made available. Popular contribution was not received by these schools; DPEO had not made any effort to raise popular contribution. Thus, an amount of Rs.27.36 lakh on construction of compound wall in 76 schools could not derive any fruitful result.

District Primary Education Officer stated that requisite funds will be asked for from Government; on its receipt, action will be taken for construction of compound wall for the portion left uncovered. The reply of the DPEO is not tenable as the construction of compound wall was to be completed covering all the sides by raising popular contribution or contribution from trusts for which efforts were not made.

2.3 Idle Investment

DISTRICT PANCHAYATS, GANDHINAGAR AND RAJKOT

2.3.1 Idle investment on purchase of duplicating machines

Unjustified purchase of duplicating machines by District Primary Education Officers of Gandhinagar and Rajkot resulted in idle investment of Rs.17.38 lakh

In order to cope up with the changes in National Education Policy, Training Centres were opened to impart training on changing trend in education to teachers who were to meet frequently at these centres to discuss about modern trends in education and improvement in present education system. Government sanctioned (2003-06) funds at the rate of Rs.20,000 per centre for purchase of duplicating machines, being one of the minimum requirements.

Scrutiny of records of District Primary Education Officer (DPEO), Gandhinagar and Rajkot revealed that the Centres in these districts were provided with 16 and 71 duplicating machines respectively at a total cost of Rs.17.38 lakh. However, these machines were not used since their purchase.

District Primary Education Officer, Gandhinagar stated that duplicating machines were of no use and he accordingly informed (January 2005) the Director of Primary Education.

District Primary Education Officer, Rajkot stated that cost of photo-copies was cheaper compared to the cost involved for duplicating machines. He has also

² Voluntary contribution collected from beneficiaries and trusts

added that funds for stationery/ink, etc. were not provided and hence the machines could not be used.

The replies of the DPEOs are not justified as utility/cost effectiveness of the machines could have been ascertained before the purchase of the machines. Thus, failure of DPEOs to ascertain the utility of the duplicating machines resulted in idle investment of Rs.17.38 lakh.

DISTRICT PANCHAYAT, RAJKOT

2.3.2 Idle investment on purchase of computers

Computers purchased at a cost of Rs.1.96 crore were not used resulting in idle investment

E-Gram project of the Government provides for connecting all Gram-Panchayats with district headquarters and other places. The project provides for on-line issue of forms relating to land records, caste, domicile, agriculture/non-agriculture, birth/death, income certificates.

Under the project, Government provided 419 computers in Rajkot district during 2003-06 aggregately costing Rs.1.96 crore. The District Panchayat invited applications (September 2006) to fill up the posts of Data Entry Operators; however, as of March 2007 only 148 could be filled up resulting in under utilisation of the facility created. Delay in creation of posts of DEOs commensurate with the size of the facility created resulted in idle investment of Rs.1.96 crore.

District Panchayat, Rajkot stated that they have invited applications (September 2006) for filling up the posts of Data Entry Operators. The reply is not justifiable as large number of computers were lying idle for periods ranging from one to three years; besides, the purpose of e-Gram project was defeated.

2.4 Overpayment

DIFFERENT DISTRICT PANCHAYATS

2.4.1 Overpayment of leave salary to teachers

Non restriction of encashment of Half-Pay Leave to vocational staff in excess of 150 days resulted in overpayment of Rs.75.09 lakh

Rule 65(4) of Gujarat Civil Services (Leave) Rules, 2002 provides that a Government employee, who worked in a vacation department will be entitled to encash Earned Leave (EL) at his credit, subject to a maximum 300 days, on his retirement on attaining the age of superannuation, etc. The Rule further provides that if the EL at the credit of such a Government employee is less than 300 days, half of the Half-Pay Leave (HPL) earned by him for the period of vacation, limited to 150 days, shall be added so as to make the total of 300 days.

Scrutiny of records of District Primary Education Officers (DPEOs) of ten districts revealed that teachers, being Government servants of vacation department, were paid leave encashment on superannuation, etc. of the maximum admissible 300 days (2003-06) without restricting the HPL to 150 days; this resulted in overpayment of Rs.75.08 lakh as under –

(Rupees in lakh)

Sl. No.	District	Period	Number of teachers	Amount of excess payment
1	Ahmedabad	2004-05	5	1.74
2	Anand	2004-05	5	2.07
3	Bhavnagar	2004-05	12	5.15
4	Dahod	2004-05	6	1.77
5	Kheda	2003-06	138	48.75
6	Mehsana	2004-05	8	3.14
7	Rajkot	2004-05	15	7.38
8	Sabarkantha	2004-05	8	3.06
9	Surat	2004-05	1	0.58
10	Vadodara	2004-05	5	1.44
	Total		203	75.08

When pointed out, the DPEOs stated that Government Resolution (March 1991) allowed encashment of leave of 240 days, which was increased to 300 days (July 1999); but no limitation of commutation of HPL was mentioned. The contention of the DPEOs was not correct, as Para 4 of the GR (March 1991) states that only 120 days (subsequently enhanced to 150 days in GR of July 1999) HPL could be added for encashment.

2.5 Regulatory issues and other points

DISTRICT PANCHAYAT, SABARKANTHA

2.5.1 Irregular retention of employees' contribution for earthquake relief

District Development Officer retained employees contribution for relief and rehabilitation of earthquake victims

Several parts of Gujarat State were rocked by a high intensity earthquake on 26 January 2001, which resulted in massive destruction of life and property. In order to extend a helping hand for the relief and rehabilitation of the affected people, employees of the State Government contributed one day's salary to the Chief Minister's Relief Fund.

Accordingly, employees working under the District Panchayat, Sabarkantha contributed Rs.25.07 lakh to the Chief Minister's Relief Fund for this noble purpose. However, the District Development Officer (DDO) did not credit the amount to the Fund and retained it with the Panchayat Fund. After this was pointed out, the DDO credited the amount on 25 August 2006, i.e., after almost six years of the calamity.

Omission of the DDO in not crediting the amount to the Chief Minister's Relief Fund grossly defeated the purpose for which employees wholeheartedly contributed for this noble cause; besides denial of relief to the victims to that extent.

PART B

URBAN LOCAL BODIES

CHAPTER I

AN OVERVIEW

TO THE FINANCE AND ACCOUNTS

OF URBAN LOCAL BODIES

PART B – URBAN LOCAL BODIES

CHAPTER I

AN OVERVIEW TO THE FINANCE AND ACCOUNTS OF URBAN LOCAL BODIES

1.1 Background

Seventy-fourth amendment to the Constitution of India provides for creation of three-tier Urban Local Bodies (ULBs), viz. Nagar Panchayats for transitional area, Municipal Councils for small urban areas and Municipal Corporations for larger urban area. Each ULB is divided into number of wards, which is determined and notified by the State Government having regard to population, dwelling pattern, geographical condition and economic consideration of the area. Elected members/councilors/corporators represent each ward.

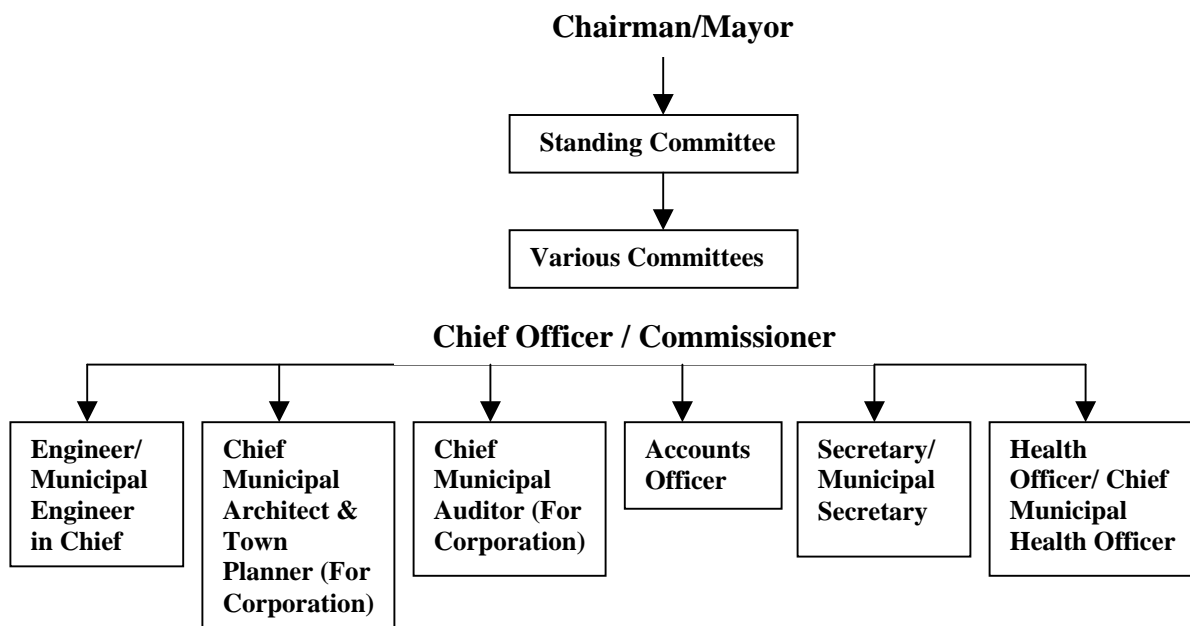
1.2 Organisational structure

There are seven Municipal Corporations, 130 Municipalities and 161 Nagar Panchayats in Gujarat. The Municipalities were constituted under the provisions of Gujarat Municipal Corporation Act, 1964 whereas the Municipal Corporations were constituted under Bombay Provisional Municipal Corporation Act, 1949.

Population of Gujarat is 5.07 crore (2001 census); of which 1.89 crore (37.36 per cent) resides in urban area

Urban Local Bodies (ULBs) consist of elected members from each ward; the Chairman/Mayor, elected by majority of Board of councilors/Corporators, is the executive head of the ULB and Chairman/Mayor-in-Council presides over the meeting. The executive powers of the ULB are exercised by the Council. The Chairman/Mayor enjoys such powers as is delegated by the Board.

Organisational structure of the ULBs is as shown in the following organogram –



Every ULB having a population of three lakh or more, groups the wards as directed by the Government. Standing Committee is constituted with members not more than 12 and not less than six with tenure of one year. The Councilors/Corporators of the respective wards are members of such Committee and elect the Chairman (not being Chairman/Mayor-in-Council) from among themselves. The Standing Committee discharges such functions, as the ULB requires to discharge.

Under the administrative control of the Board of Councilors/Corporators, the ULB creates its establishment headed by a Chief Officer/Commissioner. Other officers are appointed to discharge specific functions

1.3 Powers and functions

To function as an institution of self-Government and to carry out the responsibilities conferred upon them, the ULBs exercise their powers and functions in accordance with provisions of Article 243W (Schedule 12) of the Constitution of India. They include urban planning (including town planning), regulation of land use and construction of buildings, planning for economic and social development, roads and bridges, water supply (for domestic, industrial and commercial purposes), public health, sanitation, conservancy and solid waste management, fire services, urban forestry, protection of the environment and promotion of ecological aspects, safeguarding the interests of weaker sections of society (including the handicapped and mentally retarded), slum improvement and upgradation, urban poverty alleviation, provision of urban amenities and facilities (such as parks, gardens, playgrounds), promotion of cultural, educational and aesthetic aspects, burials and burial grounds; cremations, cremation grounds; and electric crematoriums, cattle ponds, prevention of cruelty to animals, vital statistics (including registration of births and deaths, public amenities (including street lighting, parking lots, bus stops and public conveniences), regulation of slaughter houses and tanneries, etc.

1.4 Funding of Urban Local Bodies

To achieve the above objectives, ULBs raises funds from taxes includes property tax, octroi, etc., Government financial assistance and loans from financial institutions; financial assistance received from Government during 2003-06 is as under –

(Rupees in crore)

Sl. No.	Description	Amount of grants received		
		2003-04	2004-05	2005-06
1	General Education	59.72	90.00	70.16
2	Housing	0.39	0.05	0.05
3	Urban Development	400.11	724.71	491.00
4	Social Security and Welfare	0.40	0.37	0.42
5	Roads & Buildings	0.69	0.65	0.60
6	Compensation to Urban Local Bodies	2.31	4.55	2.50
	Total	463.62	820.33	564.73

Sharp increase in increase in grants in 2004-05 was due to release of funds under Jawaharlal Nehru Urban Renewal Mission.

1.5 Annual Accounts

Eleventh Finance Commission (EFC) recommended that the Comptroller & Auditor General of India (C&AG) shall exercise control and supervision over the maintenance of the accounts and audit of the ULBs.

The annual accounts of the ULBs were being prepared on ‘receipts and payments’ basis without exhibiting the position of assets and liabilities. Further the Accrual Based Accounting System as suggested by C&AG is yet to be introduced. Data base on the finances of ULBs was yet to be developed in the format suggested by C&AG in August 2003, as recommended by EFC.

The new formats for Budget and Accounts for PRIs prescribed by the C&AG have been partially accepted by the Government (September 2004); however, these were not implemented (March 2007).

1.6 Irregularities in budgetary control and maintenance of accounts

Gondal Municipality did not exhibit accumulated liability of Rs.2.99 crore towards electricity charges in the current liabilities nor any provision made; there was an unreconciled difference of Rs.38.17 lakh in the Balance Sheet as on 31 March 2006. As against the closing cash balance of Rs.11,41,434.02 as on 31 March 2006, the physical balance certified was Rs.13,49,533.03; thus, there was shortage of Rs.2,08,099.01 as per books. Nature of shortage and action taken in the matter were not furnished.

Rajkot Municipal Corporation had not carried out reconciliation of bank balances with that of cash book in respect of any of their accounts. In absence of reconciliation, correctness of remittances and withdrawals as books of the Municipal Corporation could not be ensured. During 2003-06, Rs.12.06 crore were classified as ‘advances’ in the books of the Municipal Corporation; scrutiny revealed that of the above amount of Rs.7.77 crore pertains to purchases of stores of Public Works and Water Works. As per Budget/Estimate Books for 2004-05, the outstanding loan was Rs.49.13 crore, whereas the opening balance of 2005-06 was shown at Rs.50.46 crore; hence there was an unexplained difference of Rs.1.33 crore.

Vadodara Municipal Corporation had dishonored cheques amounting to Rs.59.79 lakh as on 31 March 2006, but the entries in the accounts were not written back; thus there was overstatement of the amount in the Revenue Account.

In order to ensure that credit/debit of the cheques deposited/drawn are given by the bank, periodical reconciliation of balance as shown in cash book vis-à-vis bank pass book is required to be carried out. However, in Bank Account No.5001, no reconciliation was done leading to an unreconciled difference of Rs.97.89 lakh between cash-book and pass-book.

A test check of vouchers (2004-05) of Gondal and Surendranagar Municipalities revealed that budget allotment and progressive expenditure there against were not recorded in the vouchers; in absence of which budget allotment *vis-à-vis* expenditure were not susceptible for verification. In Gondal Municipality, the procedure prescribed¹ for maintenance of Measurement Books was not followed.

In Rajkot Municipal Corporation, scrutiny of stock registers revealed that receipt and issue of material was not authenticated by the responsible officer. The Municipal Corporation had also not maintained any asset register of immovable properties nor was any physical verification ever found to be conducted.

Rajkot Municipal Corporation provided for Rs.22.73 crore as development expenditure on capital items in the budget for 2004-05, which was subsequently reduced to Rs.18.92 crore and actual expenditure was Rs.10.30 crore only. Thus 55 per cent of the budget expenditure was not actually incurred due to inflated and unrealistic budget and poor utilisation of funds.

Similarly, scrutiny of the budget on Capital for 2004-05 of Vadodara Municipal Corporation revealed that against the projected expenditure of Rs.197.51 crore, actual expenditure was Rs.57.72 crore (29 per cent) only.

Dhrangadhra Municipality received financial assistance of Rs.2.43 crore² (March 2004) from Government under Centrally sponsored National Slum Development Programme; but Rs.1.77 crore remained with the Saving Bank Account due to lack of interest in implementation.

Position of demand and collection of property tax during 2005-06 in some of the test checked Municipalities/Municipal Corporations were as under –

(Rupees in crore)

Urban Local Body	Arrear demands	Current demand	Total demand	Collections	Pending
Godhra	1.13	0.83	1.96	0.86	1.10
Gondal	0.73	0.79	1.52	0.89	0.63
Rajkot	1.60	0.90	2.50	1.13	1.37
Surendranagar	0.92	0.90	1.82	1.15	0.67
Vadodara	31.96	51.06	83.02	32.15	50.87
Total	36.34	54.48	90.82	36.18	54.64

1.7 Outstanding advances

Out of the advances paid to various officers by Rajkot Municipal Corporation to meet election expenditure during 2000-02 and November 2005, accounts for Rs.93.75 lakh were not submitted by the respective officers.

¹ Such as date of recording measurement, recording voucher number in the Measurement Book, checking of measurement by officer other than the officer recorded it, scoring out the entries in Measurement after payment, etc.

² Rs.1.70 crore loan and Rs.72.64 lakh grant

1.8 Audit arrangements

Director of Local Fund Audit is the primary Auditor of the Municipalities whereas in Municipal Corporations, this work is assigned to the Chief Auditor of the respective bodies.

In addition, Comptroller and Auditor General of India audits ULBs in the State as per the provisions of Section 14 of the C&AG's (DPCS) Act, 1971 as also the enactment of TGS under Section 20(1) of the Act.

1.9 Audit coverage

Accounts of 2005-06 of two Municipal Corporations (Rajkot and Vadodara) and seven Municipalities (Bhuj, Dhrangadhra, Godhra, Gondal, Mehsana, Morbi and Surendranagar) were test checked during August to October 2006.

1.10 Arrears of DLFA/Chief Auditor audit

Pre-audit is conducted in Rajkot and Vadodara Municipal Corporations by the respective Chief Auditors. DLFA completed audit upto 2003-04 at Bhuj, Godhra and upto 2004-05 at Dhrangadhra, Gondal and Mehsana Municipalities.

CHAPTER II

REVENUE REALISATION

CHAPTER II

REVENUE REALISATION

MORBI MUNICIPALITY

2.1 Loss of revenue due to non-operation of drainage system

Non utilisation of drainage system resulted in non recovery of fixed charges of Rs.36.34 lakh and loss of annual drainage tax of Rs.17.92 lakh

There were 40,376 households (2004-05) in Morbi Municipality. The drainage facility created by the Municipality could provide drainage connection to 11,000 houses/buildings only. Municipality fixed Rs.365 as connection charges and annual tax of Rs.180 per connection.

Out of the facility created, the Municipality provided drainage connection to 1045 houses/buildings (9.5 *per cent*) only; had the Municipality utilised the optimum of the facility created, they could have realised one time connection charges amounting to Rs.36.34 lakh. Besides this, Municipality is also losing drainage tax of Rs.17.92 lakh annually.

In this context, when the fact of a dispute between the executing agency¹ and the Municipality regarding the working condition of the IC chamber was pointed out, the Chief Officer stated that efforts were on to connect more houses with the drainage system.

RAJKOT MUNICIPAL CORPORATION

2.2 Undue favour to private telecom companies

Denial of octroi exemption to a public undertaking but allowing it to private companies indicated undue favour to those companies

Section 146 of the Bombay Provincial Municipal Corporation Act, 1949 provides that articles belonging to Government or becoming property of Government are exempt from payment of octroi. It is also provided that these articles are to be used or intended to be used for public purpose and not to be used or intended to be used for the purpose of profit.

Government in Urban Development and Urban Housing Department requested (March 2000) Rajkot Municipal Corporation to grant exemption for a period from January 2001 to March 2005 from levy of octroi on articles exclusively meant for

¹ Gujarat Water Supply & Sewerage Board

Information Technology and Basic Telecommunication facilities to license holders of the Department of Telecommunications, Government of India (GOI).

Scrutiny of the records of Rakot Municipal Corporation (2002-06) revealed that Bharat Sanchar Nigam Limited (BSNL) (a GOI undertaking) applied for (January 2001 and March 2001) octroi exemption on articles to be brought to city; however, no exemption was granted and an amount of Rs.72.50 lakh was realised from them during April 2002 to June 2006. It was however noticed that Reliance Infocom Limited and Tata Teleservices Limited who brought in large number/quantity of articles during the period were granted octroi exemption. The extent of octroi exemption granted to these companies was not ascertainable in the absence of details of articles brought by them.

Thus, action of the Municipal Corporation in denial of octroi exemption to GOI undertaking and sanctioning the same to the two private companies resulted in undue favour to these companies.

The matter was pointed out to the Commissioner of the Municipal Corporation in September 2006; reply is awaited.

CHAPTER III

AUDIT OF TRANSACTIONS

CHAPTER III
AUDIT OF TRANSACTIONS
3.1 Excess payment to contractors
RAJKOT MUNICIPAL CORPORATION
3.1.1 Payment to contractor outside the scope of agreement

In violation of agreement, Rajkot Municipal Corporation paid Rs.75 lakh to the contractor entrusted with construction of a subway at Mahila College chowk

Rajkot Municipal Corporation (RMC) awarded (March 2003) the work of construction of a subway at Mahila College chowk in place of Railway level-crossing on Kalawad road at the tendered cost of Rs.3.68 crore against the estimated cost of Rs.4.63 crore. The work was to be completed by October 2003. Due to changes proposed by Railways in the design, extension of time limit for completion was granted and the work was finally completed in October 2004 at a cost of Rs.5.66 crore.

Scrutiny of the records revealed that the agreement did not contain provision for star-rate¹ and the agency ought to have quoted rates taking into account such contingencies. It was however, noticed that the RMC made payment of a *lump-sum* amount of Rs.50 lakh to the contractor for compensating price increase in cement and steel. Further, the agreement with the contractor did not include any provision for payment of mobilization advance. However, RMC paid Rs.25 lakh (April 2004) to the contractor towards mobilization advance resulting in excess payment of Rs.75 lakh to the contractor

The matter was reported to the Commissioner of the RMC in September 2006; reply has not been received (March 2007).

3.2 Avoidable/excess/unfruitful expenditure
DHRANGADHRA AND GONDAL MUNICIPALITIES
3.2.1 Unfruitful expenditure under E-Governance programme

Due to inadequate training to the staff, computer hardware/software purchased at a cost of Rs.13.55 lakh remained by and large unfruitful

As a part of Government policy on E-Governance Programme, Eleventh Finance Commission provided financial assistance to Municipalities for computerization.

¹ For increasing/decreasing the rate of cement/steel depending upon market fluctuation

Dhrangadhra and Gondal Municipalities received grants aggregating to Rs.21.83 lakh² during 2003-05 under the E-Governance Programme. Out of this, Rs.13.55 lakh was incurred on purchase of 19 computers by the Municipalities.

It was however, noticed that in Dhrangadhra Municipality, of the 14 computers purchased, only four were put to use for birth and death registrations. On being pointed out the Chief Officer of the Municipality stated that for want of proficient manpower remaining systems could not be put to use.

In Gondal Municipality, two out of the five systems and one UPS purchased were not in working condition; though the hardware carried warranty of two years, repairs/replacements were not carried out by the suppliers. The Chief Officer of the Municipality stated that computerization programme was implemented in a phased manner and that due to inadequate training to staff, it could not be implemented fully.

Thus, due to slackness of the Municipalities in providing adequate training to the staff, the assets acquired at a cost of Rs.13.55 lakh could not serve any fruitful purpose.

GONDAL MUNICIPALITY

3.2.2 Unfruitful expenditure on water supply works

The Chief Officer of Gondal Municipality did not ensure the quality of work executed resulting in unfruitful expenditure of Rs.38.31 lakh

Director of Municipalities released Rs.21.92 lakh (March 2000) and Rs.21.52 lakh (December 2002) out of the funds received from Tenth and Eleventh Finance Commissions respectively to Gondal Municipality for augmentation of water supply. The General Body of the Municipality accorded administrative approval (August 2004) for execution of the work estimated to cost Rs.43.44 lakh. The scope of work included laying 400 mm AC pressure pipes at different localities³ and rising main⁴.

The work was awarded to an agency⁵ (February 2005) at their tendered cost of Rs.43.44 lakh; the work was to be completed in six months. The work was completed (August 2005) and final bill amounting to Rs.38.31 lakh was paid (September 2005).

² Dhrangadhra Municipality Rs.15.48 lakh and Gondal Municipality Rs.6.35 lakh

³ Station Plot, Devpara, Chokshinagar, Umavada Road to Chabutra, Mahadev vadi, Bhojrajpara, Alakh Chabutra, Gundala Darwaja and Jail chowk

⁴ Between Yoginagar Marg 13 and Akshardham Society

⁵ Uni Royal Sthapatya, Gondal

A scrutiny of records revealed that the agency was required to use a specific brand⁶ of pipes as per conditions of the contract; but they were not got tested by the Municipal authorities. When tested for hydraulic pressure, the pipes ruptured at many places; consequently, water supply to the new areas where pipelines were laid could not be commenced. The Municipality's failure to ensure the quality of work resulted in unfruitful expenditure of Rs.38.31 lakh.

The Chief Officer of the Municipality stated that they had relied upon the test results furnished by the agency and that testing of pipes was not independently done by the Municipality. The reply of the Chief Officer was not tenable as the Municipality was required to ensure quality of the work.

MORBI MUNICIPALITY

3.2.3 Avoidable expenditure on interest payment

Delay in refund of unspent balance out of loan resulted in avoidable interest payment of Rs.17.45 lakh

Government of India introduced (December 1979) a Centrally Sponsored Scheme, Integrated Development of Small and Medium Towns, with the objective to provide loan for infrastructure development and thereby slow down migration from these towns to cities. The Scheme was implemented with financial assistance from Central/State Government and loan from financial institutions.

Under the Scheme, Morbi Municipality formulated projects costing Rs.1.30 crore, of which Government of India approved projects involving expenditure of Rs.73.37 lakh and loan of Rs.37.50 lakh was released (June-September 1991). The loan was to be repaid in 25 years with a moratorium period of five years.

Scrutiny of records revealed that out of the loan of Rs.37.50 lakh, the Municipality could utilise only Rs.13.24 lakh and remaining amount of Rs.24.26 lakh was credited back to Government after a lapse of 12 years (March 2004).

When pointed out, the Chief Officer of the Municipality stated that due to delay in approval of design and opposition from local residents, the projects could not be implemented. The reply of the Chief Officer is not tenable as the Municipality should have conducted necessary feasibility study before formulating projects of such a magnitude. Failure to do so resulted in payment of avoidable interest of Rs.17.45 lakh on the unutilised loan besides non-fulfillment of the objective of the scheme.

⁶ Siddharth with ISI mark

RAJKOT MUNICIPAL CORPORATION

3.2.4 Excess expenditure due to excess consumption of mix material

Excess consumption of mix material on road works resulted in excess expenditure of Rs.1.27 crore

Government in Roads and Buildings (R&B) Department prescribed (October 1987) norms⁷ for consumption of mix materials for Compacted Bituminous Carpet (CBC). Similarly, Ministry of Road Transport and Highways (MORTH) also prescribed norms⁸ for Semi Dense Bituminous Carpet (SDBC). According to the above norms, one MT material would be required to cover 18.18 sqmt area with 25 mm thick CBC/SDBC. Rajkot Municipal Corporation (RMC) adopted the above norms.

As per action plan (2004-05) of RMC, the work of providing and laying 25 mm thick CBC/SDBC was awarded (January 2005) at the rates of Rs.1132.75/MT and Rs.1351.25/MT respectively.

Scrutiny of the records revealed that the agency had executed road work at an area of 3,45,876.62 sqmt consuming 27,383.86 MT of mix material against the actual requirement of 19,023.54 MT; thereby consuming of 8,360.32 MT excess material costing Rs.94.70 lakh. Similarly, for SDBC work covering 2,40,575 sqmt area, 17,685.67 MT of mix material was used against the requirement of 13,782.65 MT and thereby consumed excess quantity of 3903.02 MT material costing Rs.52.74 lakh. Thus, failure of RMC to adhere to the norms prescribed by R&B Department and MORTH resulted in excess consumption of mix material in CBC/SDBC road works and consequential excess expenditure of Rs.1.27 crore.

When pointed out, Commissioner of RMC did not reply.

VADODARA MUNICIPAL CORPORATION

3.2.5 Avoidable expenditure due to non acceptance of tenders

Rejection of tenders on first invitation in respect of four works resulted in avoidable expenditure of Rs.56 lakh

Vadodara Municipal Corporation accorded administrative approval (October and December 2003) for construction of Elevated Storage Reservoir (ESR) and other ancillary items of water works at Harinagar, Subhanpura and Manjalpur. In all the cases, the works were re-tendered as indicated below –

⁷ Length*width*density*thickness=total tones or tones/density*thickness

⁸ Length*width*2.30 (density)*0.025 (thickness)= total tones or length*width/18.20 =total tonnes

Item of work	Replacement of old ESR at Harinagar	Construction of Subhanpura Waterworks	Ancillary work at Subhanpura	Construction of Manjalpur Waterworks
Estimated cost (Rupees in crore)	1.22	7.07	1.08	9.39
Invitation of tenders	December 2003/ February 2004	April 2004	June 2005	April 2004
Item of work	Replacement of old ESR at Harinagar	Construction of ESR at Subhanpura	Ancillary work at Subhanpura	Construction of ESR at Manjalpur
Tendered cost of lowest bidder (Rupees in crore)	1.69	2.00	1.14	2.00
Reason for rejection	Offer at higher side	Offer at higher side	Not found on record	Offer at higher side
Re-invitation of tenders	May 2004	June 2004	March 2006	May 2004
Tendered cost of lowest bidder (Rupees in crore)	1.81	2.15	1.28	2.15
Issue of work order	February 2005	October 2004	September 2006	July 2004
Avoidable expenditure due to re-invitation (Rupees in crore)	0.12	0.15	0.14	0.15

Thus, rejection of tenders at first invitation without any reasonable cause resulted in avoidable expenditure of Rs.56 lakh.

3.2.6 Avoidable expenditure due to non acceptance of tenders

Injudicious rejection of tenders for drainage works resulted in avoidable expenditure of Rs.31.93 lakh

Vadodara Municipal Corporation invited tenders (May 2002) for providing and laying 900 mm dia drainage gravity-main from Singhoda Talav to Kishanwadi junction at an estimated to cost Rs.41.03 lakh. The offer of the

lowest bidder standing at Rs.57.03 lakh was rejected on the ground of quotation at high cost. Till January 2006, quotations were invited 11 times⁹ and on eleventh invitation, the offer standing at Rs.70.16 lakh was accepted (February 2006) and work order accordingly issued. Rejection of offer on first invitation thus resulted in avoidable expenditure of Rs.13.13 lakh.

Further, the Municipal Corporation incurred expenditure at the rate of Rs.40,000 per month for the alternative drainage arrangements; thus an expenditure of Rs.18.80 lakh was incurred during May 2002 to March 2006.

Thus, injudicious rejection of tenders on first invitation resulted in avoidable expenditure of Rs.31.93 lakh (Rs.13.13 lakh plus Rs.18.80 lakh).

3.2.7 Execution of drainage work without survey resulting in extra expenditure

Vadodara Municipal Corporation awarded contract for drainage work without site survey resulting in extra expenditure of Rs.46.97 lakh to save work of Rs.30 lakh executed; besides wasteful expenditure of Rs.30 lakh on road works due to non-co-ordination between the two branches

Work of providing and laying drainage gravity line from VIP road Auxiliary Pumping Station (APS)-Amitnagar-Savli Road (upto Mayo Hospital) estimated to cost Rs.57.39 lakh was awarded to an agency (May 2005) at the tendered cost of Rs.86.94 lakh. The work was to be completed in 12 months.

Scrutiny of records revealed that the scope of the work included excavation of a depth of 1.55 mtr to 7.50 mtr from EME School-Amitnagar Circle-VIP Road APS for laying pipeline of 250 mm to 800 mm. The agency had completed work of laying pipelines of different dimensions to the extent of Rs.30 lakh; but thereafter the work confronted with strata of high-level water table, making further excavation for laying pipeline of 800 mm impossible. Therefore, connecting the newly laid pipeline with the existing APS became unfeasible.

In order to make use of the pipeline laid at a cost of Rs.30 lakh, the Municipal Corporation decided to complete the work on an alternate route entailing additional expenditure of Rs.46.97 lakh; the scope of such work included –

- construction of small sized APS opposite of Bhavana Park Society;
- laying of 450 mm pipeline from Ambe School to proposed APS;
- laying of 250 mm dia CI pressure pipe from proposed APS-Amitnagar Circle-Model road-Manek Park Junction; and
- providing submersible pumps, delivery line and electrical work at proposed pumping station.

⁹ Due to high rates quoted and poor financial condition of the Corporation; on three occasions, nobody turned up to lift tender papers

Scrutiny of records also revealed that the Municipal Corporation had not conducted any survey or investigation or hydrological test to ensure feasibility of the work. Thus, to save the work executed at a cost of Rs.30 lakh, additional work amounting to Rs.46.97 was taken up; in the process large area originally included in the scope of the work was also left out from the benefits of the laying of drainage line.

Further, the City Engineer had observed in March 2005 that drainage work may be executed immediately, as construction of roadwork was also to be taken up. However, without co-ordination between Road and Drainage branches, the road work was taken up in November 2005 at a cost of Rs.86.58 lakh. But, the agency for road work was relieved (January 2006) when work to the tune of Rs.39.63 lakh was executed. Immediately thereafter, newly constructed road was excavated at an area of 1392.14 sqmt for laying drainage pipeline. For restoration of road to a motorable condition, fresh contract was fixed at a cost of Rs.30 lakh. Thus, non-co-ordination between different branches of Municipal Corporation resulted in wasteful expenditure of Rs.30 lakh.

The Municipal Corporation did not offer any remark to the audit observations.

3.2.8 Unfruitful expenditure on road work

Vadodara Municipal Corporation left the metal grouted road without bituminous treatment resulting in infructuous expenditure of Rs.11.05 lakh

Vadodara Municipal Corporation decided (July 2004) to convert single lane Ajwa road between Sardarnagar chokdi and Kalamnagar into double lane and financial sanction of Rs.30 lakh was accorded (August 2004); estimates of Rs.31 lakh was sanctioned (October 2004) by the Municipal Commissioner. The scope of the work included metal grouting of second tract from Leprosy Hospital to Kalamnagar, carpeting the existing metal grouted road from Sardarnagar Chokdi to Leprosy hospital and carpeting of second tract from Leprosy Hospital to Kalamnagar.

The work of metal grouting between Leprosy Hospital and Kalamnagar was completed in December 2004 at a cost of Rs.11.05 lakh; but the work of asphalt concrete carpeting was taken up belatedly in May 2005. Due to this delay, the metal grouted surface of the road settled and required additional 195 MT of mix material costing Rs.2.32 lakh.

The work remained incomplete even as of September 2006. Road without bituminous treatment would be susceptible for deterioration with passage of time and damages due to monsoon; thus the entire expenditure of Rs.11.05 lakh on metal grouting rendered unfruitful.

3.3 Idle Investment

DHRANGADHRA MUNICIPALITY

3.3.1 Idle investment on construction of shopping centre

Non allotment of 142 shops constructed by Dhrangadhra Municipality resulted in idle investment of Rs.1.65 crore
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Urban Development and Urban Housing Department (UDUHD) directed (October 2000) all Municipalities to submit Project Report on the works to be taken up under Integrated Development of Small and Medium Towns (ISDMT) by November 2002. Dhrangadhra Municipality accordingly decided to construct a shopping centre (consisting of 142 shops) under ISDMT at an estimated cost of Rs.1.81 crore.

The agency with whom the work was entrusted (June 2004) at their tendered cost of Rs.1.87 crore had completed the construction (September 2005) at the final cost of Rs.1.65 crore. The Municipality approached (December 2005) Collector for auction of the shops, but permission from the Collector was not yet received; thereby resulting in idle investment of Rs.1.65 crore.

The Chief Officer of the Municipality stated that the shops would be auctioned after receipt of requisite permission. Reply of the Chief Officer is not tenable as the premises are lying idle since September 2005.

VADODARA MUNICIPAL CORPORATION

3.3.2 Idle investment on construction of water works

Non completion of water works on the command area of Elevated Storage Reservoir at Ajwa road resulted in idle investment of Rs.4.70 crore
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The Standing Committee of the Municipal Corporation approved (April 2002) the work of supplying and laying HS feeder and CI delivery line in command area of the proposed Elevated Storage Reservoir (ESR) at Ajwa road at an estimated cost of Rs.4.78 crore. Of the above, works estimated to cost of Rs.4.64 crore was awarded (October 2004) to an agency at their tendered cost of Rs.6.26 crore. The work was to be completed in six months.

During execution of work, the agency was given extension of time limit of 299 days for completion of work on the grounds of festivals and monsoon, though monsoon lasts three months (July to September) and festival one month (October). This resulted in undue favour to the agency as these are not only unforeseen grounds, but also beyond the scope of reasonability.

After executing work to the extent of Rs.4.70 crore (75 per cent work), the agency abandoned (January 2006) the work; since then there is no progress in completion of the remaining work. The Municipal Corporation has not taken any action to complete the remaining work. This resulted in idle investment of Rs.4.70 crore on the water works.

GONDAL MUNICIPALITY

3.3.3 Idle investment on construction of fire station

Fire Station got constructed by the Municipality at a cost of Rs.25.58 lakh remained idle for no reasonable cause

The Superintending Engineer, Roads and Buildings Circle-1, Rajkot accorded (May 2005) technical sanction for construction of Fire Station near Town Hall at Gondal at an estimated cost of Rs.27.11 lakh and accordingly work order was issued (June 2005) to an agency at their tendered cost of Rs.25.58 lakh. The work was to be completed within six months from the date of work order.

Scrutiny of records of the Municipality revealed that the agency completed the work in October 2005 at their final cost of Rs.25.58 lakh and possession handed over (October 2005) to the Municipality. The Municipality also purchased firefighting equipments; but operated from the Municipality building. As a result, the building was not put to use yet (September 2006). This resulted in idle investment of Rs.25.58 lakh.

The Chief Officer of the Municipality admitted the delay and stated that due to elections to the Municipality and inconvenience to the Hon'ble Minister for inauguration, the Fire Station could not be opened. The reply of the Chief Officer is not tenable as one year time has already elapsed and election or inconvenience of the authority cannot be reason for not opening the facility created.

3.4 Regulatory issues and other points

MORBI MUNICIPALITY

3.4.1 Engaging staff in excess of sanctioned strength

Appointment of excess employees than sanctioned strength resulted in extra expenditure of Rs.1.01 crore

Government from time to time, sanctioned 503 posts for the Municipality. However, the men-in-position during 2004-06 was 567 and with 10 vacant posts, there were excess appointment of 74 staff; all of them belonging to

Class IV cadre. The Municipality had incurred an expenditure of Rs.1.01 crore during the period on the pay and allowances of these employees.

On being pointed out, the Chief Officer of the Municipality stated that the employees were initially appointed on temporary basis, but due to orders of Court of Law, their services could not be terminated. The reply of the Chief Officer is not tenable as no employee could have been appointed without sanction of post by the Government.

RAJKOT MUNICIPAL CORPORATION

3.4.2 Excessive administrative expenditure

Rajkot Municipal Corporation spent 97 per cent of the funds released for Urban Basic Services Project against the permissible limit of 10 per cent on establishment

Urban Basic Services Project (UBSP) was aimed to provide basic social services like health care, primary health, supplementary nutrition, industrial education, assistance to the needy groups of the society, etc. of the urban poor. The guidelines of UBSP provides that expenditure towards establishment of the employees, including expenditure on engaging the service organizations should be less than 10 per cent of total funds released on the project.

Scrutiny of records at Rajkot Municipal Corporation (RMC) revealed that Government released Rs.85.45 lakh during 1999-2006 towards the project and RMC also met an expenditure of Rs.11.62 lakh from their funds; thus Rs.97.07 lakh were spent on the project. Scrutiny further revealed that as against Rs.85.45 lakh released by Government, RMC incurred an expenditure of Rs.82.83 lakh (97 per cent) on establishment and mere 9.45 to 29.48 per cent on the project; thus defeating the very purpose of introduction of such a project.

The matter has been pointed to the Municipal Commissioner; reply is awaited (March 2007).

VADODARA MUNICIPAL CORPORATION

3.4.3 Additional burden on the poor due to delay in commencing the work

Due to delay in fixing agency for financing the project of dwellings for urban poor resulted in delay in commencement of work and consequently saddling them with additional burden

Government of India introduced (August 2001) Valmiki Ambedkar Awas Yojana (VAMBAY) to provide shelter or to upgrade the existing shelter for people living below poverty line (BPL) in urban slums. The yojana envisages

construction of dwelling with a unit cost of Rs.50,000 with financial assistance to the beneficiary in the form of loan and subsidy in the ratio of 50:50.

Vadodara Municipal Corporation (VMC) decided (December 2002) to construct 1,854 dwellings; however, an agency to finance the project could be finalised in June 2004 only and work order issued in July 2004. Since there was undue delay in starting construction, unit cost per dwelling increased by Rs.20,000 and project cost by Rs.3.71 crore saddling the poor with additional burden to that extent.

Against the stipulated date of completion of July 2005, work on 882 houses only commenced and were under different stage of construction (March 2006).

The Municipal Commissioner attributed reasons for delay to non-availability of clear site. Thus, failure of VMC in ensuring encumbrance free land for construction of houses for urban poor resulted in delay in commencement of work and saddling them with additional burden.



Rajkot
The

(Ila Singh)
Accountant General (Civil Audit), Gujarat