

## CHAPTER-III

## Audit of Transactions

## 3.1 Loss of revenue

**Due to non realization of stamp duty from the contractors, as prescribed in the Indian Stamp Act 1899, the Government was put to loss of revenue of ₹ 5.95 lakh**

As per Indian Stamp Act 1899<sup>17</sup>, the contractor was required to pay Stamp Duty on contract agreements @ ₹ 80 per thousand.

Scrutiny of records of Nagar Palika Parishad of Charkhari, District Mahoba and Nagar Panchayat, Kachhala, District Badaun revealed (November 2009, March 2010) that Executive Officer, Nagar Palika Parishad of Charkhari, District Mahoba awarded seven contracts valuing ₹ 59.59 lakh to the contractors during 2006-09 for various items of works including pond fishing, vehicle parking. The contractor was required to pay Stamp Duty as leviable on contract agreements under the aforesaid Act, as per the rates prescribed and enter into agreements with the Nagar Palika Parishad of Charkhari, District Mahoba on the stamp papers valuing ₹ 4.77 lakh. However, Executive Officer of the Parishad entered into agreements with contractors on the stamp papers valuing ₹ 0.02 lakh (*Appendix-3.1*) only rendering loss of revenue of ₹ 4.75 lakh to the Government. On the other hand, the Executive Officer, Nagar Panchayat, Kachhala, District Badaun awarded contracts to the contractors during 2007-10 for vehicle parking valuing ₹ 15.03 lakh without even entering into agreements with them which resulted in loss of revenue of ₹ 1.20 lakh.

The concerned Executive Officers of Nagar Palika Parishad Charkhari, District Mahoba and Nagar Panchayat, Kachhala, District Badaun stated (November 2009, March 2010) that the Stamp Duty would be recovered.

<sup>17</sup> Article 23 & 35 B, Schedule 1 B and Item No. 105 of Annexure 2.

Thus, due to non-adherence to the provision of Indian Stamp Act, 1899 the Government was put to loss of non-tax revenue of ₹ 5.95 lakh.

The matter was brought to the notice of Government (April, 2010); the reply was awaited (May 2011).

### 3.2 Non-adjustment of Advances

#### **Non-adherence of provisions of Accounts Code and Financial Rules resulted in non-adjustment of advances of ₹ 9.49 crore.**

As per Rules<sup>18</sup>, temporary advances to the officials were required to be adjusted by the end of the financial year in which the amounts were advanced. The Drawing and Disbursing Officer is responsible for the adjustment/ recovery of advances.

Scrutiny of records of Nagar Nigams, Aligarh and Varanasi revealed (January 2010) that the Nagar Nigams advanced ₹ 9.49 crore, during 1971 to 2009 (*Appendix-3.2*) to the officials/departments for various purposes such as purchase of bitumen, purchase of bleaching powder, load testing, sample testing, electrification of slums, etc. However, the concerned Drawing and Disbursing Officers, due to inaction, did not monitor the recovery/adjustment of these advances. As a result, the advances were neither adjusted in the books of accounts of the Nagar Nigams nor recovered from the officials even after expiry of 39 years.

In reply, the Nagar Ayukt of the concerned Nagar Nigams stated (January 2010) that action for adjustment of advances would be taken. The reply is, however, not tenable as keeping huge amounts without adjustment/recovery is not only a gross violation of the State Financial Rules but is also fraught with risk of misappropriation.

Thus, due to non-observance of Codal provision, ₹ 9.49 crore was lying pending for adjustment/recovery since long.

<sup>18</sup> 57 (3) of Nagar Nigam Accounts Code (Accounts Code) and rule 162 (7) of Financial Handbook Volume-V (Part-I).

The matter was reported to Government (June, 2010) the reply had not been received (May 2011).

### 3.3 Unfruitful expenditure on developments of plots

**Due to non ascertainment of the economics of developing a plot, an expenditure of ₹ 8.32 lakh on them was rendered unfruitful. Besides, the scheme objective of developing serviced sites remained unachieved.**

With a view to increasing availability of serviced sites for housing and promoting principles of planned and orderly spatial development, the GoI launched (1979-80) a scheme of Integrated Development of Small and Medium Towns.

Scrutiny of records of Nagar Panchayat, Maghar, Sant Kabir Nagar district revealed (January 2010) that it received ₹ 9.01 lakh from the GoI under the aforesaid scheme during 1999-2003 for development of 13 residential plots measuring total area of 1,605.06 square meter. The Civil Coordination and Monitoring Committee under the chairmanship of the District Magistrate, Sant Kabir Nagar approved it without ensuring its economics. The Nagar Panchayat spent ₹ 8.32 lakh on their development during 2002-03 and proposed their disposals at the rate of ₹ 750 per square meter with 90 years lease. However, these plots could not be disposed off even after eight years of their development.

The Executive Officer, Nagar Panchayat, Maghar, Sant Kabir Nagar, in reply, stated (January 2010) that the plots could not be disposed off as the people did not show their interest in them due to availability of free hold plots in the nearby areas at the same rate. He, however, did not spell out the strategy for their disposals.

Thus, investing ₹ 8.32 lakh on the development of plots in Nagar Panchayat area without ascertaining their economics led to unfruitful expenditure thereon. Besides, the objective of increasing availability of serviced sites for housing and promoting principles of planned and orderly spatial development could not be achieved.

The matter was reported to Government (September, 2010); the reply had not been received (May 2011).

### 3.4 Unfruitful expenditure on purchase of generator

**Due to inaction on the part of Executive Officer, Nagar Palika Parishad, Bisauli, District Badaun, expenditure of ₹ 7.46 lakh on purchase of a generator set was rendered unfruitful.**

Scrutiny of records of Nagar Palika Parishad, Bisauli, District Badaun revealed (August 2009) that with a view to ensuring water supply to the people living in the precincts of Nagar Palika Parishad, Bisauli, the Executive Officer of the Parishad decided (August 2008) to purchase a generator set of 60 kva capacity at a cost of ₹ 7.46 lakh. The order for the purchase was placed to a firm after inviting tender. Supply was made in September 2008. However, within four days of the purchase of the generator set, it was transferred to the office of the Collector of Badaun district for office use. Scrutiny also revealed that no demand for its return was made by the Executive Officer of the Parishad due to inaction and as such was lying at the Collectorate even after over two years of its transfer.

Thus, due to inaction on the part of the Executive Officer of the Parishad, the generator set costing ₹ 7.46 lakh could not be utilized for the purpose for which it was purchased rendering the expenditure on its purchase unfruitful. Besides, the people of the Nagar Palika Parishad, Bisauli, District Badaun were also deprived of the use of the generator set in water supply.

The Executive Officer, Nagar Palika Parishad, Bisauli, District Badaun stated (August 2009) that action would be taken for the return of the generator set. However, the fact remained that no action was taken since September 2008 for its return.

The matter was reported to Government (August, 2010); the reply had not been received (May 2011).

### 3.5 Idle Investment

**Non allotment of 32 shops and three halls constructed by three Nagar Panchayats resulted in idle investment of ₹ 56.92 lakh on them.**

With a view to developing regional centers of economic growth and employment the scheme of Integrated Development of Small and Medium Towns (IDSMT) provided for creation of infrastructural facilities in small and medium towns.

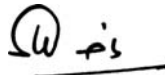
Scrutiny of records of Nagar Panchayats at Manjhanpur of Kaushambi district, Amaraudha of Kanpur (Dehat) district and Maghar of Sant Kabir Nagar district revealed (October 2009, December 2009, January 2010) that the Government sanctioned construction of 32 shops and three halls in these Nagar Panchayats under the aforesaid scheme at an estimated cost of ₹ 72.10 lakh (Manjhanpur: 14 shops, ₹ 17.33 lakh; Amraudha: 12 shops and three halls, ₹ 43.97 lakh; Maghar: six shops, ₹ 10.80 lakh.). The construction work of the shops and the halls were completed between December 2002 and December 2006 at an expenditure of ₹ 56.92 lakh. However, these Panchayats neither conducted survey of the sites nor made an assessment of the viability of the projects before taking up the construction work. As a result, there were no takers of these shops and as such were lying un disposed off even after lapse of four to eight years of their construction.

The Executive Officer, Nagar Panchayat, Manjhanpur, stated (October 2009) that the people were not interested in shops as these were constructed away from main road. The Executive Officer, Nagar Panchayat, Amaraudha, stated (December 2009) that efforts were being made to allot the shops and the Executive Officer, Nagar Panchayat, Maghar stated (January 2010) that the people did not show their interest in allotment of shops. The replies were not acceptable in audit as the fact remained that infrastructure facilities created were lying undisposed.

Thus, due to non survey and non assessment of the projects resulted in non allotment of 32 shops and 3 halls rendering expenditure of ₹ 56.92 lakh on construction idle. Besides, the objectives of the scheme also could not be achieved.

The matter was brought to the notice of Government (June 2010 to September 2010); the reply was awaited (May 2011).

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