

CHAPTER-V

Compliance Audit

of

Urban Local Bodies

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DEPARTMENT OF HOUSING AND URBAN AFFAIRS

COMPLIANCE AUDIT OF ULBs

5.1 Vendors' market remaining unfinished for years together

The objective to provide adequate commercial facility to the citizen of Dabaka town by setting up a vendor market remained unachieved even after eight years of the target date of completion. It was attributable to prolonged inaction and lack of pursuance by Municipal Board. This has rendered the expenditure of ₹3.66 crore on construction of the unfinished and unused market building unproductive besides potential loss of revenue.

Government of India accorded sanction (September 2011) for the project "Vendor's market at Dabaka town" under NLCPR³³ for an amount of ₹4.48 crore. The objective of the project was to provide adequate commercial facility to citizens of the region by creation of planned infrastructure. Administrative Approval for the same was accorded by Government of Assam in September 2012. An amount of ₹3.47 crore was released for the project to Dabaka MB between October 2013 and December 2020. Based on the Notice Inviting Tender (NIT) issued (March 2013) and after following tender formalities, the work was awarded (October 2013) to a contractor for an amount of ₹3.70 crore with instructions to complete the work within 24 months from the date of issue of work order *i.e.*, by October 2015.

Scrutiny (July 2022) of records revealed that the contractor started the work in February 2014 and as per the measurement book, the value of unfinished civil works done till October 2015 was ₹1.91 crore. Thereafter, no work was executed between October 2015 and July 2019 by the contractor. Only about four years after the scheduled completion date, the contractor expressed (July 2019) his inability to complete the work on the ground of his ill health since October 2015. The value of the work done (₹1.91 crore) by the contractor till July 2019 was paid to him through four RA Bills between March 2014 and June 2019.

To complete the remaining works, the Dabaka MB engaged (September 2019) another contractor at a contract value of ₹1.94 crore, after following the tendering process. The second contractor started the work in September 2019 and submitted (June 2021) the final RA Bill of ₹1.75 crore which was paid (February 2023) to him based on the completion certificate issued by the JE, Dabaka MB. However, during audit (July 2023) it was found that the vendor's market at Dabaka town was lying incomplete and unused.

³³ Non-Lapsable Central Pool of Resource

Photographs showing Vendor Market, Dabaka lying incomplete without doors/ windows, grills, etc. as of July 2023.



Audit observed the following lapses in execution of the project by the Dabaka MB:

- a) As per Clause 5 of the Contract Agreement, if the contractor desires extension on the ground of unavoidable hindrance in execution of works, the contractor shall apply in writing to the competent authority within 30 days of the date of hindrance or the ground causing hindrance.

However, from October 2015 to July 2019, the contractor neither made any communication regarding his ill health nor was any extension of time sought by him. There was also no active pursuance and intervention on the part of the MB, except for issuance of reminders on three occasions³⁴ to the contractor during February 2015 to July 2019.

- b) The agreement stipulated that the contractor would be liable to pay compensation, in case of delay in completion of work for an amount equal to one *per cent* of the estimated cost of the whole work for every day that due quantity of works remain incomplete subject to maximum 10 *per cent* of the estimated cost of the work.

Since the work remained incomplete for more than four years, the contractor was liable to pay compensation of ₹37.05 lakh³⁵. However, the compensation for delay was not recovered from the contractor and the contractor was paid the value of executed (₹1.91 crore) works in full.

- c) Dabaka MB awarded (September 2019) the balance work³⁶ to the second contractor for ₹1.94 crore and some additional items³⁷ of work valuing ₹0.69 crore in June 2020. The second contractor submitted (June 2021) 4th and final RA Bill of ₹1.75 crore stating completion of work allotted to him. The contractor was paid (February 2023) ₹1.75 crore based on the certificate issued by JE, Dabaka MB but essential works³⁸ required to get the vendor's market operational were still to be

³⁴ February 2015, October 2017 and June 2018

³⁵ 10 *per cent* of the estimated cost (₹370.46 lakh) as per the agreement

³⁶ Sanitary works, water supply, internal and external electrification, etc.

³⁷ Fixing of floor and wall tiles, aluminium windows, wooden doors, steel railings, RCC surface in roof slab etc.

³⁸ Fixing of floor tiles, wooden doors, aluminium windows, grills, installation of 250 KVA sub-station, external electrification etc.

executed. Joint Physical Verification (July 2023) revealed that the Vendor Market was lying idle in incomplete shape due to non-execution of essential items of work indicating weak project management and inadequate monitoring of the work on the part of Dabaka MB. In reply, Chairman, Dabaka MB stated (July 2023) that due to non-availability of funds, the contractor stopped the work leaving the project incomplete. The reply was not tenable as the contractor was paid the full amount of ₹ 1.75 crore against 4th and final bill submitted by him.

- d) The sanitary fittings and internal fixtures installed in the building has either got damaged or are in dilapidated condition due to prolonged non-use/ non-monitoring by the MB as shown in the photographs below:

Photographs showing dilapidated condition of sanitary fittings installed in the building



Consequently, the objective to provide adequate commercial facility to the citizens of the region remained unachieved even after more than eight years of scheduled date of completion (October 2015) rendering an expenditure of ₹ 3.66 crore on unfinished construction unfruitful. This also impacted earning of the MB, as it lost the opportunity to earn potential revenue of ₹ 17.64 lakh³⁹ as rent.

The matter was reported to the Government in November 2023; their reply has not been received (March 2024).

The Government may initiate early action to complete the remaining portion of the works of the vendor market and fix appropriate responsibility upon the erring officers/officials for delay and non-completion of vendor's market for eight years.

5.2 Doubtful expenditure

The Executive Officer, Udalguri MB, made payment of ₹ 0.35 crore for construction of pucca drain at Assam type Market Shed without actual execution of work by the contractor by falsely recording it in the Measurement Book.

As per terms of Rule 293 of Assam Financial Rules, the Measurement Book (MB) is to be maintained in Form No. 24 as an original record of actual measurements or counts of work done by daily labour or by the piece or by contract. The officer or subordinate

³⁹ There were 49 shops in the market, which were to be let out to the vendor on rent after completion (October 2015) @ ₹ 400 per month for 90 months (November 2015 to July 2023) i.e., ₹ 17.64 lakh.

granting such a certificate is held personally responsible for any over-payment which may result.

The Secretary, Bodoland Territorial Council accorded administrative approval (October 2019) for an amount of ₹5.70 crore for construction of boundary wall, RCC drain, shifting of existing market⁴⁰, painting, furniture & fixtures, electrification and renovation of the office building at Udalguri District. Municipal Board (MB), Udalguri awarded (February 2020) the work to the lowest bidder at the tendered value of ₹5.58 crore which included construction of 250 meter long *pucca* drain with dimension of 900 mm × 1000 mm at 'Assam type Market Shed site' at the cost of ₹0.35 crore.

Scrutiny of records (May 2023) showed that an amount of ₹4.56 crore was paid to the contractor for the works carried out till April 2023 including an amount of ₹0.35 crore paid to the contractor in April 2021 for construction of *pucca* drain at Assam type Market Shed site. The work of construction of *pucca* drain was shown as executed as per the estimate in the Measurement Book by Assistant Engineer (AE), Udalguri which was also certified by the Executive Officer (EO), Udalguri, MB.

However, during Joint Physical Verification (May 2023 and August 2023) of the site at the Assam Type Market shed under Udalguri MB, it was found that construction of *pucca* drain was not carried out by the contractor as the photograph did not show any drain between the boundary wall and back walls of the market shops:



Photo taken during further verification on 23 August 2023 at Assam type Market Shed site.

It is evident that payment of an amount of ₹0.35 crore for construction of *pucca* drain at 'Assam type Market Shed site' was made to the contractor without execution of work at the site by falsifying the Measurement Book. Moreover, no drawing and layout of the drain was available for Audit verification.

In reply, the EO, Udalguri MB stated (October 2023) that the Deputy Commissioner, Udalguri had been requested to conduct a Magistrate level enquiry against the AE, Udalguri MB.

⁴⁰ A new Assam type market shed was constructed at an adjacent location to accommodate the shop owner of the existing market where construction of multipurpose business centre is going on. The work was named as 'shifting of existing market'.

Thus, expenditure of ₹0.35 crore incurred for construction of *pucca* drain at 'Assam type Market Shed site' at Udalguri was doubtful as no work was executed at the site.

The matter was reported to the Government in November 2023; their reply has not been received (March 2024).

The Government should fix responsibility against the erring officials and initiate action to recover the amount ₹0.35 crore from the contractor at the earliest.



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Guwahati
The 07 October 2024

Countersigned



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

New Delhi
The 23 October 2024

