

**CHAPTER – V**

**MAJOR IRREGULARITIES IN  
IMPLEMENTATION OF SCHEMES**

**5.1 Implementation of National Slum Development Programme (NSDP)**

**5.1.1 Misutilisation and Blocking of fund of Rs. 40.15 lakh under NSDP by  
Muzaffarpur Municipal Corporation**

As per Para 8 of the guidelines, the Urban Local Bodies shall report progress under this scheme periodically to the DUDA/SUDA/ State Government. As the ULBs did not send actual utilization of fund to State Government properly and proper monitoring of the scheme was not made at state government level, benefit of fund Rs 40.15 lakh received in the year 2001 did not reach to slum dwellers.

Muzaffarpur Municipal Corporation received Rs. 1.62 crore (September 2001) under NSDP, which was credited to a separate account (number 14023 in Bank of India). Instead of utilizing the entire amount for benefit of slum dwellers as per direction contained in guidelines of the programme, Rs. 50 lakh was invested (Rs.25 lakh for three months and Rs.25 lakh for six months) in February 2002 as shown in Table below:

**Table-10**

**Details of misutilisation of NSDP fund by investment in Bank by MMC**

Sl. No.	Name of Bank	Amount Invested (Rs. In lakh)	Period of Investment	Nature of Investment	Interest earned (Rs. In Lakh)	Interest Utilized for
1.	Bank of India	(i) 25.00	03 months	Fixed Deposit	0.37397	General purpose
		(ii) 25.00	06 months	-do-	0.52661	
2.	Dena Bank	40.00	Six Months	Fixed Deposit	1.00006	Rs. 84,521.00 was adjusted by Bank towards payment of interest of loan of Rs 30,00,000.00 contracted by Corporation and Rs. 15,185 with Principal of Rs. 40,00,000.00 was credited into Allahabad Bank
3.	Allahabad Bank	40.15 Lakh lying in A/c No. 100531	Not Utilised till June'06			

***Audit scrutiny revealed the following***

- (i) Interest earned on investment of NSDP fund was to be part of the fund of NSDP Grant, but the Corporation utilized the interest of Rs. 0.90 lakh towards meeting recurring expenditure of general nature.

- (ii) Against security of investment of NSDP fund, the Corporation contracted a loan of Rs. 30,00,000 for payment of salary to staff for which no sanction was obtained from the State Government. Further, interest of Rs. 0.85 lakh on loan was paid irregularly from NSDP fund.
- (iii) Proceeds of investment of Rs. 40.15 lakh was not transferred to NSDP account, rather it was lodged in a separate account in Allahabad Bank. This amount was not utilized till the close of audit (June'06)

Thus, the Corporation did not utilize NSDP fund of Rs. 40.15 lakh (June'06) received in the year 2001. This not only blocked government funds but also resulted in denial of benefit to slum dwellers as envisaged in the NSDP. Interest of Rs. 1.75 lakh (0.90 + 0.85) received from investment of NSDP Fund was misutilised for expenditure over general purpose and repayment of interest on loan. The Chief Executive Officer of the corporation is to be held accountable.

### ***5.1.2 Irregular selection and execution of works without involvement of CDS/ Neighborhood Committees***

As per guidelines issued by the State Government for selection of schemes under NSDP, Community Development Societies (CDS) were made responsible for identification of unavailable minimum basic services and required basic services in slum area. The CDS were also required to prepare two lists namely 'A' and 'B'.

Further, as per provisions contained in para 6 of guidelines of NSDP, works under NSDP were to be executed at grass root level by Neighborhood Committees and Community Development Societies.

In Contravention of above order 22 ULBs (Table-11) selected schemes under NSDP without identification of unavailable minimum basic services and required basic services in slum area.

**Table-11**

**List of ULBs in which CDS did not identify unavailable minimum basic services and required basic services and work was done departmentally.**

<b>Sl No.</b>	<b>Name of ULB</b>	<b>CDS Constituted</b>	<b>Works done departmentally</b>
1	Rosera	Not available	Not available
2	Dumraon	No	Departmentally
3	Dehri Dalmianagar	Not available	Not available
4	Katihar	Not available	Not available
5	Hazipur	Not available	Not available
6	Jamui	No	Departmentally
7	Barh	No	Departmentally
8	Bhabhua	No	Departmentally
9	Lakhisarai	Not available	Not available
10	Sitamarhi	No	Departmentally
11	Buxar	Not available	Not available

12	Dumra	No	Departmentally
13	Motihari	Not available	Not available
14	Sugauli	No	Departmentally
15	Sultanganj	No	Departmentally
16	Maharajganj	No	Departmentally
17	Nirmali	No	Departmentally
18	Mahanar	Yes	Departmentally
19	Murliganj	No	Departmentally
20	Bahadurganj	No	Departmentally
21	Darbhanga	No	Departmentally
22	Muzaffarpur	No	Departmentally

Though the said committees were found to be constituted in Nagar Panchayat Mahnar, but the works were executed departmentally and in 14 ULBs the committees were not constituted at all and all the works were executed departmentally.

### ***5.1.3 Non/Short utilization of earmarked amount of N.S.D.P. to the extent of Rs.379.38 Lakh.***

As per para 4 (v) of the guidelines, not less than ten per cent of allotment of NSDP fund was required to be utilized for construction or upgradation of house for the urban poor, however 4 ULBs did not spend any amount against the earmarked fund, 12 ULBs spent Rs.76.58 lakh in short of the earmarked amount and in 15 ULBs the position was not ascertainable whether the fund was utilized for the purpose.(**Appendix-XIX**).

Thus, the earmarked amount of Rs.381.90 lakh for construction of house for urban poor was either not utilized or diverted towards other works. This denied the benefit to slum dwellers.

### ***5.1.4 Execution of works valued at Rs. 1.47 crore in non-slum area by six ULBs***

Six ULBs executed works of Rs. 1.47 crore in non-slum area out of NSDP fund, as given in **Appendix XX** in contravention of provisions of guidelines of NSDP. This resulted in denial of benefit to slum dwellers.

## ***5.2 Implementation of Swarn Jayanti Shahri Rojgar Yojna (SJSRY)***

### ***5.2.1 Undue favour to a Junior Engineer to the tune of Rs. 9.00 lakh in Lakhisarai Nager***

*(Scheme no. 38/02-03 SJSRY)*

For construction of guest house and for construction of boundary wall and earthwork in Mahila Vidya Mandir Middle and High School (Estimated value Rs. 10 lakh),Nagar Parishad Lakhisarai granted advance of Rs. 1.00 lakh to Shri Rabindra Kumar Singh, JE on 15.06.02 (Cheque no. 796628). The work could not be started by the JE and finally the work was cancelled on 24 Feb. 2003 and JE was directed on the same day to prepare a revised estimate, which was not submitted by him till closure of audit (17.05.06).

Instead of recovering the amount of advance of Rs.1.00 lakh from the JE for non-commencement of work, another advance of Rs. 8.00 lakh was paid to the JE on 3 March 2003 by the same authority against old estimated value. This is a clear case of undue favour to the Junior Engineer.

### 5.2.2 Misutilisation of grant of SJSRY

Sasaram Nagar Parishad selected following two works from the grant of SJSRY.

Sl. No.	Schemes No.	Name of Work	Estimated value (Rs. in lakh)	Total Expenditure incurred upto 31 <sup>st</sup> March'06 (Rs. in lakh)
1	7/05-06	Construction of 17 shops on the land of Nagar Parishad	9.04	3.75
2	8/05-06	Construction of Computer cell and its ancillary cell	0.56	0.38
<b>Total</b>			<b>9.60</b>	<b>4.13</b>

### 5.3 Infructuous advances to the tune of Rs. 1.74 lakh for Preparation of DPR of the Town.

Two ULBs paid 1.74 lakh to consultants as advance for preparation of project report of the town as per details given in the following table. Preliminary report was to be submitted within one month, but even after more than one year of granting advance, the consultants did not submit even preliminary project report. The ULBs did not take any step to obtain the project report.

**Table: -12 Statement of advance paid for Preparation of project reports.**

Sl. No.	Name of ULB	Date of advance	Amount Paid (In Rs.)	Remarks
1.	Hajipur	07.02.05 10.12.05	25,000.00 99,000.00	DPR not submitted yet.
2.	Sasaram	15.09.04 06.05.05	15,000.00 35,000.00	-do-
<b>Total</b>			<b>1,74,000.00</b>	

### 5.4 Non-receipt of Machinery/non-refund of advance of Rs. 7.93 lakh

Two ULBs (Dehri Dalmianagar and Gaya) advanced Rs. 7.93 lakh to a firm for supply of machinery, but they neither received the machinery nor got back the amount advanced to firm.

- a) Dehri Dalmianagar Nagar Parishad advanced Rs. 6.93 lakh (As per condition attached by Supplier) in July 2004 to M/s Shivam Tractor and Tractors, District: - Aurangabad for Supply of 55 HP L&T Tractor, Pay Loader and Dozer (Total cost of Rs. 9.25 lakh) within 20 days from the receipt of supply order (09.07.04). The firm was reminded on 08.12.2004 to supply the machinery within a week and accordingly the firm supplied above machinery on 15.12.04, but Nagar Parishad returned above machinery on the ground that machinery was not supplied within stipulated time, though the same had been supplied within time limit given in letter of reminder. Nagar Parishad

wrote to the firm (July 2005) to refund the amount but the same was not refunded till June 2006.

Thus, due to improper decision of Nagar Parishad, objective of the grant was not fulfilled.

- b) Similarly, Gaya Municipal Corporation advanced Rs. 01 lakh (June 2004) to M/s O & G Workshop, Muffasill More, Manpur, Gaya for supply of 54 trollies within two months from date of supply order (June 2004) but even after lapse of two years the same was not supplied (June 2006). The Corporation took no action either to obtain the trollies or to get the amount refunded. Thus expenditure of Rs.1.00 lakh proved unfruitful.

### 5.5 Progress of Schemes/Works under X<sup>th</sup>/XI<sup>th</sup> /XII<sup>th</sup> Finance Commission Grants.

During 2000-2006, 3181 works were taken up by 29 ULBs but 2042 works could be completed and

st

1131 works remained incomplete as on 31 March 2006. Period for which schemes remained incomplete ranged from 01 to 03 years from the year of taking up.

s  
t

**Table -13**

**Schemes taken up, completed, incomplete out of various grants as of 31<sup>st</sup> march 2006**

Sl. No.	Name of Unit	Total Number of Schemes taken up	Total Number of Schemes completed	Total Number of Schemes remaining incomplete	Amount involved in Incomplete Schemes (Rs. In Lakh)
1.	Nawada	49	30	17(details of 2 scheme not available)	N.A
2.	Bhabua	5	5	0	Nil
3.	Murliganj	4	2	2	7.18
4.	Mahanar	35	2	33	21.87
5.	Sitamarhi	41	35	6	5.45
6.	Sugauli	120	87	33	28.90
7.	Jamui	228	170	56(details of 2 scheme not available)	53.28
8.	Dumra	1	1	0	Nil
9.	Munger	234	187	47	106.37
10.	Maharajanj	63	27	32(4 schemes abandoned)	12.62
11.	Jagdishpur	91	64	27	3.4
12.	Hajipur	362	242	120	61.54
13.	Motihari	103	91	12	N.A
14.	Sasaram	47	29	18	19.93
15.	Sultanganj	125	84	41	26.94
16.	Buxar	67	51	16	20.12
17.	Darabhanga	181	78	103	173.25
18.	Bahadurganj	152	107	45	50.17
19.	Aurangabad	152	121	31	63.41
20.	Dehri	46	3	43	181.11
21.	Araria	142	96	46	92.28
22.	Supaul	112	16	96	80.25
23.	Khagaul	77	69	08	2.30
24.	Revelganj	58	35	23	10.32
25.	Nirmali	67	66	01	0.82

26.	Lakhisarai	185	32	153	290.81
27.	Sheikhpura	155	66	89	43.16
28.	Muzaffarpur	230	228	02	N.A
29.	Rosera	49	18	31	23.47
Total		3181	2042	1131 (4 schemes abandoned & details of 4 scheme not available)	1378.95

Due to non-monitoring of progress of works by the Executives, 1030 works remained incomplete after incurring an expenditure of Rs. 1378.95 Lakh, 4 works were abandoned on which an expenditure of Rs.

0.91 Lakh was incurred. The amount involved in 101 incomplete schemes was not ascertainable and the status of 4 works could not be ascertained.

### **5.6 Idle Asset**

Out of the grant of XIth Finance Commission, Aurangabad Nagar Parishad and Gaya Municipal Corporation purchased one Front-end loader and two loaders respectively at a cost of Rs.19.88 Lakh

(9.48 + 10.40) during 2003-04 and 2001-02 but could not utilize the said machinery till August '06.

Non-utilisation of above machinery not only defeated the purpose of grant but also rendered the expenditure of Rs. 19.88 lakh as infructuous.