

CHAPTER-III

Audit of Transactions

3.1 Avoidable expenditure Rs. 5.45 lakh

Substandard construction of shops at cost of Rs. 5.11 lakh resulted in an avoidable extra expenditure of Rs. 5.45 lakh on repairs and loss of revenue of Rs. 4.06 lakh

Zila Panchayat, Siddharth Nagar (ZP) constructed (December 1996) through contractors 16 shops in Bansi at a cost of Rs. 5.11 lakh on the Zila Panchayat land with the objective of utilizing the land for the commercial purpose and to increase the revenue of the Zila Panchayat thereby.

Scrutiny of records of ZP, Siddharth Nagar revealed (July 2007) that these 16 shops were auctioned thrice in March 1992, April 1993 and February 1994. However, 12 allottees, after partial deposits of the premium (Rs 2.32 lakh) by them, refused to take over the possession of the shops due to substandard floors, plastering, shuttering and roofs as the quality was not ensured at the time of the construction. As a result, the ZP incurred (March 2006) an additional expenditure of Rs. 5.45 lakh on the repairs. Despite this, these shops were lying vacant as of July 2007¹⁵ even after over one year of their repairs although allottees had deposited the premium. This rendered a loss of revenue of Rs. 4.06 lakh¹⁶ to the ZP in form of rent.

Thus, due to failure of the ZP to ensure the quality of work executed led to additional expenditure of Rs 5.45 lakh besides the loss of revenue of Rs 4.06 lakh due to non allotment even after deposit of premium which defeated the objective of utilizing the land for commercial purposes and increasing the revenue of the ZP thereby.

The matter was reported (February 2008) to the Government; reply was awaited (March 2009).

¹⁵ Allotment of nine shops in August 2007 and rest seven upto April 2008.

¹⁶ Loss of rent after completion of shops from January 1997 to July 2007 i.e. 127 months @ Rs 200/-per month for 16 shops=16x200x127=Rs 4.06 lakh

3.2 Irregular expenditure Rs. 22.60 lakh

Houses built under Indira Awas Yojna allotted to the male members of household in contravention of the Scheme guidelines.

Indira Awas Yojna was started with the objective to help construction of dwelling units by members of scheduled caste/scheduled tribes, liberated bonded labourers and non SC/ST rural poor below the poverty line by providing them with grants-in-aid. In order to provide financial security to ladies, Yojana guidelines provided that allotment of dwelling units should be in the name of female member of the beneficiary household. Alternatively, it can be allotted in the name of both husband and wife.

Scrutiny of records (May 2007) relating to two Kshetra Panchayats¹⁷ (KP) revealed that 91 beneficiaries were provided grant-in-aid of Rs. 22.60 lakh for construction of dwelling units during 2005-07. It was noticed that the dwelling units were allotted in the name of male members only, in contravention to the provisions of the Yojana, resulting in an irregular expenditure of Rs. 22.60 lakh.

On being pointed out in audit KPs replied that allotments were made on the basis of decision taken in open meeting of the *village panchayat* under special circumstances. Reply was not tenable as allotments made contravened the scheme guidelines and defeated the objective of providing financial security to the ladies.

The matter was reported to the Government in April 2008; reply was awaited (March 2009).

3.3 Excess payment of Rs. 2.83 lakh on supply of stone ballast

Excess measurement of the stone ballast and payment for quantity in excess of the stone ballast actually supplied by the Zila Panchayat, Kanpur Dehat resulted in an excess payment of Rs. 2.83 lakh.

The Zila Panchayat (ZP), Kanpur Dehat undertook (2006-07) the work of painting of 2500 meter road, from village Nusratpur to village Bara, with the Twelfth Finance Commission grants received in 2005-06.

¹⁷ Kshetra Panchayat of Ram Nagar, Bareilly beneficiaries 70 Rs. 17.50 lakh and Amaniganj, Faizabad. Beneficiaries 21 Rs. 5.10 lakh.

Scrutiny of records of ZP revealed (December 2007) that supply of 720 cu.m¹⁸ stone ballast (22.4-53 m.m.) was taken (May 2007) at a cost of Rs. 5.15 lakh. Instead of recording the measurement after its stacking, the measurement was taken in number of trucks without showing detail (ladan capacity) of each truck and the quantities received were worked out taking the capacity of each truck as 30 cu.m. As the size, model or the registration number of the truck(s) was not mentioned in the MB, the actual carrying capacity of the trucks could not be determined. However, as per the Irrigation schedule maximum carrying capacity of a truck for stone ballast is 13.52 cubic meter and as per this measurement 24 trucks could supply only 324.48 cu.m. stone ballast. Thus, accepting measurement on the basis of number of trucks instead of taking measurement after its stacking resulted in an excess payment of Rs. 2.83 lakh on account of cost of 395.52 cu.m. stone ballast measured in excess.

The ZP stated in reply (December 2007) that stacking measurement was done at the time of final payment. Reply is not tenable as no such measurement was recorded in MB during final payment in respect of the stone ballast of 22.5-53 mm.size.

The matter was referred to the Government (March 2008); reply was awaited (March 2009).

3.4 Non recovery of loan

Inaction on the part of the Block Development Officers resulted in non recovery of loan and interest of Rs. 3.52 crore from the villagers.

Government launched (1988) Nirbal Varg Awas Yojna with the objective of providing loan alongside the grants to the people living below the poverty line in the rural areas to enable them to construct houses and also evolved (December 1996 and January 2001) a mechanism for the recovery of the loan amount along with interest thereon for which the Block Development Officers (BDOs) and Village Panchayat Adhikaris (VPA) were responsible. The BDOs were to provide village wise certified copy of dues of beneficiaries to the VPAs who were to issue notice to the beneficiaries for the recovery of dues at an interval of one month and if thereafter dues were not recovered, it was to be done by issuing recovery certificate through revenue department.

¹⁸ MB No.355 page 24-nine truck-270cu.m., page 26-nine truck-270 cu.m., page 27- six truck-180 cu.m.

Scrutiny of records (March 2007 to February 2008) of eleven Kshetra Panchayats revealed that these Kshetra Panchayats disbursed loan of Rs. 2.91 crore to the beneficiaries (number not available) during 1988-96 which was recoverable in 20/22 installments (*Appendix 6*) along with the interest of Rs. 1.36 crore. Of this, Rs. 0.47 crore of loan amount and Rs. 0.27 crore of interest amount could be recovered and the balance of Rs. 2.44 crore on account of loan and Rs. 1.09 crore on account of interest there on was lying unrecovered with a shortfall of 84 *per cent* in respect of principal and 80 *per cent* in respect of interest as of February 2008 despite the Government instruction (January 2001) to the District Magistrates that the District Development Officers would ensure the recovery under the direction of the Chief Development Officer and the District magistrate.

The concerned BDOs stated (March 2007 to February 2008) that efforts for recoveries were being made. Reply was not tenable for the reason that the extent of recoveries remained very poor due to inaction. In January 2001, the Government also observed that the recovery position of the loan and the interest amount was very poor.

The matter was reported to the Government (April 2008); reply is awaited (March 2009).

3.5 Unfruitful expenditure of Rs. 26.57 lakh

Lack of survey to ascertain commercial viability of the shops and dispute on construction rendered expenditure of Rs. 26.57 lakh unfruitful on construction of shops.

With a view to avoid encroachment on Zila Panchayat land and to increase their revenue, the Government of Uttar Pradesh directed¹⁹ (December 1997) the Zila Panchayats to construct the complexes and shops on the commercial lands owned by Zila Panchayats. The guidelines provided that auction of the shops may be done through advertisements/ other known methods/ local daily news papers. The guidelines further provided that the premium should be realised at the time of registration in advance and construction of shops may be carried out only from the funds received so.

Scrutiny of records (June 2007) of Zila Panchayat, Siddharth Nagar (ZP) revealed that ZP sanctioned construction of 95 shops on its land at a cost of Rs. 39.69 lakh out of funds provided under recommendations of the State Finance Commission. For registration of shops advertisement was issued (November 1999) with due date for registration 30 November 1999 along with registration fees (premium) of Rs. 50000/- and monthly rent Rs. 150/- per shop. Agreements with the contractor were entered into (October 1999) with

¹⁹ G.O.No. 6336/35-3-97-10509/97 dated 27 December 1997

completion date by March 2000 and the applications for allotment of 92 shops were invited from the public. As no survey for ascertaining the commercial viability of the shops was conducted, only 31 applicants applied for the allotment of 41 shops, out of which only one applicant applied for two shops with partial premium on first advertisement for 92 shops on November 1999 after repeated advertisements²⁰ during November 1999 to January 2007 and total premium of Rs. 15.19 lakh was deposited. Out of 31 applicants, 9 applicants deposited only part of the registration amount.

Scrutiny further revealed that on account of lack of monitoring by the Engineer, Zila Panchayat, there was no co-relation between the physical and financial achievements. Only 26 *per cent* i.e. 25 out of 95 shops were constructed up to August, 2008 after delay of over four years and the remaining 70 remained incomplete even after expiry of over eight years of their stipulated date of completion while the expenditure on them amounted (May 2008) to 76 *per cent* of the estimated cost.

Thus, lack of survey to ascertain the commercial viability of the proposed shops and dispute on the construction work rendered Rs. 26.57 lakh²¹ out of Rs. 30.08 lakh unfruitful. On the other hand SFC grant was irregularly utilized and the objective of increasing the revenue of the Zila Panchayat was defeated.

In reply, the Apar Mukhaya Adhikari, ZP stated (June 2007) that notices have been issued to the applicants for depositing premium after which shops will be allotted. The reply was not tenable as 70 out of 95 shops were incomplete.

The matter was referred to the Government (February 2008); reply was awaited (March 2009).

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²⁰ 21-11-1999, 17-06-2002, 27-06-2005, 20-01-2007

²¹ Expenditure on 25 shops IInd phase Rs. 9.83 lakh. Cost per shop Rs. 0.39 lakh (9.83÷25); cost of 9 shops Rs. 3.51 lakh (fruitful exp.) Total expenditure ;Rs. 30.08 lakh. Hence unfruitful expenditure Rs. 26.57 lakh (30.08-3.51).

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