

अनुक्रमांक-३
२१/०१/०९

421

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT), BIHAR
(LOCAL AUDIT WING), PATNA -800 001**

No. L.A.Sur/1655

Dated: - 31/12/08

To,

**The Principal Secretary to the Government of Bihar,
Urban Development and Housing Department,
Patna.**

युक्ति
कुमार
बिहार
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Sir,

Audit Report No.- **499/2008-09** on the accounts of **Patna Regional Development Authority** for the period **2006-07 to 2007-08** is enclosed for your kind information and necessary action.

Yours faithfully

Encl: -As above

Bkumar
Audit Officer in charge
Local Audit Wing, Bihar, Patna

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420

AUDIT REPORT NO.- 499 / 2008-09
PATNA REGIONAL DEVELOPMENT AUTHORITY

1. The State Govt. dissolved all the Bihar Regional Development Authority on 29.01.2007 under ordinance (published in extra ordinary State Gazette) as a result of which existence of B.R.D.A became null and void as per Section 515 of Bihar municipal ordinance 2007.

Further, the State Govt. (UDD) under letter no. 687 dated 26.02.07 directed the Authorities under provisions and necessities of section 515 of Bihar Municipal ordinance 2007 to prepare and send a list containing regularly appointed staff of Authority for their merger into Municipal Corporation. Prior to this, under memo No. 363 dated. 01.02.07 the State Govt. entrusted the task of computing assets and liabilities of authorities to all the District Magistrate under whose Jurisdiction the authorities fall. Pending above detailed works, the Authorities are required to keep separate account in the name of P.R.D.A (dissolved) and to operate the account jointly by Nagar Aykta and the Chief Accounts Officer.

As per Para 2 of the Govt. letter No. 5693 dated. 20.12.07 the Regional Development Authorities, after computing assets and liabilities, had been permitted to utilise balance amount of its fund for the following purposes only-

- (i) To make payment of legal obligations.
- (ii) To make payment of salary to its employees
- (iii) To incur expenditure on schemes already approved upto this date.

Further as per Para (3) of above Govt. letter, balance amount lying in the fund of Authority after discharging liabilities as per Para (3) was required to be merged into Municipal fund from 01.01.08.

Defying the directions of the Govt. Patna Regional Development Authority is still functioning separately in the name of P.R.D.A (dissolved) for which no reason was assigned to audit.

Thus, the very purpose of dissolving P.R.D.A and merging into Municipal Corporation has been defeated.

Attention of the State Govt. is invited towards these states of affairs.

2. **INTRODUCTION**

The Patna Regional Development Authority was established vide Government notification as 714 dated 12.07.1975 under the Bihar Regional Development Authority second ordinance 1975,

619
Bihar ordinance no. 92 of 1975 with a view to promote and secure planned development of the region.

3. ORGINZATIONAL SET UP

The authority is headed by a governing body consisting of a Chairman and sixteen other members as appointed and nominated by the Government. The Vice-chairman is assisted by the secretary and other officers of the authority. From 29.01.07 the authority was dissolved and the authority is headed by the Nagar Ayukta who was assisted by the Apar Nagar Ayukta and other officers of the authority.

ADMINISTRATION

1.	Sri M.W.A. Anjum, I.A.S.	01.04.06 to 31.05.06
2	Vacant	01.06.06 to 12.06.06
3	Smt. Sujata Chaturvedi, I.A.S.	13.06.06 to 01.02.07
4	Vacant	02.02.07 to 07.02.07
5.	Sri Rana Awdhesh Singh,	08.02.07 to 24.03.08
6.	Sri Mihir Kumar Singh,	25.03.08 to 31.03.08

SECRETARY

1	Sri Krishna Srivastava, B.A.S	02.05.06 to 31.01.08
2	Sri Vinay Saran Verma	01.02.08 to 31.03.08

4. AUDIT COVERAGE

The Accounts of Patna Regional Development Authority for the year 2006-07 and 2007-08 were test checked by an Audit party of the office of the Principal Accountant General, Bihar, (Local Audit Wing) from 09.03.08 to 30.10.08.

6. SCOPE OF AUDIT

A list of accounts records and register test checked has been given in **Appendix-I** and another list of accounts, records and registers either not produced or maintained or produced incomplete has been given in **Appendix- II** to the report.

7. PREVIOUS AUDIT REPORT.

It was noticed from previous audit report that the compliance of audit objections are pending since 1984- 1985 the details are as under:-

2007-08

418

CASH BALANCE

The Position of cash balance as on 31.03.08 is given below:-

SL.NO.	Name of Bank	Account NO.	Balance as per Bank Book/ Cash Book	Balance as per Bank statement	Remarks
1	Allahabad Bank,	600123	19,476.55	19,476.55	Reconciled
2	Allahabad Bank,	600155	49,931,597.55	49,931,597.55	Reconciled
3	Allahabad Bank,	600156	1,407.55	1,407.55	Reconciled
4	Bank of Baroda(M. Br.)	2036	606,019.33	Not Available	
5	Bank of Baroda(Escrow)	875	0.40	Not Available	
6	Bank of India (B.C.P)	5015	397,779.00	Not Available	
7	Bank of India (Escrow)	6255	20,619,611.82	20,930,482.27	Reconciled
8	Central Bank (D.B. Road)	3060	700.00	Not Available	
9	Dena Bank, M. Lok	5143	2,297,141.09	2,297,131.09	Reconciled
10	S.B.I EWS Lohanipur,	237362	19,174.76	Not Available	
11	S.B.I M.LOk,	8986	907,852.74	Not Available	
12	S.B.I M.LOk,	1311	17,648.83	Not Available	
13	S.B.I (M.Br.) Conjoint	42	752,948.91	Not Available	
14	S.B.I Secreteriate,	11	390.00	Not Available	
15	Uco Bank		3,419.88	Not Available	
16	Union Bank of India	26070	14,161.37	14,161.37	Reconciled
17	S.B.I. M.Lok	10633748055	731,344.21	464,978.77	Reconciled
18	GPO, Patna	216034	214,639.47	Not Available	
19	B.S.C.B A/c	187	35,113.80	35,113.80	Reconciled
20	B.S.C.B A/c	188	14,574,953.00	14,574,953.00	Reconciled
21	B.S.C.B A/c	189	758,104.50	758,104.50	Reconciled
22	Canara Bank	unKhoc cho nho t	19,999,804.00	19,999,804.00	Reconciled
23	Bank of Patiala, Div A	7761	29,242.14	Not Available	
24	SBI M.Lok Div B	25265	771,535.52	772,136.52	Reconciled
25	SBI Div C	10633749025	1,510,984.00	1,517,141.00	Reconciled
26	UCO Bank Div C	5515	405,246.02	407,215.65	Reconciled
27	DenaBank Div D	5139	620,889.81	623,889.81	Reconciled
28	SBI, M.Lok (Div D &D		127,544.03	Not Available	
29	PNB CD (Div - E	2200	12,874.00	Not Available	
30	SBI, Fraser Road (Div E	10151350118	407,689.39	430,415.39	Reconciled
31	PNB (Div E	202	21,938.00	Not Available	
32	Vijaya Bank (Div F	935	7,500,236.42	7,502,316.42	Reconciled
33	SBI, M.Lok (Div G	10633748044	1,298,511.19	1,298,637.19	Reconciled

(47)

Sl. No.	Audit Report No.	Period of Audit	Suggested for Recovery (Lakhs)	Head under Objection (Lakhs)
1	156/ 86-87	1984-85	1.77	52.77
2	77/ 1987-88	85-86	29.47	2.69
3	50/ 1988-89	86-87	0.52	2.99
4	92/ 1990-91	88-89	4.59	67.16
5	10/ 1996-97	89-90 to 93-94	60.28	5.64
6	100/ 1998-99	94-95 to 97-98	4.23	86.05
7	84/ 2000-01	1998-99 to 99-2000	904.38	467.98
8	19/ 01-02	2000-01	1712.32	406.60
9	92/ 02-03	2001-02	487.31	200.36
10	80/ 2003-04	02-03	7.17	60.02
11	86/ 04-05	03-04	0.60	72.53
12	324/ 05-06	04-05	1.39	22.07
13	193/ 06-07	05-06	63.261	71.31

Action may be taken to settle the long pending audit objections in this regard. The government has also directed the authority to submit their compliance report to the Examiner of Local Accounts Bihar, Patna. But no action has so far been taken by the authority i.e. Patna Regional Development Authority as yet.

8. OVERVIEW

The Authority was financed mainly by grant, stamp duty and own resources i.e. Rent, Fees, maintenance charges of market complex etc. The abstract would show the position of opening balance, Receipt and payment accounts for the year 2006-07 and 2007-08.

RECEIPT AND EXPENDITURE A/C OF P.R.D.A FOR 2006-07 AND 2007-08

Particulars		2006-07	2007-08
1.	Opening Balance	2019.99	4317.95
2.	Receipt		
(i)	Govt. Grant	2795.93	Nil
(ii)	Maintenance charge of M. Lok.	14.48	9.02
(iii)	Rental Income	11.51	7.40
(iv)	Fee In come	91.71	92.57
(v)	Interest (Interest + others)	12.53	Nil
(vi)	Other Income	78.37	101.83
(vii)	Deduction & Securities (Liabilities)	89.55	110.68

(4/6)

3.	Total	5114.07	4639.45
4	Expenditure		
(i)	Capital expenses	159.37	121.96
(ii)	Development Expenses	116.26	15.38
(iii)	Salary and wages	326.56	284.58
(iv)	Other mang. & Adj Expenses	95.95	56.74
(v)	Repair and Maintenance	18.04	7.40
(vi)	Maintenance of M lok	23.75	38.70
(vii)	Adj Loan & Adv (Nett)	56.19	64.13
5	Total	796.11	588.89
6	Closing balance (3-5)	4317.95	4050.56

(Vide **Appendix- III** to the report)

Above is the Receipt and expenditure a/c of Patna Regional Development Authority for the year 2006-07 and 2007-08.

(i) In the above figure the payment of income tax was shown as advance during 06-07. Due to the fact the advance increased and the Net figure was shown in the Expenditure head. The reasons for such treatment may please be explained to audit.

9. IMPORTANT AUDIT FINDINGS

Following are the important audit findings of audit.

Sl. No.	Para No.	Particular
1	11 (ii)	Blockage of Govt. grant of Rs. 700.00 lakh
2	12	Investment loss of interest of Rs. 43.00 lakh
3	17	Irregularities in allotment realization of Interest of Rs. 55.54 lakh
4	20	Diversion of Govt. grant Rs. 113.22 lakh
5	21	Avoidable payment to income tax of Rs. 215.39 lakh
6	22	In fructuous exp. of Rs. 42.36 lakhs for prepare of Master Plan.
7	44	Irregularities in constn of pavement at ISBT Mithapur
8	45	-do- in beautification of Mangal Talab.

10. MAINTENANCE OF ACCOUNTS PAYMENTS MADE TO M/S P. PUNIT & CO FOR MAINTENANCE OF ACCOUNTS OF P.R.D.A

The Patna Regional Development Authority (P.R.D.A) paid Rs. 5,20,832/- to M/s P. Punit & Co. a consultant Chartered Accountant during 06-07 and 07-08 or maintaining the Accounts of

415

P.R.D.A. despite the fact that a full-fledged Accounts Wing Comprising of Chief Accounts Officer and other staffs existed in the P.R.D. A. The details of payments made are as under: -

Payments made during 06-07

Bills for computation of A/c's	591426 dt. 12.04.06	33285
I.T.	591427 dt. 12.04.06	1979
Bills for computation of A/c's	548032 dt. 17.05.06	33285
I.T.	548033 dt. 17.05.06	1979
Bill for computation of A/c's	548143 dt 08.07.06	33902
I.T.	548144 dt 08.07.06	2015
Bill for computation of A/c's	548198 dt. 08.07.06	16951
I.T.	548199 dt. 08.07.06	1007
Bill for computation of A/c's	548352 dt. 12.09.06	33902
I.T.	548353 dt. 12.09.06	2015
Bill for computation of A/c's	670209 dt. 14.11.06	33902
I.T.	670210 dt. 14.11.06	2015
Bill for computation of A/c's	670379 dt. 04.01.07	16951
I.T.	670380 dt. 04.01.07	1007
Bill for computation of A/c's	670457 dt. 25.01.08	16951
I.T.	670458 dt. 25.01.08	1007
Bill for computation of A/c's	587817 dt. 31.01.08	15892
I.T.	587818 dt. 31.01.08	944
Bill for computation of A/c's	587837 dt. 01.02.08	16951
I.T.	587838 dt. 01.02.08	1007
Total-		266947

2007-08

Bill for computation of A/c's	587877 dt. 18.04.07	33902
I.T.	587878 dt. 18.04.07	2015
Bill for computation of A/c's	545104 dt. 12.07.07	21200
I.T.	545105 dt. 12.07.07	1260
Bill for computation of A/c's	545225 dt. 28.08.07	16870

I.T.	545226 dt. 28.08.07	1008.00
Bill for computation of A/c's	545333 dt. 17.10.07	50,907.00
I.T.	545334 dt. 17.10.07	3026.00
Bill for computation of A/c's	545456 dt. 14.12.07	33938.00
I.T.	545457 dt. 14.12.07	2017.00
Bill for computation of A/c's	551417 dt. 04.03.08	30,236
I.T.	551418 dt. 04.03.08	3472
Bill for computation of A/c's	551452 dt. 17.03.08	47894
It	551452 dt. 17.03.08	6040.00
Total-		253785
Grand Total		520732/-

Thus total payment of Rs. 5,20,732/- is held under objection.

11. GOVT. GRANT

The Authority did not maintain Grant Register. In absence of that it could not be ascertained that how much amount was utilised during the period under audit.

But as per P/L Accounts cash Book it was noticed that the Authority received following stamp duty.

Sl. No.	Period	Amount	Date of deposit in P/L A/c's
1	Sep 2002 to Dec, 2004	24,31,58,311.58	01.11.07
2	Establishment	3,00,00,000.00	31.03.07
Total-		27,31,58,311.58	

From scrutiny of Stamp duty file it was noticed that the Authority received Stamp duty fees up to Dec. 04. Action may be taken to obtained fees from Jan, 05 to March, 08.

The Govt. Grant register may be maintained and position of utilization of above grant during 2006-07 to 2007-08 may be shown to next audit.

(ii) BLOCKAGE OF GOVT. GRANT

A total sum of Rs. 700.00 lakh was sanctioned during 2005-06 for construction of different schemes. The approval of allotment of grant was given to Patna Municipal Corporation (PMC) with a direction to send specific amount to the Authority by Bank Draft for execution of schemes. The amount was received in PRDA as detailed below-

4/13

Sl. No.	Cheque No.	Date	Amount	Name of Bank/ A/cs No.
1	585557	21.03.06	Rs. 5,00,00,000.00	Allahabad Bank A/c No- 600155 dt. 08.04.06
2	390061	21.03.06	2,00,00,000.00	Canera Bank A/c 3071 dt. 11.04.06
Total-			7,00,00,000.00	

But the grant was not utilised till the closure of audit. As such the purpose for which grant was sanctioned by the State Govt. is defeated and the Authority blocked two grant of Rs. 700.00 lakh.

12. INVESTMENT

Investment register was not maintained properly. The date of investment, their renewal maturity value and encashment was not shown in each case.

However as per investment register and an investment summary was provided from computer cell, a total sum of Rs. 31,02,973.45 was under investment as on 31.03.08 vide details given below:-

Sl. No.	Particular of Bank	Date of Investment	Amount	Date of Maturity	Maturity value
(i)	Syndicate Bank	01.07.06	6,19,333.01	01.07.2009	7,62,671.02
(ii)	Central Bank of India	10.06.07	10,77,817.00	Not invested	Not invested
(iii)	EWS A/c 01202/025362/01	19.09.06	6,20,802.45	18.09.08	Not mentioned
(iv)	EWS A/c 1202/025362/02	19.09.06	7,85,020.99	18.09.08	-do-

Remarks:- FD Papers of SC (iii) and (iv) was not produced in audit. The same may not be produced.

AUDIT OBSERVATION

As per section 44 (6) of the Bihar Regional Development Authority Act 1981, any money in excess of requirement shall be invested in such manner as may be approved by the State Government.

(ii) Scrutiny of investment register, it was noticed that Rs. 1,08,31,805.00 was reinvested on 27.05.06 for one year in Bihar State Co-operative Bank M' Lok Patna, the maturity value was Rs. 1,14,68,203.00.

However, the total sum of Rs. 1,08,31,815.00 was encashed prematurely on 04.12.06, 31.01.07 and 01.02.07 respectively and encashment value of Rs. 1,11,81,697.00 and transferred to S.B.I. M' Lok A/c No.- 48055 for payment of salary losing interest of Rs. 2,86,506.00.

Premature encashment of fixed deposit in B.S.E.B. Patna resulted in loss of Rs. 2,86,506.00.

(iii) **Loss of interest due to non-renewal of fixed deposit in central Bank of India (F.D.No-702125)**

It was noticed that Rs. 10,08,059.00 was reinvested on 10.06.06 for one year. The maturity date of the investment was 10.06.07 and maturity value was Rs. 10,77,817.00. But the said fixed deposit was neither invested nor encashed. As such Authority's incurred loss of interest of Rs. 87,580.00 for the period from 10.06.07 to 10.08.08 @ 6.75% of interest.

(iv) **Loss of interest due to lodgment of amount in non- operative accounts.**

As per Para No.- 13 (a) & (b) of previous Audit Report No. 84 of 2000-01, the Authority lost Rs. 22.07 lakh as interest due to retaining the amount in non-operative accounts for long.

Further it was noticed that the Authority maintained eighteen accounts involving Rs. 30,48,193.00 as of March, 2008, which were in-operative from April, 2000 to March, 2008. vide details given below-

Sl. No.	Account No.	Amount involved	Bank charge
1	Allahabad Bank A/c 3 (600156)	2489.85	1082.30
2	-do- A/c 1 (600123)	20139.00	662.45
3	Bank of Baroda (M Lok) A/c- 2036	6,47,527.33	-
4	Bank of India (BCP) A/c 5015	3,97,779.00	-
5	Central Bank (DBRD) A/c 3060	700.00	-
6	SBI EWS A/c 237/ 25362	19,174.76	-
7	SBI M' Lok A/c C- 8986	9,07,852.74	-
8	-do- A/c - 1311	17,648.83	-
9	-do- Conjoint A/c 42	7,53,970.38	-
10	S.B.I. Secretariat Branch A/c 11031	500.00	-
11	UCO Bank A/c -	3419.88	110.00
12	Union Bank of India A/c 26070	14,746.29	240.00
13	The Bihar State Co-operative Bank A/c- 33	8117.18	-
14	-do- Secretariat Branch A/c - 1172	1,50,444.58	-

411

15	-do- A/c 1997	1073.93	-
16	P.N.B. Patna A/c No.- 439	1,00,000.00	-
17	S.B.I. A/c No.- 853 (P/97)	177.52	-
18	S.B.I. M' Lok A/c 25364	2432.03	-
Total		Rs. 30,48,193.30	2094.75
i.e. Rs.		30,48,193.00	2095.00

The pass Book / Statement of the aforesaid accounts was not made available to audit.

Had the total amount of Rs. 30,48,193.00 been invested in fixed deposit, it could have been earned on interest of Rs. 17,16,378.00 @ 6% per annum (minimum) and also non-deduction of Bank charge of Rs. 2095.00

Reason for retaining the amount in non-operative accounts and also not invested in fixed deposit was not explained.

Thus Authority lost of Rs. 42,99,559.00 (Rs. 2,86,506.00 + 87580.00 + 22,07,000 + 17,16,378.00 + 2095.00) due to negligence of officials, which stands for recovery.

13. EXCESS AMOUNT DEBITED BY BANK A/C NO- 10633748055 (SBI M. LOK)

A sum of Rs. 24664.00 was transferred to Ex. Engineer, division E through cheque no. 545485 dated 31.12.07 from A/c No- 10633748055, SBI M' Lok and the said Bank paid to the said division only Rs. 24664.00. However the said Bank debited from this account against said cheque Rs. 221664.00 this resulted Rs. 197000.00 debited in excess.

REPLY

Action taken by the P.R.D.A. and communicate to the Bank for rectification of excess debit of Rs. 197000.00 through letter no. 1412 dated 18.09.08.

Thus, after rectification of Rs. 197000/- may be intimated to this office.

14. NON/ SHORT CREDIT

A sum of Rs. 1105.00 collected through following miscellaneous receipts was either not deposited or deposited in short, vide detailed given below: -

Sl.No	M.R. No./Date	Amount collected	Amount Deposited	Non/short credit
1	3956/23.4.06	10	-	10
2	15779/19.6.07	75	-	75
3	16585/30.7.07	10	-	10

4	17058/21.8.07	75	-	75
5	20790/22.1.08	9480	9400	80
6	20925/28.1.08	75	-	75
7	20983/31.1.08	14280	14200	80
8	19312/11.12.07	100	-	100
9	21289/9.2.08	400	-	400
10	19749/17.12.07	200	-	200
Total-				1105.00

However, the entire amount of non/short credit of Rs. 1105.00 was deposited at the instance of audit vide M.R. No. 25834 dated 21.8.08.

15. NON-RECOVERY OF MAINTENANCE CHARGE AND GRAND RENT: -

It was noticed that a sum of Rs. 22,04,613.00 and Rs. 45,26,781.00 out standing on a/c 's maintenance charge and ground rent of M'lok Complex.

Steps may be taken to recover the maintenance charge and ground rent.

Further it was noticed that the demand register of transport Nagar, flats at S.K.pari, Rent of 1&T type flat at Rajendra Nagar, L-1 and L-2 type at Kankarbag. Rent of heat at Beur, Shop at Rajendra Nagar, Rent of A.N College, S.K. Puri, rent of H. Block-Patna Municipal Corporation, Police Dept. Rajendra Nagar etc, was not maintained and figures of outstanding amount was not produced is audit.

The same may be maintained and is recovery and records produced in the next audit.

16. IRREGULAR CANCELATION OF ALLOTMENT: -

From the allotment register of flat constructed under self financing scheme and concerning file, it was noticed that flat no. 202 and 302 Block No. III and IV of Ekaina apartment of Rajendra Nagar, Patna allotted with the HUDCO, Patna Vide allotment letter No. 4436 dated 04.10.96 at an application of HUDCO vide letter No. IIII dated 18.07.96 at Rs. 466500.00 and Rs. 313000.00 respectively.

Audit Observation:-

1. As per allotment file, the P.R.D.A. allotted the said flat without obtaining agreement of this flat. Due to which the H.N.D.C.O. a void the various terms and conditions of the agreement.
2. As per broche the Security deposit Rs. 15000 per flat was to be realizes before the allotment, however P.R.D.A. did not realise the same.

3. HUDCO did not pay the allotment cost of flat. However P.R.D.A. issued several reminder for dues of allotment cost vide letter no. 618 dated 13.02.97, 1231 dated 14.03.97, 1851 dated 25.04.97, 5868 dated 19.12.97 and cost reminder by 492 dated 12.02.98.
 4. Between 12.02.98 to 09.09.07 the allotment file was not moved, due to which the steps not taken for realization of allotment cost and re –allotment of flat to other person (s); and
 5. P.R.D.A. canceled the allotment vide letter no. 630 dated 10.09.07 without charge any loss. As per brochure P.R.D.A. canceled the allotment and security deposit was to be forfeited due to non-payment of allotment cost. However, P.R.D.A. Put Primary loss of Rs. 30000 (15000X2) as security deposit due to negligence of the section concerned.
- Rs. 30000.00 a stands for recovery from person (5) responsible for loss.

17. (A) IRREGULARITIES IN ALLOTMENT, REALISATION OF RENT ETC. OF MOURYA TOWER :-

Demand and collection register of shops of Mourya lok was not properly maintained. Various information viz. area of shop, approved rate, realisation of rent etc was wanting in register.

From perusal of existing demand and collection register, Brochure, allotment file, rent register etc. the following irregularities were noticed.

(i) **LOSS DUE TO SHORT REALISATION OF COST (BY LESSING THE AREA OF SHOP) :-**

The Board under its resolution no. 27/2001 (Proceeding no. 13/2001) dated 17.02.2001 decided to revise the cost of shop and accordingly the board under resolution no. 43/2001 (Proceeding No. 11/2001) dated 19.05.2001 approved the rates for allotment as under: -

Sl.No.	Particular	Rate per sft.
1	1 st floor	2000
2	2 nd floor	1600
3	3 rd floor	1500
4	4 th floor	1500
5	Ground floor	2450

By revising cost for allotment of shop (taking into the account of total area) amount to be revised by the authority was computed as under :-

Sl. No.	Particulars	Total sft covered	Cost per sft.	Amount to be realized
1	Ground floor	9350	2450	2.29 crore
2	1 st floor	9828.88	2000	1.96 crore

3	2 nd floor	10566.32	1600	1.69 crore
4	3 rd floor	10566.32	1500	1.58 crore
5	4 th floor	12244.48	1500	1.84 crore
6	General room and parking area	-	-	0.21 crore
Total -				9.57 crore

Cost involved in construction of shops was calculated as under :-

1.	Value of work done	220.81 Lakh
2	Further cost to be incurred	150.01 Lakh
3	Cost of land	180.00 Lakh
4	Interest paid to HUDCO	222.27 Lakh
5	Profit 20%	154.60 Lakh
Total -		927.69 Lakh
i.e.		9.28 crore

Surplus amount - 0.29 crore from the above it is clear that cost had been revised judiciously after taking into account all the aspects by the board.

According to Brochure, area of shop no. 5 at ground floor was 80.95 square meter (871.02sft), which had been allotted to Sri J.S.P Sharma on offer of Rs. 2700.00 per sft. But it was noticed that cost of Rs. 1463640.00 of shop no. 5 had been realised for 542.08 sft (50.38 sqm) only. Thus, cost for 328.94 sft (871.02-542.08) actual area was not realised by the authority. This resulted in a loss of Rs. 888119.00 (328.933X2700).

(ii) According to Brochure super built-up area of ground floor (129.658 sft) was not taken for allotment of shop, which was irregular .

(iii) According to Para 7.10 of condition of settlement, if the allottee deposit full amount within 15 days of agreement, 2% rebate was to be allowed, but in contravention of the condition, rebate was allowed to allottee of shop no. 7 (Ground floor), which is as under: -

Name of allottee	Sri Arun Kumar Singh
Date of agreement	07.01.2003
Amt. To be deposited	4,80,060.00

407

Amount deposited	
(i) 19.12.02	20000.00
(ii) 13.02.03	450460.00
Rebate 20%	9600.00
Total-	4,80,060.00

From above it is clear that loss of Rs. 9600.00 accrued to authority by irregular granting of rebate.

(iv) According to Para No. 7.10 of condition of settlement if the allottee of shop does not deposit 25% of amount of settlement within 15 days of the allotment earnest money deposited by allottee should be forfeited. But, in 10 cases neither security money of defaulter was forfeited nor allotment was cancelled.

(v) According to Para 7.10 of condition of settlement if the allottee of shop will have to pay at least 25% of offered money within 15 days from the receipt of acceptance of letter of offer. The allottee shall pay the rest 75% of the offer amount in three subsequent equal instalment of 25% each at an interval of four months from the date of expiry of payment of first instalment. The security money will be adjusted in the last instalment after settlement of dues. For delay in payment of instalment an interest @ 19.5% will be charged from the date due for payment till the payment day before the executinty of lease deed.

But contrary to this, in some case interest was not calculated and in some cases interest was recovered short, however, the acceptance letter was issued by the Authority, resulting which Rs. 7,61,638.00 was not realised as on 31.03.08 vide details in **Appendix- V** to the report.

Similar cases found in 'D' Block of M' Lok complex amounting Rs. 2,17,913.00 (vide details given in **Appendix- VI** to the report) and also in Transport Nagar Plots amount to Rs. 31,29,334.00 (Vide details in **Appendix- VII** to the report)

Thus, total amount of Rs. 5006604 (Rs. 8,88,119.00 + Rs. 9600 + Rs. 7,61,638.00 + Rs. 2,17,913.00 + Rs. 31,29,334.00) may be recovered from person(s) concerned/ responsible.

(B) LOSS DUE TO NON- REALISATION OF DEFAULT CHARGE FROM THE LESSEE OF SHOP

(1) As per deed of lease cum agreement (of M' Lok Complex, A to C Block) the lessee will pay fifty percent of the cast to lesser (the Authority) and the balance amount was payable in 48th equal monthly instalment or 10 equal quarterly instalment together with interest @ 19.5% per annum on

406

or before 7 day of each subsequent month. In the case of default in timely and punctual payment of instalments the lessee shall have to Rs. 5/- for each day of default from 8th day of the month in which instalment fall due. If the lessee fails to pay three consecutive instalment in due time, the whole amount deposited till the date of default shall stand forfeited and lease would be cancelled without any reference.

Test checked of shop No. 108 it was noticed that a total sum of Rs. 11,36,816.00 (Vide details given in **Appendix- VIII** to the report) was not paid as of 3/2008 and no action was taken (including legal) for realisation of the amount. Appropriate action may be taken to recover the amount Rs. 11,36,816.00.

Further it was noticed that shop No. 63, 64 and 65 Sri Om Prakash Sharma and Sri Sharma Deposited Rs. 2,55,000.00 as detailed below:-

		Cost of shop	Deposit amount	Date of Deposit
(i)	Shop No- 63	1,70,000.00	85,000.00	24.07.89
(ii)	Shop No- 64	1,70,000.00	85,000.00	24.07.89
(iii)	Shop No- 65	1,70,000.00	85,000.00	24.07.89
		Total-	2,55,000.00	

The balance amount was to be paid in 10 equal quarterly instalment with 19.5% interest. But no instalment was paid as yet. No action was taken to forfeit, resulting which the authority sustained a loss of Rs. 2,55,000.00. Action may be taken in this regard.

The file of the shops of M' Lok Complex 50,51,61,80,81,83,88,90, 123 and 151 of ground floor and first floor 13,69,86,88, 124 and 151 were produced in the fag end of audit. As such it could not be ascertained that how much amount dues to lessee. The same may be calculated and finding may be intimidated to E.L.A. Bihar.

(ii) As per Demand Register (Para No- 162) One Kiosk was allotted to D.D.C. Patna at the cost of Rs. 3,65,000.00 and lease deed was given by the Authority dt. 29.09.95 (maintenance charge Rs. 127.00 per month and Ground rent Rs. 44)

But no amount was deposited till date. File regarding the allotment of Kiosk was not produced to audit. Pending which the total amount of Rs. 3,65,000.00 is held under objection.

(iii) Due to non- payment of allotment amount, the authority shall have to right to cancel the allotment and initial amount was to be forfeited and also taking necessary legal action.

405

From the demand and collection register of Block 'D' it was revealed that the allotted did not paid the allotment amount of shop. Thus, P.R.D.A put to loss of Rs. 279500.00 vide details give in **Appendix- IX** to the report.

18. CASH IN HAND WITH PREVIOUS CASHIAR

As per Cash Book a sum of Rs. 2400/- was still outstanding with Sri Manvendra Kumar, Ex-Cashier since long thus Rs. 2400.00 may be recovered from Sri Manvandra Kumar and deposited into the concerned division and deposit shown to the next audit.

19. COLLECTION OF TOLL TAX OF T. NAGER

From the cash Book of division 'F', it was noticed that Sri Girish Kumar Singh, J.E. and Sri Nirmal Kumar Choubey, J.E. collected the toll tax and deposited into the division who maintained the said area. A total sum of Rs. 7,37,750.00 was collected during the year under audit, however Rs. 312112.00 was spend an engagement of daily wages as Muster roll against collection of toll tax and maintenance of T. Nagar (See advance Para).

Audit Comments

- (1) Used and unused toll receipts books of collection tall tax of T- Nagar were not yet been produced to audit.
- (2) Terms, conditions and target of the collection of toll tax was not pointed out to audit.
The collection of toll tax was very poor. The same may be enhanced in future.

20. DIVERSION OF GOVT. GRANT

It was noticed that a sum of Rs. 1,69,85,200.00 was drawn vide cheque No. 072721 (P/L Accounts) dt. 16.06.06 for beautification of Mangal Talab and deposited to S.B.I M' Lok A/c No. 48055 out of which Rs. 50,00,000.00 was transfered to Div 'G' for the same work as detailed below-

Sl. No.	Cheque No.	Date	Amount
1	591449	19.04.06	3,00,000.00
2	591450	19.04.06	3,00,000.00
3	591451	19.04.06	3,00,000.00
4	548107	10.07.06	21,00,000.00
5	548108	10.07.06	7,00,000.00
6	548220	18.08.06	8,00,000.00
7	587819	03.02.07	5,00,000.00
Total-			50,00,000.00

The cash balance of S.B.I. M' Lok A/c was Rs. 7,31,344.00 as on 31.03.08. Thus it is cleared that Rs. 1,12,53,856.00 (Rs. 1,69,85,200 – 50,00,000.00 – 7,31,344.00) was diverted towards another expenditure.

Further, it was noticed that Rs. 500.00 lakh of govt. grant for specific purpose was deposited in Allahabad Bank A/c No. 600155. Out of the said amount, Rs. 68,593.00 was spent for different purposes vide details given below-

Sl. No.	Cheque No.	Date	Amount	Particulars
1	133751	20.05.06	2695.00	M/s light Connor for telephone set
2	133754	- Do -	10,990.00	M/s Subham Vision against purchase of Digital Camera
3	133755	- Do -	1165.00	Payment of Telephone bill
4	133756	- Do -	500.00	- Do -
5	133757	- Do -	13,835.00	Sri Sunil against difference of pay
6	133758	- Do -	22,082.00	PESU against electric bill
7	133759	- Do -	6,289.00	- Do -
8	133760	- Do -	11,037.00	- Do -
Total-			68593.00	

As such Rs. 68593.00 was diverted for other purposes.

As per clause of sanctioning letter of Govt. grant, the State Govt. stated that amount of grant was not to be diverted in any circumstances. But contrary to this provision the Authority diverted Rs. 1,13,22,449.00 without prior approval of the sanctioning Authority. This was irregular.

Attention of the State Govt. is invited towards these states of affairs.

21. AVOIDABLE PAYMENT OF INCOME TAX TO THE TUNE OF Rs. 215.39 LAKH

The Patna Regional Development Authority (PRDA) was exempted from Income Tax since its inception under section 10 (20 (A)) of the Income tax (I.T) Act 1961. By the Finance Bill 2002, Section 10 (20 (A)) was omitted. As a result of this omission, the PRDA came in the net of Income tax for the Assessment year 2003-04, The only way left for the PRDA to escape from Income Tax, to get a registration under section 12 A of the Income Tax Act. Further, section 11 (2) of the I.T. Act exempts any trust/Authorities from payment of Income- Tax on accumulated income over expenditure above the limit of 15%, if a notice is given in form No. 10 read with rule 17 of the

Income- tax Rules and the trust / Authority is required to comply with certain condition as elaborated under –

(i) The income as accumulated or set apart will not be included in the total income of the trust or Authority in the receipt, provided such trust or Authority has specified by means of a notice to the Assessing Officer, in form No. 10, the purpose and period (which in no case can exceed 5 years) for which the income is accumulated or set apart. {(Sec. 11 (2)}

The Authority applied for registration under section 12 A on 28.03.05 the C.I.T. –1 Patna granted registration under section 12 A of the Act to the Authority vide memo No. CIT- Pat/ Tech/ 12 A / 05-06/ 17074-76 dt. 12.01.06 with effect from 01.04.04. This order of registration was further rectified and the Authority was granted registration w.e.f. 01.04.03 by CIT-1 Patna vide order dated 02.03.06.

The form No. 10 enclosed with return for Assessment Year (A.Y.) 2003-04 was filed on 09.03.04 by the authority. The delay in furnishing the form No. 10 was also condoned by the C.I.T.- 1, Patna vide memo No. 8131-32 dated 02.03.06.

The form No. 10 was to be accompanied with a resolution specifying the accumulated amount to be spent in specific number of years. However, the Authority failed to submit the resolution passed by the Board with form No. 10. When asked by the Assessing Officer to produce the original Register/ File wherein resolution passed had been entered, the assessee's A.R. failed to file the same. In fact, he files a copy of the resolution passed on 04.02.06, which was passed much after 21.01.04, when Form No. 10 was filed with return of A.Y. 2003-04. The form No. 10 filed on 21.01.04 was signed by the then vide-chairman, P.R.D.A, wherein it was stated that an amount of Rs. 15,21,44,289.00 was the accumulated amount (unspent grant), which was accumulated till 31.03.04.

As the copy of the resolution is to be filed along with form No. 10, it obviously implied that the resolution should be passed prior to accumulation and also prior to filing of form No. 10. The object for which accumulation was done as filed in form No. 10 was given as under-

"To promote and secure planned development of region in general and development area in particular and for that purpose the Authority shall have the power to acquire, hold, manage and dispose of land and other property to carry out building, engineering, industrial, agricultural and other operations, to execute work in connection with transportation, supply of water and electricity, disposal of sewage, drainage and other services or expedient for purposes of such development and

for purposes incidental there to and the Authority shall be the principal agency to provide all infrastructure for the development of the aforesaid areas."

[Section 11 of PRDA Act, 1981]

The Authority failed to provide specified purpose in which the accumulated amount be utilised in the next five years. To set the benefit under section 11 (2) of the I.T. Act, the Authority had to provide the exact and precise purposes for which the accumulation was intended for the next five years.

The Assessing Officer was of the view of accumulation of income is a conscious act, therefore the specification of purpose as required by section 11 (2) admits no amounts of vagueness about the purpose for which it has been accumulated. Considering the above facts, the A.O. concluded that the assessee failed to fulfill the prescribed conditions as laid down in section 11 (2) for getting benefit of accumulation of income in excess of 15% of the income derived during the year and therefore the claim of exemption in respect of accumulated amount of Rs. 15,21,44,289.00 as mentioned in form No. 10 enclosed with the return was disallowed (11.10.07)

The PRDA paid a sum of Rs. 2,15,39,084.00 on accounts of Income tax (including Penalty) for the assessment year 2003-04 vide details given below-

Sl. No.	Cheque No.	Date	Amount	Name of Bank / A/c No.
1	548034	24.05.06	7,50,000.00	SBI M' Lok- 48055
2	Directly attached		13,77,00.00	PNB- 2042
3	548146	10.07.06	1,27,000.00	SBI M' Lok- 48055
4	548261	17.08.06	7,50,000.00	- do-
5	548354	12.09.06	7,50,000.00	- do-
6	548402	11.10.06	7,50,000.00	- do-
7	670212	14.11.06	7,50,000.00	- do-
8	670387	10.01.07	7,50,000.00	- do-
9	670419	16.01.07	7,50,000.00	- do-
10	665617	31.01.07	15,00,000.00	- do-
11	195727 & 195728	08.05.07 & 23.07.07	15,00,000.00	B.S.C. Bank M' Lok- 189
12	195678	11.06.07	7,50,000.00	- do- A/c No- 188
13	545285	28.09.07	15,00,000.00	SBI M' Lok- 48055

(40)

14	551439	14.03.08	20,00,000.00	- do-
15	Directly attached		11,80,000.00	- do-
16	551456	11.07.08	63,55,084.00	- do-
Total-			2,15,39,084.00	

AUDIT OBSERVATION

1. As the Section 10 (20/ A) omitted by the finance bill 2002, the Authority did nothing for registration under section 12 A. It was not explained.
2. The balance sheet for financial year 2002-03 was prepared by S.K. Prasad & Co. Chartered Accountant (C.A). In the balance sheet unspent grant was shown Rs. 15,21,44,289.00 on the basis of which tax was claimed by the Income- tax Deptt. But from scrutiny of the Account prepared by the C.A revealed that Appendix/ Schedule of the amount shown as unspent grant was not prepared and attached by the C.A. As the Authority does not maintain the Grant Register properly since long, how the unspent grant to tune of Rs. 15,21,44,289.00 lakh be calculated was not explained to audit.
3. The PRDA was constituted for planned dev. of region and for that purposes "Master Plans" were prepared from time to time. But the Authority failed to file the purposes on which the accumulation was to spend in the next five years with form No. 10 as required for exemption form Income- tax.
4. The Authority file form No. 10 along with resolution for the A.Y. 2004-05, 2005-06, 2006-07 and 2007-08 was not furnished to audit.
5. As we know the Govt. sanctions grant for specific purposes. The only way that it can accumulate is non-utilisation and / or non-refund of unutilised grant. The reason(s) of non-utilisation and/ or non-refund of unutilised grant was not explained.
6. Due to careless and lapses of officers and others officials of the PRDA, it had to pay Rs. 2,15,39,084.00 which was avoidable. The PRDA replies that it is still trying to exempt its unit from I.T. net. The reply of the PRDA is not acceptable, as the IT authority taxed PRDA on only single ground that it failed to produced the detail plan Expenditure of accumulated amount in next five years. So, PRDA had to pay I.T due to serious official lapses.

Accountability may, therefore, be fixed and action may be taken against guilty officials as per law.