



कार्यालय, महालेखाकार (लेखापरीक्षा), बिहार,
सामाजिक प्रक्षेत्र -I, स्थानीय लेखापरीक्षा शाखा,
वीरचन्द पटेल मार्ग, पटना - 800001

सं०.एल०ए० / एस०एस०-1 / श०स्था०नि० /

सेवा में,

नगर आयुक्त
नगर निगम, पटना
जिला- पटना



दिनांक-

(335/17-18)

नगर निगम, पटना के वर्ष 2015-16 के लेखाओं पर आधारित निरीक्षण प्रतिवेदन सं० 335/17-18 आपके सूचनार्थ एवं आवश्यक कार्रवाई हेतु प्रेषित है। अनुरोध है कि इस निरीक्षण प्रतिवेदन की कंडिकाओं का अनुपालन, निरीक्षण प्रतिवेदन प्राप्ति के 3 माह के अन्दर पूर्ववर्ती निरीक्षण प्रतिवेदनो की लम्बित कंडिकाओं के अनुपालन के साथ अभिप्रमाणित साक्ष्य साहित नगर निगम बोर्ड से अनुमोदित करवाकर जिला स्तरीय समिति के समीक्षोपरान्त प्रेषित किया/करवाया जाय जिससे लेखापरीक्षा के उद्देश्यों की पूर्ति हो सके।

यह निरीक्षण प्रतिवेदन लेखापरीक्षित इकाई द्वारा समर्पित एवं उपलब्ध करायी गयी सूचनाओं/विवरणों के आधार पर तैयार किया गया है। महालेखाकार (लेखापरीक्षा), बिहार पटना का कार्यालय लेखा परीक्षित इकाई द्वारा किसी भी गलत सूचना देने अथवा सही तथ्य छिपाने की जवाबदेही का दावा नहीं करता है।

संलग्नक: यथोपरि

भवदीय,

वरीय लेखापरीक्षा अधिकारी
श०स्था०नि० / सामाजिक प्रक्षेत्र-1
स्थानीय लेखापरीक्षा शाखा, पटना

सं०-एल०ए० / एस.एस.-1 / श०स्था०नि० / 14708/362

दिनांक- 11.01.18

प्रतिलिपि सूचनार्थ एवं आवश्यक कार्रवाई हेतु प्रेषित:-

1. सचिव, नगर विकास एवं आवास विभाग, बिहार सरकार, पटना
2. जिलाधिकारी, पटना

जनवीर कुमार 10/01/18
वरीय लेखापरीक्षा अधिकारी
श०स्था०नि० / सामाजिक प्रक्षेत्र-1
स्थानीय लेखापरीक्षा शाखा, पटना

17 JAN 2018

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Patna Municipal Corporation
Inspection Report No 335/17-18

Part-I

Introduction

1. **Name of office inspected** :- Patna Municipal Corporation (PMC)
2. **Period of accounts audited** :- 2015-16
3. **Scope of Audit** :- A list of records and registers produced to audit and test checked has been furnished in **Appendix-I (A)** and another list of records and registers either not produced or not maintained or produced in incomplete form has been furnished in **Appendix-I(B)** to the report.
4. **Period of audit** :- 09.01.2017 to 13.04.2017
5. **Administration**

| Name of Mayor(S/Shri) | Period |
|---------------------------------|------------------------|
| Md. Afzal Imam | 01.04.15 to 31.03.16 |
| Name of Dy. Mayor | Period |
| Mrs. Amravati Devi | 01.04.15 to 31.03.16 |
| Name of the Commissioner | Period |
| Jai Singh, IAS | 01.04.15 to 31.03.2016 |

6. **Members of audit party**

| Name of the Personnel(S/Shri) | Designation |
|--------------------------------------|-------------------------|
| Ashish Kumar | Auditor |
| Deepak Kumar Rahi | Auditor/Sr. Auditor/AAO |
| Rudresh Kumar Singh | Sr. Auditor |
| Upendra Kumar | Supervisor |
| Hemant Kumar Jha | AAO |
| Vikash Kumar – II | AAO |
| Bishwambher Kumar | Sr. Audit Officer |

7. **Name of the supervising officer-** Shri Bishwambher Kumar, Sr. Audit Officer
8. **Compliance of previous audit report-** Not produced
9. **Whether the memos discussed with the Executive –** Yes

Disclaimer Certificate

This Inspection Report is based on the records/information made available by the Patna Municipal Corporation (PMC). The Office of the Accountant General (Audit), Bihar, Patna is not responsible for any incorrect information furnished by the auditee organisation.

Part II A

1. Settlement of HUDCO loan under OTS in respect of scheme no 14268 construction of Commercial complex at Arya Kumar road, Patna during 2014-15 : Rs. 338.69 Lakh.

The PMC raised a loan of Rs. 291.51 lakh from HUDCO(Housing and Urban Development Corporation) for the construction of commercial complex at Arya Kumar road, Patna under guarantee of State Government vide U.D.D. letter no. 915 dated 31.03.1998. The details of loan paid by HUDCO, Refund to HUDCO, and construction status of the commercial complex are as under:-

(i) Loan paid by HUDCO

| Sl. No. | Date | Amount (Rs. in Lakh) |
|---------|------------|----------------------|
| 1. | 31.03.1999 | 83.23 |
| 2. | 08.06.2000 | 56.71 |
| 3. | 16.11.2000 | 33.02 |
| Total | | 172.96 |

(ii) Refund of Loan to HUDCO

| Sl. No. | Cheque no./date | Amount | Source |
|---------|-------------------|-------------|----------------|
| 1. | 579827/11.12.10 | 61,57,987/- | Matching Grant |
| 2. | 598378/23.07.2011 | 61,57,987/- | Own Sources |
| 3. | 619421/22.09.2011 | 61,57,987/- | Own Sources |

(iii) Expenditure incurred on the project (up to 21.01.2003)

- (i) Payment to Contractor - Rs. 1,46,22,759/-
(M/s Hindustan Steelworks Const. Ltd.)
- (ii) M/s Sen & Lall Consultant - Rs. 14,98,000/-
- (iii) Registration Charges - Rs. 17,44,440/-

Rs. 1,78,65,199/-

The total estimated cost of construction for all the four works of the commercial complex was Rs. 607.81 Lakh. The work remained incomplete due to non-payment of construction charges to the constructor.

The HUDCO vide its letter no. HUDCO/PRO/588 dt. July 14 2014 proposed the PMC to liquidate the dues of the scheme no. 14268 under OTS scheme. The state government vide its letter 2B/Misc./HUDCO Loan/3216 patna dt. 22.10.14 also directed the PMC to refund the outstanding loan with interest to HUDCO at the earliest.

The PMC vide its letter no. 6508/Estt(A/c) dt. 06.11.14 refunded Rs. 338.69 lakh to HUDCO through bank draft number 391922 dated. 05.11.2014. The refund was made out of the fund received on a/c of additional stamp duty only.

Audit Observation:-

- (i) The loan clearance certificate in favour of PMC after refund of loan under OTS scheme issued by the HUDCO was not obtained.
- (ii) The reason for delay in refund and creating additional liability of interest and penalty despite sufficient balance was not pointed out.
- (iii) The Hindustan Steel Works Construction limited, the firm engaged for the construction of commercial building vide letter no. HSCL/PM/PAT/PMC-06/436 dt. 04.07.2016 and subsequently vide letter no. HSCL/H(P)/PAT/RMR/13-P-945 dt. 31.12.2013 requested the PMC for payment of Rs. 41,96,825/- outstanding since long against the work. The position of payment was not pointed out.
- (iv) Steps taken for the completion of the commercial building was not pointed out to audit.

Further, a joint physical verification was done with the Dy. Director, Urban Planning, PMC and Executive Engineer to ascertain the present status of the said commercial complex at Arya Kumar Road, Patna for which PMC paid Rs. 338.69 Lakh to HUDCO in 2014-15 under One Time Settlement (OTS). As per physical verification, the position was that only ground floor was casted which was in dilapidated state.

It was quite clear that the part structure which was erected almost 17 years ago is no more serviceable and the entire expenditure on that project was futile and also the liability still exists on that project on account of construction work done by construction firm M/s Hindustan Steel Works Construction Limited, who refused to work on that project after its bills was not passed and payment was not made to the firm.

No reply was furnished.

2. Irregular collection of users charges from property tax payers by the cyber Infodev Pvt. Ltd. – Rs. 25.14 Lakh.

The empowered standing committee in its meeting dated 16.06.2014 as circulated vide memo no. 4838 dated 31.07.2014 decided that certain identified cyber café may realise /collect additional Rs. 25/- from property tax payers for filing property return on account of user charges. Perusal of records revealed that the citizen service centre also started to collect user charges @25/- from each tax payers as admitted vide their letter dated 18.01.2017 addressed to the Municipal commissioner though the PMC charged that the user charge was being collected w.e.f 01.12.2009 by the civic centre. Further the Municipal Corporation vide its letter no. 7986/PMC/DT.26.07.2016 ordered the citizen civic centre to immediately stop the collection of user charges from the tax payers.

Audit Observation:-

- 1. As per admittal of the civic centre and stop order of PMC as above the user charge was realized tax payer during 31.07.2014 to 26.07.2016.

The user charges collected during the period are detailed below.

| Sl. No. | PERIOD | NO. OF PTR FILED During the period | Amount realized | Remarks. |
|---------|----------------------|------------------------------------|-----------------|--|
| 1. | 01.08.14 to 31.03.15 | 29240 | 731000 | No data available. Calculated on average basis and data furnished by Civic Centre. |
| 2. | 01.04.15 to 31.03.16 | 43863 | 1096575 | |
| 3. | 01.04.16 to 31.07.16 | 27461 | 686525 | |
| | | Total | 2514100 | |

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As per agreement, the PMC agreed to pay only service charge/fees @ 4% of the revenue collected through the civic centre on behalf of PMC. Thus, the authenticity/authority of collection of user charges from tax payers was not pointed out to audit.

The actual period and amount of collection of user charges by the civic centre was not pointed out to audit.

Further, as per para 37 of agreement, the CCCA shall deposit all taxes, user charges, fee and fines collected on behalf of PMC immediately and on regular basis in the bank a/c designated by the PMC.

The amount so collected was not deposited into Corporation Fund.

No reply was furnished.

3. Liability of Water Cess payable to the Bihar State Pollution Control Board (BSPCB) : Rs. 30.01 Crore.

As per provisions under section 3 of the Water (Prevention and Control of Pollution) Cess Act, 1977, cess shall be payable by local authority on the basis of the quantum of water consumed. The proceeds of the cess levied under section 3 shall be credited to the Consolidated Fund of India after deducting the expenses on collection by the State Board. Section 10 of the said Act provides that if any local authority fails to pay any amount of cess payable under section 3 to the State Government within the date specified in the order of assessment made under section 6, such Local Authority, shall be liable to pay an interest on the amount to be paid at the rate of two percent for every month or part of a month comprised in the period from the date on which such payment is due till such amount is actually paid. Further, Section 11 of the said Act provides that if any amount of cess payable under section 3 is not paid to the State Government within the date specified in the order of assessment made under section 6, it shall be deemed to be in arrears and the authority, after such enquiry as it deems fit, impose on such Local Authority, a penalty not exceeding the amount of cess in arrears.

It was noticed from the cash book of the Patna Water Board that Rs.122760 was paid to the Bihar State Pollution Control Board, Patna on account of water cess for the month of July, 2015 vide letter no 594 dated 05.11.2015 (DD no.067144 dated 04.11.2015). The amount was paid after receipt of the amount from the PMC head office. The water cess amount was paid in compliance to the assessment of cess by the BPCB, Patna vide their letter no P/Cess 1-63/92/05/B1381 date 02.08.2015 on the basis of water consumption of 4092000 KL @3 paise per KL under Sub-section (2A) of Section 3.

Audit Observation:

1. As per Act, for the purpose of measuring and recording the quantity of water consumed every local authority shall affix meter at such places as prescribed. No meter has been affixed by the Patna Water Board to record the quantity of water consumed/ supplied. The basis of the assessment for the month of July, 2015 which had been accepted by the PMC was not pointed out to audit.
2. As per Section 5 of the Act, every local body liable to pay the cess shall furnish such returns, in such form at such intervals as may be prescribed. The returns furnished if any was not pointed out to audit.
3. As noticed from file, the BSPCB vide its show cause notice under section 11 of the Act, assessed a total amount of cess of Rs.75350055 for the period from April, 1978 to August, 2015 vide assessment orders by the Assessing Authority from time to time. The PMC also created an

additional liability of Rs.2247.49 lakh on the account of interest accrued due to non-payment as detailed below:

| Statement showing the liability created due to non-payment of water cess within specified date i.e within 45 days from the date of issue of the Assessment order. | | | | | |
|--|-------------------------------|--------------------------------|----------------------|-----------------------|------------------------|
| Sl. No. | Assessment order no. and date | Assessment period | Cess amount assessed | Liability of Interest | Period in months |
| 1 | 02, dated 17.01.2003 | April, 1978 to 25 January,1992 | 12416210 | 41966789 | 3/2003 to 03/2017=169 |
| 2 | C/143, dated 19.01.1993 | 26 January,1992 to Dec.,1992 | 1778227 | 10278152 | 03/1993 to 03/2017=289 |
| 3 | T.481, dated 25.05.1994 | January, 1993 to Dec.,1993 | 2863468 | 15634535 | 07/1994 to 03/2017=273 |
| 4 | C/576, dated | January,1994 to Dec.,1995 | 5726938 | 30352771 | 03/1995 to 03/2017=265 |
| 5 | 1431,dated 19.11.2001 | January,1996 to Dec.,2000 | 14317344 | 55551294 | 01/2001 to 03/2017=194 |
| 6 | 1432, dated 19.11.2001 | January, 2001 to Oct.,2001 | 2386224 | 9258549 | 01/2001 to 03/2017=194 |
| 7 | 896, dated 26.08.2002 | Nov.,2001 to July,2002 | 1247602 | 4341654 | 10/2002 to 03/2017=174 |
| 8 | 220, dated 19.09.2003 | August,2002 to July,2003 | 2863468 | 9220366 | 11/2003 to 03/2017=161 |
| 9 | T-7227, dated 24.11.2005 | August,2003 to July,2005 | 5726938 | 15462733 | 01/2006 to 03/2017=135 |
| 10 | T-3861, dated 15.05.2007 | August,2005 to January,2007 | 4295203 | 10394391 | 03/2007 to 03/2017=121 |
| 11 | B-252,dated 26.03.2010 | February, 2009 to January,2010 | 8590406 | 14260073 | 05/2010 to 03/2017=83 |
| 12 | B-265,dated 23.07.2014 | February,2010 to June,2014 | 12646987 | 7841131 | 09/2014 to 03/2017=31 |
| 13 | T-10126, dated 15.09.2014 | July,2014 to August, 2014 | 245520 | 142401 | 11/2014 to 03/2017=29 |
| 14 | B-1381, dated 20.08.2015 | July,2015 | 122760 | Nil | Paid on 04.11.2015 |
| 15 | B-1497,dated 07.09.2015 | August,2015 | 122760 | 44193 | 10/2015 to 03/2017=18 |
| | | Total: | 75350055 | 224749032 | |

4. The expenditure incurred on supply of water by the Urban Local Bodies was completely recoverable under section 128(i) of the Bihar Municipal Act, 2007 from the consumer. The water consumer charges (month wise) realized from the water connection holder as per the UD&HC notification no 3/UG-Reforms-10/12-1250, dated 12 Jul, 2013 was not pointed out.
5. The water consumption/supply report if any was not made available to audit.
6. The charges/ fee realized since providing the water connection to the households and ward wise water connection holders was not made available.

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No reply was furnished.

4. Excess payment to Saryu Babu Engineers India Pvt. Ltd on account of Consult. Fee & Service charge : Rs. 70.14 Lakh.

The Municipal Corporation selected an agency for establishing the project Management unit (PMU) Under Rajiv Awas Yagna in Patna. The concerned files in selection of firm, payment of installment revealed that:-

- i. The MC vide N.I.T No. 01/MC (P)/PMC/2015 invited technical and financial proposals from eligible consultants agencies for establishing the project management unit(PMU) under RAY as per the guidelines of RAY.
- ii. Accordingly, three agencies namely M/s SBENG RED, M/s SBENG and M/s Vision EIS consulting pvt ltd submitted their proposals.
- iii. The purchase committee (24.09.15) recommended all the three firms technically qualified and thereafter opening of the financial bid, the SBENG (L 1 qualified) was selected as ordered by the Municipal commissioner on 15.01.16 and approved by the empowered standing committee vide memo no. 448/patna/dated 20.01.16 in its 58th meeting dated 23.12.15. Accordingly, the PMC vide its letter no. 2532 dated 10.03.2016 intimated to the M/s Saryu Babu Engineers India Pvt Ltd to execute agreement.
- iv. The Additional Municipal Commissioner on behalf of the PMC executed an agreement on 10th March 2016 with sbeng for rendering the services of project management unit for execution of RAY with certain references and conditions.
- v. The details of payment made to the M/s SBENG are as follows:-

| Sl. No. | Letter No. of RTGS | Date | Amount | Remarks |
|---------|--|------------|---------------|--|
| 1. | As per Cheque issue Register, file and | 31.03.2016 | 79,19,100 | Consultancy Charges |
| 2. | Bank Statement | 31.03.2016 | 8,79,900 | Income Tax |
| 3. | Vide Memo No. 4452 dated 07.04.2016 | 07.04.2016 | 12,32,000 | Payment on account of service charge deduction |
| 4. | As per Bank Passbook | 29.10.16 | 41,79,400 | Consultancy |
| 5. | -do- | 29.10.2016 | 4,40,000 | Income Tax |
| Total | | | 1,46,50,400/- | say 146.504 Lakh |

Audit Observation:-

1. Non acceptance of economic financial proposal:-

The three tenderers submitted the following financial proposal as follows:-

- i. S Beng Red : vide their letter no. 252/15 dated 21.09.2015
 - a) Consultancy fee @ 4.25% of total project cost
 - b) Amount is exclusive of all taxes to be claimed as per Govt. rules.
- ii. SBENG : vide letter no. S Beng 311/15 dated 19.09.2015
 - a) Consultancy fee @ 4.14 % of total project cost.
 - b) Amount is exclusive of all taxes.
- iii. VISION EIS Vide ... dated 17.09.15
 - a) Consultancy fee @ 3 % of total project cost Rs. 6122.43 lacs equals to Rs. 183.67 lacs
 - b) Amount is inclusive of all taxes.

From above, it appears that the offer of vision EIS was the most economic but instead of selection of this firm sbeng was selected. No clarification was sought from the Vision EIS before rejecting its tender. Further, the bid documents submitted by the tenderers were not produced before audit.

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2. Credit of Document fee and Earnest money not traceable.

As per notice, document fee @ Rs. 5000/- and earnest money @ Rs. 50000/- was required to be submitted through demand draft by the bidders. It was noticed that the demand drafts were not credited into the Nigam account as the draft bearing no. 023366 dated 14.09.15 was returned to one of the agencies who was not awarded the project. The rest drafts received and credit thereof in MPL account was not pointed out to audit.

3. As per state Govt. letter no. resolution ray-27/14/38 dt. 02.02.15 the phase I and Phase II project of RAY was to be executed by the PMC and the phase III project was to be executed by the BUIDCO, and accordingly the tender for establishing the PMU was called for. Further, in course of finalization of tender, also, the tenderer vision EIS Const. Pvt Ltd vide its letter Ref no VIC/15-16/letter/10179 dated 17.09.2015 sought clarification on point 2.4 (page no 14 of RFP document), From FIN 4.2 (page no 26) and covering letter (page no 20), From PMC. In response, the PMC vide its letter no. 7117/PMC dated 19.09.2015 clarified that the contract period was upto the completion of the mission, the base cost of the project was

RAY Phase I – Rs. 2583.33 lacs

Phase II- Rs. 3539.10 lacs

Total Rs. 6122.43 lacs

And date of commencement of the assignment was the date of the signing of the agreement.

Thus, it was clear that the tenders was invited for the phase I and Phase II only and the period of contract was upto the date of the completion of the project.

Scrutiny of the payment made to the S Beng revealed that the payment was made on considering the phase III cost price also resulting into an excess payment to the firm vide details below:-

| Sl. No. | Payment | Amount | Payable amount for Phase –I & Phase –II only | Excess Paid |
|---------|---|--|--|-------------|
| 1. | 1 st instalment @ 20% of consultancy Fee @ 4.14% of the Project Lease Cost- Rs. 439.9549 Lacs Phase I- 2583.33 Phase II- 3539.10 Phase III – 4504.50 <u>Total – 10626.93</u> | 87.99 | 50.69 Lacs (20% of Rs. 253.47 Lac) i.e Phase I – 2583.83 Phase II – 3539.10 <u>Total - 6122.43</u> | 37.3 |
| 2. | Service Tax @ 14 % | 12.32 | - | 12.32 |
| 3. | 2 nd Instalment @ 10 % of chargeable total consultancy fee | 39.595 6.599 (S.T. @ 15 % of 43.995) <u>46.194</u> | 25.347 | 20.847 |
| Total | | | | 70.467 |

Thus, the PMC paid Rs. 70.467 Lakh in excess to the consultancy agency upto 30 % of total payable amount of consultancy fee.

(1) Irregular payment of Service Tax to S Beng

As per notification no. 25/2012-Service Tax dated 20th June, 2012, services provided to the local authority for carrying out any activity in relation to slum improvement and upgradation and the central govt. being

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satisfied that it is necessary in public interest, the Service Tax is exempted. Thus despite provision of exemption, the service tax was paid to the M/s Sbeng consultancy Services irregularly.

(2) As per agreement dated 10.03.2016 with the Saryu Babu Engineers India Pvt. Ltd., the following work was to be performed by this firm :

- (i) Verification & identification of beneficiaries, assistance in opening their accounts
- (ii) Preparing the working drawings of dwelling units.
- (iii) Re-designing the dwelling units and working out revised cost of estimates.
- (iv) Preparation of BOQ, Drawing construction.
- (v) Supervision of the work of dwelling units, ensuring quality parameters.
- (vi) Assistance in preparing the accounts, records and MBs etc.

The work except (i) performed by the Sbeng was not pointed out to audit.

(3) Discrepancies in execution of agreement

- (i) The Phase -III project base cost was irregularly added while calculating the total consultancy amount.
- (ii) The duration of the assignment should have been upto the completion of project instead of March, 2018.
- (iii) The payment should have been linked with the physical and financial achievement in the project and achieving the target also.
- (iv) Clause for ensuring the presence of qualified and experienced team leader and other key professionals was not found in the agreement.

No reply was furnished.

5. Loss in property tax Rs 1.41 crore due to irregularity in assessment of holding

Test check of Assessment register, Property Tax Return filed against the Hai Medicare & Research Institute, Patna (HMRI) revealed that there were differences in the details of the Property which resulted in the short assessment of the Property tax as detailed below:

| Statement Showing Difference in details of property (Paras HMRI Hospital) | | | | | |
|---|-------------------|---|--------------------|--------------------------|---|
| SL NO | AS PER RECORDS OF | PARTICULAR OF PROPERTY | AREAL DETAILS | | REMARKS |
| 1 | NCC | PID 2701083301 | VACANT AREA | 34617 SQFT | PARAS HOSPITAL OWNER DR. AHMAD HAI & OTHER PROPERTY TAX PAID UPTO 2015-16 |
| | | AID 217021130179 | CARPET AREA | 186023.97 SQFT | |
| | | OLD HOLDING 275/92 | | | |
| 2 | PRDA(PMC) | HAI MEDICAL & RESEARCH INSTITUTE PATNA (HMRI) | TOTAL PLOT AREA | 11161 SQM OR 120136 SQFT | MAP APPROVED |
| | | | TOTAL BUILTUP AREA | 21856 SQM OR 120136 SQFT | YEAR OF ACQUIRING 2001-02 |

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| | | | | | |
|---|--|---|-----------------------|-----------------------------------|--|
| | | | VACANT AREA | 4516 SQM OR 48609.82 SQFT | |
| 3 | ENVIRONMENT IMPACT ASSESSMENT AUTHORITY BIHAR(SEIAA) | PARAS HOSPITAL SINCE CHANGED FROM HMRI | TOTAL PLOT AREA | 11161 SQM OR 120136 SQFT | ENVIRONMENT CLERANCE CERTIFICATE ISSUED IN JULY 2013 |
| | | | TOTAL BUILTUP AREA | 30750 SQM OR 330990.25 SQFT | |
| | | | VACANT AREA | 4500 SQM OR 48437.60 SQFT | |

The loss in the property tax to the PMC since 2001-02 to 2016-17 came to Rs.14094177/-vide details in the **Annexure-II** to the Report.

No reply was furnished to audit.

6. Non/belated Implementation of Employee Provident Fund (EPF) Scheme resulted in creation of liability of Rs.14.5 crore

As per notification no.S.O.30 of (E) dated 08 Jan 2011 of Ministry of Labour and Employment, all employees of the Municipal Corporation shall be covered under section 2(f) of EPF & Mis. Provisions Act, 1952, excluding the employees who are getting benefits of PF and Pension according to rules of the Govt. or employers with effect from the date of notification. Further, as per para (30) Payment of contributions Sub Para(3) of the Act,1952 ibid it shall be duty of the principal employer to pay both the contribution payable by himself in respect of the employees directly employed by him and also in respect of the employees employed by or through a contractor and also administrative charges. As per provision of the Act ibid, a deduction of 12% from employee and a contribution of 13.61% from employer on basic wages, dearness allowance and retaining allowance, if any was required to be deposited in the EPF account of the individual employee within 15 days of the closing of the respective month. Penalties under Para 32A of the EPF Scheme provides for claiming of damages for default in making payment of any contribution. The details are given below:

| Sl. No | Period Of Default | Rate of Damages (% of arrears per annum) |
|--------|---|--|
| 1 | Less than 2 months | 17 |
| 2 | 2 months & above but less than 4 months | 22 |
| 3 | 4 months & above but less than 6 months | 27 |
| 4 | 6 months & above | 37 |

Test check of the allotment and utilization of fund under salary and allowances head in different circles of the PMC revealed that allotment were being received for daily wages employees but contribution under EPF scheme were not remitted to the EPF office. The PMC did not implement the EPF scheme for the employees working on daily wages/ consolidated pay on time which resulted in creation of a liability of Rs.14,49,20,228/-on account of damage charges and interest vide details in **Annexure-III** to the report.

Reason for non/ belated implementation of EPF scheme for the daily wages employees of the PMC was not pointed out to audit.

No reply was furnished.

7. Loss of Rs.49.44 lakh in purchase of Garbage container on higher rate from M/s Ensol

The UD&HD, Govt of Bihar vide its allotment order no. 30 dated 16.01.2008 released Rs.2309.62 lakh (central share Rs.461.92 lakh, state share Rs.1847.70 lakh) to the PMC under JNURM scheme for execution of solid management scheme. As per letter no 2013/296/UD&HD dated 04.07.2016 the total fund available with PMC as on date was Rs.4138.84830 lakh including interest accrued on the allotted fund.

In course of test check of purchase file no.III-T-309 on subject Machinery purchase from Ms Ensol under consolidated Solid Waste Management scheme it was noticed that the PMC vide its letter no.4053 dated 26.06.2015 executed an agreement with Ms Ensol for supply of 1950 no. of 1.1 M³ garbage container @Rs.26900/ each. The phase wise supply and payment position is detailed below:

| SL. No. | QUANTITY | REF OF AGREEMENT | PURCHASE ORDER | REF OF PAYMENT |
|---------|----------|------------------------|------------------------|--|
| 1 | 300 | 02/CME/PMC 13/08/15 | DT 5879 DT 19/08/15 | RT65 MEMO 214 DT 09/01/16 Rs. 80.70 LAKH |
| 2 | 700 | 02/CME/PMC 16/02/16 | DT 8966 DT 21/01/15 | NA Rs.242.909 LAKH |

Further, the State government vide its letter no. 276/सा10को0 पटना Dated 28/07/2014 declared BUIDCO as State Procurement Organisation for SOLID WASTE MANAGEMENT and directed the PMC to issue Supply order by 05/08/2014 for supply of equipments otherwise the unutilized amount including the interest accrued may be refunded to the State Government so that the state government may initiate the procedure for purchase of equipment from State Procurement Organization.

The General Manager(Technical) BUIDCO, Patna vide its letter BUIDCO/40-459/14-381 Dated 13/02/2015 intimated Municipal Commissioner Patna that BUIDCO has empanelled supplier of Garbage Container 1.1M³ @Rs.22000 each. But despite lower available rate the PMC purchase 1000 number of the said item @Rs26900 each which resulted in excess payment of Rs.4943554/- vide details in **Annexure-IV** to the Report.

The PMC replied that the the specifications, terms and conditions of the tender were different. Further the thickness of the grabaze container supplied by MS ENSOL was 3.15MM where as the thickness of item supplied by BUIDCO was 2.00MM.

Scrutiny of the BID Document/RFP of PMC and Technical specification of SWM Equipments circulated to all ULBs by the UD&HD government of Bihar vide SPUR-PMU/143/SWM Eqpt.2013/179 Dt. 01/07/2013 revealed that the Dead weight and the load capacity of the garbage container was same thus the reply of the PMC was incorrect. Further, it was also noticed that the PMC purchased 800 garbage containers out of balance 950 from BUIDCO @22000 only.

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8(i) Loss owing to payment of inadmissible electricity duty on electricity bill payment related to Street Lights to the South Bihar Power Distribution Company Ltd. (SBPDCL) between 2013-14 and 2015-2016 : Rs. 1,46,00,752/-.

In terms of notifications issued under the Bihar Electricity Duty Act, 1948 and the rules framed there under, units of energy consumed by any local authority for the purpose of lighting any public streets has been exempted from the payment of duty under the said Act.

The relevant notification in this regard reads as under:-

Notification No. 2591-F.R., dated the 1st October, 1948.-

In exercise of powers conferred by clause (vi) of the proviso to sub-section (1)- of section 3 of the Bihar Electricity Duty Act, 1948 (Bihar Act XXXVI of 1948), the Governor of Bihar is pleased to declare that the units of energy consumed for the purposes specified in column 2 of the Schedule hereto annexed shall be deemed to be consumed for public purposes within the meaning of the said clause and that the units of energy consumed for such purposes shall be exempt from the payment of duty under the said Act to the extent and subject to the conditions and exceptions specified in the corresponding entry in column 3 of the said Schedule.

SCHEDULE

| Serial No. | Consumption of units of energy by specified authorities for the Purposes | Extent, conditions and exceptions. |
|------------|--|---|
| 1 | 2 | 3 |
| 1. | By any local authority for the purpose of lighting any public streets. | To the extent of units of energy consumed by means of lamps within the meaning of clause (k) of section 2 of the Indian Electricity Act, 1910 (IX of 1910.) |
| 2. | By the Public Works Department for the purpose of the lift irrigation. | To the extent of units of energy consumed for lift irrigation, |

Test check of files related to electricity bills payments of South Bihar Power Distribution Pvt. Ltd. (SBPDCL) revealed that Patna Municipal Corporation (PMC) was in receipt of Electricity Bill of Street Light connection bearing consumer no. SSI (PMC) of Patna City Electric Supply Division for the month of July, 2013 as under:-

| Sl. No. | Particulars of Street Light Connection Bill | Bill Amount |
|--------------|---|---------------------|
| 1 | Arrear Electricity Charge | 231405461.45 |
| 2 | Arrear Delayed Payment Surcharge (DPS) | 108159265.31 |
| 3 | Arrear Electricity Duty (ED) | 14119151.89 |
| 4 | DPS for current month | 3682869.2 |
| 5 | Electricity charge for current month | 1148364 |
| 6. | ED for current month | 68901.84 |
| TOTAL | | 358584013.69 |

Further, scrutiny of electricity bill payment file revealed that Patna Municipal Corporation made following partial payments in respect of above-noted Patna City Electric Supply Division's Street Light electricity connection after July, 2013 as under :-

| Sl. No. | Electric Supply Division | Amount of bill/Bill Month | Amount paid | Amount of Cheque, Cheque No./Date | Out of which Grant |
|---------|-------------------------------------|--|---------------|--|--|
| 1. | Patna City Electric Supply Division | - | 1301325 | 4,60,05,603/- Cheque No. BB444289 dated 29.03.2014 | 4 th State Finance Commission |
| 2. | -do- | 44,21,01,685/- March, 2015 46,72,82,381/- September, 2015 | 250250 | 3,06,32,227/- Cheque No. 986527 dated 07.10.2015 | -do- |
| 3. | -do- | 44,53,32,644/- March, 2016 | 1,56,00,000/- | 4,96,43,637/- {Cheque No. 986566 Dated 28.03.2016}. 5,00,00,000/- {Cheque No. 986568 Dated 30.03.2016 for Rs. 8,00,00,000/-}. 3,00,00,000/- {Cheque No. 986568 Dated 30.03.2016 for Rs. 8,00,00,000/-}. | 4 th SFC 5 th SFC 14 th SFC |

In terms of Point No. 2 of Terms and Conditions of Low Tension Tariff indicated at Appendix -I i.e. "Tariff schedule for retail tariff rates and terms and conditions of supply for A.Y. 2015-16" of Tariff Order for A.Y. 2015-16, all payment made by consumers in full or part shall be adjusted in the following order of priority:-

- Statutory taxes and duties on current consumption
- Arrear of Statutory taxes and duties
- Delayed payment surcharge
- Balance of arrears
- Balance of current bill

In abeyance of the above-noted order of priorities against payment, partial payments of Rs. 13,01,325/-, Rs. 2,50,250/- and Rs. 1,56,00,000/- in respect of single street light connection of PMC under Patna City Electric Supply Division was adjusted and owing to that, an amount of inadmissible electricity duty of Rs. 1,46,00,752/- was paid by PMC as per details given below :-

| | |
|--|--------------------|
| Arrear of Electricity Duty (ED) reflected in the July, 2013 bill of single street light connection under Patna City Electric Supply Division | Rs. 1,41,19,151.89 |
| Electricity Duty as on March, 2016 {August 2013 to March, 2016 (32 months at the rates prevalent in 2015-16 @ Rs. 15,050/-)} | Rs. 4,81,600 |
| TOTAL ED as on March, 2016 | 1,46,00,752/- |

In this way, PMC paid inadmissible Electricity Duty (ED) of Rs. 1,46,00,752/- to SBPDCL, while making partial payment of single street light connection under Patna City Electric Supply Division against the exemption from payment of Electricity Duty (ED) in respect of Street Light Connections as notified in Notification No. 2591-F.R., dated the 1st October, 1948 issued under Bihar Electricity Duty Act, 1948.

PMC replied that the correspondences with South Bihar Power Distribution Private Limited (SBPDCL) for adjustment of Electricity Duty (ED) paid in respect of Street Light connections are being done.

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8(ii) Loss owing to payment of inadmissible electricity duty on electricity bills related to forty-seven (47) metered/un-metered Street Light connections to the South Bihar Power Distribution Company Ltd. (SBPDCL) during October, 2015 : Rs. 70,47,949/-.

Audit scrutiny of files related to electricity bills payments of South Bihar Power Distribution Pvt. Ltd. (SBPDCL) revealed that Patna Municipal Corporation (PMC) made partial payment of Rs. 3,06,32,227/- during October, 2015 through cheque no. 986527 dated 07.10.2015 out of the grant available from 4th State Finance Commission.

In terms of Point No. 2 of Terms and Conditions of Low Tension Tariff indicated at Appendix –I i.e. “Tariff schedule for retail tariff rates and terms and conditions of supply for A.Y. 2015-16” of Tariff Order for A.Y. 2015-16, all payment made by consumers in full or part shall be adjusted in the following order of priority:-

- a. Statutory taxes and duties on current consumption
- b. Arrear of Statutory taxes and duties
- c. Delayed payment surcharge
- d. Balance of arrears
- e. Balance of current bill

In abeyance of the above-noted order of priorities against payment, partial payment of Rs. 3,06,32,227/- in respect of forty-seven (47) metered/un-metered electricity account nos. of Street light electricity bills of PMC were adjusted and owing to that, an amount of inadmissible electricity duty of Rs. 70,47,949/- was paid by PMC (**Annexure-V**).

PMC paid inadmissible Electricity Duty (ED) of Rs. 70,47,949/- to SBPDCL, while making partial payment of forty-seven (47) electricity bills of street light connections under PMC against the exemption from payment of Electricity Duty (ED) in respect of Street Light Connections as notified in Notification No. 2591-F.R., dated the 1st October, 1948 issued under Bihar Electricity Duty Act, 1948.

PMC replied that the correspondence with South Bihar Power Distribution Private Limited (SBPDCL) for adjustment of Electricity Duty (ED) paid in respect of Street Light connections are being done.

8(iii) Loss owing to payment of inadmissible electricity duty on electricity bills related to Street Lights to the South Bihar Power Distribution Company Ltd. (SBPDCL) during March, 2016 : Rs. 1.21 Crore.

Audit scrutiny of files related to electricity bills payments of South Bihar Power Distribution Pvt. Ltd. (SBPDCL) revealed that Patna Municipal Corporation (PMC) made partial payment of Rs. 12,96,43,637/- during March, 2016 { Rs. 4,96,43,637/- through cheque no. 986566 dated 28.03.2016 out of the grant available from 4th State Finance Commission + Rs. 8,00,00,000/- (Rs. 5,00,00,000/- out of the grant available from 5th State Finance Commission and Rs. 3,00,00,000/- out of the grant available from 14th State Finance Commission) through cheque no. 986568 dated 30.03.2016}.

In this regard, orders for necessary account-wise adjustment against the partial payment of Rs. 12,96,43,637/- made by PMC among nine (09) divisions of SBPDCL was communicated through Sr. Manager (Revenue) letter bearing no. 523 dated 02.04.2016 as under :-

| Sl. No. | Division | Amount (in Rs.) |
|--------------|-------------------------|-----------------------|
| 1. | Kankarbagh Division | 2,30,00,000/- |
| 2. | Dak Bungalow Division | 2,30,00,000/- |
| 3. | Gardanibagh Division | 2,00,00,000/- |
| 4. | Patna City Division | 1,56,00,000/- |
| 5. | Patliputra Division | 1,50,00,000/- |
| 6. | Bankipur Division | 60,00,000/- |
| 7. | Gulzarbagh Division | 70,00,000/- |
| 8. | New Capital Division | 1,00,00,000/- |
| 9. | Rajendra Nagar Division | 1,00,43,637/- |
| Total | | 12,96,43,637/- |

However, the said adjustments were not reflected in the electricity bill accounts of PMC till February, 2017 and were shown to be adjusted in March, 2017 only instead of March, 2016. The account-wise adjustment of partial payment of Rs. 12,96,43,637/- were shown to be adjusted in the 2nd fortnight of March, 2017 by the concerned nine (09) divisions of SBPDCL only after the issuance of audit memo to PMC bearing memo no. L.A./S.S.I/L.B./H.K.J./70 dated 07.02.2017 for production of vouchers related to electricity bill payment to SBPDCL to the tune of Rs. 12,96,43,637/- by PMC during March, 2016.

The details of account-wise adjustments by nine (09) divisions of SBPDCL against the partial payment of Rs. 12,96,43,637/- by PMC was furnished as under :-

| Sl. No. | Division | Account No. /C.A. No. | Amount stated to be adjusted against the C.A. Nos./Account Nos. Of PMC by SBPDCL (in Rs.) |
|-------------------------|-------------------------|-------------------------|---|
| 1. | Kankarbagh Division | 101087290/SS-II | 80,00,000/- |
| | | 101087295/SS-II | 70,00,000/- |
| | | 101087292/SS-II | 80,00,000/- |
| 2. | Dak Bungalow Division | 000001/SL | 2,30,00,000/- |
| 3. | Gardanibagh Division | 010205053350 | 2,00,00,000/- |
| 4. | Patna City Division | 010103501128 | 1,56,00,000/- |
| 5. | Patliputra Division | 100932246/010202183278A | 1,50,00,000/- |
| 6. | Bankipur Division | 000001/BKP | 60,00,000/- |
| 7. | Gulzarbagh Division | 100805316 | 70,00,000/- |
| 8. | New Capital Division | 01020159998A/414 | 1,00,00,000/- |
| 9. | Rajendra Nagar Division | 100779362/10105128072 | 42,64,834/- |
| | | 100777995/10105205157 | 14,62,352/- |
| | | 100777561/10105203712 | 8,71,911/- |
| | | 100777571/10105203713 | 9,78,885/- |
| | | 100777986/10105205156 | 24,65,558/- |
| Total adjustment | | | 12,96,43,637/- |

In terms of Point No. 2 of Terms and Conditions of Low Tension Tariff indicated at Appendix -I i.e. "Tariff schedule for retail tariff rates and terms and conditions of supply for A.Y. 2015-16" of Tariff Order for A.Y. 2015-16, all payment made by consumers in full or part shall be adjusted in the following order of priority:-

- Statutory taxes and duties on current consumption
- Arrear of Statutory taxes and duties
- Delayed payment surcharge
- Balance of arrears
- Balance of current bill

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In abeyance of the above-noted order of priorities against payment, partial payment of Rs. 12,96,43,637/- in respect of fifteen (15) account nos. of Street light electricity bills of PMC were adjusted and owing to that, an amount of inadmissible electricity duty of Rs. 1,21,16,938/- was paid by PMC and also an amount of Rs. 8,26,89,796/- was also paid as Delayed Payment Surcharge (DPS) despite availability of sufficient funds under PMC as under :-

| Sl. No. | Division | Account No. /C.A. No. | Total Amount adjusted against the C.A. Nos./Account Nos. Of PMC by SBPDCL (in Rs.) | Electricity Duty (ED) arrears including current ED (calculated @ 6 per centum of the value of arrear energy and current energy charge) adjusted from the current partial payment | Delayed payment surcharge (DPS) including current DPS adjusted from the current partial payment |
|---------|-------------------------|-----------------------------------|--|--|---|
| 1. | Kankarbagh Division | 101087290/010102147436 (SS-II) | 80,00,000/- | 3,15,640 | 76,84,360/- |
| | | 101087295/010102149843 (SS-II) | 70,00,000/- | 2,29,299/- | 67,70,701/- |
| | | 101087292/010102148433 (SS-II) | 80,00,000/- | 2,59,596/- | 77,40,404/- |
| 2. | Dak Bungalow Division | 000001/SL | 2,30,00,000/- | 90,89,579 | 1,39,10,421 |
| 3. | Gardanibagh Division | 010205053350 | 2,00,00,000/- | 2,37,600/- {ED @ Rs. 39,600/- for the period from 10/15 to 03/16} | 1,26,99,705/- |
| 4. | Patna City Division | 010103501128 | 1,56,00,000/- | ED payment already included in Para 1(i) | |
| 5. | Patliputra Division | 100935246/010202183278A (SS-II) | 1,50,00,000/- | 2,32,848/- {ED @ Rs. 33,264/- for the period from 9/15 to 03/16} | 79,54,857/- |
| 6. | Bankipur Division | 000001/BKP (SS-II) | 60,00,000/- | 6,22,984/- | 9,00,658 |
| 7. | Gulzarbagh Division | 100805316/010104001137A (SS-II) | 70,00,000/- | 1,17,216/- | 59,97,238/- |
| 8. | New Capital Division | 01020159998A/414 (SS-II) | 1,00,00,000/- | 5,32,224/- { ED from 1/9/15 to 31/3/16 @ Rs. 75,032/- p.m.} | 94,67,776/- |
| 9. | Rajendra Nagar Division | 100779362/ 10105128072 (SS-II) | 42,64,894/- | 85,536/- | 41,79,358/- |
| | | 100777995/ 10105205157 (SS-II) | 14,62,362/- | 52,272/- | 14,10,090/- |
| | | 100777561/ 10105203712 (SS-II) | 8,71,927/- | 90,288/- | 7,81,639/- |
| | | 100777571/ 10105203713 (SS-II) | 9,78,885/- | 1,09,296/- | 8,69,589/- |
| | | 100777986/ 10105205156 (SS-II) | 24,65,568/- | 1,42,560/- | 23,23,000/- |
| | | Total adjustment | | | 12,96,43,637/- |

In this way, PMC paid inadmissible Electricity Duty (ED) of Rs. 1,21,16,938/- to SBPDCL, while making partial payment of fifteen (15) electricity bills of street light connections under PMC against the exemption from payment of Electricity Duty (ED) in respect of Street Light Connections as notified in **Notification No. 2591-F.R., dated the 1st October, 1948 issued under Bihar Electricity Duty Act, 1948.**

PMC replied that the correspondence with South Bihar Power Distribution Private Limited (SBPDCL) for adjustment of Electricity Duty (ED) paid in respect of Street Light connections is being done.