

Chapter 3

Compliance Audit

Chapter 3: Compliance Audit

FIRE & EMERGENCY SERVICES DEPARTMENT

3.1 Additional expenditure on procurement of a turn table ladder

Non-acceptance of the rate available through first global tender without assigning any reason for procurement of 30 metre Turn Table Ladder and retendering led to an additional expenditure of ₹ 2.41 crore.

For modernization and upgradation of fire fighting capabilities in case of fire accidents in high-rise buildings, West Bengal Fire & Emergency Services (WBFES) invited (October 2008) global tenders for procurement of two Turn Table Ladders (TTLs) of height 30 metres, 50 metres and one hydraulic platform of height 70 metres. Two tenderers were found (January 2009) to be technically competent for each item.

The tender committee¹ recommended (January 2009) acceptance of the lower price bids from the two successful bidders in case of 50 metres TTL and 70 metres platform. WBFES procured 50 metres TTL (in April 2009) and 70 metres hydraulic platform (in February 2010) from the lowest bidders for ₹ 579.22 lakh and ₹ 831.21 lakh (both including custom duty² and other applicable charges) respectively.

In case of 30 metres TTL, the lowest bidder had quoted the rate of ₹ 296.45 lakh plus ₹ 6 lakh (towards clearing/port/registration charges) plus ₹ 3.25 lakh (for off shore training) while the second lowest bidder had quoted a rate of ₹ 318.53 lakh plus port/clearing/registration charges on actual basis. The committee did not make any recommendation as it desired to ascertain the basis of port charge/ clearing charge of ₹ 6 lakh quoted by the lowest bidder. No further progress was noticed on this in the records. WBFES, accordingly, did not purchase the 30 metres TTL from the lowest bidder even though the rate offered by the second lowest bidder (₹ 318.53 lakh excluding port/ clearing/ registration charges on actual basis) would work out to be substantially higher than the lowest one when port charges were considered³.

Subsequently in August 2009 WBFES Department decided to re-tender for procurement of 30 metres TTL and global tender was invited (September 2009). There was no recorded reason for this decision. The second lowest bidder of the first tender qualified as the lowest bidder with basic rate of ₹ 537.22 lakh⁴. On recommendation of the tender committee (November 2009), WBFES entered into (April 2010) an agreement with lowest bidder for delivery of the TTL within twelve

¹ Which included Addl. Director General, Director, Dy. Chief Engineer (Mechanical), Kolkata Municipal Corporation, Dy. Director of Fire Services (Administration) etc.

² Customs Duty paid on 50 metres TTL and 70 metres hydraulic platform were ₹ 117.84 lakh and ₹ 149.20 lakh respectively.

³ ₹ 302.45 lakh including port charges as against ₹ 318.53 lakh excluding port charges

⁴ Which was 69 per cent higher as compared to the basic rate (₹ 318.54 lakh) offered by the second lowest bidder 10 months back against the first tender

months. TTL was delivered and commissioned at the headquarters of WBFES in May 2011 at total expenditure of ₹ 727.45 lakh⁵. As compared to lowest rate available in first tender of January 2009, the basic price accepted through second tender of September 2009 was higher by ₹ 240.77 lakh⁶(81 per cent).

Thus, decision of WBFES to go for re-tender for 30 metres TTL ignoring the lowest rate available from first tender seemed unjustified and has cost the State exchequer an additional ₹ 240.77 lakh on the basic price.

DGFES attributed (July 2013) non-acceptance of lowest bid in the first tender and calling for second tender to F&ES Department which in turn did not furnish any reason.

HOME (POLICE) DEPARTMENT

3.2 Avoidable expenditure on unauthorised occupation of derequisitioned premises

Unauthorised retention of derequisitioned premises by Commissioner of Police, Kolkata Police ignoring repeated Government instructions for vacating the same, resulted in avoidable expenditure of ₹ 1.55 crore.

In June 1992, Government derequisitioned three rooms⁷ used by Kolkata Police (KP) on ground floor of Mercantile Building at Lalbazar Street and directed KP to hand over rooms to the owner. While KP authorities handed over (September 1992) two rooms, a mutual agreement was entered with the owner (July 1992) to retain one room (used as central forms and stationary godown of Kolkata Police) for a period of six months extendable to one year. KP, however, did not hand over the said premises to the owner even after expiry of the mutually agreed period. Relevant communications showed that the same was attributable to locational advantage and proximity of the premises to the KP Headquarters.

The owner filed (1997) a writ petition for decree of the vacant possession of the room with *mesne profit*⁸. The High Court, taking a strong note of inaction of the KP, directed (June 2004) the Commissioner to intimate the date of vacation of the premises.

Scrutiny (February 2013) of records of Accounts Officer, Kolkata Police revealed that both Land & Land Reforms and Home (Police) Departments instructed

⁵ Basic rate of ₹ 554.63 lakh (including price escalation of ₹ 17.41 lakh on foreign currency conversion) plus ₹ 10.14 lakh on freight charge plus ₹ 161.73 lakh on Customs Duty plus ₹ 0.95 lakh on port and clearing charges. Of the same the basic price of ₹ 554.63 lakh was paid by WBFES through Letter of credit opened with Chowringhee Branch of State Bank of India, which has an outstanding balance of ₹ 2.13 lakh receivable by the bank till December 2012.

⁶ ₹ 537.22 lakh minus ₹ 296.45 lakh

⁷ Requisitioned in 1943 and used as Malkhana of Detective Department & Central Division, Ration store of Detective Department and Central forms and stationary godown

⁸ Sums of money paid for the occupation of a land to a person with right of immediate occupation, where no permission has been given for that occupation

Commissioner of Police time and again (February 2004, March 2004, April 2004, June 2004 and June 2006) to vacate the premises, which was ignored by him.

In April 2007, Honorable Court provided *ex parte* decree in favour of owner directing Government to hand over the possession of the premises along with *mesne profit* of ₹ 1.05 crore for the period from July 1993 to August 2007. A petition having been moved by KP against the decree, the Honorable Court further directed (October 2007 and February 2008) KP to pay occupational charge at the rate of ₹ 20000 per month to the owner during pendency of the proceedings. Subsequently, the petition was rejected (November 2011) by the Honorable Court describing it to be thoroughly misconceived and an abuse of power by KP. The Honorable Court, in its final verdict, once again directed (December 2011) Government to hand over the vacant possession of the premises to the owner and to pay ₹ 1.54 crore as *mesne profit* to the owner for the period from July 1993 to March 2012 with additional ₹ 1000 per day till possession of the premises was handed over to the owner.

Meanwhile, Commissioner approached the Government (September 2011 and December 2011) for acquisition of the said premises. However, Government in Land & Land Reforms Department opined (December 2011) that acquisition of the premises was not advisable in view of pendency of litigation.

In March 2012, KP handed over the premises and paid ₹ 1.55 crore to the owner in compliance of the Honorable Court's order and shifted its stores to its own premises⁹ in Lalbazar.

Thus, unauthorised retention of derequisitioned premises by Commissioner of Police, Kolkata Police for almost 20 years ignoring repeated instructions from both Home (Police) and L&LR Departments, resulted in avoidable expenditure of ₹ 1.55 crore.

The matter was referred to Government in September 2013; reply had not been received (December 2013).

INFORMATION & CULTURAL AFFAIRS DEPARTMENT

3.3 Government assistance remaining blocked with a private foundation

Allotment of encumbered land for construction of cultural centre and releasing Government assistance without assessing the prospect of completion of project resulted in ₹ 3 crore remaining blocked outside Government accounts for more than four years.

Kolkata International Foundation for Arts, Literature and Culture (Foundation) was established (September 2003) as an institution for fusion and interaction of various art forms. The Foundation envisaged construction of a multipurpose art and cultural centre¹⁰ at an estimated cost of ₹16.41 crore.

⁹ It is intimated (September 2013) that stores are temporarily kept at the basement of the Central Lock-up, Lalbazar, by way of enclosing a portion of the basement.

¹⁰ Which would house an auditorium-cum-lecture theatre, an art gallery, a library and reading room, a cafeteria and restaurant, an archive and conservation unit, a publication unit, guestrooms, studios and workshops.

For construction of cultural centre, Government handed over 0.99 acres of land (0.66 acres in May 2007 and 0.33 acres in June 2009) at Kalikapur, Purba Jadavpur PS, South 24 Parganas to Foundation on 30 years' lease, with condition that the leased land was to be utilized within three years from the date of lease. The Information & Cultural Affairs (I&CA) Department released (November 2008) ₹ 3.25 crore¹¹ to the Foundation. In addition, Foundation also received (June 2010) ₹ 10 lakh from MPLAD funds for construction of the centre, thereby taking the total receipt of Government funds to ₹ 3.35 crore.

Foundation, however, could not commence construction as the plot of land allotted by Government was under litigation in the Court. Foundation's request (June 2011) for an alternative piece of land for cultural centre is pending with the Government and the proposed construction of the cultural centre could not be commenced (June 2013). Out of funds amounting to ₹ 3.35 crore received by Foundation from the Government, ₹ 0.35 crore was utilized towards payment of lease premium and lease rent, registration/legal charges, KMC tax etc., while ₹ 3 crore was invested in bank term deposits from time to time.

Audit verification disclosed (February 2013) that a notice had been put up prohibiting any activity in the land citing a reference to a court case. Thus, allotment of encumbered land to the Foundation for construction of Art and Cultural Centre and release of Government assistance for work without assessing prospects of its successful completion resulted in Government funds of ₹ 3 crore remaining parked outside of Government Accounts for more than four years.

The matter was referred to Government in May 2013; reply had not been received (December 2013).

LABOUR DEPARTMENT

3.4 Administration of the West Bengal Building & Other Construction Workers' Welfare Fund

3.4.1 Introduction

Government of India (GoI) with a view to regulate employment and working conditions of building and other construction workers and to provide for their safety, health-care and welfare measures enacted the following:

- Building and Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996 (RECS Act) ,
- Building & Other Construction Workers Welfare Cess Act, 1996 (Cess Act) and
- Building & Other Construction Workers Cess Rules, 1998 (Cess Rules).

¹¹ Out of ₹ 5 crore approved as assistance under One time Additional Central Assistance, Government of India was to bear 30 per cent (₹ 1.5 crore), while State Government was to bear 70 per cent (₹ 3.5 crore). The I&CA Department released full portion of Central share and half of State share.

Under RECS Act, State Government framed (October 2004) West Bengal Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Rules 2004 (Rules) and constituted (September 2005) the West Bengal Building and Other Construction Workers' Welfare Board¹² (Board) for implementation of these Acts.

Minister in Charge of Labour Department is the ex-officio Chairman of the Board, Principal Secretary of Department and Welfare Commissioner, Labour Directorate being its ex-officio members. Secretary of the Board, who is nominated by the State Government, is the Chief Executive Officer and carries out day to day functions through network of Regional Labour Offices of the Labour Directorate headed by the Deputy Labour Commissioners (DLCs) at district level and Assistant Labour Commissioners (ALCs) at the sub-division level.

In November 2005, the Board created 'West Bengal Building & Other Construction Workers' Welfare Fund' (Fund) to be administered by it in accordance with Act and Rules. To augment the Fund, Labour Welfare Cess¹³ are to be collected from the employer at the rate of one *per cent* of the total cost of construction excluding cost of land and compensation paid to worker under Workmen's Compensation Act, 1923. The amount so collected is to be spent on welfare¹⁴ of building and other construction workers registered with the Board. Every construction worker within the age limit of 18 to 60 years who has worked for not less than 90 days during the preceding 12 months shall be eligible for registration under the Board as a beneficiary by paying a registration fees of ₹ 20 and a monthly subscription of ₹ 20. As of March 2013¹⁵, the Board registered 9.20 lakh beneficiaries and collected cess of ₹ 530.42 crore.

3.4.2 Scope of Audit

Records of the Board and five¹⁶ Regional Labour Offices (RLOs) in three districts covering period from 2009-10 to 2012-13 were test-checked during February - May 2013 to assess effectiveness of administration of Welfare Fund including efficiency in assessment and collection of cess, management of the Welfare Fund, identification and registration of beneficiaries and implementation of welfare measures. Management of funds received as registration fees and subscription was also subject to scrutiny.

¹² The Board consisted of 17 members headed by Chairman, one member nominated by Central Government and 15 other members nominated by the State Government representing State Government (six members), employers (four members) and workers (five members).

¹³ According to the Ministry of Labour, GoI notification dated September, 1996 under Building and Other Construction Workers' Welfare Cess Act, 1996.

¹⁴ on schemes like pension, maternity benefit, medical assistance, loans for construction of house/ purchase of tools, death benefit, educational scholarship to children etc.

¹⁵ Figures are provisional and as per data submitted by the Board.

¹⁶ Kolkata, Alipore, Baruipur, Uluberia & Barrackpore.

¹⁷ Relating to roads, railways, tramways, airfield, irrigation, dams, canals, drainage, flood control works, generation, distribution and transmission of power, oil & gas installation etc. in terms of Section 2(d) of RECS Act, 1996.

3.4.3 Collection of cess

State Government empowered (September 2006) the Board to impose and collect cess on building and other construction works¹⁷ at the notified rate of one *per cent* of the total cost of construction excluding cost of land and compensation paid to worker under Workmen's Compensation Act, 1923. The proceeds of cess collected under extant rules are to be transferred to the Board after deducting the cost of collection. The Board collected cess of ₹ 455.84 crore¹⁸ during 2009-10 to 2012-13. Lack of efficient mechanism for assessing and collecting cess was evident as detailed below:

3.4.3.1 Assessment of cess

As per section 3 of Workmen's Compensation Act, 1923 in case of construction works of Government or Public Sector Undertakings cess is to be deducted at source from bills by every employer while in case of private constructions, cess is to be collected in advance through local authorities *viz.* Municipalities, Gram Panchayats (GPs), responsible for approval of such construction works.

Cess collection from Public sector: The Assistant Labour Commissioners (ALCs) are designated as assessing officer (AO) for assessment of cess. For purpose of assessment, ALCs are required to serve notice to establishments which have already taken registration under RECS Act for submission of return with relevant details (e.g. name and address of establishment, work site, date of commencement of work, estimated cost and period of work, details of advance cess paid, if any, etc.) in Form I¹⁹, the primary document for initiation of assessment process. Scrutiny revealed that though Board registered 16,426 establishments engaged in construction works up to March 2013, it did not obtain Form I from any of the establishments since inception and no assessment was carried out. Cess was deposited by employers/ establishments on the basis of self assessment; AOs did not cross-check correctness of such self-assessments or issue notice to the employers who failed to furnish such return.

Cess collection from Private sector: ALCs are to approach relevant Municipalities and GPs for collection of cess against every application received for approval of construction work. Though the Board was set up in September 2005, no mechanism was devised for recovery of advance cess by municipalities/ GPs from private organization at the time of sanctioning building plan. As a result, cess collected from private real estate sector stood at only four to eight *per cent* of total cess collected during 2009-13 (₹ 37.35 crore was collected from private sector by the Board since inception which represented eight *per cent* of total collection of cess) and there was no mechanism to check, if there was any underassessment in this regard.

¹⁸ 2009-10: ₹ 84.47 crore, 2010-11: ₹ 90.25 crore, 2011-12: ₹ 164.05 crore and 2012-13: ₹ 117.07 crore.

¹⁹ Under section 4 & 5 of Cess Act, 1996 read with Rule 6 of Building and Other construction Workers', Welfare Cess Rules, 1998.

In November 2012 the Board requested Kolkata Municipal Corporation and other Municipal Corporations to collect cess from applicants of construction works without suggesting the modalities for such collection.

3.4.3.2 Collection of cess

As per Rule 4(2) of Cess Rules 1998, where duration of project or construction works exceeds one year, cess shall be paid within thirty days of completion of one year from the date of commencement of work and every year thereafter. Further, in terms of Section 8 of Cess Act, any employer who fails to pay any amount of cess payable within the specified time shall be liable to pay interest at the rate of two *per cent* per month from the date on which such payment is due till the amount is actually paid. Moreover, default in payment of cess within the specified time also attracts a penalty²⁰ not exceeding the amount of cess.

As assessing officers (*i.e.* the ALCs) did not keep track of details (e.g. commencement of work, estimated cost, etc.) of construction works undertaken by Government departments/ PSUs (as discussed under para 3.4.3.1 above), instances of short deposit of labour welfare cess of ₹ 9.28 crore were noticed in test-check of audit as discussed below.

- During 2006-13 Airport Authority of India (AAI) constructed a new integrated terminal at Netaji Subhas Chandra Bose International Airport, Kolkata at a cost of ₹ 2325 crore on turn-key contract basis. The Board neither assessed nor verified the realisable cess during 2006-13. Against the leviable cess of ₹ 23.25 crore, AAI deposited only ₹ 15.87 crore as of March 2013 indicating short-realisation of ₹ 7.38 crore. In the absence of Form-I, the Board was neither in a position to identify short deposit of cess nor able to issue notice seeking justification of short deposit by AAI.
- Kolkata Metropolitan Development Authority (KMDA) undertakes construction works of various urban infrastructural projects. From the Annual Accounts it was seen that during 2010-11 and 2011-12 KMDA incurred expenditure of ₹ 933.99 crore on different project works under execution on which cess of ₹ 9.34 crore was leviable. However, KMDA deposited ₹ 7.44 crore during the period indicating short deposit of ₹ 1.90 crore.

The assessing officers did not take any initiative to recover interest/ penalty for short/ non-deposit of cess.

3.4.4 Fund management

As of March 2013, the Board operated 55 accounts²¹ for depositing cess and 65 accounts for handling administrative expenses with United Bank of India (UBI) as

²⁰ In terms of Section 9 of Cess Act.

²¹ There were no Cess accounts in case of 10 RLOs and no Subscription accounts in case of five RLOs, as these offices were attached to the relevant bank accounts opened for other RLOs of the Districts.

well as 60 accounts with State Bank of India (SBI) at RLO level for depositing subscriptions over and above two main accounts with SBI and UBI at Kolkata, as under:

- Based on a memorandum of understanding (July 2007) with UBI, the Board opened 55 non-operating current accounts linked with RLOs throughout the State at district and sub-division level for collection of cess. The funds so collected were to be remitted to main account opened at the nodal branch of UBI (Kolkata High Court Branch) every Saturday. The main account is a 'Bonanza savings account' where the Board had to keep a minimum balance of ₹ 50 lakh and any amount in excess of minimum balance would automatically be converted to 'Bonanza Term Deposit' (BTD) for six months as default option. The Board also agreed to maintain a minimum balance of ₹ 2 crore in BTD.
- Besides, for meeting administrative expenses including disbursement of benefits the Board also decided (January 2008) to open 65 current accounts with UBI attached to all RLOs. On requisition of funds from RLOs, the Board remitted funds from its main cess account to these 'Administrative accounts'.
- For depositing the subscription and registration fees received from beneficiary-workers, the Board opened (January 2006) a savings account with SBI, Kolkata Main branch alongwith 60 accounts at RLO level with different SBI branches in the districts. These branches were to transfer the balance to main account at Kolkata every fortnight.

In respect of 55 cess accounts and 60 subscription accounts, RLOs neither prepared bank reconciliation statement, trial balance, ledger nor maintained cash book for transactions in each account. Board's accounts are in arrear from 2011-12. Thus, internal control over transactions of ₹ 346.22 crore²² done by RLOs during 2011-13 was compromised. The same may be viewed with instances of irregularities like, delay in fund remittances, amounts remaining outside the Fund, inefficiency in fund management, as discussed in the subsequent paragraphs.

3.4.4.1 Loss due to delay in making term deposits

For depositing cess collected at districts as well as at Kolkata, the Board opened 'Bonanza savings account' at UBI, High Court Branch, Kolkata where amount in excess of ₹ 50 lakh was automatically converted to fixed deposit for six months. If balance fell below the threshold limit of Bonanza savings account, minimum balance in savings account is restored by transferring required amounts back from fixed deposit, so that Board could earn higher interest uninterruptedly for the remaining balance in fixed deposit (FD). In order to earn higher returns, Board made fixed deposits in nationalized banks for longer tenure of one to three years by inviting quotation. During April 2010 to January 2013, Board renewed 35 FDs matured

²² Receipt on account of cess: ₹ 280.90 crore, Subscription/Reg. fees: ₹ 17.14 crore & Payment: ₹ 48.18 crore.

between March 2010 and December 2012 with aggregated maturity value of ₹ 714.63 crore in 19 instances after delays varying from 10 to 96 days, which was attributable to time taken in process of selection of banks offering higher rates, non preparation of regular cash flow projection to ascertain surplus fund and delay in taking decisions. Had the management initiated the process of aforesaid pre-investment activities prior to maturity dates, Board could have avoided loss of interest of ₹ 2.18 crore²³ in 19 instances.

3.4.4.2 Loss due to delay in remittance of cess fund

As per MOU signed with UBI, cess deposited to all district branches were required to be remitted to main branch at Kolkata every Saturday. The Board also instructed (February 2008) Secretary to monitor the remittances regularly so that funds at districts are not parked in current accounts which do not earn any interest. Scrutiny of bank statements for period between 2010-11 and 2012-13 revealed that district branches linked to RLOs (13-24 in number) withheld cess aggregating ₹ 2.29 crore to ₹ 50.30 crore for four to 402 days without remitting them weekly to Main branch. Had these funds been remitted to Bonanza savings account, the same would have been automatically converted to fixed deposits yielding additional interest of ₹ 1.11 crore. Thus, lack of monitoring by Secretary led to loss of interest earning amounting to ₹ 1.11 crore.

3.4.4.3 Loss of revenue due to dishonoured cheques

Cess was collected by RLOs and head office at Kolkata from employers, contractors, State and Central Government, PSUs, Panchayat and Municipalities, etc. through account payee cheques or demand drafts. These were deposited into relevant cess accounts with UBI after entering into registers. RLOs neither maintained any cash book for cess account, nor did they collect bank statement periodically for reconciliation to monitor realization of cheques. Bank reconciliation of cess account maintained with UBI, High Court Branch was carried out at head office only at time of finalisation of accounts. Scrutiny of bank statements in respect of accounts maintained at district branches and Kolkata revealed that 537 cheques involving ₹ 4.14 crore (district branches: ₹ 3.52 crore and Kolkata: ₹ 0.62 crore) collected as cess during 2010-13 were dishonoured under 34 RLOs and head office at Kolkata on account of insufficient account balance, signature mismatch, expiry of validity of cheques, absence of drawers' authentication for alteration etc. This was indicative of indifferent monitoring by the RLOs and Board. Thus, due to non / delayed reconciliation of bank statement periodically as well as lack of follow up with drawees, dishonoured cheques could not be sent back to drawees for rectification leading to loss of revenue of ₹ 4.14 crore to the fund.

²³ Calculated on the differential rates at which FDs were renewed (at the rate of 6.50 to 11.01 per cent per annum) with that of interest earned in Bonanza account (at the rate of 2.50 to 7.25 per cent per annum) for the delayed period.

3.4.4.4 Non creation of pension fund

For registered beneficiaries who had been working as construction workers for five years after registration, Board formulated schemes for old age pension/ disability pension/ family pension²⁴. Board decided (October 2010) to start pension disbursement to eligible beneficiaries from January 2011 after sanctioning payment orders centrally from its headquarters. For creation of pension fund, Board approached (September 2011) Life Insurance Corporation of India (LIC) for payment of pension to construction workers through LIC's pension scheme. LIC offered (July 2012) two alternatives viz. (a) management of Board's pension fund and payment of pension as per their rules with return of purchase price on the death of beneficiary and (b) purchase of pension at the time beneficiary attain age of 60 years without investing entire fund with LIC. No further development was noticed in this matter and decision of the Board was not forthcoming as of April 2013. In view of large number of beneficiaries registered (9.20 lakh), delay in creation of pension fund is likely to affect availability of funds for meeting statutory liability as mandated in the RECS Act.

3.4.4.5 Subscription funds remaining outside Board's main account

One time registration fee at the rate of ₹ 20 per head and subscription at the rate of ₹ 20 per month collected quarterly from beneficiary workers through collection agents at different RLOs were deposited to linked accounts of SBI branches which in turn were required to remit funds fortnightly to Board's account maintained with SBI, Kolkata Main branch. On scrutinizing monthly returns received from RLOs with bank statements of SBI, Kolkata Main branch it was noticed that against collection of ₹ 17.59 crore towards beneficiary registration fee and subscription up to March 2013, an amount of ₹ 10.90 crore was deposited into Board's account leaving ₹ 6.69 crore outside its main account. The same was facilitated by non-maintenance of cash book, beneficiary ledger, bank reconciliation by RLOs coupled with lax monitoring by the Board.

3.4.4.6 Shortfall in earnings due to non investment of subscription fund

On advice of Advisory Committee, constituted under RECS Act 1996, Board decided (August 2008) to refund subscription with interest at the rate of eight *per cent per annum* to beneficiaries on their attaining age of 60 years or death. Advisory Committee also suggested transfer of beneficiaries' subscriptions to the Board's fund for earning interest through suitable investment to cover interest payable. Board, however, held the subscription funds in savings accounts till December 2012 without investing the same at higher rate of interest.

²⁴ *Old age pension at the rate of ₹ 400 which was gradually increased to ₹ 750 per month on their attaining the age of 60 years. Besides, enhancement of monthly pension from ₹ 500 to ₹ 750 for disabled beneficiaries and family pension at the rate of 50 per cent of amount of pension which the beneficiary used to receive were also introduced (July 2009/ March 2010) in the scheme.*

3.4.4.7 Non-operative saving bank account for every worker

In spite of having multiplicity of accounts for depositing subscription and registration fees, Board agreed to proposal of UBI for opening of non-operative savings bank account in the name of every worker for the same purpose. UBI proposed transfer of the balance at the end of every year to main account maintained at UBI, High Court branch. Rationale behind entering into such arrangement was not on record. Neither did Board maintain details regarding how many such individual accounts were opened nor did it keep any watch on amounts parked therein. Further, there was nothing on record to show any effort taken by Board to monitor transfer of funds from these accounts to account with UBI, Kolkata. Audit found that in five RLOs, 16295 such accounts were opened but no data on account of subscription deposited in these accounts and amounts transferred therefrom to the main account were available.

3.4.5 Beneficiary identification and registration

In terms of RECS Act and Rules made there under, every construction worker within age limit of 18 to 60 years and who have worked for not less than 90 days during the preceding 12 months shall be eligible for registration as beneficiary. Application for registration of beneficiary should be accompanied by passport sized photograph and other supporting documents²⁵ and registration fee of ₹ 20. If an applicant worker complied with all requirements of the Rules, concerned Beneficiary Registration Officers (BRO) would enter the worker's name in a register with unique registration number and issue an identity card with photograph. Every employer should enter the details of building or other construction works, done by the beneficiary, in the identity card.

Though Board fixed district-wise target for registration of beneficiaries in 2012-13, neither was any database of eligible construction workers available, nor was any survey conducted to identify such workers. In course of test check of records of Board and five test-checked RLOs, various instances of registration of ineligible beneficiaries, deficiencies in maintaining records of beneficiaries etc. were noticed as discussed in subsequent paragraphs.

3.4.5.1 Registration of workers not involved in construction work

Rule 269 (3) of West Bengal Building & Other Construction Workers (RECS) Rules, 2004 stipulated that application for registration of beneficiary should contain employer's certificate regarding engagement of applicant for at least 90 days during previous twelve months as construction worker. In May 2007, Labour Department amended said rules empowering various authorities viz. Honourable MP, MLA, Zilla Parishad Sabhadhipati, Mayor/ Chairman of Corporation/ Municipality, Pradhan of

²⁵ Proof of date of birth obtained either from school, Registrar of birth and death or certificate from local authorities/ Panchayat Bodies/ MLAs/ MPs/ Councillors, employment certificate.

respective GP etc. to issue employment certificate in case employer's certificate is not available. In the absence of any mechanism to cross-check the veracity of these certificates, RLOs depended on the certificate produced by applicants. A joint field survey by audit and Block Inspector of the Board covering 225 beneficiaries registered under BOCW Act in three blocks (Amta -II under RLO Uluberia, Sonarpur under Baruipur RLO and Barrackpore-I under Barrackpore RLO) revealed that 140 beneficiaries (62 per cent) were ineligible²⁶ workers (not involved in building and other construction work). Among them 53 beneficiaries received benefits of ₹ 87000 during 2011-13. Ineligible beneficiaries were registered based on employment certificates issued by various authorities. Such high proportion of ineligible beneficiaries among the sampled ones calls for detailed enquiry to weed out such cases and action taken to cease membership.

3.4.5.2 Registration of building workers

Section 16 of RECS Act and Rules made thereunder provided that a building worker who has been registered as beneficiary should pay contribution at the rate of ₹ 20 per month until he attains age of 60 years. Further, Section 17 of the Act *ibid*, also provided that when a beneficiary had not paid his contribution for a continuous period of not less than one year, he would cease to be a beneficiary.

Scrutiny of the records of Board and test-checked RLOs revealed that no controls were in place to ensure regular payment of contribution by the registered workers. Audit scrutiny of records of five RLOs revealed that out of 105367 workers registered during 2006-13 (up to December 2012), data for contribution made by only 50842 registered workers were available. Out of this, only 33472 registered workers (of which 25748 were registered only during 2012-13 and 7724 workers registered prior to 2012-13) were active and paying regular contribution.

3.4.5.3 Non maintenance of beneficiaries' records

According to Rule 270(1) and (3), Beneficiary Registration Officers (BROs) were required to maintain district-wise Register of Beneficiaries and Register of Identity Cards issued to the registered workers incorporating detailed beneficiary profile including name, address, registration number, I. D. Card No., name of nominee, photograph etc. Audit scrutiny revealed that out of 1.05 lakh beneficiaries registered in five RLOs during 2006-13, entry of records of 0.22 lakh workers in the Register were pending as of March 2013. Among the beneficiaries whose details were entered in the Registers, data entries were incomplete for 35706 beneficiaries in 8279 cases only registration numbers were recorded (names were not recorded); in 27134 cases no details except names and registration numbers were available; while only

²⁶ *Engaged in agriculture or agricultural workers, workers of sweet shop/lathe factory, shopkeeper, vegetable vendor, engaged in rice trade/jari work, van rickshaw puller, manager/employee of cooperative society or were house wives.*

photographs were pasted in case of 293 beneficiaries. Further, in case of Baruiapur and Uluberia RLOs it was noticed that I. D. Card register was not maintained. Further, there were no controls in place to identify and prevent duplicate registrations.

3.4.6 Disbursement of benefit

Cess collected under Cess Act was required to be spent for welfare of building and other construction workers on various social security schemes - both statutorily envisaged schemes²⁷ as well as non-statutory purposes²⁸. Besides, Board might also grant loan or subsidy for schemes intended to benefit the building workers and their families. Apart from these, Board might incur expenses not exceeding five *per cent* of its total expenditure during the year towards administrative purpose from cess fund. For regulating disbursement of benefit, Board prepared (August 2007-December 2010) rules and criteria, enhanced the limit of benefits from time to time with the approval of State Government and decentralized (November 2009) authority of payment of benefits to RLO level except for accidental death benefit, medical reimbursement, pension and house building advance.

Planning Commission working group on construction for 11th Five Year Plan recommended (March 2006) utilisation of cess funds for (a) providing social relief and benefits, (b) human resource development, (c) rehabilitation programmes and (d) literacy programme.

It was noticed that against collection of cess of ₹ 338.77 crore²⁹ during years 2009-12, Board spent ₹ 8.69 crore³⁰ on welfare of 39725 workers, of which administrative expenditure accounted for ₹ 2.94 crore³¹ (34 *per cent* of total expenditure). Due to low percentage of expenditure towards disbursement of benefits (three *per cent*) *vis-à-vis* collection of cess, percentage of administrative expenses (23 to 82 *per cent* annually) to total expenditure was much higher during 2009-12 as compared to normative limit of five *per cent* fixed under the Act.

Expressing concern over tardy implementation of these Acts, particularly in respect of utilisation of fund for social security benefits of construction workers, Government of India urged (June 2012) State Government to take necessary steps in this regard. Board, however, instead of spending more fund on social security benefits³², prioritised disbursement under non-statutory measures like payment of consumption grant for purchase of tools, cycle and spectacles (59 *per cent* of total disbursement

²⁷ like old age pension, financial assistance to a beneficiary in case of accident, death benefit, loans for purchase or construction of house, payment of premia for group insurance scheme of the beneficiaries, education of children, medical expenses to the beneficiaries or his/her dependents, maternity benefits

²⁸ like payments of funeral assistance, assistance for marriage, purchase of tools, cycles, spectacles etc

²⁹ ₹ 84.47 crore in 2009-10; ₹ 90.25 crore in 2010-11 and ₹ 164.05 crore (provisional) in 2011-12

³⁰ 2009-10: ₹ 0.22 crore to 532 beneficiaries; 2010-11: ₹ 1.54 crore to 6847 beneficiaries and 2011-12 (provisional): ₹ 6.93 crore to 32346 beneficiaries

³¹ 2009-10: ₹ 0.18 crore (82 *per cent* of total expenditure); 2010-11: ₹ 1.14 crore (74 *per cent* of total expenditure) and 2011-12: ₹ 1.62 crore (23 *per cent* of total expenditure)

³² like creation of pension fund, grant of house building advances, undertaking skill development programme for workers and their children, establishment of training facilities etc.

in 2011-12). Board further decided all beneficiaries who had completed six months of registration were eligible to receive tools, cycle and spectacle grants³³.

3.4.6.1 Irregular payment of benefits

Five sampled RLOs³⁴ disbursed benefit of ₹ 2.40 crore to 11050 beneficiaries during 2010-13 under different schemes. Test check of 9900 vouchers revealed various instances of irregularities like payment to ineligible beneficiaries, over payment, payment without proper cash memo in support of purchase or acceptance of doubtful bills/ cash memos without verification etc. in 4624 cases (47 per cent of the cases test-checked) involving an amount of ₹ 82.08 lakh as discussed below.

3.4.6.1.1 Payment to ineligible beneficiaries : As per Rule 271 of West Bengal Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2004 and guidelines made thereunder, if a beneficiary defaulted in payment of contribution continuously for a period of one year he would cease to be a beneficiary of the fund. His membership might be resumed on payment of arrears of contribution with permission of delegated authority of Board with condition that such resumption shall not be allowed more than twice. Further, submission of claims for benefits like cycle, tools, marriage assistance etc. would be allowed after his continuation of such membership for a further period of three months. Scrutiny revealed that RLOs allowed ₹ 17.96 lakh for extending benefits like cycle and tools to 1273³⁵ beneficiaries, who became ineligible during submission of claims either due to non-payment of contribution for 12 to 55 months or due to payment of contribution only for one month after revalidation of membership.

3.4.6.1.2 Payment without proper cash memo: As per guideline framed (November 2009/ December 2010) by Board, a beneficiary would be eligible to receive reimbursement up to ₹ 2000³⁶ for purchasing of tools relating to his profession and upto ₹ 500 for purchase of spectacles on production of original cash memo/ paid vouchers after completion of six months as registered beneficiary. Similarly, beneficiary registered with Board for two years would receive advance up to maximum of ₹ 3000 for purchase of cycle on submission of quotation from a registered dealer subject to condition of submission of original cash memo/ bill voucher along with cycle within 15 days to respective RLO. Non-production of cash memo would render the beneficiary ineligible for subsequent payment of benefits as well as open to penal action by the Board.

Out of 5399 vouchers checked during audit it was noticed that no cash memo was produced in support of purchase of cycles/ tools/ spectacles in 2093 cases involving

³³ Tool grant: ₹ 1000/2000, Cycle grant: ₹ 3000, Spectacle grant: ₹ 500 for each beneficiary

³⁴ Kolkata, Uluberia, Baruipur, Alipore & Barrackpore

³⁵ Kolkata: 16 (₹ 48,000), Uluberia: 129 (₹ 2.66 lakh), Baruipur: 987 (₹ 11.78 lakh), Alipore: 110 (₹ 2.42 lakh) & Barrackpore: 31 (₹ 62,000)

³⁶ Increased from ₹ 1,000 to ₹ 2,000 w.e.f. 1 April 2012

grants of ₹ 39.52 lakh³⁷. Claims were allowed by the RLOs on the basis of estimates/ quotations/ approval slips submitted by beneficiaries in support of purchase in violation of Board's guidelines. Thus, actual utilisation of the assistance for the purpose for which the same were released was not ensured by the Board. No action was initiated by the Board against such non production of cash memos either.

3.4.6.1.3 Payment of benefits on doubtful vouchers: For speedy disposal of claims, the Board decided (October 2010) that ALCs in RLOs would disburse all benefit claims except accidental death, medical reimbursement and house building advances. In an effort to further decentralise at Block level, Board entrusted (May 2012) responsibility of verifying eligibility of applicant and genuineness of the claims on Inspectors posted at Blocks who were to certify and recommend the claims to ALCs. ALCs then disbursed the amount to applicants through account payee cheques drawn from fund remitted by Board to Administrative Accounts of RLOs. Besides, all Deputy Labour Commissioners (DLCs) would inspect records maintained in each office under his jurisdiction quarterly to monitor settlements of various claims of the beneficiaries as per Acts and Rules and submit a report to the Board. Scrutiny of records revealed that in 1165³⁸ cases, ₹ 23.57 lakh was paid as reimbursement of tools and cycles on the basis of cash memos/ bills authenticity of which could not be vouchsafed in audit. The Inspectors/ ALCs overlooked the following lacunae while verifying claims:

- Cash memos in support of purchase of cycles did not contain frame numbers of cycles. In some cases, they did not contain dates/ signature of seller. Dates mentioned in quotations were found three to four months subsequent to dates of application of claims etc.
- Large numbers of cash memos for purchase of tools from the same shops bore serial numbers *in seriatim*, mismatch in chronology of date and numbers, dates mentioned in cash memos were subsequent to date of application of claims, undated/ unsigned cash memos, road challans being used as cash memos, etc.
- Cost of utensils was included in tool purchase bills.
- Cash memos for purchase of tools were obtained from shops (mobile store, jute and fancy bag shop, fish-net sellers, marble dealer, building materials stores etc.) which did not deal with hardware materials.

Besides, in 92 cases ALCs made over payment of ₹ 1.01 lakh by routinely allowing the maximum amount of benefit admissible (₹ 2.49 lakh) for purchase of tools and cycles instead of the actual amount (₹ 1.48 lakh) claimed by beneficiaries with supporting vouchers.

³⁷ Baruiipur: ₹ 19.50 lakh in 930 cases, Barrackpore: ₹ 13.23 lakh in 798 cases, Uluberia: ₹ 2.82 lakh in 194 cases, Alipore: ₹ 2.24 lakh in 112 cases & Kolkata: ₹ 1.73 lakh in 59 cases.

³⁸ Uluberia: 338, Barrackpore: 308, Alipore: 284 & Baruiipur: 235 cases

This was indicative of control failure on part of ALCs/ DLCs over settlement of claims.

3.4.7 Conclusion

Even after more than seven years of its creation, administration of West Bengal Building & Other Construction Workers' Welfare Fund remains deficient in many respects, which calls for immediate attention of the Government.

As regards collection of Labour Welfare Cess for augmentation of the Fund, though Board has registered 9.20 lakh beneficiaries and collected cess of ₹ 530.42 crore from construction works as of March 2013, proper control system were not in place in respect of collection of cess from private sector through local authorities. Even in public sector, non-working of assessment mechanism led to instances of short-collection of cess. Possibility of more such cases of short-collection was also substantial as cess was deposited by employers through self-assessment without any monitoring by assessing officers.

Management of Welfare Fund as well as Subscription Fund was also deficient owing to multiplicity of bank accounts coupled with control failures like, non-preparation of bank reconciliation statement/ trial balance/ ledger, which resulted in transactions occurring in the lower level bank accounts not being properly reflected in the Accounts of the Board. Such control weaknesses have given rise to irregularities like delay in funds remittances, subscription amounts remaining outside Board's account, loss of revenue and shortfall in earnings due to non-investment and delayed investment of funds, cases of dishonoured cheques not being pursued etc. There is possibility of asset liability mismatch in the long run, as efforts taken so far by the Board to enhance its resources are insufficient to meet future requirement of funds for pension and other benefits committed by Board.

In course of test-check of records of the Board in respect of identification and registration of beneficiaries, various cases of registration of ineligible beneficiaries, deficiencies in maintaining records of beneficiaries etc. were noticed indicating urgent need for investigation and corrective action.

As regards disbursement of benefits from the funds, instances of irregularities were noticed representing failure in internal control. Assistance was released to ineligible beneficiaries, failure in exercising proper checks was apparent from instances of payments without submission of proper supporting documents or payment on the basis of vouchers with doubtful authenticity. The Board also needs to ensure proper utilisation of funds for skill development and providing social security to all registered workers.

The Board needs to institutionalise a proper control mechanism for assessment and collection of cess from both PSUs and private organisations involved in construction work, enrolment and collection of registration fees from eligible workers as well as for disbursement of the funds.

**MASS EDUCATION EXTENSION & LIBRARY SERVICES AND
MUNICIPAL AFFAIRS DEPARTMENTS**

3.5 *Idling of residential school for visually challenged girls*

A residential school for visually challenged girls constructed at a cost of ₹ 3.12 crore in Howrah, remained a non-starter even after almost five years from inauguration, thereby depriving beneficiaries of modern educational facilities.

Howrah Municipal Corporation (HMC) decided (June 2006) to set up a residential Madhyamik School for 200 visually challenged girls with Braille System in Howrah³⁹ at an estimated cost of ₹ 2.89 crore and entrusted the work to Howrah Improvement Trust (HIT) as executing agency. Project report, prepared by HIT was forwarded (June 2006) to Mass Education Extension and Library Services (MEE&LS) Department through District Magistrate, Howrah. Subsequently, project cost was enhanced to ₹ 3.89 crore⁴⁰ with introduction of modern system of imparting training to visually challenged students. The project was to be financed by Planning Commission, GoI (₹ 86.70 lakh), GoWB (₹ 2.02 crore) and MPLAD⁴¹ fund (₹ 1 crore). HMC intimated (July 2006 and July 2009) that it would bear establishment cost, staff salary and other recurring expenses related to the school. HIT received ₹ 2.37 crore between September 2008 and March 2010 (GoI share of ₹ 86.70 lakh during January 2009 to March 2009 through MEE&LS Department under Additional Central Assistance plus State share of ₹ 50 lakh in March 2010 plus MPLAD fund of ₹ 1 crore during September 2008 to November 2008).

HIT started work in December 2007 and construction of school building along with hostel building was completed in June 2009 at a cost of ₹ 3.12 crore, additional cost being met by HIT from its own resources. The building was inaugurated in October 2008. However, no further funds were released by State Government and books, computers, furniture, Braille Press and other infrastructural facilities could not be provided due to paucity of funds. Neither were posts of teaching and non-teaching staff created as per approved plan nor steps initiated to get recognition from West Bengal Board of Secondary Education. HMC took possession of the buildings in February 2011, *i.e.* after 20 months from completion of the building.

In June 2011, HMC moved MEE&LS Department to take over and run the residential school. Scrutiny of records revealed (December 2012) that starting of the school under MEE&LS Department necessitated transfer of land and the building first from HMC to Municipal Affairs (MA) Department and then to MEE & LS

³⁹ 0.068 acres of land owned by the Howrah Municipal Corporation in its Ward number 15 at 37/2 Bhairab Dutta Lane

⁴⁰ Construction of school and hostel buildings: ₹ 3.63 crore, furniture: ₹ 18.79 lakh and miscellaneous items: ₹ 7 lakh

⁴¹ Shri Swadesh Chakraborty, Hon'ble MP of 24-Howrah Parliamentary Constituency

Department through Land & Land Reforms Department. MEE&LS department requested HMC (January 2013) to transfer/ relinquish the land and building to MA department. However, as of August 2013, the same has not materialised and the school remained a non-starter.

Thus, even after almost five years from inauguration of buildings of school and hostel (2009) created at a cost of ₹ 3.12 crore, the objective of creating educational facilities for visually challenged girls remained unachieved due to lack of preparedness and procedural delays.

The matter was referred to Government in April 2013; reply had not been received (December 2013).

**PANCHAYAT & RURAL DEVELOPMENT, MUNICIPAL AFFAIRS
AND FINANCE DEPARTMENTS**

3.6 Delay in release of scheme funds received from GoI

Delay in release of central grants under 13th Finance Commission and Backward Region Grant Fund to PRIs/ULBs led to State Government shouldering avoidable burden of ₹ 2.80 crore as penal interest.

Guidelines for release and utilisation of Local Bodies grants recommended by Thirteenth Finance Commission (13th FC) *inter alia* stipulated that the State Government should release funds to urban local bodies (ULBs)/ Panchayati Raj Institutions (PRI) within 10/15 days from the respective dates of credit of the funds in State exchequer. Similar stipulation was imposed by Ministry of Panchayati Raj, GoI in respect of Backward Region Grant Fund (BRGF) meant for supplementing resources of PRIs and ULBs. Any delay beyond the permissible limit of 15 days requires State Government to release an additional amount as interest (calculated at rate fixed by Reserve Bank of India) to PRIs/ULBs for number of days of delay.

Mention had been made in previous Audit Reports⁴² regarding avoidable interest burden incurred by Government due to delay in release of GoI funds to implementing agencies during 2005-06 to 2010-11. Subsequent audit of Panchayat & Rural Development Department, however, showed that such practice of delayed release of funds by State Government still remained a matter of concern as would be evident from the following instances:

(A) During 2011-12 and 2012-13 (up to September 2012) GoI released ₹ 408.91 crore to State Government as Development Grant under BRGF for onward transmission to PRIs and ULBs of 11⁴³ BRGF districts. Scrutiny of records of

⁴² Report of the C&AG for the year ended 31 March 2008 (Civil) and Report of the C&AG for the year ended 31 March 2012 (General & Social Sector Audit) on Government of West Bengal

⁴³ Bankura, Birbhum, Purba Medinipur, Paschim Medinipur, South 24 Parganas, Purulia, Murshidabad, Malda, Uttar Dinajpur, Dakshin Dinajpur and Jalpaiguri.

P&RD Department revealed that there were delays ranging between three and 49 days in transfer of funds to PRIs/ULBs beyond stipulated period of 15 days from the date of credit of the same to the State Government's account with Reserve Bank of India (RBI), Nagpur. Consequently, the State Government was liable to pay an additional amount of ₹ 1.92 crore to implementing entities of 11 BRGF districts as penal interest. Scrutiny further revealed that P&RD Department sanctioned (January 2013) ₹ 1.92 crore as penal interest on this count in January 2013.

The P&RD Department accepted (June 2013) the facts and attributed the same to administrative constraints and compulsory unavoidable factors. It also intimated that quantum of delays has since been reduced substantially through proper care and attention of the Department. Lack of adequate attention had thus, burdened Government with penal interest amounting to ₹ 1.92 crore in 2012-13.

(B) The first instalment of General Performance Grant 2011-12 (₹ 11.60 crore) meant for ULBs under recommendations of the 13th FC was released by Ministry of Finance, Department of Expenditure, GoI in March 2012. The same was released by Finance Department to Municipal Affairs (MA) Department in May 2012. However, actual transfer of the said funds to ULBs was effected only in July 2012, with delay of 93 days after the stipulated time. The Government had to pay (March 2013) penal interest of ₹ 26.60 lakh for delay.

Similarly, second instalment of General Basic Grant for 2011-12 for ULBs (₹ 96.18 crore), released by GoI in June 2012, was released to ULBs in July 2012 after a delay of 26 days after expiry of stipulated period of release. Resultantly, the State had to shoulder (March 2013) additional burden of ₹ 61.66 lakh towards penal interest.

MA Department stated (April 2013) that it was not responsible for non adherence to the stipulated time frame, as it had released funds within two to five days after receiving information from the Finance Department about crediting of TFC grants in the State Government's account in RBI, Nagpur.

Department's failure to adhere to time stipulation for onward release of GoI funds to local bodies would impact expeditious percolation of GoI funds to user agencies for the avowed purposes.

SCHOOL EDUCATION DEPARTMENT

3.7 Implementation of Information and Communication Technology (ICT) in Schools Project

3.7.1 Introduction

Ministry of Human Resources Development (MHRD), Government of India launched (December 2004) Information and Communication Technology (ICT) in Schools Scheme to provide opportunities to secondary stage students to develop their ICT skills and make them learn through computer aided learning process. The Scheme

was revised in July 2010, aim being to bring all Government and Government aided Secondary and Higher Secondary (HS) schools under the ICT project by the end of Eleventh five year Plan (2007-12) period. Projects were funded by GoI and State Government in the ratio of 75 : 25 with unit cost of ₹ 6.70 lakh⁴⁴ per school.

According to the Computer Education Plan (CEP) of the State Government, out of 8275 Secondary and Higher Secondary Schools in the State, 1492 schools had been brought under IT education through earlier projects⁴⁵ upto March 2007. Remaining schools were to be brought under ICT during the 11th Plan period as per guidelines.

During 2008-13, Government of West Bengal implemented ICT in 1943 schools of which 543 were selected under first phase (March 2008) and 1400 were selected under second phase (June 2010). Schools were selected by Government based on availability of infrastructure, students' strength, Computer Science/Computer Application being offered as subjects etc. West Bengal Council of Higher Secondary Education (Council)⁴⁶ and Directorate of School Education (Directorate) was to execute and monitor respectively both phases of projects.

Records of School Education Department, Directorate, Council, District Inspectors of Schools (Secondary) and 99 schools in five⁴⁷ districts were test-checked in audit to assess effectiveness of implementation of ICT project. Examination in audit disclosed various instances of inadequacies and deficiencies in utilization of funds, preparation of ICT curriculum, creation of ICT infrastructure and support system in schools, inadequacies in capacity building among teachers etc. as discussed in the subsequent paragraphs.

3.7.2 Financial outline of the projects

Projects were implemented at an expenditure of ₹ 95.37 crore out of total available funds of ₹ 115.32 crore released by GoI and State Government as tabulated below:

Table 3.1: Position of receipt and utilisation of funds under ICT as of March 2013

Name of the Scheme	Total Project Cost	Sharing pattern of Project Cost		Fund actually released		Expenditure booked by the Department	
		GoI	GoWB	GoI	GoWB	GoI	GoWB
ICT in 543 schools	36.38	27.15	9.23	21.20	7.21	21.20	7.21
ICT in 1400 schools	93.80	70.00	23.80	70.00	16.91	50.05	16.91
Total	130.18	97.15	33.03	91.20	24.12	71.25	24.12

⁴⁴ Central share being ₹ 5 lakh and State Government's share being ₹ 1.70 lakh. The various components included procurement of computer and equipment: ₹ 4.05 lakh, operating system & application Software: ₹ 0.20 lakh, educational Software: ₹ 0.45 lakh; furniture: ₹ 0.16 lakh; computer stationery: ₹ 0.50 lakh; teachers' training: ₹ 0.60 lakh; internet: ₹ 0.30 lakh; maintenance : ₹ 0.20 lakh and monitoring : ₹ 0.24 lakh

⁴⁵ Till 2004, coverage of schools under Centrally Sponsored Programmes implemented earlier: 257 schools under Computer Literacy & Studies in Schools (CLASS); 500 schools under Computer Literacy and Training Project' (CLTP); 735 schools under School Computer Education Project' (SCEP)

⁴⁶ Autonomous Council established under West Bengal Council of Higher Secondary Education Act, 1975 to deal with matters relating to Higher Secondary Education

⁴⁷ Hooghly, Bardhaman, Purba Medinipur, North 24 Parganas and Nadia

Overall shortfall (₹ 19.95 crore) in expenditure *vis-à-vis* funds received was attributable to reduction in value of computers and equipments, failure in utilising the funds for monitoring and evaluation, non-provision of outlay on training to teachers etc., which have been discussed in the subsequent sections.

(i) First phase of ICT (543 Schools):

Out of ₹ 28.42 crore⁴⁸ available with the Council for the first phase, ₹ 18.66 crore was paid to a private company (Vendor) in March 2008 for supply, including installation of computers and accessories and comprehensive onsite maintenance of the same for three years. Further, ₹ 8.44 crore⁴⁹ was released to 543 Schools for infrastructure development and ₹ 1.30 crore was allotted for monitoring and evaluation of project. It was observed in audit that an amount of ₹ 61.22 lakh out of ₹ 1.30 crore meant for monitoring of the project was still lying with the Council as of March 2013.

(ii) Second phase of ICT (1400 Schools):

Between July 2010 and September 2011, ₹ 66.97 crore was placed with Directorate for execution and monitoring of the Project. In June 2010, another private company was awarded the contract for supply of computers and accessories including installation and comprehensive onsite maintenance for five years in 1400 schools at a cost of ₹ 43.32 crore (paid between September 2010 and September 2011). Besides, ₹ 20.19 crore was sub-allotted to District Inspectors of Schools (DI) for distribution amongst 1400 schools for site preparation and infrastructure development, while ₹ 3.46 crore sanctioned (March 2012) for monitoring the ICT in 1400 schools were not drawn by the Directorate.

3.7.3 Implementation issues

3.7.3.1 Deficiency in ICT support system

National policy on ICT in schools envisaged imparting of ICT literacy with development of literacy curriculum and appropriate course materials for different stages of schooling by the State Government, enhancement of competence, creation of ICT enabled teaching-learning process with ICT related elective courses at the Higher Secondary (HS) level. ICT implementation strategies also necessitated State Government to develop ICT curriculum and appropriate course materials. Engagement of dedicated teachers with appropriate qualifications was essentially required for imparting ICT literacy, especially, for subjects like computer science and computer application in HS level. Besides, induction training and refresher courses for in-service teachers to learn and keep abreast of ICT enabled teaching-learning processes were also necessary for meaningful implementation of ICT in schools. However,

⁴⁸ ₹ 21.20 crore received from Government of India plus ₹ 7.21 crore from School Education Department plus ₹ 1.16 lakh generated from sale of tender documents

⁴⁹ ₹ 1,55,500 in two instalments of ₹ 88,250 and ₹ 67,250.00 for 543 schools

inadequacies and deficiencies were observed in almost all the sampled schools as discussed below:

3.7.3.1.1 Inadequacy in ICT curriculum

As per implementation Strategies envisaged under National Policy on ICT, States are required to develop an ICT literacy curriculum and appropriate course materials. Further, for development of digital contents and resources, the State needs to ensure an appropriate definition of use/ mechanism for generation of content and capacity building for integration into the curriculum. Project Monitoring & Evaluation Group under the MHRD also suggested (November 2010) that State Government could use /adopt the model course curriculum developed by NCERT for classes IX and X for ICT. However, no uniform literacy curriculum/ syllabus has been prescribed by department. Schools, visited by audit in five sampled districts, expressed (May 2013) their ignorance of any prescribed curriculum for ICT. Absence of guidelines coupled with deficiency of technically qualified teachers (*as discussed in subsequent paragraphs*) caused school authorities to follow different set of courses without standardization of course contents.

It was also observed that the annual academic calendar for schools prescribed by the Board did not include computer lessons.

Objective of creating ICT literacy and enhancing competence in schools suffered due to absence of uniform curriculum.

3.7.3.1.2 Absence of guidelines / Standard Operating Procedure

As per the policy on ICT, State Government was required to draw up guidelines on various aspects of ICT programme and set up institutional mechanism for implementing the programme under existing educational system, suitably delegating responsibilities up to the school level. In March 2010, an Expert Committee⁵⁰, on evaluation of implementation of ICT in 543 schools, recommended issue of a Standard Operating Procedure (SOP) to enable schools to effectively use ICT project. No matter was on record to show that the same was done. It was observed that in absence of guidelines, school authorities remained unaware of their duties and responsibilities in relation to the Project. Resultantly, computer laboratories were not equipped to put the computers that were received in schools to proper use. Log books for recording breakdown of computers were not maintained, agreement with vendors was not executed by many schools and service for repair-maintenance was often unavailable even though maintenance contract with vendors existed. No periodic reporting mechanism was devised for monitoring performance of the vendors in providing necessary services.

⁵⁰ A three member technical Committee constituted by the GoWB, School Education Department in February 2010 to survey and evaluate the implementation of ICT in 543 schools for proper monitoring.

Test-check of 99 schools in five sampled districts disclosed that

- in 27 schools⁵¹ (27 per cent), the school authorities were unaware that agreement was to be executed with the vendor concerned for enforcement on non-performance clause;
- None of the sampled schools maintained any log book in any form for recording downtime, notwithstanding the fact that the schools suffered due to unresponsiveness of the vendors;
- Vendors being unresponsive in attending the calls for faults and break downs, 28 test-checked schools had to spend ₹ 0.96 lakh for repair and maintenance by local technicians to keep the system functioning.

3.7.3.1.3 Penalty not imposed on vendors against non-performance

Memorandum of Agreement (MoA) executed between Government and the vendors provided for penalty⁵² in case of downtime of computers. The MoA also contained model agreements to be executed by schools with the vendor. However, penal clause for downtime⁵³ was not included in the model school level agreement, nor was existence of penal clause at the State level agreement made known to respective school authorities by the Department/ Council/ Directorate. MoA executed between Government and the vendors did not consider penalties or other remedies for non-performance, like equipment and materials not being supplied, computers/accessories not being installed / commissioned, etc.

Inspection of schools by audit disclosed that

- In contravention of MoA provision requiring payment for supply of computers to be made only after receipt of installation certificate from the respective schools, the Directorate released full payments to one vendor by September 2011 though equipment and materials worth ₹ 6.19 lakh were not delivered to two schools⁵⁴ as of April 2013. As the same was observed only through sample check of 63 schools⁵⁵, the Directorate should consider possibility of occurrence of similar instances in other schools.
- Further, maintenance contract with one vendor expired in March 2011 and was not renewed by the Council.
- No mechanism for recording and reporting of downtime was devised and no penalty was imposed on vendors by the Directorate/ Council, in spite of having enabling clause in the MoA when services were rated as unsatisfactory.

⁵¹ Under contract with Vendor (at para 3.7.2 (ii)) : 24 Schools and Vendor (at para 3.7.2 (i)) : three Schools

⁵² The MoA stipulated that any fault was to be rectified within 24 hours (48 hours in case of remote areas), failing which a penalty would be imposed at the rate of ₹ 100 per day beyond the stipulated period.

⁵³ The period of time when a machine, especially computer is not in operation as a result of malfunction.

⁵⁴ AV school, Krishnanagar, Nadia and Annapurna Balika Vidyalaya, Halisahar, North 24 parganas

⁵⁵ Covered by VENDOR B

3.7.3.1.4 Infrastructural deficiencies

ICT envisaged establishing state of the art, appropriate, cost effective and adequate ICT and other enabling infrastructure in all secondary schools. For creating and equipping laboratories in the schools and also for meeting operating expenses, Council released ₹ 8.44 crore⁵⁶ to 543 schools (April 2008 and November 2009), while Directorate released ₹ 20.19 crore⁵⁷ (September 2010 and February 2012) to the 1400 schools. Equipments and materials were supplied by the vendors to 543 schools by January 2009 and to 1400 schools by March 2011. The funds for procuring generators, modems etc. were, however, provided to the schools by the Council and Directorate only in February 2012, i.e. after delays ranging between 11 months and three years. Such delayed release of funds to the schools affected utilisation of the existing infrastructure in a timely manner.

Test-check disclosed the following:

- In five selected districts, ₹ 6.46 crore was released (between September 2010 and February 2012) to 448 schools by Directorate through the respective DI of Schools (Secondary Education) for creating and equipping laboratory etc., of which ₹ 3.65 crore (56 per cent) only were utilized by the schools leaving an unspent balance of ₹ 2.81 crore;
- The Council released (April 2008 to November 2009) ₹ 53.54 lakh to 36 schools of five sampled districts for creation of infrastructure, of which ₹ 42.87 lakh (80 per cent) was utilized and ₹ 10.67 lakh (20 per cent) remained unspent for almost five years from receipt. Similarly, ₹ 89.85 lakh was released by the Directorate to 63 schools, of which ₹ 68.41 lakh (76 per cent) was utilized and ₹ 21.44 lakh (24 per cent) remained unspent even after nearly three years from introduction of projects. Non-utilisation of funds by schools resulted in deficient infrastructure of ICT;
- LAN connectivity was not installed in 45 schools while internet facility was not installed in 31 schools;
- Generator sets were not procured by 46 schools;
- Council did not release funds at the rate of ₹ 88250 per school to 14 schools (totalling ₹ 12.36 lakh) for procuring furniture, generators including operating cost etc.

3.7.3.1.5 Vacancy in critical posts of teacher

For purpose of Teaching Computer Science and Computer Application, School Education Department created (August 2007) 500 regular posts⁵⁸ of Computer

⁵⁶ ₹ 67,250 plus ₹ 88,250 for each of the 543 schools for procurement of modem, cost of consumables

⁵⁷ ₹ 1,00,000 plus ₹ 44,200 for each 1400 schools

⁵⁸ 308 posts for Computer Application and 192 posts for Computer Science

teachers for HS schools of different districts out of total 3770⁵⁹ HS schools in the State. No more posts were created under ICT as of March 2013. Council and Directorate did not maintain any data base to evaluate availability of requisite teaching staff for implementation of ICT in schools selected for the scheme.

Test check of schools disclosed that:

- Out of 99 schools visited by audit, 68 schools (69 *per cent* of test checked ones) had computer teachers (regular or contractual) posted therein, while 31 schools (31 *per cent*) had been running ICT courses without any computer teacher;
- Council had directed (October 2007) that no part time teacher would be considered for imparting lessons in Computer Science and Computer Application from the academic session 2009-10. Contrary to the direction of Council, 122 contractual/ ad-hoc computer teachers remained engaged in 68 out of 99 schools visited by audit.

Although computer training was found to be organised for some teachers (other than computer teachers), no refresher course on ICT for in-service teachers of any discipline of the selected schools was organized till March 2013.

Thus, vacancy in the post of computer teachers and deficiency in training to in-service teachers compromised quality of ICT enabled teaching-learning processes in the schools.

3.7.4 Fees collected in contravention of RTE Act

Right of Children to Free and Compulsory Education (RTE) Act, 2009⁶⁰, rules and orders issued there under provide that no recognized aided school or a school receiving aid either from Government or from any local authority, shall collect any fees or charges or expenses from its students till completion of elementary education⁶¹ other than a development charge of up to a maximum of ₹ 240 per year.

Audit observed (April- May 2013) that in contravention of the provisions of the said Act and Rules, ₹ 1.69 crore was collected from students in 63 schools out of 99 test-checked during 2010-12 academic sessions towards course fee payable to the agencies/ personnel engaged for providing services in IT education under CLASS, CLTP or SCEP. It was seen that the same was done at the directive⁶² of the Government.

⁵⁹ March 2007

⁶⁰ Act No 35 of 2009

⁶¹ The education from first class to eighth class for the children of the age of six to fourteen years

⁶² Order No. 450 (20)-ES/O/P&B/ICT-3/10 dated 30-12-2011 which inter alia allowed collection of course fee not more than ` 35 per student per month from the student directly by the agencies

3.7.5 Deficient monitoring

- In accordance with direction of GoI, State Government had constituted a Committee in April 2008 to enable proper monitoring and supervision of the ICT project in the State. No meeting of the said committee was, however, held as of April 2013.
- A total of ₹ 4.76 crore⁶³ was placed with Council (₹ 1.30 crore for 543 schools) and Directorate (₹ 3.46 crore for 1400 schools) for monitoring and evaluation of ICT. Directorate did not draw the amount of ₹ 3.46 crore sanctioned (March 2012) for monitoring the ICT in 1400 schools. Non-drawal of the amount was attributed (May 2013) by Commissioner of School Education to objection raised by the Treasury Officer on relevant bill in absence of any reference to head of account in the sanction order of the Government. The amount was not drawn as of April 2013 indicating inaction and indifference of the Government.
- The Council engaged (August 2010) M/s WEBEL Informatics Ltd.⁶⁴ for conducting survey and evaluation of the ICT in Schools and paid ₹ 11.98 lakh. The survey report including suggestions was submitted to the Council in January 2011 for addressing the deficiencies with inadequacies noticed during the survey. The Council, however, without addressing the issues highlighted in the survey report, forwarded the same to Government in January 2011. There was nothing on record to show whether Government had initiated any corrective action on the findings of the report. Thus, expenditure ₹ 11.98 lakh incurred for conducting the survey remained unproductive.

3.7.6 Conclusion

Government could not bring all Government and Government aided Secondary and Higher Secondary schools⁶⁶ under the ICT project, though targeted to be done by the end of the 11th Five Year Plan (2007-12 period). Implementation of the scheme suffered due to non-introduction of standardized curriculum as well as shortfall in posting necessary teaching staff with adequate knowledge and skills. The same was compounded by lack of awareness on the projects among the schools owing to absence of Guidelines / SOP. Monitoring by the Council/ Directorate/ Department was also deficient though funds were not a constraint.

Thus, benefit of the ICT projects did not sufficiently percolate to the targeted students even after expenditure of ₹ 95.37 crore from Government exchequer.

⁶³ ₹ 130.32 lakh for 543 schools and ₹ 345.72 lakh for 1400 schools

⁶⁴ A Government of West Bengal undertaking

⁶⁵ Suggestions *inter alia* included taking up the issue of dissatisfaction of the schools on the service with Vendor, increasing awareness among teachers through training and motivations, introduction of class-wise lesson plan, development of quality content, maintenance of logbook on breakdown/ call history/ downtime/ students' attendance in lab etc,

⁶⁶ Out of total 8275 schools in the State, 1492 had been covered under CLASS/ CLTP/ SCEP; 1943 schools including 251 schools covered under earlier schemes, were covered under ICT. Number of uncovered schools thus stood at 5091

URBAN DEVELOPMENT DEPARTMENT

3.8 *Improper selection of site for the solid waste management project*

Selection of site for solid waste management project within East Kolkata Wetland Area ignoring the existing stipulations not only was indicative of indifference towards protection of the wetland, but also resulted in the project remaining incomplete.

Kolkata Metropolitan Development Authority (KMDA) prepared (in April 2002, revised in August 2004) a Detailed Project Report (DPR) for Solid Waste Management project at Mollar Bheri for disposal and treatment of solid waste generated in Bidhannagar Municipality at a cost of ₹ 4.20 crore⁶⁷. Mollar Bheri is located within East Kolkata Wetland area and was being used by the Municipality as a dumping ground. The permissive possession of the land was handed over by Municipality to KMDA in February 2004, after which KMDA accorded (May 2004) administrative approval and financial sanction of ₹ 4.20 crore for the project. The project comprised setting up of a compost plant and a sanitary land fill plant and was scheduled to be completed within 30 months.

Audit scrutiny revealed that East Kolkata Wetland Area had been identified as a Ramsar⁶⁸ site and as per the guidelines of Ramsar Bureau and directions (September 1992) of Honourable Kolkata High Court, no change in land character was to be allowed in this area. Further, as per the Municipal Solid Waste (Management & Handling) Rules, 2000⁶⁹, notified (September 2000) by the Ministry of Environment & Forest, Government of India, sanitary landfill sites under waste processing and disposal facilities should be situated away from water bodies and wetlands.

The East Kolkata Wetland Authority, entrusted with the responsibility for conservation and maintenance of the wetland, had accordingly intimated (August 2007) Bidhannagar Municipality that change in the land use as envisaged in the Mollar Bheri project was not permissible under EKW (C&M) Act 2006. It, however, permitted dumping of solid waste at the site on certain conditions⁷⁰. Bidhannagar Municipality requested (September 2007) KMDA to recast DPR fulfilling conditions imposed by the Authority. The EKWM Authority stated (February 2009) that it would withdraw

⁶⁷ 50 per cent of the project cost was to be borne by KMDA under Megacity Programme, 25 per cent of the funds were to be made available by Municipal Affairs Department from Urban Renewal Fund, while the remaining 25 per cent was to be contributed by Bidhannagar Municipality.

⁶⁸ Ramsar Convention is a convention of wetlands signed at Ramsar, Iran in 1971, where India was one of the signatories. It's an intergovernmental treaty that provides framework for national action and international co-operation for the conservation wise use of wetlands and its resources. East Kolkata Wetland was one of the wetlands included in the list of Ramsar sites.

⁶⁹ Introduced under Government of India's Environment (Protection) Act, 1986

⁷⁰ No further expansion of the existing waste disposal site, confinement of the disposal site proper boundary, segregation of non-biodegradable/plastic wastes outside EKW area, taking care of the existing water area of the Mollarbheri, plantation, necessity of annual renewal of permission after inspection of the authority, garbage disposal as per Guidelines of West Bengal Pollution Control Board.

its permission if its conditions were not adhered to. KMDA, however, did not change the DPR on the plea that the conditions imposed by EKWM Authority were too difficult to fulfill.

Subsequently, all activities of solid waste management impacting the ecosystem adversely within the wetland were prohibited by GoI's Wetlands (Conservations and Management) Rules 2010⁷¹ resulting in the project remaining incomplete till July 2013. By that time, however, expenditure of ₹ 3.82 crore has been incurred on civil works⁷² (₹ 2.62 crore spent up to March 2010) and mechanical/electrical works⁷³ (₹ 1.20 crore spent between April 2005 and April 2011). This included expenditure of ₹ 38.29 lakh on various components⁷⁴ of the project taken up after being warned (August 2007) by the EKWM Authority regarding violation of statutory stipulations. Moreover, there were reports of theft, pilferage and damage of infrastructure created, as the site remained unprotected.

Given the fact that East Kolkata Wetland had been internationally identified as an ecologically important wetland and GoI rules had stipulated that waste processing and disposal facilities should be situated away from wetlands, selection of site for Solid Waste Management project within this area was indicative of indifference towards its protection.

Ultimately, EKWM Authority inspected the site in February 2013 and observed that there had not been any development to comply with the conditions imposed. EKWMA finally withdrew (July 2013) its permission for completion of the balance work. Accordingly KMDA expressed (August 2013) its inability to the Bidhannagar Municipality to complete the project.

Thus, improper selection of site by Bidhannagar Municipality and KMDA for the solid waste management project within East Kolkata Wetland Area ignoring restrictive provisions was indicative of indifference towards environmental significance and protection of the wetland. It also resulted in the project being abandoned rendering the expenditure of ₹ 3.82 crore infructuous.

The matter was referred to Government in April 2013; reply had not been received (December 2013).

⁷¹ Came into force from December 2010.

⁷² Construction of vermicompost, boundary pillaring, construction of RCC window platform, construction of Sanitary Land Fill, office buildings etc.

⁷³ Supply of steel containers, tractors, supply and installation vermicompost plant, hydraulic lifting device, payment of service connection charge to State power utilities etc.

⁷⁴ Manufacturing, supplying, installation of vermicompost plant including electrification, procurement of Back-Hoe loader, land levelling, construction of bituminous road, internal works of office building etc.

**URBAN DEVELOPMENT DEPARTMENT (KOLKATA
METROPOLITAN DEVELOPMENT AUTHORITY)**

3.9 Excess expenditure on road projects in deviation from Schedule of Rate

KMDA incurred excess expenditure of ₹ 4.28 crore in three road construction projects due to application of incorrect rates.

Kolkata Metropolitan Development Authority (KMDA) awarded three⁷⁵ road construction projects (divided in 11 stretches) between June 2008 and April 2010 to 10 agencies. The agencies completed the work between March 2009 and January 2011 and were paid a total of ₹ 40.59 crore (up to September 2011) for the said work based on the rates provided in the Detailed Project Report (DPR).

DPR of these projects *inter alia* included a common item of work of spreading and consolidating the River Bed Material (RBM) at sub-base⁷⁶ for which a uniform rate of ₹ 431.68 per cubic meter was considered. Scrutiny (August 2012) of records revealed that agencies had, however, used Fine Silver Sand (FSS), which was more economical than RBM in terms of quantity required and labour cost, for sub-base for all the works.

As per the Schedule of Rates (SOR) for Road & Bridge Works issued by PW (Roads) Department, the compaction factor⁷⁷ of dry clean FSS is 0.835, whereas that of RBM is 0.70, which indicated that quantity of RBM required for having equal volume of compacted sub-base was higher⁷⁸ than quantity of FSS required. Even allowing for lower labour charge involved in laying and compacting RBM (₹ 62 per cubic meter) compared to that of FSS (₹ 28 per cubic meter), the total cost of laying and compacting FSS worked out to be less costly (₹ 337.91 per cubic meter) than that of RBM (₹ 431.68 per cubic meter) (as shown in **Appendix 3.1**). But though FSS was actually used at the sub-base (admissible rate being ₹ 337.91 per cubic meter), payment was made at the rate applicable for RBM (₹ 431.68 per cubic meter).

Thus, incorrect rate paid by KMDA had resulted in excess payment of ₹ 4.28 crore (**Appendix 3.2**) to the agencies.

The matter was referred to Government in April 2013; reply is, however, awaited (December 2013).

⁷⁵ 1. Widening of EM Bypass from Garia to Kamalgazi, 2. Construction of EM Bypass connector from Kamalgazi to Padmapukur and 3. Construction of road up to wet mix macadam in South 24 Parganas District Headquarters at Baruipur. All these three projects were taken up under the Ganga Action Plan sector of KMDA

⁷⁶ Sub-base is the layer of material laid on the sub-grade, on which the base course layer is located. Sub-base is often the main load-bearing layer of the road. Its role is to spread the load evenly over the sub-grade.

⁷⁷ May be defined as quantity of FSS or RBM required for having unit volume of compacted material.

⁷⁸ 1.20 m³ (1/0.835) loose dry clean FSS is required for getting 1m³ compacted FSS; whereas 1.43 m³ (1/0.70) loose RBM is required for getting 1m³ compacted RBM.

**URBAN DEVELOPMENT DEPARTMENT
(WEST BENGAL HOUSING INFRASTRUCTURE
DEVELOPMENT CORPORATION LIMITED)**

3.10 Extra expenditure in construction of roads at New Town Project

Higher specifications in road design in deviation from IRC guidelines resulted in extra financial burden of ₹ 42.64 crore on account of execution of additional quantities of works in eight works executed/ under execution by WBHIDCO. Besides, there were cases of incorrect estimations of rates by WBHIDCO under various items of works which led to extra expenditure of ₹ 7.80 crore apart from undue benefits of ₹ 36.08 lakh to the contractors.

State Government set up (April 1999) West Bengal Housing Infrastructure Development Corporation Limited (WBHIDCO), a Government company, for the purpose of developing New Town Project (NTP) at Rajarhat. The project envisaged development and distribution of land in four Action Areas for residential as well as business purpose.

While constructing internal roads in Action Area-I (AA-I) and Southern extension of Major Arterial Road at New Town Project (NTP), WBHIDCO appointed (April 2002) an engineering consultant. Based on the design prepared by the Consultant in due adherence⁷⁹ to guidelines of Indian Road Congress (IRC), WBHIDCO constructed 19.63 km road up to December 2006. WBHIDCO, however, for subsequent stretches of roads under NTP deviated from IRC norms and unduly enhanced the specifications and implemented superfluous items of work as discussed below:

(A) Inflated specifications in road design:

As per guidelines⁸⁰ of Indian Road Congress (IRC), the roads are designed based *inter alia* on characteristics⁸¹ of sub-grade soil, estimated traffic load, ground water level, design life etc. It is further stipulated by IRC that for adoption of appropriate pavement design of requisite strength, load bearing strength⁸² and other physical properties⁸³ of the sub grade soil⁸⁴ are to be determined strictly through laboratory tests and not on the basis of *in-situ* test (**Appendix 3.3**).

⁷⁹ Following appropriate guidelines of IRC, consultant designed (June 2002) the pavement thickness of internal roads for 20 years with CBR value of three per cent on compacted sub-grade.

⁸⁰ IRC : 36 - Recommended practice for the construction of earth embankments, IRC : 37 - Guidelines for the design of flexible pavements and specifications for road and bridge works.

⁸¹ Stability, incompressibility, permanency of strength, minimal changes in volume under adverse ground water and weather conditions, ease of compaction etc.

⁸² Measured by California Bearing Ratio (CBR) - Most preferred international penetration test to indicate the load bearing capacity of soil.

⁸³ Soil classification, particle size distribution, liquid limit, plastic limit, plasticity index, maximum dry density (MDD), optimum moisture content (OMC), moisture content - dry density relationship i.e. standard proctor density and corresponding OMC.

⁸⁴ **Sub grade** is the native material underneath a constructed road.

However, in case of remaining works under AA-I, WBHIDCO, without conducting the mandatory laboratory tests, had come to the conclusion (July 2006) that sub grade soil was “highly expansive having low bearing capacity due to ingress of water from the high water table”. Accordingly, WBHIDCO decided (July/ August 2006) to replace 500 mm sub grade soil with sand with enhancement in the specifications of layers at the pavement in term of thickness and components in order to achieve higher mechanical strength of sub grade soil with CBR of six *per cent* against the requirement of 2.5 *per cent* CBR as per IRC norms.

Mention was made in paragraph 2.1.29 of the Report of the C&AG on Government of West Bengal (Commercial) for the year ended March 2007 that such undue enhancement of specifications had led to an additional expenditure of ₹ 10.08 crore in AA-I. The Department did not furnish any action taken note on the same. A follow up audit of the construction of road in AA-II and AA-III was undertaken, results of which are enumerated below.

During 2008-09 to 2011-12, the Company undertook construction of 22 road works (tendered value: ₹ 231.36 crore) in AA-II and III of which 15 works were completed and seven were under progress. Out of these, test check of eight works (four completed and four under progress -**Appendix 3.4**) with aggregate tendered value of ₹ 128.67 crore disclosed that WBHIDCO continued applying the enhanced specifications (January 2009) for construction of internal roads in AA-II and III without undertaking laboratory tests specified by IRC. Reasons for the same could not be ascertained in view of the following:

- The roads constructed in AA-I in 2006 did not have any reported pavement failures indicating appropriateness of specification and designs given by the consultant.
- A laboratory test conducted (May 2009) in Action Area-II D after commencement of work showed that the quality of the existing sub grade soil was already higher⁸⁵ than acceptable criteria of IRC thereby not necessitating any further strengthening measures. The decision of WBHIDCO, therefore, to replace top 500 mm sub grade soil by sand with thicker layers of materials of higher specifications was not clear.
- Roads in Action Area IIB, IIC, IID and III were constructed only after creation of drainage facilities by PHED duly serviced by drainage pumping station to prevent water logging in the township. As such, continuing with the enhanced specifications, which had been adopted in July 2006 for AA I in apprehension of ingress of water in the sub-grade from the high water table, needed to be explained.

A comparative position of design specifications⁸⁶ adopted for Action Area I as per IRC guidelines *vis-à-vis* that adopted by WBHIDCO in the subsequent works is

⁸⁵ Average values of CBR and Maximum Dry Density (MDD) of sub-grade soil were found to be 2.5 per cent and 1.70 gm/cc respectively, against by IRC norms (CBR - 2 per cent, MDD-1.65 per cent).

⁸⁶ As per advice of MNDCL, the consultant.

given in **Appendix 3.5**. This had resulted in excess expenditure of ₹ 42.64 crore as compared to estimated expenditure based on standard specification adopted by the consultant as shown in **Appendix 3.6**.

(B) Issues relating to preparation of estimates

The item rates of road works were to be based on standard data book for analysis of rates⁸⁷ with reference to IRC specifications and materials/ carriage rates of PW (Roads) schedule of rates (SOR) of Government of West Bengal. Audit observed that estimates of items like carriage of stone materials from railway yard to work site, rates of bitumen and cost of fine sand/ stone materials were determined at inflated rates as discussed under:

- **Carriage:** While preparing the estimates, the rates of stone aggregates in respect of four completed works (Works I to IV) were calculated by considering carriage by road from Dankuni railway yard (26 kms away) to work sites instead of from Belgharia railway yard (18 kms away) which was closer to the work site. This had resulted in higher cost at site by ₹ 50 per cubic metre (January/ December 2009), after adjusting the difference in the railway freight charges for Belgharia yard and Dankuni yard. This resulted in additional expenditure of ₹ 58.58 lakh on four completed works (*vide Appendix 3.7*).
- **Non-recovery of the cost of container:** As stipulated in the SOR, the cost of container (at the rate of ₹ 1000 per tonne of bitumen) was to be deducted while arriving at the rate of bitumen emulsion. Non adjusting the cost of container from the cost of bitumen resulted in extension of undue benefit of ₹ 36.08 lakh⁸⁸ to the contractors against utilisation of 3608.21 tonnes of bitumen in respect of eight works.
- **Higher rate on stone materials:** In respect of four works (work nos. V to VIII), the Company instead of applying the rates of PWD (Roads) SOR for stone materials applied (August 2010, November 2010 and November 2011) the rates of PWD (Building) SOR on the ground that PWD (Roads) SOR had become old as it remained unchanged since January 2009. However, PWD SOR is updated as and when such need is felt. This issue was further compounded by the fact that PWD (Building) SOR does not contain the extant rates for the stone materials of the size actually used in road work and hence for arriving at the applicable rates of stone material, WBHIDCO had to take the average the rates of different sizes of stone material available in the PWD (Building) SOR. This resulted in fixation of higher rates of stone dust (₹ 171 to ₹ 285 per cubic metre) and stone aggregates (₹ 137⁸⁹ to ₹ 402 per cubic metre) as

⁸⁷ Published by Ministry of Road Transport and Highways.

⁸⁸ Priming of base course: 55699.401 m² at the rate of 0.6 kg per m² = 33419.64 kg; Bituminous Macadam: 549581.116 m² at the rate of 3.62 kg per m² = 1989483.64 kg and Semi Dense Bituminous Concrete: 550454.621 m² at the rate of 2.88 kg per m². Total consumption of Bitumen: 3608212.59 kg i.e. 3608.21 tonnes.

⁸⁹ In case of 37.5mm stone chips used in work No VIII, there was a difference of only ₹ 2 per m³

shown in **Appendix 3.8**. The Company shouldered an additional expenditure burden of ₹ 7.22 crore on this count.

Thus, fixation of higher specifications in road design in deviation from IRC guidelines resulted in an extra financial burden of ₹ 42.64 crore on account of execution of additional quantities of works in eight works executed/ under execution by WBHIDCO. Besides, there were cases of incorrect estimations of rates by WBHIDCO under various items of works which led to extra expenditure of ₹ 7.80 crore apart from extension of undue benefit of ₹ 36.08 lakh to the contractors.

The matter was referred to the Government in September 2013; the reply is, however awaited (December 2013).

URBAN DEVELOPMENT AND LAND & LAND REFORMS DEPARTMENTS

3.11 Unproductive expenditure on idle infrastructures

Audit observed three instances in three districts where infrastructure created at ₹ 21.50 crore did not yield the desired benefit as new constructions remained idle / incomplete for years together. Audit analysis showed that the same was attributable to lack of proper planning before initiation of a project, absence of co-ordination among the implementing agencies and deficient monitoring during execution.

State Government takes up works of creation of various infrastructure for meeting its governance responsibilities as well as for making social deliverables available to its citizens. For ensuring availability of desired benefits, works should be completed expeditiously and newly created assets put to use timely. Some significant cases where expenditure incurred from public exchequer on various projects did not yield the desired results as projects remained incomplete/ unused for years together, are discussed in the subsequent paragraphs.

(A) Export infrastructure at Siliguri remaining non-starter

With a view to creating infrastructure for export/ import, Siliguri Jalpaiguri Development Authority (SJDA) undertook a project of construction of an Export Logistic Hub (Inland Container Depot - ICD) in the *Mouza* Dabgram, Jalpaiguri District during 2008-09 with financial assistance from Ministry of Commerce & Industries, GoI under Assistance to States for Infrastructure Development for Export (ASIDE). The estimated cost of the project was ₹ 24.84 crore⁹⁰. The State Level Export Promotion Committee accorded (October 2008) administrative approval of

⁹⁰ **Components of expenditures:** land and land development: ₹ 5.37 crore, civil construction: ₹ 3.12 crore; approach road and paved area: ₹ 3.52 crore, material handling equipments: ₹ 9.78 crore, electrical and automation: ₹ 2.47 crore and Government fees/ deposits/ consultancy, supervision: ₹ 0.58 crore.

Projected sources of funds: ₹ 20 crore was to be contributed by the GoI under ASIDE scheme while SJDA was to bear ₹ 4.19 crore towards arranging 24.5 acres of land on lease from Railway authority and contribute ₹ 0.65 crore

₹ 18.89 crore under ASIDE and released ₹ 10.30 crore in three instalments. The logistic hub, targeted for completion by October 2010, envisaged projected annual export turnover of ₹ 2500 crore in seven years time. SJDA decided that (July 2009) the operation, maintenance and management of the logistic hub were to be outsourced on Public Private Partnership (PPP) mode. The idea of SJDA authority was to complete the list of items in the DPR and hand it over to the private partner on “as where is” basis. The partner was to construct the railway siding (which was not included in DPR as it involved huge cost) and other residual works and make the logistic hub functional.

As of March 2013, expenditure on this project stood at ₹ 13.67 crore⁹¹ which included expenditure on land development (₹ 1.32 crore), construction of internal and approach road (₹ 1.80 crore), administrative buildings (₹ 0.64 crore), warehouse (₹ 0.50 crore) and supply/ installation of machineries and facilities⁹² like high-tension and low-tension electrical infrastructure, diesel generator sets, weigh bridge, three fork lift trucks, empty container handler, refrigerated unit at cold room, provision of computer and peripherals, etc. All the works were completed by March 2013, except for commissioning of cooling warehouse, physical progress of which stood at 90 per cent.

Records of SJDA revealed that as of August 2013, the logistic hub remains a non-starter owing to non-finalisation of private partner for management of the ICD as discussed below.

- On two occasions (October 2009 and June 2010) tenders for selection of private partners were cancelled. While on the first occasion quoted premium by highest bidder was found to be much lower as compared to the estimated profit projected in the proposal, in the second occasion the highest bidder imposed certain conditions, which was not accepted by SJDA.
- SJDA invited fresh bids in November 2010. Out of three bids received, SJDA proposed (February 2011) selection of the highest bidder (offer being ₹ 21.21 lakh per acre) to the Urban Development (UD) Department, as Department's approval was mandatory for PPP projects. However, the matter did not progress further as in view of interest evinced (May 2012) by Container Corporation of India (CONCOR)⁹³ for taking up the operation, maintenance and management of logistic hub. CONCOR, however, opined (May 2012) that the present site of logistic hub was not worthy of operation without rail siding with concrete pavement, which had not been a part of the Detailed Project Report. Cancelling all earlier bids, UD Department issued (June 2012) no

⁹¹ Excluding ₹ 4.19 crore spent by SJDA for taking 24.5 acres of land on lease from the Railway Authority

⁹² HT & LT infrastructure (₹ 1.50 crore) installed during July 2010 and February 2011, Diesel Generator sets (₹ 0.56 crore) supplied between August 2010 and February 2011, Weigh bridge (₹ 0.24 crore) installed in February 2011, fork lift trucks (₹ 0.43 crore) received in January 2011, provision of computer and peripherals (₹ 0.57 crore), refrigerated unit at cold room (₹ 0.40 crore) in December 2011, commissioning of cooling warehouse (₹ 1.10 crore) in December 2011 etc. Empty container handler (₹ 1.34 crore) was shown to be received in May 2012.

⁹³ A GoI undertaking under the Ministry of Railways

objection for selection of CONCOR as partner. CONCOR was to submit a report on feasibility of construction of railway siding by June 2012. However, no response from CONCOR was received thereafter (as of March 2013).

SJDA, meanwhile, engaged (September 2012) a consultancy firm for selecting PPP partner for running the facility. No further progress has been made (August 2013) in this regard.

SJDA stated (June 2012 and September 2013) that machineries were purchased by SJDA as per DPR approved by ASIDE for ensuring availability of further instalment of funds in anticipation of timely completion of the project and to avoid price escalation. However, starting of the project was dependent upon engagement of private partner and construction of rail siding.

During joint physical inspection (June 2012) of the site by audit and representatives of SJDA it was observed that construction of the main office building, toilet block and warehouse were complete but the same remained unused. It was further seen that the fork lift trucks and DG sets were lying in the open ground with parts/ fittings/ tyres etc. broken/ missing, while the weigh bridge was in dilapidated condition. The Empty Container Handler was not found on site; SJDA intimated (June 2012) that the same was kept at FCI godown premises store at Bagrakote, Siliguri taken by SJDA on rent.



Broken DG set and Fork lifts lying at logistic hub

Thus, export infrastructure created at Siliguri incurring an expenditure of ₹ 17.85 crore (₹ 13.67 crore plus ₹ 4.19 crore) remains idle even after lapse of almost three years from the targeted date of completion of the project. Expensive sophisticated machinery procured for the same remains unused beyond their warranty periods with substantial possibility of damage. This was indicative of failure in synchronizing construction,

procurement and engagement of management contractor leading to desired level of export activities not being achieved.

(B) Unused Town Hall cum Auditorium at Rampurhat

Work for construction of auditorium was assigned to West Bengal Industrial Infrastructure Development Corporation (WBIIDC) on a turnkey basis under MPLAD from Birbhum district. On completion, the auditorium was to be handed over to Rampurhat Municipality. The DM released ₹ 1.61 crore (March 2005 to September 2008) to WBIIDC from MPLAD funds (2003-04 to 2007-08). WBIIDC incurred an expenditure of ₹ 1.62 crore (February 2006 to September 2010) towards construction of the auditorium, stage craft, stage lights and other allied works. Pending formal handing over by WBIIDC, the auditorium was inaugurated in February 2009 by Rampurhat Municipality.

Audit scrutiny (November 2012) of records of DM, Birbhum, however, revealed that the auditorium was not put to use till October 2012. Sub Divisional Officer, Rampurhat reported (May 2012) to the DM that the stage was unusable for holding any kind of cultural programme due to its undulation/ unevenness. The acoustic system was not functioning and leakage of rain water was noticed at a number of points in the hall. Besides, the auditorium also lacked amenities like drinking water, generator, modern sound system and lights etc. Formal inauguration of the auditorium in such an incomplete state, thus, seemed premature. Though DM had requested WBIIDC (July 2012) to complete residual works; no response was received from them. The District authorities accepted (December 2012) the audit observation. Thus, the Auditorium remained incomplete and unused after eight years from starting of construction and almost five years after its inauguration leading to idle expenditure of ₹ 1.62 crore from Government exchequer.

(C) Construction of Central Bus Stand at Malda remaining incomplete

With a view to managing traffic congestion and controlling law and order⁹⁴, Uttarbanga Unnayan Parshad (UUP) approved (September 2000) construction of a Central Bus Terminus (CBT) at Malda Town adjacent to National Highway 34 for North Bengal State Transport Corporation (NBSTC). District Land & Land Reforms Officer (DLLRO), Malda took over possession of 35.51 acres of land⁹⁵ identified for construction of the bus stand. UUP released (April 2001) ₹ 1 crore in favour of DM with the stipulation to execute the work through PWD. Malda Zilla Parishad (ZP) allotted further funds of ₹ 35 lakh (June 2001) for execution of the said work by its own engineering wing out of funds received from Transport Department for transport infrastructure.

DM issued (February 2004) administrative approval and financial sanction of ₹ 1 crore to ZP for construction of CBT. However, at the instance of UUP, work was transferred to PWD and DM placed (January-February 2006) ₹ 1.35 crore with EE, PWD.

However, in deviation from original plan, DM requested (July 2007) the L&LR Department to transfer 5 acres⁹⁶ for construction of a general bus stand for long distance buses, instead of constructing it exclusively for NBSTC. The land was handed over to EE, PWD in December 2007.

Work order for the construction of CBT (terminal building, bus shed, retaining wall, flexible pavement and rigid pavement) was issued in February 2008 for tendered amount of ₹ 1.26 crore. DM also submitted (June 2008) an estimate of ₹ 46.91 lakh for electrification work to Transport Department for allotment of funds and requested (June 2009) EE, Public Health Engineering Directorate (PHED), Malda to prepare an estimate for arrangement of drinking water and other basic amenities in CBT.

⁹⁴ as the existing bus terminus was at the heart of the town

⁹⁵ From the Agriculture Department

⁹⁶ Out of 35.51 acres taken over by L&LR department from Agriculture Department

However, response of the two Departments to DM were not forthcoming. Works of terminal building, rigid pavements, flexible pavements and passengers' shed were completed by August 2010 at a cost of ₹ 1.66 crore⁹⁷. The bus-stand, however, could not be opened for public use due to infrastructural deficiencies.

Meanwhile, to make the scheme viable, Chief Engineer, PWD had prepared (June 2010) a consolidated estimate of ₹ 5.40 crore including additional works to be done. DM further released (July 2009 to June 2012) ₹ 0.87 crore to the EE, PWD for execution of the work and moved (February 2012) North Bengal Development Department (NBDD) for further funds for expansion of CBT. As of December 2012, additional works worth ₹ 36.95 lakh on balance portion of passengers' shade and bus bay attached to the same were executed.

Thus, progress of the scheme was affected since inception by planning deficiencies as well as frequent modifications in the scope of works. As of December 2012, work of construction of CBT was incomplete after twelve years from release of funds and six years from issue of work order and works executed in phases for ₹ 2.03 crore (of which ₹ 1.93 crore was paid till December 2012). The Police authorities⁹⁹ also expressed (December 2012) their concern on traffic congestion and resultant law and order problems.

The matter was referred to Government in July 2013; reply had not been received (December 2013).

URBAN DEVELOPMENT, TRANSPORT AND IRRIGATION & WATERWAYS DEPARTMENTS

3.12 Infructuous expenditure on an unviable ferry service through a canal

Introduction of a canal ferry service in Kolkata without assessing its economic viability and popularity among passengers and ignoring the failure of the trial run resulted in infructuous expenditure of ₹ 4.32 crore.

Circular Beliaghata canal and New-Cut Keshtopur Bhangarekata canal, though used for navigation in the past, were reduced to drainage channels due to siltation coupled with parallel development of road transport. Government of West Bengal took up (March 2004) re-excavation¹⁰⁰ of 20.5 km of the canal system *inter alia*¹⁰¹

⁹⁷ Land development (between March 2007 and April 2008) for ₹ 21.73 lakh; building/shed/pavement etc (between March 2008 and August 2010) for ₹ 126.24 lakh; retaining walls (July-December 2009) for ₹ 14.90 lakh and consultancy fees of ₹ 3.31 lakh.

⁹⁸ ₹ 33.19 lakh in July 2009, ₹ 42.46 lakh in August 2011 and ₹ 11.83 lakh in June 2012

⁹⁹ In a communication from the Officer in Charge, District Traffic police, Malda addressed to Superintendent of Police, Malda

¹⁰⁰ "Re-excavation of the New Cut-Keshtopur - Bhangarekata khal System from its starting point at the Chitpur Lock on the river Hooghly to the outfall point of the Khal at Kulti on the river Hawagon -Kultigong" which included re-excavation of 13.5 km of Keshtopur canal and 7 km of Bhangarekata canal.

¹⁰¹ Other objectives include undertaking beautification work along the canal banks in the phased manner and exploring the possibilities of utilising the ingress water from the river Hooghly into the re-excavated canal for raw drinking water source to cater the needs of both New Town and Bidhannagar Municipality.

for revival of navigational opportunities through the canal. This necessitated construction of seven steel foot bridges across the canal, construction of eight jetties and clearing Keshtopur canal by mechanized devices. Project was to be undertaken by West Bengal Housing Infrastructure Development Corporation (WBHIDCO). A technical committee¹⁰² was formed (March 2004) for identifying scope of revival of the navigational opportunities in canal systems, which did not conduct any cost-viability analysis.

WBHIDCO entrusted the works of construction of foot bridges and jetties and clearing of Keshtopur canal by mechanized devices to the Canal Division, I & W Directorate and released ₹ 6.25 crore between October 2006 and November 2007. Amount was fully utilised by the division towards the project upto March 2012.

WBHIDCO further released ₹ 1 crore (August 2006 and February 2007) to West Bengal Surface Transport Corporation Limited (WBSTC) under the Transport Department for purchase of six vessels (four wooden and two steel vessels). Of this, WBSTC procured (August 2006) two steel vessels at a total cost of ₹ 54.40 lakh, each with carrying capacity of 100 passengers and four more wooden vessels at total cost of ₹ 49 lakh (March 2007 to September 2007), each with carrying capacity of 50 passengers. WBHIDCO further released ₹ 1.98 lakh (December 2007) for construction of five booking counters at the jetties and ₹ 24 lakh (June 2007 and December 2007) for electrical works at jetties.

Objective of canal navigation through introduction of ferry services was, however, not fulfilled as

- A private agency engaged (June 2006) through WBSTC at the instance of the Transport Department, for operation of ferry service through the canal, started trial run in October 2006 between Chitpur and Baishakhi, but declined (November 2006) to operate owing to financial non-viability and lack of popularity of the service.
- Subsequently, Hooghly Nadi Jalapath Parivahan Samabay Samity Limited (HNJPSS), a co-operative society, was entrusted (August 2007) by WBSTC to operate the ferry service with four wooden launches¹⁰³ acquired by WBSTC. Operative costs were to be borne by HNJPSS. HNJPSS operated the ferry service from August 2007 to January 2009 with only 13 *per cent* of the operating cost¹⁰⁴ being recovered as revenue. HNJPSS submitted a claim of ₹ 14.60 lakh towards operating loss sustained by it during this period, against

¹⁰² Retired Chief Engineer, I&W Directorate as Chairman, Superintendent Engineer, Eastern Circle, I&W Directorate as Member Secretary and Director General (Engineering), WBHIDCO, Chief Engineer Planning, Public Health Engineering Department, Chief Engineer, KMWSA, Chief Engineer (S&D), KMDA, Special Engineer, Salt Lake Reclamation & Development Circle, Executive Engineer, PHE, Bidhannagar Municipality as Members.

¹⁰³ The steel launches were not used as the same were not fit for plying in the canal.

¹⁰⁴ As worked out by WBHIDCO, against the average daily operating cost of ₹ 5598.00, average revenue stood at ₹ 754.00 (for first 61 days).

which ₹ 3 lakh was reimbursed (December 2007) by WBHIDCO. Finally the scheme was withdrawn in February 2009 and the four vessels were taken back by WBSTC.



Present condition of the boats (August 2013)

No further initiative either to resume ferry services or to productively utilise the launches has been taken. As of December 2013, all six launches were lying idle at Babughat and Howrah jetties. The wooden vessels were in dilapidated condition and fully/partially submerged in water and beyond economic repair. Condition of the jetties constructed in the canal had also deteriorated, of which one¹⁰⁵ had been encroached by an outsider.

Thus, ferry services in Kestopur Canal introduced at a cost of ₹ 4.32 crore¹⁰⁶ without assessing economic viability, had to be discontinued due to non-sustainability rendering the expenditure of ₹ 4.32 crore infructuous.

The matter was referred to Government in June 2013; reply had not been received (December 2013).

GENERAL

3.13 Cash management in Government Departments

Deficient cash management by DDOs led to cash amounting to ₹ 0.67 crore not being physically available, though included in the cash balance. Non-adherence to the prescribed provisions is fraught with the risk of misappropriation of public money.

West Bengal Treasury Rules (WBTR) provides that:

- No money is to be drawn from the treasury unless it is required for immediate disbursement;
- All financial transactions are to be recorded in the cash book as soon as they occur under proper attestation by the Drawing and Disbursing Officer (DDO);

¹⁰⁵ The jetty at 206 Bus stand on Keshtopur Canal.

¹⁰⁶ Construction of jetties : ₹ 1.84 crore; purchase of launches : ₹ 1.03 crore; mechanized clearing of canal- ₹ 1.19 crore; construction of booking counters : ₹ 0.02crore; electrification of jetties : ₹ 0.24crore.

- Cash book is required to be closed every day and the head of the office is required to physically verify the cash balance at the end of each month and record a certificate to that effect.

Scrutiny of records of 19 (nineteen) DDOs in eight¹⁰⁷ districts including Kolkata revealed financial irregularities due to non-compliance with the above provisions resulting in mis-utilisation of undisbursed cash, theft, robbery and suspected misappropriation of Government money. Physical verification of cash conducted at the instance of audit by 19 (Nineteen) DDOs during July 2012 to April 2013, revealed that ₹ 46.75 crore were physically available against aggregate closing balance of ₹ 47.43 crore as per the cash books indicating a shortage of ₹ 0.67 crore (as detailed in **Appendix 3.9**). Of this amount, unadjusted vouchers accounted for ₹ 15.43 lakh, while ₹ 19.54 lakh was shown as advance from undisbursed cash for various purposes. As the amounts remained outside the cash book, this practice was fraught with risk. Besides, there was shortage amounting to ₹ 32.28 lakh which was attributable to theft/robbery/unexplained cash shortage by various DDOs.

In case of NRS Medical College & Hospital, a shortage of ₹ 2.59 lakh was noticed, out of which ₹ 1.79 lakh pertained to period from 1980-81 to 1990-91, while the remaining shortage occurred during October 2011 to September 2012. Similar old cases of theft/ defalcation were also noticed in case of MSVP¹⁰⁸, RG Kar MC & H; Superintendent, Malda District Hospital; Principal, Chittaranjan Seva Sadan, Kolkata and District Magistrate, Nadia.

Cases of non-adherence to the provisions of financial rules by DDOs have been pointed out continuously by audit in earlier years. Nevertheless, such irregularities continue indicating lack of control and monitoring. No initiative was noticed on the part of the DDOs and respective Controlling Officers to adjust the shortages carried over for years together.

Thus, non-adherence to the provisions of Treasury and Financial Rules and inadequate internal control over drawal and disbursement of cash by the DDOs continue to be a matter of concern exposing the Departments to the risk of misappropriation of public money.

3.14 Lack of response of Government to audit

Principal Accountant General (Audit) (PAG) arranges to conduct periodical inspection of Government Departments to test-check transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs) issued to the heads of offices inspected with copies to next higher authorities. Important irregularities

¹⁰⁷ North 24 Paraganas (two offices), Kolkata (11 offices), Birbhum (one office), Dakshin Dinajpur (one office), Malda (one office), Purulia (one office), Howrah (one office) and Nadia (one office).

¹⁰⁸ Medical Superintendent cum Vice Principal

and other points detected during inspection, which are not settled on the spot, find place in IRs.

Finance Department of Government of West Bengal, issued instructions (June 1982) for prompt response by the executive to IRs issued by the PAG to ensure rectificatory action in compliance with the prescribed rules and procedures and secure accountability for the deficiencies, lapses, etc. noticed during inspections.

The heads of offices and next higher authorities are required to comply with observations contained in the IRs and rectify defects and omissions promptly and report compliance to PAG. Serious irregularities are brought to the notice of the Government by the office of the PAG. A six monthly report showing the pendency of IRs is sent to the Principal Secretary/Secretary of the department to facilitate monitoring and settlement of outstanding audit observations in the pending IRs.

Inspection Reports issued since 1981-82 up to December 2012 relating to 233 offices in four departments (Disaster Management Department: 32 offices; Home Police Department: 67 offices; Urban Development Department: 116 offices and Fire & Emergency Services Department: 18 offices) disclosed that 718 paragraphs relating to 262 IRs remained outstanding at the end of June 2013. Of these, 28 IRs containing 37 paragraphs under Disaster Management and Urban Development Departments had been lying unsettled for more than 10 years.

Department-wise and year-wise break-up of the outstanding IRs and Paragraphs are detailed in **Appendix 3.10**.

The unsettled IRs contain 90 paragraphs involving serious irregularities like theft/ defalcation/ misappropriation of Government money, loss of revenue and shortages/ losses not recovered/ written off amounting to ₹ 356.78 crore. Department-wise and nature-wise analysis of the outstanding paragraphs of serious nature showed the following position:

Table 3.2 : Analysis of outstanding paragraphs

Name of the department	Cases of theft/ defalcation/ misappropriation		Loss of revenue		Shortage/losses not recovered/ not written off		Total	
	Para	Amount	Para	Amount	Para	Amount	Para	Amount
	(₹ in lakh)							
Disaster Management	12	40.46	Nil	Nil	02	5.46	14	45.92
Home (Police)	03	25.78	01	3.05	Nil	Nil	04	28.83
Urban Development	15	44.93	48	34751.82	02	259.14	65	35055.89
Fire & Emergency Services	01	0.10	05	545.91	01	01.27	07	547.28
Total	31	111.27	54	35300.78	05	265.87	90	35677.92

Audit committees, comprising the Principal Secretary/Secretary of the administrative department and representatives of the Finance Department and Audit, were formed in 26 out of 33 Departments under General and Social Sectors for expeditious settlement of outstanding Inspection Reports/ paragraphs. Audit Committees were not formed by the remaining seven Departments¹⁰⁹ under General and Social Sector. Of the 26 Departments where audit committees were formed, meetings were held by two Departments {Home (Police) and Disaster Management} on two occasions from July 2012 to June 2013. As a result of these meetings, 30 paragraphs were settled. Other 24 departments, though constituted Audit Committees, did not hold any meeting.

It is recommended that Government should ensure that a procedure is put in place for (i) action against officials failing to send replies to IRs/ paras as per the prescribed time schedule, (ii) recovery of losses/outstanding advances/ overpayments in a time-bound manner and (iii) holding at least one meeting of each audit committee every quarter.

¹⁰⁹ *Mass Education Extension, Fire & Emergency Services, Self Help Groups & Self Employment, Housing, Backward Classes Welfare, Sports, Statistics & Programme Implementation and Child Development Departments*