
FOOD AND SUPPLIES DEPARTMENT
2.1 PUBLIC DISTRIBUTION SYSTEM
Executive Summary

Government of India (GoI) introduced the Targeted Public Distribution System (TPDS) in June 1997 for providing foodgrains to Below Poverty Line (BPL) families at specially subsidised prices. Subsequently in December 2000, GoI launched Antyodaya Anna Yojana (AAY) for identification of poorest of the poor families amongst BPL families covered under TPDS and provision of foodgrains at a highly subsidised rate of ₹ 2 per kg for wheat and ₹ 3 per kg for rice. GoI also introduced Annapurna scheme for providing 10 kg of foodgrains per month free of cost to indigent destitutes above 65 years old but not covered under National Old Age Pension Scheme (NOAPS).

In West Bengal, 37.67 lakh BPL families, 14.80 lakh AAY families and 0.77 lakh Annapurna beneficiaries are covered under these schemes. The objective of the scheme of reducing hunger amongst the poorest segment of population by providing foodgrains at substantially subsidised prices was achieved to some extent. These achievements notwithstanding, various deficiencies in financial management as well as significant operational deficiencies were noticed in audit, which had affected the economy and efficiency of the operations.

Management of cash credit account was deficient, as parking of high cost credit funds in current accounts or with procurement agencies, delayed remittance of GoI subsidy by Finance Department to F&S Department, failure in preparation of Annual Accounts of PDS leading to non-accrual of full GoI subsidy led to avoidable payment of interest of ₹ 63.27 crore on cash credit account. Due to non-achievement of the target of identification of AAY families, more than three lakh families were denied benefit of AAY, while 1.93 lakh eligible families, though identified, were deprived of benefit of the scheme due to non-issue of AAY ration cards.

On the operational side, in the absence of adequate monitoring over functioning of rice mills in the State, the department could not achieve the target of procurement of rice during 2005-10. The department sustained a loss of ₹ 15.04 crore towards distribution of foodgrains due to non-recovery of dues towards additional transport charges and short-delivered food grains from Food Corporation of India (FCI), short delivery of foodgrains by transport contractors. Sample check also disclosed various deficiencies in functioning of Fair Price Shops. All these had adversely affected the accessibility of public to food grains. The same was compounded by deficient functioning of inspecting staff with 81 *per cent* shortfall in inspection of FPS. Due to inaction on the part of the department towards repair of damaged godowns, 42 godowns with 0.50 lakh MT capacity and four food storage depots with total capacity of 0.74 lakh MT, remained unutilised for years together. The department also paid idle wages of ₹ 4.68 crore to staff deployed in non-functional godowns during 2005-10.

2.1.1 Introduction

Public Distribution System (PDS), with its focus originally on distribution of foodgrains in urban scarcity areas, had emanated from the critical food shortages of the sixties. Subsequently, the outreach of PDS was extended from time to time during 1970s and 1980s to tribal blocks and areas of high incidence of poverty. Till middle of 1992, PDS was a general entitlement scheme for consumers without any specific target. With the objective of geographical targeting to cover all the people in poor areas, Government of India (GoI) launched Revamped Public Distribution System (RPDS) in June 1992, which was introduced in West Bengal in September 1992 with the following objectives:

- to maintain uninterrupted flow of essential commodities at affordable prices to the common man throughout the year;
- to supply essential commodities to poor and vulnerable sections of society specifically in the far flung hilly, remote and inaccessible areas.

In June 1997, GoI introduced the Targeted Public Distribution System (TPDS) in order to cover all the poor in all the areas by earmarking a fixed quantity (10 kg) of foodgrains¹ to families living Below Poverty Line (BPL) and on a scale² to be determined by State Government based on allocations received from GoI to families Above Poverty Line (APL). The GoI subsequently increased the allocation to BPL families to 20 kg of foodgrains per family per month with effect from April 2000.

In order to make TPDS more focused and targeted towards poorest of the poor, GoI launched (December 2000) Antyodaya Anna Yojana (AAY), which aimed at reducing hunger among the poorest segment of population by making TPDS benefits more substantial in terms of both nutrition and cost. In West Bengal, AAY was introduced in October 2001.

AAY contemplates identification of poorest of the poor families from amongst BPL families covered under TPDS and providing them foodgrains at a highly subsidised rate of ₹ 2 per kg for wheat and ₹ 3 per kg for rice. The State Government was to bear the distribution cost, including margins to dealers and distributors as well as the transportation cost. The scale of issue has been increased from 25 kg to 35 kg per family per month with effect from April 2002.

2.1.2 Organisational Structure

The Food Commissioner cum Principal Secretary to the Government of West Bengal, Food and Supplies Department is overall in-charge of managing PDS in the State and is assisted by seven Directors of District Distribution, Procurement & Supply, Rationing, Consumer Goods, Inspection & Quality

¹ Rice and Wheat

² APL: Rice-1 kg 500 grams per adult per week, Wheat-250 grams per adult per week and Child: 50 per cent of quantity allotted per adult

Control, Statistics, Storage and Finance and District Controllers of Food and Supplies (DCsF&S) in 18 districts.

2.1.3 *Audit objectives*

The main objective of performance audit was to evaluate the effectiveness of PDS in procurement and distribution of foodgrains and particularly in securing availability of foodgrains for BPL people at affordable prices. This involved assessment of whether:

- the financial management of the PDS operation, especially handling of cash credit facility was efficient;
- procurement operations were managed economically and efficiently;
- there was efficiency and economy in storage and movement operations;
- distribution arrangements to ensure accessibility to foodgrains were effective;
- effective vigilance was exercised over various functionaries of PDS operations through suitable monitoring/inspection mechanism.

2.1.4 *Audit coverage and methodology*

Implementation of PDS during 2005-2010 was reviewed between April and July 2010 through test check of records of Food and Supplies Department and its seven Directorates and District Controllers of Food and Supplies (DCFS) of four selected districts viz. Bardhaman, Dakshin Dinajpur, Malda and Paschim Medinipur (out of 18 districts). Records of two Sub-Divisional Controllers of Food and Supplies (SDCsFS) and four Block Development Officers (BDOs) in each selected district³ and one food storage depot (FSD), one rice mill, one distributor and four fair price shops (FPSs) in each selected Block were also test checked.

An entry conference was held with the Food Commissioner *cum* Principal Secretary of Food and Supplies Department on 05 May 2010 in order to understand the detailed organisational network and related operations connected with implementation of PDS. The audit objectives, scope and methodology were explained to the Principal Secretary. Audit findings were discussed in an exit conference held on 7 January 2011 with the Principal Secretary, where the Principal Secretary and the respective Directors gave a presentation in response to the Review. The outcome of the same had been incorporated suitably in the report.

³ In four selected districts:-Bardhaman : SDCsFS:5; BDOs:17; FSDs: 30; Rice Mills: 368; Distributors: 33; and FPSs: 182 : Dakshin Dinajpur : : SDCsFS:2; BDOs:8; FSDs:11; Rice Mills: 47; Distributors: 12; and FPSs: 131 : Malda : SDCsFS:2; BDOs:15; FSDs: 13; Rice Mills: 18; Distributors: 24; and FPSs: 226 : Paschim Medinipur : : SDCsFS:4; BDOs:16; FSDs: 15; Rice Mills: 65; Distributors: 19; and FPSs: 195

Audit Findings

2.1.5 Financial Management

The expenditure⁴ on PDS excluding funds required for procurement of foodgrains was met out of budgetary allocations, while procurement operations were managed through cash credit facilities extended by State Bank of India (SBI) against hypothecation of the stock of foodgrains stored by the department. Such credits were recouped by sale proceeds of foodgrains and food subsidy received from GoI.

The budget provisions and expenditure incurred on PDS during 2005-2010 are indicated below:

Table 2.1.1: Budget Provision vis-à-vis expenditure

Year	Budget provision		Expenditure		Excess (-) / savings (+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
(R u p e e s i n c r o r e)						
2005-06	347.18	9.00	292.25	Nil	54.93	9.00
2006-07	338.23	9.00	164.81	Nil	173.42	9.00
2007-08	354.35	9.03	457.10	9.03	(-) 102.75	0
2008-09	865.11	14.90	932.43	3.51	(-) 67.32	11.39
2009-10 ⁵	2207.96	17.60	2246.10	4.78	(-) 38.14	12.82
Total	4112.83	59.53	4092.69	17.32	20.14	42.21

(Source: Budget Documents, Expenditure for 2009-10: VLC)

It may be seen from the above table that there were savings of ₹ 228.35 crore in the revenue expenditure during 2005-07. The department failed to spend budgeted funds of ₹ 29.63 crore in 2005-06 and ₹ 141.82 crore in 2006-07 for payment of subsidy on foodgrains, which was the major cause for non-utilisation of budget provisions during these years. On the other hand, the department incurred excess expenditure of ₹ 208.21 crore during 2007-10 over budget provisions.

The department stated (January 2011) that provisions were made in the budget for expenditure towards subsidy on foodgrains based on anticipated quantity to be consumed in the next year and admissibility of subsidy on foodgrains from GoI depends upon the actual off-take quantity in a particular year.

Non-utilisation of funds allotted for construction/renovation of food storage godowns was the main reason attributed for savings in Capital budget.

2.1.5.1 Avoidable payment of interest on cash credit account

The department finances the procurement operations through a cash credit (CC) arrangement extended by SBI. Interest at prevailing rates on the

⁴ Expenditure on Secretariat and General Services, Social Security and Welfare, Food Storage and Warehousing charges, Transportation and Distribution including margin to dealers/retailers

⁵ The revenue budget provision vis-à-vis expenditure increased substantially due to increase in payment of subsidy because the State Government decided in February 2009 to distribute rice to BPL and AAY beneficiaries at ₹2 per kg instead of ₹6.15 and ₹3 respectively.

Improper management of cash credit account leading to payment of avoidable interest

outstanding credit balance is realised by the bank. No interest is paid in case surplus funds are parked in the account. Funds from the CC account are transferred to current accounts, maintained by the District Controllers of Food and Supplies (DCsFS) with local SBI branches for meeting related expenses. The district authorities deposit the sale proceeds into collection accounts, maintained with local SBI branches. The amounts, so deposited, as well as GoI subsidy is to be remitted to the CC account to reduce the outstanding balance.

Transfer of funds from cash credit account to the current accounts of DCsFS in excess of requirement for procurement of rice and consequential parking of unutilised funds in current accounts, delays in remittance of sale proceeds by DCsFS, closure of cash credit accounts and remittance of GoI subsidy by Finance Department to F&S Department resulted in avoidable payment of interest on cash credit account as discussed below:

(i) The Director of Finance (DF), F&S Department, advanced funds in each *Kharif Marketing Season (KMS)* from cash credit account to DCsFS for procurement of rice without assessing their requirements during *KMS* 2005-06 to *KMS* 2009-10. Further, surplus funds (₹ 27.17 crore) were not immediately remitted by DCsFS and Joint Directors of Rationing to the DF for deposit into cash credit accounts during August 2005 to March 2010. Unutilised funds of ₹ 10.76 crore were refunded (April 2005 to April 2009) by DCsFS of four selected districts with delays ranging from 22 days to more than three years while surplus funds of ₹ 9.85 crore remained parked in current accounts of these DCsFS as of March 2010. Similarly, the Joint Director of Rationing refunded surplus funds aggregating to ₹ 6.56 crore after delays ranging from 30 to 165 days. The department had to pay avoidable interest of ₹ 5.61 crore on cash credit account due to delayed refund of surplus funds.

The Principal Secretary, F&S Department, in the exit conference (January 2011) stated that the DCsFS would be directed to minimise the delay in refunding the surplus funds.

(ii) Mention was made in paragraph 3.2.5.2 of the C&AG's Audit Report (Civil) for the year ended 31 March 2006 about non-realisation of advances paid by the department to West Bengal Essential Commodities Supply Corporation Limited (WBECSC) for procurement of paddy during *KMS*⁶ 2002-03 to 2004-05. It was further noticed in audit that out of total advance of ₹ 198.76 crore paid during *KMS* 2002-03 to 2006-07, WBECSC supplied Custom Milled Rice (CMR) costing ₹ 164.52 crore and refunded ₹ 19.09 crore to the department. The balance amount of ₹ 15.15 crore was adjusted by the department during April to September 2008 against the bills of WBECSC for supply of CMR, after delays ranging from 16 months to five years. Since funds were provided to WBECSC out of cash credit account carrying interest of 9.10 to 13.06 *per cent per annum*, the department had to pay avoidable interest of ₹ 4.87 crore on the funds that remained parked with WBECSC due to delayed adjustment of advances.

⁶ *Kharif marketing season which starts from September/October every year*

The department admitted (January 2011) the fact.

(iii) According to the agreement executed by the department with SBI in November 2004 for availing cash credit facilities against hypothecation of the stocks of rice, the department was not entitled to draw any amount from cash credit account in excess of the value of stock hypothecated to SBI and the stock of rice was to be valued at the purchase price or issue price, whichever was less. In the event of shortfall in the value of stock hypothecated to SBI as compared to the amount of cash credits availed by the department, SBI was to charge penal interest at two *per cent per annum* on the amount drawn in excess of the value of stock held by the department.

It was noticed in audit that the department failed to restrict drawal of funds from cash credit account within the value of stock retained from time to time. Due to such mismatch between cash credits availed by the department and value of Stocks hypothecated to bank, SBI charged penal interest of ₹ 2.56 crore during September 2005 to February 2010.

While admitting the fact the department stated that the Reserve Bank of India was requested to review the clause of matching the stock of foodgrains with the outstanding amount in the cash credit account and not to insist on stock at the time of sanctioning cash credit. The decision is awaited (January 2011). Director of DDPS, F&S Department, also intimated that owing to frequent movement of foodgrains from store, the required level of stock could not be maintained. As non-adherence to the conditionalities attracted penal interest, the reply did not fully justify such lacuna. The department, however, assured to monitor this issue.

(iv) The funds received from GoI for Annapurna Scheme are kept in a separate savings bank account maintained by the Director of Finance (DF) and transferred to district authorities from time to time. Scrutiny of records of the DCsFS of Bardhaman and Malda revealed that unutilised funds of previous years were not refunded or adjusted against current year's receipt. Thus, scheme funds aggregating ₹ 57.83 lakh received from DF during 2005-06 to 2008-09 remained unutilised for periods upto four years in current accounts resulting in loss of interest of ₹ 4.88 lakh (at 3.5 *per cent per annum* on savings account) during 2006-10.

The Principal Secretary, F&S Department, stated (January 2011) that the fund was kept with the DCsFS to meet the administrative and contingency expenditure for the scheme. He also stated that the DCsFS would be directed to refund the amounts that had remained parked with them.

(v) Food subsidy received by the State Finance Department from GoI is to be passed on to F&S Department immediately after receipt. During April 2006 to March 2010, Finance Department released GoI subsidies aggregating ₹ 2656.77 crore to F&S Department after a delay of 13 to 386 days, which resulted in avoidable payment of interest of ₹ 50.18 crore on cash credits.

The F&S Department admitted (January 2011) the fact and stated that Finance Department had been requested to expedite the matter.

**State Finance
Department
retained GoI
subsidy for 13 to
386 days**

2.1.5.2 Non-receipt of GoI subsidy

Non-preparation of annual accounts since 2005-06 led to loss of GoI subsidy of ₹ 133.66 crore

Under the decentralised procurement scheme GoI determines State-specific Economic cost⁷ of rice and the difference between the State Economic Cost and Central Issue Price⁸ (CIP) is passed on to the State as food subsidy. In terms of GoI's instruction (April 2003), 95 per cent of food subsidy claimed by the State Government in a particular month was to be released by GoI as provisional subsidy and balance five per cent was payable on submission of audited Annual Accounts of PDS to GoI not later than six months after close of the respective KMS. However, the following deviations were noticed:

The department did not prepare Annual Accounts of PDS from 2005-06 to 2009-10, due to which it could not claim food subsidy aggregating ₹ 133.66 crore from GoI.

The department admitted (January 2011) the fact of non preparation of PDS accounts. Principal Secretary stated that the accounting system of PDS should be digitised to facilitate timely preparation of accounts but, the system could not be introduced so far due to non-availability of required funds.

2.1.6 Procurement of foodgrains

The GoI's foodgrains management strategy under PDS involves procurement of foodgrains from growers at remunerative prices. While procurement of foodgrains was done centrally through Food Corporation of India (FCI), decentralised procurement of paddy/rice has been permitted in case of eleven States including West Bengal since November 1997.

Under decentralised procurement scheme, F&S Department was to procure levy rice from rice mills. State Government agencies like WBECSC⁹, BENFED¹⁰, etc. were engaged for procurement of paddy directly from farmers at Minimum Support Price (MSP) fixed by GoI and supply of CMR to the department after milling paddy in rice mills. The State Government issues West Bengal Rice Mills and Husking Mills (Control and Levy) orders every year in September/October fixing the district-wise target of procurement of levy rice each year based on the milling capacity of the operating rice mills. The department also issues procurement guidelines before commencement of each KMS prescribing procedure for procurement of levy rice by DCsFS and CMR by Government agencies.

2.1.6.1 Inadequate procurement performance

Only 77 per cent of targeted quantity of rice could be procured owing to non-monitoring of working of rice mills

Against the target of procurement of 63.85 lakh MT of rice (levy rice: 35 lakh MT and CMR: 28.85 lakh MT) during 2005-2010, 49.36 lakh MT (77 per cent) of rice (levy rice: 28.96 lakh MT and CMR: 20.40 lakh MT) were procured as detailed in *Appendix-2.1.1*. Failure of the department in

⁷ Cost of procurement and distribution of rice under TPDS

⁸ The price at which rice was issued by GoI to State for distribution under TPDS

⁹ West Bengal Essential Commodities Supply Corporation Limited

¹⁰ West Bengal State Co-operative Marketing Federation Limited

monitoring the functioning of rice mills was the main reason for non-achievement of the target of procurement of levy rice.

Despite non-achievement of target of procurement, WBECSC did not take delivery of 876 MT of CMR from two test checked rice mills (796 MT) in Bardhaman and one test checked rice mill (80 MT) in Paschim Medinipur during 2007-08. The company further cancelled (July 2009) the order for 25000 MT of CMR placed on mills in Bardhaman. The reasons for not taking delivery of CMR as well as cancellation of order were not on record.

The department stated (January 2011) that in some years, procurement targets were fixed on the higher side. The reply is not tenable as records show that the WBECSC always fell short of the target. The lack of monitoring over the functioning of rice mills was, however, accepted by the Director, DDPS.

Against the target of procurement of two lakh MT of CMR by BENFED during 2006-07, BENFED procured only 0.72 lakh MT of CMR. Twenty rice mills did not supply 7402 MT of CMR on the ground that the mills could not achieve the out-turn ratio of 68 *per cent* fixed by GoI. Out of ₹ 4.98 crore recoverable from these mills for non-supply of 7402 MT of CMR, an amount of ₹ 0.60 crore only was recovered from two mills and balance ₹ 4.38 crore remained un-recovered as of June 2010.

Department stated (January 2011) that non recovery of CMR by BENFED was due to wrong selection of rice millers.

2.1.6.2 Non-supply of levy rice by rice mills

Ineffective monitoring over rice mills led to short supply of levy rice by rice mills

According to West Bengal Rice Mills and Wholesalers (Control and Levy) Orders read with F&S Department's Procurement guidelines issued for each KMS, every rice mill was to deliver 50 *per cent* of the quantity of rice produced by it during each KMS to the State Government or its designated agencies and Food Corporation of India (FCI) as levy rice in the ratio of 40:60. Millers were allowed to sell remaining 50 *per cent* of rice in the market as levy free rice after obtaining Release Certificate (RC) from the DCFS.

Scrutiny in audit revealed the following:

(i) Records of DCFS, Bardhaman disclosed that against 290956 MT of levy rice to be delivered by rice mills during KMS 2006-07 to 2008-09 as per LDOs issued by DCFS, 272754 MT of rice was supplied resulting in short supply of 18202 MT. Similarly, against 130163 MT of levy rice to be delivered by rice mills in Paschim Medinipur during KMS 2005-06 to 2008-09 as per LDOs issued by DCFS, 127279 MT of rice was supplied resulting in short supply of 2884 MT.

DCFS, Paschim Medinipur stated (September 2010) that LDOs had been issued to the rice mills on the higher side to achieve the target fixed by the Government.

(ii) Test check in audit revealed that 24 rice mills in Bardhaman produced 57987 MT of rice during KMS 2008-09 and accordingly these mills were liable to supply 11597 MT of levy rice to the department. However, the mills

supplied 8503 MT resulting in short supply of 3094 MT. Similarly, against 14005 MT of levy rice to be supplied by eight rice mills in Malda during KMS 2007-08 and 2008-09, the mills supplied 10710 MT leading to short supply of 3295 MT.

(iii) Although levy free rice was to be sold in the market only after obtaining RC from the DCFS, 22 mills in Bardhaman did not obtain RC from DCFS for sale of 7773 MT of levy free rice during KMS 2008-09. Similarly, nine to 27 mills in Paschim Medinipur sold 16260 MT of rice in the market during 2006-09 without obtaining RC from DCFS.

(iv) Scrutiny of records of one rice mill in Bardhaman revealed that out of 1310 MT of rice produced during KMS 2009-10 (upto 30 June 2010), 545 MT (41 per cent) was supplied as levy rice and 595 MT of rice was sold in the market as levy free rice whereas the mill received RC for 300 MT only. Similarly, out of 2600 MT of rice produced by two test checked rice mills in Malda during KMS 2007-08 and 2008-09, 1270 MT (49 per cent) was supplied as levy rice and 1330 MT of rice was sold in the market as levy free rice while the mill received RC for 269 MT only. Thus, these mills sold 1356 MT of rice in the market without obtaining RC from DCFS.

Department stated (January 2011) that it did not accept levy rice and CMR once the quantum of collection exceeded the requirement. The contention of the department was not true as there was shortfall in collection against requirement in each year except KMS 2008-09. The reply was, however, silent about issue of sale of levy free rice by millers without obtaining RCs from DCFS.

2.1.6.3 Undue favour to rice mills

Acquisition cost of levy rice and CMR fixed by GoI for each KMS included, *inter alia*, *mandi* labour charge which was payable to labour in case of procurement of paddy from the *mandi* (paddy market). In West Bengal, there is no system of paddy *mandi* and rice mills received paddy at their doorsteps either from farmers or from traders. Thus, although mills did not pay any *mandi* labour charge for procurement of paddy, the department allowed *mandi* labour charge varying from ₹ 4.64 to ₹ 6.21 per quintal for levy rice and ₹ 4.26 to ₹ 5.70 per quintal for CMR during 2005-06 to 2009-10. Thus, the department made inadmissible payment of ₹ 25.71 crore to the rice mills towards *mandi* labour charges on procurement of 14.86 lakh MT of levy rice and 20.40 lakh MT of CMR during 2005-10.

Department admitted (January 2011) the fact that though *mandis* were not in existence in West Bengal, *mandi* labour charge was allowed to rice millers and CMR agencies to compensate additional expenditure on account of labour charges and transportation cost incurred while bringing paddy bought from farmers directly at camps to mill campus.

The contention of the department was not acceptable as the rice millers received paddy at the mill gates directly either from farmers or from traders. A correspondence (June 2009) from the Bardhaman District Rice Mills Association also corroborates the fact.

Undue benefit of ₹ 25.71 crore extended to rice mills on *mandi* labour charge

Releasing incidental charges without following mandatory requirement

2.1.6.4 Irregular payment of incentive bonus

Acquisition cost of levy rice fixed by GoI for each KMS included a component of incentive bonus, which was payable by rice mills to farmers along with MSP for procurement of paddy. Rice mills were to produce evidence in support of payment of incentive bonus while submitting bills against supply of levy rice to DCsFS.

Further, DCsFS of Dakshin Dinajpur, Malda and Paschim Medinipur purchased 15690 MT of rice during KMS 2007-08 (5586 MT) and KMS 2008-09 (10104 MT) from wholesalers/traders. Although the wholesalers/traders did not produce receipts in support of payment of incentive bonus to farmers with the bills for payment of acquisition cost of rice, DCsFS paid the same¹¹ to wholesalers/traders and thus extended undue benefit of ₹ 89.09 lakh to them.

The DCFS of Paschim Medinipur stated (July 2010) that incentive bonus was not deducted from wholesalers' bills due to non receipt of clear instructions from the Directorate before KMS 2009-10.

The contention of the DCFS was not tenable because it was specifically mentioned in the Government order (December 2007) that original receipt in support of payment of incentive bonus to farmers should be obtained before making payment on that account.

2.1.6.5 Acceptance of levy rice from mills without weighing

Practice of acceptance of levy rice without weighment fraught with risk of short receipts

Rice mills supply levy rice to the department in 50 kg bags. The godowns of Central Warehousing Corporation (CWC), hired by the department, store rice received from mills on actual weighment basis. In case of Government godowns, ten *per cent* of total number of bags of each consignment were stated to have been weighed by the inspectors of godowns and a certificate to the effect that each bag contains 50 kg of rice was furnished by them. Thus, net weight of each of the bags of each consignment was considered as 50 kg even though consignments received by such godowns completely escaped verification of weight of rice supplied by mills through weighment at any weigh bridge.



Delivery of rice from the departmental Food Storage Depot

¹¹ ₹147.06 per quintal in KMS 2007-08 and ₹73.53 per quintal in KMS 2008-09

The Principal Secretary, F&S Department in the exit conference (January 2011) stated that the system of weighing the consignments at Government godowns would be introduced in a phased manner and the necessary steps would be taken to hire the godowns nearer to weighbridges.

2.1.6.6 Undue benefit to procurement agent

Procurement cost of CMR fixed by GoI for KMS 2005-06 to 2009-10 included cost of transportation of paddy (₹ 9.57 to ₹ 11.38 per quintal) from purchase centre to rice mills and also interest charges of ₹ 8.75 to ₹ 18.95 per quintal of paddy since funds required for procurement of paddy would be invested by Government agencies engaged for procurement of paddy and supply of CMR to the department.

Instead of purchasing paddy directly from the farmers, WBECSC engaged rice mills for procurement of paddy and supply of CMR after milling. According to the agreements executed by WBECSC with rice mills, the cost of transportation of paddy from procurement centres to mills was to be borne by the latter. No advance payment was made by WBECSC to rice mills for procurement of paddy on its behalf. Accordingly, cost of such components for which no expenditure had been incurred by WBECSC, was to be deducted from the procurement cost at the time of making payment to WBECSC.

Even though WBECSC did not pay the cost of transportation of paddy to the mills and also did not invest any fund for procurement of paddy, the department paid the procurement cost of CMR to WBECSC including transportation charges varying from ₹ 7.80 to ₹ 11.38 per quintal of paddy and interest charges varying from ₹ 8.75 to ₹ 18.95 per quintal of paddy and thus incurred an extra expenditure of ₹ 26.10¹² crore during 2005-10 by allowing undue benefit to WBECSC.

2.1.7 Distribution of foodgrains

The responsibility for distribution of foodgrains to beneficiaries rests with the State Government. Under Targeted Public Distribution System (TPDS), the State Government is responsible for identification of Below Poverty Line (BPL) families and for distribution of food grains in a transparent and accountable manner through Fair Price Shops (FPSs). The Annapurna scheme was introduced in April 2000 for providing 10 kg of foodgrains per month free of cost to the indigent destitute who are 65 years old but not covered under National Old Age Pension Scheme (NOAPS).

2.1.7.1 Identification of beneficiaries

Against the GoI estimate of 51.79 lakh BPL families, 52.68 lakh families (BPL: 37.67 lakh and AAY: 15.01 lakh) were identified during 1998-99 to

List of beneficiaries was not verified by inspecting staff

¹² Transportation cost ₹ 1045.89 lakh for 100292 MT paddy and interest charges ₹ 1563.84 lakh for 45501 MT rice.

2004-05, while members of 37.67 lakh BPL families¹³ were issued individual BPL ration cards. As per laid down procedure, Inspectors/Sub-Inspectors were to verify at least one *per cent* of beneficiaries within their jurisdiction every month to ensure that they have received their entitlements. However, the list of BPL beneficiaries had not been verified and modified subsequently in order to ascertain continued eligibility of identified beneficiaries even after lapse of considerable time.

Against the target of identification of 19.86 lakh AAY families (upto third expansion with effect from April 2005), 16.73 lakh families were identified till January 2008, while members of 14.80 lakh families were issued AAY ration cards. Thus, 1.93 lakh identified families were deprived of benefit of AAY due to non-issue of ration cards and 3.13 lakh families were denied benefit of AAY because the identification process remained incomplete. Against the target of identification of 0.80 lakh Annapurna beneficiaries, 0.77 lakh were identified and issued Annapurna ration cards.

Department admitted the fact and stated (January 2011) that identification of beneficiaries was taken up by the Panchayat and Rural Development and the Municipal Affairs Department, which was under process.

2.1.7.2 Issue of ration cards

Till December 2009 the State Government issued 8.98 crore individual ration cards (APL: 632.52 lakh; BPL: 189.71 lakh; AAY: 74.72 lakh and Annapurna: 0.77 lakh).

Scrutiny revealed that:

(i) According to TPDS guidelines of 1997, family ration cards (FRCs) were to be issued to the identified BPL and AAY families. In violation of guidelines, the department issued Individual Ration Cards (IRCs) to each member of BPL and AAY families. In June 2008, the department decided to issue FRCs in place of existing IRCs to APL, BPL and AAY families. Accordingly, the department got (October-December 2009) 103 lakh light violet (APL), 66 lakh grey (BPL) and 29 lakh orange (AAY) coloured FRCs and 198 lakh declaration forms printed at a total cost of ₹ 1.47 crore. Department also incurred expenditure of ₹ 5.01 crore upto February 2010 for writing the cards manually. But, FRCs could not be distributed to APL, BPL and AAY families due to issuance (February 2010) of an order by Hon'ble Kolkata High Court for maintaining the *status quo* against a writ petition filed by some consumers. In August 2010, the department decided not to issue FRCs and instead, to issue new coloured IRCs (light violet for APL in place of existing white, grey for BPL in place of existing green and orange for AAY in place of existing pink coloured IRCs) to the PDS beneficiaries in all the districts by replacing the existing cards in a phased manner. As a result, the entire expenditure of ₹ 6.48 crore incurred on printing of cards and forms and writing of FRCs proved unfruitful.

¹³ Excluding AAY families and Annapurna beneficiaries

In the exit conference the Director of DDPS, F&S Department stated that the blank FRCs would be utilised as IRCs by pasting IRC format on such cards. However, the same was not tenable as the formats of these two types of cards were different.



Unutilised forms lying in Bardhaman-South Food Storage Depot

(ii) The department placed (May 2002) an order on Basumati Corporation Limited (BCL) for printing of 120.85 lakh white IRCs (APL) at a cost of ₹ 42.36 lakh and paid (June 2002) advance of ₹ 33.65 lakh. BCL supplied 25 lakh cards costing ₹ 9.28 lakh during June 2003 to May 2008. The department did not take any action either for getting delivery of remaining 95.85 lakh cards or for realisation of balance amount of ₹ 24.37 lakh from BCL till June 2010. In the meantime BCL had stopped functioning and decision of closure of the company was taken by Cabinet (March 2008). Thus, inaction on the part of the department resulted in infructuous expenditure of ₹ 24.37 lakh.

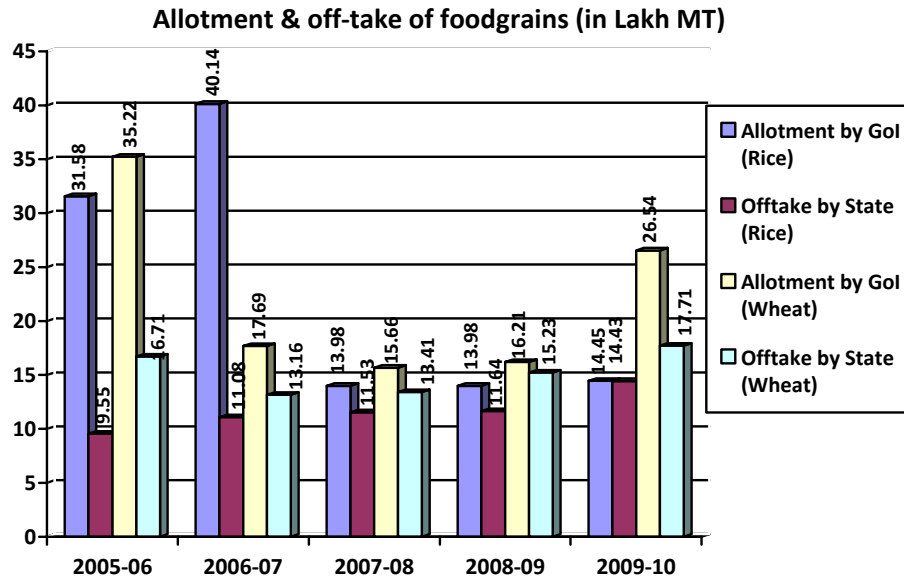
2.1.7.3 Off-take of foodgrains

The allotment of foodgrains by GoI and off-take by State Government during the years from 2005-06 to 2009-10 were as under:

Table 2.1.2: Position of allotment and off take of Food grains under PDS

Year	Allotment made by GoI		Off-take by State Government		Shortfall in off take by State Government (Percentage)	
	Rice	Wheat	Rice	Wheat	Rice	Wheat
	(In lakh MT)					
2005-06	31.58	35.22	9.55	16.71	22.03 (69.7)	18.51 (52.6)
2006-07	40.14	17.69	11.08	13.16	29.06 (72.4)	4.53 (25.6)
2007-08	13.98	15.66	11.53	13.41	2.45 (17.5)	2.25 (14.4)
2008-09	13.98	16.21	11.64	15.23	2.33 (16.7)	0.98 (6.0)
2009-10	14.45	26.54	14.43	17.71	0.02 (0.17)	8.83 (33.3)
Total	114.13	111.32	58.23	76.22	55.80 (49)	35.10 (31.5)

Source: Records of Food and Supplies Department



Off-take of rice during 2005-06 and 2006-07 and wheat during 2005-06 was on the lower side due to non-lifting of APL rice and wheat by the State Government. Accordingly, GoI reduced the allotment of APL wheat (50 per cent) and APL rice (65 per cent) during 2006-07 and 2007-08 respectively. Lack of demand by APL ration card holders during 2005-07 was mainly due to Central Issue Price (CIP) being almost equal to prevailing market price of rice and wheat of same quality. Department admitted (January 2011) the fact and also stated that the same had been brought to the notice of GoI for enhancing APL quota in phases.

2.1.7.4 Non-recovery of additional transport charge from FCI

Foodgrains supplied by FCI to DCsFS for distribution under PDS were to be delivered by FCI from the base godowns in respective districts. In case of failure of FCI to deliver food grains to the DCFS of any district from a godown in the same district, FCI was liable to pay the cost of transportation of foodgrains from a godown in another district.

Scrutiny however, revealed that:

Department did not recover ₹ 8.92 crore from FCI in respect of two test checked districts

(i) FCI delivered foodgrains to DCFS, Purba Medinipur from base godown in Paschim Medinipur since May 2002 but, the department did not take any measures for recovery of the cost of transportation of the same from FCI. Test check¹⁴ in audit revealed that the department incurred expenditure of ₹ 8.84 crore for transportation of 3.03 lakh MT of foodgrains from FCI godown at Paschim Medinipur to Purba Medinipur during 2005-09, however, the same was not got reimbursed from FCI till date.

¹⁴ Test check of 43 bills of transport contractors engaged for transportation of foodgrains from FCI godown at Paschim Medinipur to Government godown in Purba Medinipur

(ii) Test check of records of DCFS, Bardhaman revealed that 33107 quintals of wheat was delivered by FCI to distributors in Bardhaman from godowns in other districts and accordingly, FCI was liable to pay transportation charge of ₹ 8.17 lakh to the department. The DCFS of Bardhaman did not prefer any claim with FCI for recovery for reasons not available on record. This has resulted in loss of ₹ 8.17 lakh to the Government.

Department admitted the fact (January 2011) and stated that all pending bills would be raised to realise the additional transportation charge from FCI.

2.1.7.5 Extra expenditure on transportation of foodgrains

Extra expenditure of ₹ 1.48 crore on transportation of foodgrains in Paschim Medinipur

According to delivery orders issued by the DCFS of Paschim Medinipur, distributors of Jhargram and Ghatal sub-divisions lifted BPL rice from Government godown at Medinipur town. On the other hand, BPL/APL wheat and APL rice were lifted from the FCI godown at Medinipur town for the Government godowns at Jhargram and Ghatal and then distributors were directed to lift the same from the respective godowns. As a result the DCFS incurred an expenditure of ₹ 6.36 crore towards transportation and handling charges for distribution of 174331 MT of foodgrains lifted from FCI godown to the Government godowns during 2005-06 to 2009-10. Had the same quantity of foodgrains been lifted by distributors directly from FCI godown at Medinipur town, extra expenditure of ₹ 1.48 crore could have been avoided.

The DCFS of Paschim Medinipur stated (July 2010) that the proposal for changing the present system was under active consideration of the department.

2.1.7.6 Loss due to delay in preferring claims with FCI

For distribution of foodgrains under PDS, the DCFS issued delivery orders (DOs) for lifting of foodgrains by distributors from godowns of FCI by making advance payments to FCI. On a number of occasions FCI could not deliver full quantity of foodgrains as mentioned in DOs despite receiving advance payments and in such cases the DCFS lodged claims with FCI for refund of the value of non-delivered quantities of foodgrains.

Delay in preferring claim with FCI led to loss of interest of ₹ 92.87 lakh

The DCsFS of Bardhaman, Malda and Paschim Medinipur lodged 370 claims with FCI during April 2005 to March 2010 after delays ranging from 21 to 1400 days. Due to delayed submission of claims and consequential delay in receipt of payments from FCI, PDS funds aggregating to ₹ 4.38 crore remained parked with FCI resulting in loss of interest of ₹ 44.47 lakh.

Similarly, out of ₹ 4.30 crore receivable from FCI for non-supply of 6713 MT of foodgrains in statutory rationing areas¹⁵ during April 2007 to March 2010, the Director of Rationing lodged 64 claims with FCI for refund of ₹ 3.13 crore after delays ranging from 13 to 783 days while claims (₹ 1.17 crore) for non-delivery of 1805 MT of foodgrains during March 2009 to March 2010 had not

¹⁵ Asansol, Barrakpore, Hooghly, Howrah and Kolkata North and South

been lodged with FCI as of June 2010. Thus, delay in lodging claims for ₹ 3.13 crore coupled with non-preferring claims for ₹ 1.17 crore with FCI resulted in loss of interest of ₹ 48.40 lakh¹⁶.

The DCFS, Bardhaman stated (September 2010) that there was no specified timeframe fixed by the Government for submission of claims to FCI; however, the Inspectors had been asked to submit the executed copies of DOs within a short time to facilitate early submission of claims to FCI.

The contention of the DCFS was not tenable because the claims should have been submitted to FCI immediately after expiry of validity of the respective DOs in order to avoid blockage of high cost PDS fund. Besides, reasonable time limit should have been framed for raising the claims.

The department noted (January 2011) for guidance the audit observation on loss due to delay in preferring claims with FCI.

2.1.7.7 Short delivery of foodgrains by distributors

For distribution of foodgrains under PDS, FPSs received foodgrains from distributors engaged for storing and distribution of foodgrains. Scrutiny of records of DCFS, Bardhaman revealed that against 535367 MT of rice delivered by distributors during the period from April 2005 to March 2010, 534633 MT of rice was received by FPSs resulting in short delivery of 734 MT of rice costing ₹ 1.26 crore. Similarly, against 688461 MT of wheat delivered by distributors, 687543 MT of wheat was received by FPSs resulting in short delivery of 918 MT of wheat costing ₹ 1.12 crore. Further, there was short delivery of 134.84 MT of rice costing ₹ 23 lakh and 226.42 MT of sugar costing ₹ 30.65 lakh by the distributors in Paschim Medinipur during 2006-10.

Department stated (January 2011) that above shortages were within the permissible limit of handling loss allowed to the distributors. The contention of the department is not acceptable as the quantum of loss under audit observation was not the quantity handled by the distributors. Instead this loss was due to the difference in quantity distributed by the distributors and actually received by the dealers.

2.1.7.8 Short delivery of rice by transport contractors

Levy rice procured in one district was sent to other districts for distribution under PDS. According to appointment orders issued by the department, no transit shortage was to be allowed for inter- district transportation of foodgrains. But, the Director of Finance¹⁷ and DCFS did not take action for recovery of the value of shortages from transport contractors at the time of payment of transport charges.

¹⁶ Calculated at the rates of interest charged on cash credit facilities availed by the department for procurement of foodgrains during the same period

¹⁷ Payment of transport charges was made by DF in case of WBECSC which was also engaged as transport contractor and in case of other contractors; the payments were made by DCsFS of respective districts from where rice was lifted.

Short delivery of rice worth ₹ 48.70 lakh by transporters

Test check in audit revealed that out of 201796 MT of rice transported by WBECSC during 2005-08, 201525 MT was received by respective districts resulting in short delivery of 271 MT of rice costing ₹ 34.47 lakh. Similarly, out of 38921 MT of rice transported by two other contractors from Bardhaman to other districts during 2007-08, 38824 MT was received by the respective districts resulting in short delivery of 97 MT of rice costing ₹ 14.23 lakh. Action was not taken by DF or DCFS of Bardhaman for recovery of the cost of shortages from transport contractors resulting in a loss of ₹ 48.70 lakh.

Department stated (January 2011) that payment had been made to the transport contractors after deducting cost of shortage. The reply was not tenable as the department deducted only transport cost of the shortage quantity while material value of the shortage quantity had not been deducted.

2.1.7.9 Shortage of sugar in transit

Shortage of sugar worth ₹ 31 lakh in transit

WBECSC, being the nodal agency of the State Government for procurement and distribution of levy sugar under PDS was responsible for transportation of sugar from sugar mills on the basis of allotment orders issued by GoI specifying the sugar mills from which allotted quantity of sugar was to be lifted. Accordingly, WBECSC transported 270136 MT of levy sugar from different sugar mills in Maharashtra during 2007-10. There was transit shortage of 229 MT of sugar valuing ₹ 31 lakh in excess of the admissible shortage of 676 MT (0.25 per cent). The department did not take any action for recovery of the value of shortages from WBECSC.

2.1.7.10 Storage-cum-handling loss in excess of norm

According to the department's order (August 1991), admissible storage-cum-handling loss for stock stored for a period upto three months was 0.25 per cent and that for a period above three months was 0.5 per cent.

Handling loss of rice in excess of norm in three Central Warehousing Corporation (CWC) godowns in Bardhaman during April 2007 to March 2010 stood at 975.94 quintals of rice valuing ₹ 15.25 lakh. Similarly, in one CWC godown in Paschim Medinipur and one Government godown in Dakshin Dinajpur, handling loss in excess of norm was 869.06 quintals valuing ₹ 12.79 lakh during October 2008 to September 2009. Action was not taken for recovery of the value of shortages from CWC.

2.1.7.11 Loss due to damage of food grains

(i) Due to prolonged storage of foodgrains, 990.878 MT of rice valuing ₹ 82.24 lakh was damaged in Darjeeling during 2003-2005. The department disposed of 718.22 MT at ₹ 27.28 lakh resulting in loss of ₹ 54.96 lakh.

(ii) Out of 1741 MT of rice transported from Paschim Medinipur to Purba Medinipur, 48 MT of rice costing ₹ 7.50 lakh was returned (July 2008) by Purba Medinipur district authority due to bad quality, which was received back by the godown-in-charge of CWC, Belda, Paschim Medinipur but was not entered into the stock account. No action was taken for its disposal.

2.1.8 Functioning of departmental godowns

Out of 89 godowns 42 remained unusable

Out of 89 departmental godowns with total capacity of storing 0.98 lakh MT of foodgrains, 42 godowns with 0.50 lakh MT capacity (47 per cent) remained unused due to dilapidated conditions. No action was taken by the department for their renovation/reconstruction. The department hired 128 godowns with total capacity of 3.30 lakh MT during 2005-06 to 2009-10 and paid rental charges of ₹ 10.85 crore.



Dilapidated condition of Bardhaman-North Food Storage Depot

Staff posted to non-functional godowns were not transferred for over five years to other units of the department for fruitful utilisation of their services.

The department paid an amount of ₹ 6.24 crore to Zilla Parishad (ZP) and Public Works Department (PWD) during December 1993 to October 2009 for construction/repair of 46 godowns, of which only seven repair works and six new construction works were completed as of March 2010. Details are shown in **Appendix-2.1.2**.

Audit scrutiny revealed the following:

- (i) Although four works¹⁸ were completed at a cost of ₹ 1.01 crore, unutilised funds of ₹ 14.32 lakh paid by the department in excess of requirement had not been refunded by ZP (₹ 14.12 lakh) and PWD (₹ 0.20 lakh).
- (ii) One 500 MT godown¹⁹ constructed in 1996 at Kumargunj of Dakshin Dinajpur at a cost of ₹ 6.64 lakh, remained unoccupied as the department did not take possession from ZP due to non-availability of approach road. Action was also not taken for construction of approach road (June 2010).
- (iii) 21 works for which ₹ 2.51 crore had been paid by the department to ZP (₹ 1.35 crore) and PWD (₹ 1.16 crore) during March 1996 to February 2009 were not executed by PWD /ZP as per details below:

¹⁸ Serial No. 10, 22, 28 and 38 of Appendix-21

¹⁹ Serial No. 25 of Appendix-2

- In two cases²⁰, the construction works (fund released: ₹ 27.81 lakh) were not started due to encroachment of land by unauthorised occupants.
- Construction of four 500 MT godowns²¹ for which ₹ 38.28 lakh were paid to PWD during 1992-93, was not started without assigning any reason.
- In four cases²² the estimated costs (₹ 7.43 lakh) required revision due to non-commencement of works for a long period but, revised estimates were not finalised by the department.
- In 11 cases²³, works for which total amount of ₹ 1.77 crore (ZP: ₹ 1.02 crore and PWD: ₹ 0.75 crore) had been paid by the department, were not started without assigning any reason.



Damaged sheds of Bardhaman-South Food Storage Depot which are yet to be repaired by Zilla Parishad

It would be evident from the above that in the absence of monitoring, despite release of substantial funds to ZP/PWD for repair/renovation of Government godowns, works were not executed for years together resulting in blockage of considerable amount of Government funds. Consequently, storage facilities remained inadequate.

In addition to the above, the department had eight²⁴ Food Storage Depots (FSD)²⁵ consisting of 258 sheds with capacity to store 1.45 lakh MT of foodgrains, let out to other authorities²⁶. Of these, 163²⁷ sheds were subsequently dehiired by those authorities from time to time prior to March 2005²⁸ due to dilapidated condition.

²⁰ Serial No. 6 and 13 of Appendix-2

²¹ Serial No. 18, 19, 20 and 21 of Appendix-2

²² Serial No. 27, 39, 40 and 41 of Appendix-2

²³ Serial No. 1, 2, 3, 9, 29, 36, 37, 42, 46, 47 and 49 of Appendix-2

²⁴ Bagrakota (Siliguri) (30), Behala (48), Dharamtala (Howrah) (9), Kashipore (74 sheds), Lake-I (12) and Lake-II (10), New Jalpaiguri (22) and Shalimar (53)

²⁵ Large godowns having number of sheds for storing foodgrains required for statutory rationing areas and also buffer stocks.

²⁶ Education Department, FCI, Housing Board Irrigation Department, Siliguri Jalpaiguri Development Authority, WBECSC, etc,

²⁷ Behala (48), Dharamtala (9), Kashipore (43 sheds), Lake-II (10), and Shalimar (53)

²⁸ Although these godowns/sheds were stated to have been dehiired prior to March 2005, the dates of dehiiring of the godowns/sheds were not available on record.

Idle wages of
₹ 4.68 crore on
non-functional
FSDs

The department did not take any action for renovation/repair of 115 sheds in four FSDs with storage capacity of 0.74 lakh MT²⁹ of foodgrains for reasons not available on record so that the FSDs remained non-functional as of June 2010. Possession of 48 sheds in Behala was handed over to the land owner in July 2009 in terms of an order of the Kolkata High Court (September 2008). Although FSDs were non-functional for over five years, 50 staff³⁰ of these FSDs were not transferred to other units leading to payment of idle wages aggregating ₹ 4.68 crore during 2005-06 to 2009-10. Further, godown rent of ₹ 3.37 crore in respect of 95 sheds remained unrealised from FCI (₹ 2.53 crore) and WBECSC (₹ 0.84 crore) as of March 2010.

The department stated (January 2011) that the departmental godowns could not be repaired due to non-availability of adequate funds. However, the State is seriously thinking of early repairing of existing godowns and new construction. Finance Department has been moved for placement of funds.

2.1.9 Working of Fair Price Shops (FPSs)

Irregularities in the
working of FPSs

Scrutiny of records of 64 test checked FPSs in four selected districts revealed the following:

- The FPSs were opened for two and half to three days in a week against Government norms of five and half days per week.
- According to the Government order (April 2004) one FPS should not have more than 5000 ration cards. Out of 64 FPSs, 38 FPSs³¹ were allowed to retain 5203 to 9098 ration cards in violation of Government norms.
- None of FPSs in Bardhaman maintained the daily sale register properly. Out of eight test checked FPSs in Bardhaman Sadar-I Sub-division, three could not produce daily sale register while four FPSs produced the daily sale register for the current period (2010-11) only. Similarly, one FPS in Dakshin Dinajpur did not maintain daily sale register.
- Two FPSs in Dakshin Dinajpur did not issue any cash memo for sale of PDS commodities. Thirteen FPSs in Malda did not indicate the amounts payable by the consumers in cash memos issued against commodities delivered to them.
- Doorstep delivery of rice to the Annapurna beneficiaries had not been introduced in Bardhaman, Dakshin Dinajpur and Malda so far.
- Out of 64 test-checked FPSs, the FPS level Monitoring Committees were not formed in 37 shops for monitoring distribution of foodgrains according to scale.

²⁹ Dharamtala (15000 MT), Kashipore (47000 MT), Lake-II (7000 MT) and Shalimar (5000 MT)

³⁰ 16 staff of Behala, 8 staff of Dharamtala, 14 staff of Lake-II and 12 staff of Shalimar

³¹ Nine shops in Bardhaman (5203 to 9098 cards), Nine shops in Dakshin Dinajpur (5226 to 6536), Ten Shops in Malda (5384 to 7286) and Ten shops in Paschim Medinipur (5228 to 6527)

Department stated (January 2011) that the consumers were allowed to lift the backlog quota to prevent deprivation.

2.1.9.1 Monitoring of FPSs

**Deficient
deployment of
inspecting staff:
81 per cent
shortfall in
inspection of FPS
in four test-checked
districts**

For effective implementation of PDS as well as to ensure supply of essential commodities to consumers as per approved quality, scale and prices, the Chief Inspectors (CIs), Inspectors and Sub-Inspectors were required to inspect at least one FPS per week and the SCFS was to inspect two FPSs per month while the DCFS was to inspect one FPS per month. The DCFS was to submit his own inspection report along with copies of reports of CIs/Inspectors/Sub-Inspectors and SCFS to the Director of DDPS within 10th of the following month in a prescribed proforma. Audit observed that in four test checked districts against 377 sanctioned posts of inspecting officials, only 183³² were in position, indicating a vacancy of 51 *per cent*.

(i) In four selected districts, against the target of conducting 13164 inspections by 183 inspectors during October 2008 to March 2010, only 2512 inspections were conducted resulting in a shortfall of 81 *per cent* inspections.

(ii) Out of 64 test checked FPSs in four selected districts, 18 were never visited by Inspectors or Sub-Inspectors during 2008-10. Of the remaining 46 FPSs, 12 were visited by Inspectors/Sub-Inspectors only once, while 34 were visited two to 18 times during 2008-10. None of the 64 FPSs were visited by the Chief Inspector, SCFS or DCFS.

Department stated (January 2011) that in order to strengthen inspection steps have been taken to fill up the vacancies of field staff.

2.1.10 Inadequate monitoring over implementation of the scheme

In terms of the department's order dated 16 November 2007, the State and District level Monitoring Committees were to hold at least one meeting in a month, while the Sub-division, Block Level and Fair Price Shop Level Monitoring Committees were to hold fortnightly meetings to discuss matters to ensure that inspections of FPSs are carried out regularly, stocks at FPSs are verified, grievances are properly attended, and schedule of delivery of PD articles to consumers is strictly followed.

The State level Monitoring Committee held only one meeting during December 2007 to March 2010, while each of the District level Monitoring Committees of four selected districts held two to 25 meetings³³ against requirement of 28 meetings during the same period. Similarly, against requirement of 56 meetings by each Sub-division level Monitoring Committee during December 2007 to March 2010, out of eight, four test checked Sub-Division Level Monitoring/Vigilance Committees held only two to four

³² Chief Inspector : 21 in position against 32 sanctioned posts; Inspector : 82 in position against 119 sanctioned posts; Sub-Inspector : 80 in position against 226 sanctioned posts

³³ Bardhaman: Two meetings, Dakshin Dinajpur: 25 meetings, Malda: Four meetings and Paschim Medinipur: Seven meetings

meetings³⁴, while remaining four³⁵ Sub-Divisions level Committees did not hold any meeting during the aforesaid period.

Against requirement of 56 meetings of each Block Level Monitoring/Vigilance Committee during December 2007 to March 2010, out of 16 test checked Blocks in four selected districts, two Blocks (Bardhaman Sadar and Memari-I) in Bardhaman and one Block (Ratua-I) in Malda held only one meeting each, two Blocks³⁶ in Bardhaman held 16 meetings and two Blocks³⁷ in Dakshin Dinajpur held 20 meetings while nine Blocks³⁸ did not hold any meeting during aforesaid period.

Thus, the Monitoring/Vigilance Committees at all level were ineffective and supervision/ monitoring over functioning of PDS was lax.

2.1.11 Conclusion

Despite the fact that 37.67 lakh BPL families, 14.80 lakh AAY families and 0.77 lakh Annapurna beneficiaries were covered under various schemes, significant operational and financial deficiencies in the existing system had affected the overall distribution and accessibility of foodgrains. More than three lakh families were denied the benefit of AAY due to non-identification, while 1.93 lakh identified families were deprived of benefit of the scheme due to non-issue of AAY ration cards. Lackadaisical management of cash credit facility coupled with drawal of cash credit in excess of requirements, parking of substantial funds in current accounts, non-preparation of Annual Accounts of PDS, delay on the part of the Finance Department in releasing GoI subsidy resulted in avoidable payment of interest of ₹ 63.27 crore on cash credit account. Implementation of the scheme suffered from various operational deficiencies like excess payment of transportation charges to procurement agents, non-realisation of the cost of transit shortages from transport contractors and delay in preferring claims for non-delivery or short delivery of foodgrains by FCI. There were deficiencies in functioning of FPSs, viz. opening of shops only for two and half to three days in a week, non-maintenance of daily sale registers, non-issue of cash memo, existence of ration cards in excess of limit fixed by Government for a shop, non-introduction of doorstep delivery etc. All these adversely affected the accessibility of public to food grains. The problem was compounded by shortfalls in inspections and inadequate monitoring by the inspecting authorities/monitoring/vigilance committees at all levels.

³⁴ Bardhaman Sadar Sub-Division: Four meetings, Paschim Medinipur Sadar and Kharagpur Sub-Divisions: Three meetings each, Balurghat Sub-Division in Dakshin Dinajpur: Two meetings

³⁵ Asansole Sub-Division in Bardhaman, Gangarampur Sub-Division in Dakshin Dinajpur and Malda Sadar and Chanchal-II Sub-Division in Malda

³⁶ Raniganj: Ten meetings and Jamuria: Six meetings

³⁷ Tapan Block: Seven meetings and Hili Block: 13 meetings

³⁸ Banshihari and Gangarampur in Dakshin Dinajpur, Gazol, Kaliachak-I and Chanchal-II in Malda and Paschim Medinipur Sadar, Narayangarh, Garbeta-I and Keshiary in Paschim Medinipur districts

2.1.12 Recommendations

- *Cash credit account should be managed prudently to avoid parking of high cost funds with the procurement agencies; subsidy received from GoI should be deposited into cash credit account immediately to avoid unnecessary payment of interest.*
- *Steps should be taken to expedite the process of identification of AAY beneficiaries and coverage by issue of ration cards in order to ensure that the eligible beneficiaries get the benefit of the scheme; periodical check of ration cards to weed out ineligible and bogus ration cards should be conducted.*
- *The department should strengthen the inspection mechanism over the functioning of the FPSs and also review the performance of Monitoring/Vigilance Committees at all levels in monitoring the distribution of foodgrains.*

URBAN DEVELOPMENT DEPARTMENT

2.2 KOLKATA ENVIRONMENTAL IMPROVEMENT PROJECT

Executive Summary

Kolkata Environmental Improvement Project (KEIP) financed by an ADB loan is being executed by Kolkata Municipal Corporation and Government of West Bengal jointly to arrest the environmental degradation and improve the quality of life in the outer boroughs of Kolkata Metropolitan Area.

The project attempted to improve sanitation and hygienic living condition to the slum dwellers. There has also been satisfactory progress in construction of bridges and culverts under Canal Improvement component leading to free flow of water in the canals as well as better connectivity.

Performance Audit of KEIP, however, revealed some areas of concern in management of the project which adversely affected the outcome. The project, originally scheduled to be completed by June 2007, overshot the scheduled completion date thrice due to gaps in planning, deficient contract management and ineffective monitoring. Three main components of the project namely, Resettlement, Canal Improvement and Sewerage & Drainage Improvement works remained incomplete. In view of the slow progress the project completion has now been pushed back to June 2012.

Delayed setting up of Project Management Units resulted in subsequent delays in planning, tendering and project execution. Non-preparation of Detailed Project Report based on adequate survey and investigation led to frequent variations in scope of work. The survey and investigation required to be carried out by the Design & Supervision Consultant was not done; instead, the same was carried out by the working contractors after finalisation of estimates necessitating change in drawing and design and scope of work and upward revision of cost and delay in execution.

Implementation and monitoring of resettlement process was not satisfactory as 24 per cent of the affected families were not resettled as of November 2010 causing delay in Canal Improvement works.

Only 14 out of 42 work packages in Sewerage and Drainage component were completed. Augmentation works of two STPs have been suspended due to non assessment of plants and equipments before commencement leading to pollution load to the river Hooghly.

KEIP restricted planned activities of the solid waste management component upto procurement of vehicles only defeating the prime objective of scientific disposal of solid waste.

Functioning of Project Steering Committee to oversee the implementation of the project was not effective and internal control left much to be desired.

Thus, the main objectives of the project namely environmental improvement by up-gradation of Sewerage & Drainage system, de-siltation of the drainage canals choked by silt and construction of Sanitary Land Fill for scientific disposal of waste generated in the city could not be fully realised (June 2010) despite an expenditure of ₹ 967.07 crore.

2.2.1 Introduction

Kolkata Environmental Improvement Project (KEIP) is a joint effort of the Government of India (GoI), Government of West Bengal (GoWB), Kolkata Municipal Corporation (KMC) and Asian Development Bank (ADB) to arrest environmental degradation and improve the sewerage and drainage infrastructure in the outer boroughs³⁹ (*Appendix-2.2.1*) of the Kolkata Metropolitan Area (KMA) through upgradation of the city's sewerage and drainage system, restoration of the drainage canals choked by silt, evolving an efficient solid waste management system, providing basic urban services in slums and improving the facilities in parks and water bodies. The project was started in April 2002 and was scheduled to be completed in June 2007. The completion date has been extended to June 2012.

KMC and Irrigation and Waterways Department (I&WD), GoWB are the executing agencies for the project. There are two Project Management Units (PMUs). The PMU of I&WD reports to the Secretary, I&WD and is responsible for executing the Canal Improvement works, while the PMU of KMC reports to the Municipal Commissioner and is responsible for the remaining project components. PMU, KMC has separate units for project management, accounting, engineering and procurement and is headed by a Project Director (PD) (*Appendix-2.2.2*).

2.2.2 Audit objectives

The objectives of the performance audit were to assess whether:

- there was proper planning before commencement of the work;
- work packages of the project were executed effectively, efficiently and economically;
- monitoring at various levels was effective and the project was successful in arresting environmental degradation in the designated areas.

2.2.3 Audit Criteria

The criteria for the performance audit were:

- ADB's guidelines
- Feasibility Reports and ADB Project Appraisal Report,
- Master Plans.
- Loan Agreements,
- Best practices as applicable,
- Relevant Acts, rules and Government orders,

³⁹ Group of contiguous wards of a corporation.

2.2.4 Audit scope and methodology

Performance Audit of the major components of the project namely Sewerage and Drainage Improvement (S&D), Solid Waste Management (SWM), Slum Improvement (SI), Canal Improvement (CI), Resettlement and Implementation Assistance (IA) with a total outlay of ₹ 1806.18 crore was conducted between April and July 2010 for the period up to March 2010. An entry conference was held in March 2010 with the Secretary, Municipal Affairs Department and the KEIP authorities wherein the audit objectives, criteria and methodology were explained. The audit findings were discussed in an Exit Conference held in November 2010 and the views of the Department have been suitably incorporated in the report. Audit acknowledges the co operation extended by the KEIP Authorities during the course of the Performance Audit.

Audit sample of 32⁴⁰ contract packages (34 per cent) covering 52 per cent of the total contract value was selected for detailed scrutiny by ‘Simple Random Sampling without Replacement’ method from the 95 contract packages awarded under KEIP till March 2010 (*Appendix-2.2.3*).

Audit findings

2.2.5 Financial Performance

2.2.5.1 Financial outlay and expenditure

The project was financed by an ADB loan along with contributions from the GoWB and the KMC. The initial estimated cost of the project was ₹ 1294.98 crore. The cost of the project at present (March 2010) stands at ₹ 1806.18 crore which includes a supplementary ADB loan of ₹ 360 crore. The total project cost and funding sources are shown below.

Table: 2.2.1-Total project cost and funding sources

			₹ in crore
Funding agency	Original Loan	Supplementary Loan	Total
ADB	799.98	360.00	1159.98
GoWB	245.70	87.75	333.45
KMC	249.30	63.45	312.75
	1294.98	511.20	1806.18

Source: QPR March 2010

An expenditure of ₹ 967.08 crore has been incurred till March 2010. Year wise expenditure on the project is shown in *Appendix-2.2.4*.

2.2.5.2 Loan repayment

The GoI is passing the loan from the ADB in the form of 70 per cent debt and 30 per cent grant to the GoWB. The GoWB lends it on to KMC on similar terms. The loan with GoI is repayable over a period of 25 years commencing from July 2007. The loan agreement between KMC and GoWB stipulated that KMC would pay interest on the principal sum withdrawn and outstanding

⁴⁰ S7D-13 packages, CI-7 packages, SI-5 packages, Resettlement \$ packages and SWM-3 packages.

from time to time, at 14.5 *per cent* per annum, with a rebate of 2.5 *per cent* for timely payment of principal and interest.

The repayment of interest and principal was to commence from April 2004 and April 2009 respectively in terms of loan agreement. But as of June 2010 no repayment of principal and interest liability of ₹ 113.07 crore was made by the KMC which included an additional interest liability of ₹ 19.50 crore for non-adherence to the loan repayment schedule.

As per the loan agreement, a commitment charge at the rate of 0.75 *per cent* per annum on the amount of loan remaining undrawn against the amount stipulated as per drawal schedule during the project period was payable. The final withdrawal of the original loan (\$177.77 million) was required to be completed by December 2007. As only \$116.54 million (66 *per cent*) loan could be drawn till March 2010, the liability towards commitment charges works out to ₹ 25.75⁴¹ crore (March 2010).

KEIP stated (November 2010) that there is an apparent contradiction between the provisions (Section 3.08 and 3.10) of on-lending agreement regarding repayment of loan and sought clarification (July 2010) from the Department which was awaited (November 2010).

2.2.6 Project Status

The completion of the project was rescheduled to June 2010 and subsequently to December 2011 due to inclusion of new contract packages under the supplementary loan and slow progress of work. The physical progress of the project was only 59 *per cent* as of March 2010 (**Appendix-2.2.5**). However, extension of time has been granted (December 2010) till June 2012 in view of the slippages in S&D and CI components. The SWM and SI components were, however, completed in May and September 2009 respectively. The engagement of consultants and procurement of office equipment under IA were also completed. As the resettlement process has been delayed its completion within the stipulated time frame appears to be uncertain.

Test check of 32 contract packages indicated that the project could not adhere to the implementation schedule due to gaps in planning, frequent changes in scope of work due to inadequate survey and design, poor contract management and ineffective monitoring. Till March 2010, only 54 out of total 106 work packages were completed, 41 packages were in progress and 11 packages were yet to be taken up (**Appendix-2.2.3**). Thus, despite incurring an expenditure of ₹ 967.08 crore over a period of eight years, the project had no significant impact on arresting environmental degradation in the outer boroughs of Kolkata as discussed in the subsequent paragraphs.

⁴¹ Conversion factor is taken as \$1 = ₹45.00 (\$ 5721144.91 X ₹45) = ₹25.75 crore

2.2.7 Planning

2.2.7.1 Mobilisation of resources

The loan agreement (December 2001) with ADB provided for systematic and timely execution of the project through two PMUs with personnel experienced in Project Management, Accounting, Engineering and Procurement.

The PMU, KMC started functioning from November 2002 but it was not fully mobilised and could not create dedicated units for management of contract, maintenance of accounts and co-ordination even after three years from the date of start of the project. The PMU, I&WD started functioning only in July 2003 after a delay of 18 months. In the span of eight years there have been nine Project Directors in PMU, KMC and seven Project Directors in the PMU, I&W. Such frequent changes in management affected the quality of decision making and monitoring of the project. KEIP stated that due to procedural formalities there was delay in formation of PMU indicating lack of effective planning.

The same lack of seriousness was also observed in the appointment of consultants for project management (PMC), design and construction supervision (DSC)⁴², stakeholder consultation process and resettlement (NGO) and media management (PRC) as brought out in subsequent paragraphs.

The entire process of appointment of consultants was to be completed by March 2002. However, four consultants were engaged between July 2002 and January 2003 after an average delay of 186 days. KEIP assigned an NGO and two Social Sector Specialists from PMC and DSC for stakeholder consultation process and resettlement. This led to problems in coordination as well as failures in service delivery by the consultants. Critical start-up activities like benefit evaluation and monitoring the implementation of resettlement plan therefore got delayed. Hence contracts entered into for a period of five years for professional media management and stakeholder consultation were terminated within two to three years after payments of ₹ 2.14 crore. These works were re-assigned to the Social Development Unit setup (2005) for the purpose under the PMU of KEIP and consisted of KMC officials assisted by consultants.

2.2.7.2 Master plans and Detailed Project Reports

The terms of reference of engagement of DSC stipulated that Sewerage and Drainage Master Plan (S&DMP), Solid Waste Management Master Plan (SWMMP) and Slum Improvement Master Plan (SIMP) were to be completed by July 2004. SIMP and S&DMP were approved in June 2006 and February 2008 after a delay of 24 and 44 months respectively. SWMMP prepared in May 2005 has not yet been approved. Consequently there was a huge gap between the recommendations in the Master Plans and the contract packages taken up under various project components (**Appendix-2.2.6**). KEIP stated (November 2010) that Master Plans were to be prepared for future use.

⁴² Design and Supervision Consultant

The reply was not tenable as the project envisaged preparation of a Sewerage and Drainage Master Plan (S&DMP) for the entire city which would form the basis for finalising detailed engineering design and help in prioritising the works within the budget.

It was also seen that no Detailed Project Report (DPR) incorporating implementation schedule of different components of the project and layouts had been prepared. The loan was approved on the basis of feasibility study report prepared in January 2000. This resulted in frequent variations in scope of work (*paragraph 2.2.7.3*) and affected the planning issues as interface between various components were not factored while executing the works (*paragraph 2.2.9.3.1*).

2.2.7.3 Deficiencies in Preliminary Reports

The Design and Supervision Consultant (DSC) was engaged (August 2002) to conduct surveys and investigations for preparing Preliminary Design Reports (PDRs) of all components. After approval of PDRs the consultant had to carry out Topographical & Level Survey (T&LS) prior to preparation of Detailed Engineering Drawings (DEDs). PDRs and DEDs had to be prepared within four and 12 months respectively from the date of engagement. Audit observed that there were delays of 26 months on an average in the preparation of PDRs and DEDs (*Appendix-2.2.7*).

T&LS as well as Geotechnical Investigation (GI) are pre-requisites for commencement of S&D and CI work since detailed estimates were to be prepared and tenders finalised on the basis of these inputs. Scrutiny of work packages related to S&D and CI components revealed that without conducting detailed survey and investigation work estimates were finalised and contracts awarded. The surveys were later carried out through the working contractors (*Appendix-2.2.8*) at a cost of ₹ 1.37 crore in 17 packages.

Detailed analysis of the CI and S&D packages revealed following deficiencies in initial survey and design:

- In CI packages the consultant had carried out topographical surveys at intervals of 100 metres against the required interval of 30 metres. As a result, in three⁴³ packages assessment of actual section and silt level of the canal could not be made. Consequently, there were wide variations between estimated and executed quantities. Analysis of four⁴⁴ other contract packages covering two canal systems indicated major design changes leading to substantial variations in scope of work and cost overrun. In Keorapukur canal there was design failure as site conditions were not correctly gauged at the Preliminary Design Report stage. Hence earthen channels had to be replaced by RCC trough. Similarly, in one canal of TP Basin, RCC trough had to be provided to cope with the additional discharge from augmented pumping station which was not considered at the design stage.

⁴³ CW-5, CW-8 and CW-10.

⁴⁴ CW-9, CW-12A, CW12CR-1 and CW-12CR-2.

- In five S&D works the design reports did not take soil conditions and location of public utilities into accounts, detailed assessment of existing equipment was also not made. As a result the alignment of sewer lines, methodology of work and technical specifications underwent changes during execution.

KEIP stated (November 2010) that scope of work could not be finalised before awarding of contract due to non-availability of underground utility maps, time gap in preparation of estimates and commencement of work and ground realities. The reply is not acceptable as PMU held DSC responsible for frequent variations at very early stages of the contracts as well as planning and design mistakes. This resulted in delays of up to 19 months and increase in cost by ₹ 63.76 crore in the two components of S&D and CI (**Appendix 2.2.9**).

2.2.8 Contract Management

The PMU, KMC has a separate Contract Management Unit (CMU) under the supervision of a Chief Engineer, whereas Project Implementation Committee (PIC) is the nodal agency of PMU, I&WD. For timely completion of the project, an effective and responsive contract management is required. The KEIP with the assistance of consultants was to ensure timely finalisation of bids, availability of free and clear sites, proper co-ordination between different agencies and monitor the performance of the contractor. Review of selected packages indicated slippages in contract management as discussed in *paragraphs 2.2.9.2, 2.2.9.3 and 2.2.9.4* dealing with the implementation of CI, S&D and SWM components of the project.

Audit scrutiny further revealed that poor progress of work delayed recovery of interest free advance in 12 contract packages. Advance amounting to ₹ 11.15 crore remained unadjusted for 19 months on an average with consequential loss of interest of ₹ 1.41 crore⁴⁵ as of March 2010 which could have been avoided through proper planning and timely execution of the work (**Appendix-2.2.10**). Moreover in three packages⁴⁶ mobilisation advance of ₹ 1.61 crore was released two to four months prior to handing over of sites (November 2006 to December 2007) to the contractor.

The Department stated (November 2010) that Mobilisation Advances were made to the contractors in accordance with the provisions of the contract. The reply was not tenable as the adjustment of the advances was made after considerable delay. The reply was silent on the issue of release of Mobilisation Advance before handing over of sites.

2.2.8.1 Delays in bid evaluation

Tenders for the work packages SDC and SDD under S&D component were invited in January 2006 at an estimated cost of ₹ 102.76 and ₹ 103.80 crore for completion by June and December 2009 respectively. The bidding process

⁴⁵ Calculated at the rate of 8 percent per annum

⁴⁶ RSA 4, RSA 5 and RSF

was to be completed by August 2006. Scrutiny revealed that during evaluation (April 2006) of technical bids the committee lowered the financial criteria of cash flow requirement without informing the bidders. As ADB sought clarifications (July 2006) a second technical evaluation was made (July 2006) and sent to ADB for approval. The revised evaluation was not in accordance with the financial criteria mentioned in the bid document. Therefore a fresh evaluation (August 2006) had to be made. After this evaluation in case of SDC, tenderer 'A' previously not found technically qualified became qualified as a post balance-sheet event was taken into consideration.

Tenderer 'B' who was technically qualified for both the packages had not extended the validity period of the bids. KEIP, however, obtained ADB's approval by stating (July 2006 and August 2006) that all the bidders had extended the bid validity period for both the packages. Thereafter though, B's bid for SDC was the lowest, this could not be considered as its validity had expired. Similarly in SDD package B's bid was rendered invalid during financial evaluation; and tenderer 'C' previously found to be technically unresponsive was awarded the contract.

KEIP admitted that ADB's approval was obtained by furnishing incorrect facts relating to extension of bid validity. They also stated that the lowest tenderer 'B' did not extend the validity period. The reply is not tenable as the bid of lowest bidder could not be evaluated due to delay in finalising the bids by KEIP.

Thus, frequent changes in the technical parameters and non-communication of correct facts to ADB resulted in non selection of lowest bidder and avoidable financial burden of ₹35.30 crore.

2.2.9 Project Implementation

2.2.9.1 Resettlement

Drainage canals in Kolkata are heavily silted and fully encroached upon obstructing the flow of water. Loan agreement as well as Resettlement Policy of ADB stipulated that CI work should start after resettlement of all the affected canal bank dwellers. The resettlement work was to be taken up in January 2003 and completed by November 2007. 3141 flats have been constructed/purchased till March 2010 and work on 224 flats was in progress. The resettlement of 24 *per cent* (797) of the 3365 identified families was yet (March 2010) to be completed. The reasons for delays were delay in conducting survey (six years), delay in land acquisition and unwillingness of beneficiaries to relocate.

2.2.9.1.1 Survey and allotment

The Resettlement Plan for 3507 affected families prepared in November 2000 on the basis of survey conducted by KMC was updated in 2005, as the PMU, I&WD could not finalise the actual length of the canals to be rehabilitated till 2005. The delay in decision held up the resettlement of Canal bank dwellers. This had a cascading effect on canal improvement works and sewerage and drainage works as discussed in paragraphs 2.2.9.2.1 and 2.2.9.3.1.

The revised list of 3626 families identified after verification survey conducted by consultants in November 2005 was neither vetted nor approved by the KEIP authority. Photographs were also not affixed beside the names of the householders. Scrutiny revealed that thumb impressions or signatures of the heads of 288 families were not taken. Further, identity cards issued did not have unique numbers as test check revealed that 18 cards with the same identity numbers were issued to 36 individuals. The department stated that alternative *ID* card number was recorded for the 18 additional individuals in the allotment register. However, corrected cards were not issued.

The KEIP authority again revised the list in January 2009. The number of families to be resettled came down to 3365 as the works could be carried out without shifting the remaining 261 families.

In view of the above it could not be ascertained as to whether the list of displaced families was complete and correct. This is borne out by the fact that 44 flats (out of 2568) at different relocation sites were handed over to persons whose names and *ID* card numbers were different from those shown in the list.

KEIP stated that the names were misprinted. 20 flats at different relocation sites were handed over without taking any signature/left-hand thumb impression (LTI) in the allotment register. The acknowledgement was subsequently obtained at the instance of Audit. This indicates lapses in identification of beneficiaries and allotment of flats.

The Loan agreement stipulated that relocation sites for affected persons should be located within two kilometers of their existing dwelling places and such relocation sites were to be confirmed in consultation with the affected persons. Due to non availability of land, most of the relocation sites were three to four kilometers away from the canal banks. As a result 573 affected families refused to move to the new flats constructed at a cost of ₹ 8.19 crore for fear of loosing their livelihood. From the available records it could not be ascertained as to whether written confirmations as required were taken from the affected persons before construction of the flats or otherwise.

The Department stated (November 2010) that efforts were on to persuade the unwilling families to relocate and were now showing positive results. However, no records regarding positive results were furnished to audit.

2.2.9.1.2 *Monitoring of resettlement process*

The Social Development Unit (SDU) of KEIP, responsible for monitoring of the resettlement process was required to prepare monthly reports and submit to the external monitoring agency for resettlement for onward submission to the PMU and ADB. Records regarding preparation and submission of monthly reports were not maintained. In addition a Social Safeguards Compliance Monitoring Report was required to be prepared by the KEIP authority but no such report had been prepared as of March 2010. In the absence of the desired reports, the grievances of the affected families could not be ascertained and suitable redressal measures could not be taken.

The External Monitoring Agency reported (December 2009) that flats meant for canal bank dwellers were being let out to outsiders and recommended necessary action. KEIP has not investigated the matter (March 2010).

The Department stated (November 2010) that the monthly report was not prepared by SDU as the same was reported and discussed in the Project Monthly Review Meeting. The reply was not tenable because as per the Resettlement Plan, the preparation and submission of the monthly report was required for project monitoring by the PMU and ADB. In regard to non-investigation the Department replied that the report of the external monitoring agency was not specific but indicative.

2.2.9.2 Canal Improvement (CI)

The Canal Improvement component of KEIP was revised in 2005 and 2008 resulting in increase in the length to be desilted from 53 km to 104 km. This included four drainage canal systems⁴⁷ which are the major outfalls of the S&D network and the canals of the East Kolkata Wetlands (EKW). It also envisaged augmentation/construction of three pumping stations at outfall locations to arrest water logging particularly during heavy rainfall and high tide. 53 culverts and bridges were to be replaced/upgraded to eliminate drainage constrictions in canals.

The improvements in the canals were to be completed by June 2007. The scheduled completion date considering the modified scope of work and slow progress was revised to June 2010. Scrutiny of records revealed that only 54 *per cent* of the length of the four drainage canal systems was complete (March 2010). The work on the three pumping stations had also not been completed. However, there was satisfactory progress in respect of culverts and bridges as 87 *per cent* of the work was complete. In addition to allowing free flow of water in the canals, these provide better connectivity between canal banks and adjoining areas.

The slow progress of Canal work was due to changes in the design of canals (*paragraph 2.2.7.3*), delay in resettlement of canal bank dwellers and inadequate monitoring of the performance of the contractors as discussed below:

2.2.9.2.1 Delay in resettlement of canal bank dwellers

The canal work scheduled to begin in January 2003 actually commenced in February 2006 due to non-finalisation of the canal stretch to be rehabilitated. In six test checked contract packages it was seen that there was an average delay



Fig. 1: Encroached Canal Bank

⁴⁷ Churial Canal System, Keorapukur Canal System, , New Monikhali-Begore Canal System, Tollygunge-Panchmangram Basin

of 12 months till March 2010 due to non availability of continuous encroachment free canal stretch (**Appendix-2.2.11**). The de-siltation work was thus done intermittently in four contract packages⁴⁸ related to three canal systems⁴⁹. As these canals have been partially excavated, the possibility of re-siltation in the completed portions and consequent flooding cannot be ruled out.

2.2.9.2.2 Sub-optimal progress of work

Construction of three canal pumping stations was undertaken (March 2007) under a turnkey contract (CW-01) at a bid price of ₹ 52 crore for completion by September 2009. The objective was to provide relief from water logging in six boroughs. Due to poor performance (15 per cent) the contract package was terminated in July 2009 after payment of ₹1.40 crore. The balance work was awarded



Fig. 2: Incomplete Pumping Station at Chowbhaga

(July 2010) to another agency at a cost of ₹ 69.82 crore resulting in cost escalation of at least ₹ 14.02⁵⁰ crore. In addition, KEIP had already made advance payment of ₹ 4.61 crore to CESC Ltd. in March 2007 for bulk power supply for the proposed pumping stations. As the pumping stations were not ready the money had remained blocked for more than three years.

The department stated (November 2010) that during checking of design and drawing submitted by the agency, it was noticed that many of the design parameters were not proper and the agency failed to submit correct drawings which resulted in delay. The Design and Supervision Consultant was engaged to prepare the detailed design and drawing of all components of the project. Therefore, the decision to award this particular work on turn-key basis including preparation of drawing and design by the working contractor turned out to be injudicious. This is also borne out by the fact that the department awarded the balance work on item rate basis to avoid further delay.

2.2.9.3 Sewerage & Drainage

The S&D component of the project covered seven boroughs (I, VII & XI to XV) in the added areas of the city. Underground trunk networking pipelines were to be laid along with house connections with proper arrangement of interception and diversion of Dry Weather Flow (DWF) to Sewage Treatment Plant (STP) through pumping stations. Storm Weather Flow (SWF) was to be

⁴⁸ CW-08, CW-09, CW-11 and CW-13

⁴⁹ Churial, New Monikhali and TP Basin

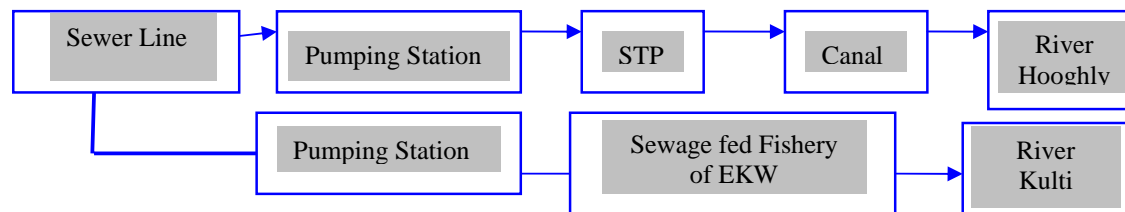
⁵⁰ ₹14.02 crore = ₹69.82 (contract value of balance work)+ ₹1.40(up-to-date payment)- ₹52 (original contract value)- ₹5.20(performance security)

discharged to outfall canal networks through gravity flow. The work was to be taken up in July 2002 and was to be completed by June 2007. Of the 42 work packages taken up under S&D only 14 packages were completed at a cost of ₹ 155.68 crore and the rest were at various stages of execution as of March 2010 (*Appendix-2.2.12*).

2.2.9.3.1 Interlinking of various work packages

The Central Public Health and Environmental Engineering Organisation (CPHEEO) manual stipulates that in designing waste water collection, treatment and disposal system, planning generally starts from the final disposal point and goes backwards to produce an integrated design to suit the topography and the available hydraulic head to be supplemented by pumping, if essential. Though the different components of S&D and canal works were interrelated, these interfaces were not considered while concluding the individual contracts.

Flow chart of a sewer system under KEIP



Scrutiny of the four completed packages⁵¹ on networking pipelines in boroughs XIII and XIV and part of XI revealed the following deficiencies in planning:

The sewerage of the boroughs was to be pumped into the South Suburban East and Gardenreach STPs for final disposal into river Ganga through canals. Audit scrutiny revealed that the works of networking pipelines were taken up between May 2005 and February 2008. The contract packages⁵² for pumping stations related to the networking system were however, taken up two years later, in February 2007 and May 2007. The networking lines were completed between April 2009 and January 2010 at a cost of ₹ 135.67 crore; but the work on pumping stations was ongoing while the augmentation work of Gardenreach STP had been suspended. On the other hand, none of the improvement works of related canals taken up between March 2007 and March 2008 were completed (March 2010). So, networking pipelines completed at a cost of ₹ 135.67 crore could not be fully utilised in absence of corresponding treatment and disposal capacity downstream.

The KEIP admitted that related packages were not sequenced due to non-availability of sites.

⁵¹ SDA1, SDA2, SDB1 and SDB1-TW

⁵² SD23 and SD24R1

2.2.9.3.2 Net working Pipeline

The work of laying sewer lines was scheduled to be completed by June 2010. As of March 2010 only four out of the 16 packages were completed. Six of the 12 incomplete packages were delayed upto 27 months. Delay was mainly attributable to poor performance monitoring by KEIP and inaccurate assessment of site conditions necessitating changes in scope of work as discussed in paragraph 2.2.7.3 and below:

The Sewerage & Drainage network package (SDD2) awarded (November 2006) at a cost of ₹ 55.23 crore was to be completed in June 2009. The contractor failed to achieve the physical targets from the outset and was not responsive to repeated directions to expedite the work. KEIP, however, allowed him to continue the work and paid ₹ 13.16 crore including escalation. The tender was terminated, invoking performance guarantee, in July 2009 when only 8794 metre of pipeline had been laid against the target of 20051 metre. The balance work was approved (July 2010) at a cost of ₹ 53.14 crore resulting in additional burden of ₹ 9.95⁵³ crore.

In SDBI and SDA2 packages the methodology had to be changed to the trench less method from open cut method during execution, as site conditions had not been assessed during survey and preparation of design reports. The existing contractor not being technically competent the works had to be sub-contracted. This led to delay upto 23 months and extra financial liability of ₹ 2.38 crore. The department stated (November 2010) that due to non-availability of underground utility maps, methodology of trenching was changed during execution. The reply was not tenable as the work was supposed to commence after finalisation of the drawings, design and layout.

2.2.9.3.3 Pumping Stations.

Seven contract packages consisting of upgradation/construction of 40 pumping stations taken up to improve the flow of DWF and SWF were to be completed by December 2009. The work is still ongoing. There was on an average delay of 17 months as of March 2010 due to the following reasons.

- The progress of work in five packages⁵⁴ suffered due to delay in finalisation of site before commencement of work. The work (SD 32) of construction of new Pumping Station for Borough-XV covering two worksites was to be completed by October 2008. One work site was handed over to the contractor after nine months. The site for the other pumping station was changed a year after award of work. The alternative site has not yet been handed over to the contractor.
- In three packages⁵⁵ 27 drainage pumps for installation in nine⁵⁶ pumping stations were procured at a cost of ₹ 3.86 crore. Soon after

⁵³ ₹53.14 crore + ₹13.16 crore – ₹1.12 crore – ₹55.23 crore – ₹5.52 crore

⁵⁴ SD 23, 26, 27, 28 and 32

⁵⁵ SD 26, 27 & 28

⁵⁶ SD 26: Datta Bagan, Beerpara; SD 27: PS 2 Ambwdkar Bridge, PS 3 EE 1 Minor Channel, PS 4 Kasba drainage; SD 28: Topsia A, Kuliatangra, Pagladanga, Chingrihata.

installation, four pumps started malfunctioning. Apprehending similar problems in basic design the remaining 23 pumps were not installed at the other seven pumping stations. This could not be detected during performance testing since pumps were not tested simulating the ground conditions as required.

The department did not offer any comments in respect of delay in finalisation of sites. Regarding non-installation of pumps the department stated that it was due to non-completion of civil works. However, the contention of the department was not convincing as it was evident from the records that the Jadavpur University had been engaged to review the basic design aspects of all the supplied pumps. Pending receipt of the report (July 2010) the pumps could not be installed.

Thus, failure to complete the work in time affected the interlinking with the sewerage network and defeated one of the prime objectives of the project.

2.2.9.3.4 Sewerage Treatment Plants-Discharge of untreated sewage

The S&D Master Plan had laid particular emphasis on the environmental improvement of two major recipients of waste waters of the city, the Hooghly and Kulti Rivers and lay down the standards for discharge of waste water into the rivers. The Ganga Action Plan (GAP) also recommended that no untreated dry weather flow (DWF) from the city should be allowed to discharge into the river. Central Pollution Control Board (CPCB) in their report (2009-10) emphasised on 100 *per cent* secondary treatment of sewage before discharge into the canals.

Under KEIP, three existing STPs (Bangur, Gardenreach and South Suburban) were to be augmented for treatment of a total of 154 Million Litre Day (MLD) of sewage prior to discharge and two new STPs (for Borough VII and Borough XII) were to be constructed. Two of the three existing STPs were not working while two new STPs proposed were dropped from the project on the consideration that the sewage would get naturally treated while passing through the fishery channels of EKW area.

Functioning of Sewerage Treatment Plants

The augmentation work of Bangur and Gardenreach was taken up (May 2008) to increase their capacity from 47.5 to 57 MLD and from 45 to 52 MLD respectively. The work was awarded to an agency at a cost of ₹ 9.59 crore in May 2008 for completion by May 2010. KEIP did not assess the condition of the plants prior to finalisation of the scope of work. Consequently when the equipment malfunctioned during execution and needed replacement, the augmentation work was held up (November 2010).

Scrutiny revealed that in South Suburban East STP one drainage channel was connected to the pump sump without any screening arrangement which runs the risk of clogging the existing pumps. The additional flow of storm runoff might also affect the functioning of the STP.

The Department (November 2010) accepted that the work was awarded without assessing the actual condition of the existing plants.

Untreated sewage into river Hooghly

KEIP had stated (June 2010) that out of 226 MLD of sewage from Kolkata discharged into Hooghly only 92 MLD was being treated. Actually, only 45 MLD of sewage was being treated at South Suburban East STP as the Garden Reach STP was non-functional since December 2009. Thus, 181 MLD of untreated sewage was being discharged into Hooghly resulting in increase in pollution load. Monthly analysis report of the effluent ⁵⁷(April and May 2010) indicated that the level of Faecal Coliform (FC) was 15000 MPN/100 ML against the CPCB norm of 500 MPN/100 ml.

Discharge into river Kulti

The sewage (1100 MLD) from Kolkata discharged into the river Kulti receives partial treatment as it passes through EKW (an extensive fishery occupying 5000 hectares of land). The effluent has high FC level of 7333 MPN/100 ML against the norm of 500 MPN/100 ML. Analysis of FC of the effluent discharged into Kulti is not being done. An additional 110 MLD of sewage would be discharged into the river after implementation of KEIP. Epidemiological study of the health of the EKW fishermen as proposed in the Master Plan to assess whether secondary treatment of wastewater was required to reduce exposure of the fishermen to the toxic elements was not included in the scope of work of the project.

KEIP stated (November 2010) that all environmental and epidemiological issues in respect of the treatment of waste water through fishery of EKW and final discharge into Kulti River did not fall under their purview. The reply is not acceptable because as per the recommendation of the S&D Master Plan, the PMU, KMC was mandated to conduct the epidemiological study of the health of fisherman.

2.2.9.4 Solid Waste Management (SWM)

2.2.9.4.1 Scope of work vis-à-vis Actual execution

The SWM component of KEIP was planned to improve the management of municipal, hazardous and bio-medical solid waste generated in the city. It was to focus on extending door-to-door collection service, segregation of recyclable and non-recyclable wastes at source, improvement of solid waste transportation through replacement of open containers by closed ones, use of bulldozers and mechanical sweepers. This component further consisted of disposal of municipal solid wastes in an environmentally safe manner to land fill sites.

⁵⁷ Sewage treated in STP

Adequate primary collection, treatment and management of solid waste are crucial in ensuring the sustainability and functioning of the improved S&D and canal system of Kolkata. Most of the sub-projects in the SWM component were dropped on KMC's assurance that these would be carried out from their own funds. KEIP therefore procured only 83 vehicles at a cost of ₹ 25.29 crore between November 2003 and March 2009.

The Department stated (November 2010) that the project only covered partial and tangential aspects of SWM and accordingly KEIP authority restricted its activities under SWM.

2.2.9.4.2 Collection and transportation of waste

The process of segregation of municipal waste to lessen the burden on the existing dumping site at Dhapa was yet to be introduced in 134 wards out of 141 wards of KMC. Even basic collection equipment like litter bins, hand carts and tricycles with buckets had not been purchased as their design was not finalised in four years.

Domestic waste was not collected regularly and 388⁵⁸ out of 662 collection points were open spaces. As a result, the surrounding areas and roads were littered with garbage and sewer lines got choked leading to flooding during the monsoons.

67 vehicles received from the manufacturers during February 2006 and October 2007 did not comply with the BS-III emission norms effective from April 2005. The Feasibility Report (2000) and the SWM Master Plan had assessed (May 2005) the need for a maximum of four mechanical sweepers. Against this requirement KEIP procured 12 mechanical sweepers between January 2004 and November 2008 at a cost of ₹ 12.57 crore from a single foreign supplier. All the 12 mechanical sweepers were handed over to KMC between September 2004 and December 2008 for utilisation. Records indicate that three mechanical sweepers were purchased only for utilisation of fund of ₹ 2.20 crore meant for purchase of collection equipments.

The supplier of the mechanical sweepers did not provide any servicing facility till May 2008 in violation of the contract. As a result the sweepers⁵⁹ were in-operative upto 24 months due to lack of timely maintenance. There was no monitoring of the utilisation of the Sweepers as log books were not maintained.

The Department stated (November 2010) that the mechanical sweepers were procured as per decision of KMC due to delay in finalising design of the collection equipments. Regarding non-servicing of vehicles the department stated that they were not aware as to why the users (KMC) of vehicles could not approach the agency in time.

⁵⁸ As per Master Plan 2005

⁵⁹ WB 03B 5718 and WB 03B 9172

2.2.9.4.3 Sanitary Land Fill

The present method of disposal of solid wastes at Dhapa is not scientific because the waste is neither placed systematically nor covered with earth and compacted. Alarming levels of heavy metals have been detected in the surrounding areas and the leachate (biochemical decomposition of waste by bacteria) generated at Dhapa has very high Biological Oxygen Demand (BOD).



Fig. 3: Unscientific Land fill at Dhapa

To address the problem, the Feasibility report (January 2000) and Loan Agreement⁶⁰, provided for construction of a Sanitary Land Fill (SLF). The KEIP authority proposed (December 2004) to construct a SLF adjacent to the existing land fill at Dhapa in East Kolkata Wetland (EKW) area at an estimated cost of ₹ 36 crore. This was done despite the fact that the site was in an ecologically fragile zone which had been declared a Ramsar site in August 2002. ADB therefore excluded the package (December 2007) from its financing scope. KEIP, however, replied that the Ramsar site can be used for such work. Till date (July 2010) no alternative site for the proposed SLF has been identified by KMC.

As a result, 95 per cent of the collected solid waste from Kolkata is being dumped unscientifically with a high probability of contamination of surface and ground water and consequent health hazards to the populace.

The Department stated that as construction of Sanitary Landfill Site was a policy matter, the KMC would resolve this issue in due course. However, no site had been identified for construction of proposed SLF by KMC till November 2010.

2.2.9.5 Slum Improvement

One of the objectives of KEIP was to provide improved living condition in the slums of Kolkata by providing basic civic amenities like supply of water, construction of sanitary latrines, washing/bathing platforms, light posts and concrete pavements. Under KEIP, slum improvements in 85 slums located in the core areas of KMC (Ward 1 to 100) was completed at a cost of ₹ 41.32 crore.

Kolkata has more than 2500 slum zones with a population of 14.75 lakh⁶¹ occupying 13 per cent of the KMC area and forming 40 per cent of the total population of the city. Hence, prioritisation of the slums on the basis of poverty level and existing civic conditions was necessary before taking up improvement activities. Instead of using survey data prepared by KMC in

⁶⁰ Supplementary Loan Agreement Sch-I para C

⁶¹ Source SI Master Plan

2000-01 KEIP chose to select slums on the basis of recommendations of respective ward councilors.

Though the condition of the slums in the added areas (Ward 100 to 141) was more adverse than of those in core areas of the city these were left out of the purview of KEIP. The PD stated (July 2010) that the scope of work was restricted as per policy decision. The relevant records were, however, not made available to audit.

It was seen in audit that in 37 water deficit slums out of 85 covered under this project water supply was not augmented due to inadequacies in the supply system. KEIP instead of addressing this critical issue dropped the sub-component from the purview of the project.

Apart from this, the scope of Slum Improvement works provided for implementation of long term measures like establishment of land titles for slum dwellers, registration of dwellings, recognition of tenancy rights and introduction of municipal tax to enhance the security and creditworthiness of the slum dwellers. No such measure has been implemented so far. The slum improvement work of KEIP has, however, succeeded in providing access to improved sanitation and hygienic living conditions to the slum dwellers.

The Department stated (November 2010) that the Project could not extend the facility because of inadequacy in the supply system. The Department did not furnish any comment on non-implementation of long term measures.

2.2.10 Monitoring

For effective monitoring and quality control the project envisaged four levels of reporting. Initially the contractor was to prepare a Monthly Progress Report (CMPR) depicting progress of work and quality adhered to in execution of each work package and to furnish it to the Consultant (DSC). On the basis of CMPR, the DSC was to prepare Engineer's Monthly Progress Report (EMPR) recommending suitable action against any hindrance to the progress of work and to report to PMU. PMC was to prepare a consolidated Monthly Progress Report for the project as a whole on the basis of which Quarterly Progress Report is prepared by CMU for onward transmission to the ADB.

The Contractor's Monthly Progress Report and Engineer's Monthly Progress Report for 24 of the 32 selected contract packages could not be made available to audit. Analysis of these reports for three S&D networking packages⁶² indicated that DSC commented on the poor quality and slow progress of work, however, remedial measures and follow up actions were not adequately documented. In respect of Bangur and Gardenreach STPs the contractor did not submit CMPR since commencement of the work in May 2008. As a result failure of the equipment could be detected only during site visit by PMC in January 2009. KEIP admitted the fact and stated that no tangible action could be taken against the defaulting contractor due to absence of any penal clause

⁶² SDC, SDD-1, SDD-2

in the contract. KEIP assured that these issues would be taken care of by the project in future packages.

As per Loan Agreement, the State was to constitute a Steering Committee to oversee the implementation of the project under the Chairmanship of the Minister of Municipal Affairs and Urban Development of the State consisting of 15 members from different government agencies and local bodies. It was also stipulated that the Committee would meet quarterly. Records revealed that the Committee was constituted in July 2002 and remained non functional for four years as no meeting was held till August 2006.

As of May 2010, only 6 meetings were held against the required 30 meetings. Similarly, the Project Review Committee (constituted in December 2005) had also not met regularly as only 13 meetings were held against 53 required during this period. Moreover, the recommendations of the Committees like finalisation of the SWM Master Plan at the earliest, immediate cleaning and desiltation of the Churial Canal to provide relief from water logging and expediting the relocation of unwilling canal bank dwellers to the constructed flats were not complied with.

The Department stated (November 2010) that meetings of the committee were held as and when considered necessary.

2.2.10.1 *Non-maintenance of basic records*

Scrutiny of records of PMU, KMC revealed that payments through respective Running Account Bills were not based on the departmental measurement books. The measurements were taken and compiled by the contractor and checked by the DSC. The project authority replied that CPWD manual was not applicable for the project because construction under this project was guided by FIDIC conditions of contract. The reply was not tenable as PMU, I&WD maintained departmental measurement books and the modalities of working of PMU KMC also provided that departmental measurement books would be issued to DSC for recording measurement.

As per terms⁶³ of contract, a 'Site order Book' is required to be maintained by the contractor for recording the day to day instructions issued to the contractor and compliances thereto. Besides, statement of cost of Plant and Materials to arrive at actual cost of procuring and delivering these were to be kept ready for inspection at any point of time. The KEIP did not furnish any Site Order Book and stated that statements of cost were not maintained as those were not mandatory. In absence of such vital records it could not be ascertained as to how KEIP monitors proper execution of works.

2.2.10.2 *Monitoring by ADB and GoI*

ADB missions from time to time reviewed overall implementation of the project and compliance with the loan covenants. They identified major

⁶³ Clause 14.5 of the general condition of contract of part-II

bottlenecks and suggested time bound action plan to expedite project implementation. ADB and GoI had also introduced Tripartite Portfolio Review Meeting (TPRM) for reviewing the progress of ADB funded projects. Scrutiny of findings of the Review Missions and TPRM indicated that their recommendations like preparation of S&DMP Master Plan, Resettlement of affected canal bank dwellers were not done within stipulated time. ADB commented on the frequent variations in the scope of work at an early stage of contract due to inadequate planning and design. Though PMU had assured that DSC would be penalised for such lapses, no document in support of such compliance was available on record. Furthermore there was no enabling contract provision in this regard. Thus, it is evident that despite the existence of an elaborate infrastructure for project monitoring KEIP did not always analyse deviations or attempted course corrections.

2.2.11 Conclusion

The objective of the project to arrest the environmental degradation of designated areas of Kolkata by upgrading sewerage and drainage system and rehabilitating the outfall canal system was yet to be fulfilled, eight years after commencement of the project. Due to non-adherence to time schedule of repayment of ADB loan, KEIP had to shoulder liability towards commitment charges. The planning was inadequate and implementation of various components widely deviated from the schedule. The consultants engaged failed to render proper assistance to KEIP authorities in implementing the project effectively and economically. The Canal Improvement works were affected due to delays in resettlement of canal bank dwellers. Though the different components of S&D and canal works were interrelated, these interfaces were not considered at the tendering stage. This defeated one of the basic objectives of the project. The Solid Waste Management component was totally overlooked as the proposal for Sanitary Land fill for scientific disposal of garbage in Kolkata has been dropped. As all the STPs were not fully functional untreated sewage was being discharged into the river.

Recommendations

- ***Time schedule of repayment of loan should be strictly maintained to avoid liability on account of commitment charges.***
- ***A holistic approach needs to be adopted for dovetailing the work of Sewerage and Drainage, Canal Improvement and Resettlement components.***
- ***KEIP should have a re-look on contract management for ensuring timely completion of works and optimum utilisation of resources.***
- ***For better co-ordination and effective monitoring regular meetings of Steering Committee and Project Review Committee may be ensured.***

West Bengal Fire and Emergency Services Department

2.3 West Bengal Fire and Emergency Services

Executive Summary

In order to provide protection against fire to the people of the State, West Bengal Fire and Emergency Services (WBFES) was constituted under West Bengal Fire Services Act 1950 (Act). The basic responsibility of the department encompasses maintenance of fire brigades, licensing of warehouses, inspection of high risk buildings to provide assurance of adherence to fire safety norms, dissemination of information regarding preventive measures and protection drills and related matters. WBFES has a network of 106 fire stations. It attended to 21810 fire incidents including 148 major cases during 2005-10. However, in the light of rising trend of major fire incidences during the past two years, taking a toll of both life and property, the issues of fire prevention initiative as well as preparedness and fire-fighting capability gained significance. In view of the growing concern as well as in recognition to the social importance of the issue a Performance review on Fire Services activities of the department was taken up covering a period of 2005-10. The basic aim of the review was to assess the level of preparedness on the part of WBFES keeping pace with the changing scenario of urbanisation, increase in population density, etc.

In course of audit, several areas of concern relating to operational and management deficiencies were identified, which may potentially affect the level of preparedness and call for attention.

Though roadmap for construction and upgradation of new FSs was spelt out repeatedly in the Budget speeches, laxity on the part of WBFES in pursuing with implementing agencies to get the construction of Fire Services buildings completed had rendered the progress in work slow. There were instances of delay in receiving fire tenders even after releasing payments, which had also impacted the preparedness in regard to availability of fire tenders. Moreover, insufficient monitoring and absence of data base on availability of fire tenders/safety appliances at fire stations, coupled with inordinate delays in repair and commissioning of out of service vehicles, potentially compromised preparedness of fire stations. Manpower management also remains to be a matter of concern, as shortage of operational staff coupled with absence of periodic in-service refresher training as well as regular drills affects the operational efficiency of fire personnel. Absence of effective communication system and computerised management information system and decision support system adversely affected the performance of WBFES.

Though development authorities of new townships had started adopting fire safety clauses in addition to standing Municipal Laws, activities of WBFES as regards fire prevention and protection in high risk buildings was not proactive, rather it was dependent upon initiative of the building owners.

2.3.1 Introduction

In order to provide protection against fire to people and property of the State, the West Bengal Fire Services (WBFS) was constituted under West Bengal Fire Services Act 1950 (Act) and was under the administrative control of the Municipal Affairs Department till March 2004. Thereafter it was renamed as West Bengal Fire and Emergency Services (WBFES) and placed under a newly constituted department namely 'Fire and Emergency Services Department'. Activities of the department *inter alia* included:

- all matters connected with development, utilisation and control of fire prevention, fire protection and fire fighting;
- administration of the West Bengal Fire Services Act 1950;
- issue of fire licences.

2.3.2 Organisational Structure

Director General (DG), West Bengal Fire and Emergency Services, is the Executive-in-Charge of WBFES functioning under the administrative control of Principal Secretary, Fire and Emergency Services Department. The DG is assisted by Additional Director General (ADG) and a Director. WBFES has Protection and Prevention Wings, a Central Workshop, three centralised stores and one Institute for Fire Training. Besides, there is a divisional workshop at Siliguri under North Zone. WBFES has a network of 106 fire stations (FS) under 10 divisions⁶⁴; each division being controlled by a Divisional Officer (DO). In February 2010, six zones⁶⁵, each headed by a Deputy Director were formed in the State. The department also notified (March 2010) reorganisation of 10 existing divisions into 18. However, no dateline for completion of reorganisation was specified in the order, work for which is presently in process.

2.3.3. Audit Objectives

Performance audit aimed to assess whether:

- preparedness of Fire Services in terms of availability and maintenance of fire tenders, equipment and safety appliances; and, access to water sources was satisfactory to ensure quick response to disasters;
- system of procurement of fire engines and appliances was effective, communication network to meet the requirement of quick dissemination of information was efficient;

⁶⁴ A (Kolkata/ part of South 24 Parganas), B (Kolkata / Part of North 24 Parganas), C (South 24 Parganas / part of Kolkata), D (North 24 Parganas), D2 (Murshidabad, Birbhum, Nadia), E(Howrah, Purba and Paschim Medinipur), F (Hooghly), G (Bardhaman, Bankura, Purulia), H (Darjeeling, Malda, Uttar Dinajpur, Dakshin Dinajpur) and H2 (Jalpaiguri and Coochbehar)

⁶⁵North zone: Coochbehar, Dakshin Dinajpur, Darjeeling, Jalpaiguri and Uttar Dinajpur

Central zone: Birbhum, Malda, Murshidabad, and Nadia

South zone: Bankura, Bardhaman, Paschim Medinipur, and Purulia

West zone: Hooghly, Howrah and Purba Medinipur

Headquarters zone: 24 Parganas (North and South) and Kolkata

Fire Prevention Wing: Fire prevention wing and material management

- overall manpower management including conduct of training /drills was efficient to ensure operational efficiency;
- activities of WBFES in regard to fire prevention including issue of NOC and fire licences, generation of awareness was adequate and in conformity with rules.

2.3.4 Scope of audit

Performance review of the functioning of WBFES for the period from 2005-06 to 2009-10 was conducted during April-July 2010 through test check of records of the following offices:

- West Bengal Fire and Emergency Services Department;
- Office of the DG, WBFES including Central workshop;
- Institute of Fire Services, Behala;
- Four Divisional headquarters⁶⁶ (covering nine districts and Kolkata) out of ten divisions in the State on the basis of population density, remoteness and differing terrain conditions.
- Out of 41 Fire Stations (FSs) under four test checked divisions, 27 were selected for detailed checking.

An entry conference was held with the DGFES on 28 May 2010, wherein the objectives, methodology and modalities of the Performance audit were discussed. Replies of the Government on the audit observations had been received (February 2011) and suitably incorporated in the report.

Audit Findings

2.3.5 Financial Management

2.3.5.1 Budget and expenditure

The details of budget allocation and actual expenditure incurred by the department during 2005-06 to 2009-10 are given below:

Table No.2.3.1: Budget allocation and actual expenditure during 2005-10

(₹ in crore)

Year	Allocation		Expenditure		Percentage of utilisation	
	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan
2005-06	78.34	11.20	74.59	5.64	95	50
2006-07	81.81	11.50	75.80	6.75	93	59
2007-08	88.45	17.00	84.23	9.87	95	58
2008-09	94.65	26.10	92.79	18.99	98	73
2009-10	138.63	31.24	149.23	22.09	108	71
Total	481.88	97.04	476.64	63.34	99	65

Source: Appropriation Accounts from 2005-06 to 2008-09 and VLC figures for 2009-10

It is seen from the above table that though most of the non-plan expenditure had been utilised there was on an average 35 per cent saving under plan

⁶⁶ Division A, Division B, Division G, Division H

expenditure during 2005-10. The department did not give any reason for savings.

2.3.6 Preparedness to respond

The capability of Fire Services to respond timely to disasters is dependent upon many factors namely, existence of adequate number of fire stations in relation to coverage area, availability and maintenance of fire tenders, equipment and safety appliances in fire stations as well as access to water sources etc. An effective communication system and network for quick dissemination of information is essential to avert disasters and minimise loss. Operational efficiency of fire fighting personnel is a key requirement, which depends upon regular conduct of rigorous training/drills, health check ups and prudent manpower management. Audit of all these aspects revealed lapses of serious nature which had the potential of compromising preparedness, as discussed in subsequent paragraphs.

2.3.7 Fire Stations

In the budget speech (March 2005), the Minister-in-Charge of FES department outlined a roadmap for construction of fire stations in each district and sub-divisional headquarters and also in municipal towns. The decision was reiterated in the subsequent budget speeches (2006 to 2010). In March 2007, the scope of the work was extended covering arrangements of fire fighting in urban agglomerations, new townships, industrial growth centres, high risk buildings and chemical disaster and fire prone places. As part of reorganisation of the FSs and based on the proposals contained in the budget speeches from 2005 to 2010, the department declared (March 2010) names of proposed 15 new FSs through a notification. The status of availability of land and progress in work are shown in *Appendix 2.3.1*. The status revealed that in spite of budgetary commitments, construction work of one⁶⁷ FS proposed before 2005 and five⁶⁸ FSs proposed in 2006-07 were not complete till March 2010, even after lapse of more than three to seven years. Out of these in three⁶⁹ cases ₹ 2.09 crore was released and UC for ₹ 0.7 crore was received.

No centralised report on progress of construction works was produced to Audit, though called for. However, scrutiny of the files as made available to audit in respect of nine construction/upgradation works of fire station building of new and old stations (*Appendix-2.3.2*) revealed that seven works (six taken up between October 2005 and March 2008 and while one way back in June 1987) have been incomplete as of June 2010. The department released ₹ 4.56 crore (UC received for ₹ 2.41 crore) between March 2004 and March 2010.

Further scrutiny revealed that target dates for completion were not fixed by the department for the construction works, nor were physical and financial progress of construction monitored. This had resulted in inordinate delay in

⁶⁷ Ghatal FS

⁶⁸ Dankuni, Egra, Ghatal, Gobardanga, Lalbagh and Rajarhat FSs

⁶⁹ Egra, Ghatal and Gobardanga FSs proposed in 2006-07

execution and consequential upward revision of estimates. In eight cases, the total cost increased by ₹ 2.47 crore as of March 2010.

Scrutiny further revealed various factors which had led to such delays namely, delay on the part of Executive Agency (EA) for preparation of estimate and construction works, phase-wise preparation of estimate, non-preparation of complete Detailed Project Report (DPR) by EAs, multiple sanction formality against phase-wise estimate resulting in delay in progress and cost escalation.

It transpired that the department could not overcome these difficulties, which indicated lack of preparedness on the part of the department in construction of fire stations.

The department in its reply (July 2010 and February 2011), accepted that these Government agencies have their own schedule and it had little control over them. Further, target dates for completion of projects were not fixed out of the consideration that all these EAs were Government organisations. The reply is not acceptable as it was the responsibility of the department to ensure completion of construction works by liaising with the executing agencies. The department, however, stated that it would intimate the audit observations to the agencies for future compliance.

2.3.8 Fire Tenders

Audit observed that no database of State wide position of availability of fire tenders and equipment was maintained at the Directorate level. In reply to an audit query the Directorate collected the data from different divisions. As complete data from the divisions were not made available, data in respect of four selected divisions revealed the following:

Table No.2.3.2: Availability of fire tenders and portable pumps in respect of four selected divisions

Division	No. of Fire Stations	Total strength of Fire Tenders	Working	
			Fire Tenders	Portable Pumps
A	7	22	22	8
B	9	31	21	6
G	13	33	27	17
H	12	27	30	13

Source: Data from four divisions

Test check of 27 fire stations under these divisions revealed:

- shortfall of six pumps in five⁷⁰ FSs of 'A' and 'B' divisions against sanctioned pump strength.
- in G division, though most of the FSs had portable pumps, eight⁷¹ FSs had a shortage of one fire engine each. In reply (June 2010) DO, 'G' division confirmed this shortage and admitted that it hampered fire fighting work.

⁷⁰ 'A' division: Gariahat, Tollygunge and Kolkata Leather Complex, 'B' division: Nimtola and Dum Dum

⁷¹ Raniganj, Panagarh, Asansol, Bhatar, Kalna, Katwa, Bishnupur and Pandua

The Standing Fire Advisory Council (SFAC)⁷² recommended (2004) that there should be one fire tender per 50000 population. As per these norms

- in 'G' and 'H' divisions, there should be 250 and 175 fire tenders, which had only 33 and 27 respectively.
- in 14 stations of Kolkata⁷³, 48 fire tenders were sanctioned against requirement of 90 fire tenders leaving a big gap.

In Divisions B and G the actual number of fire tenders were less than the initial sanctioned strength which was much lower than SFAC norms.

2.3.8.1 Purchase of fire tenders

The Department did not have a Perspective and Annual Plan for procurement of Fire Tenders.

In reply (June 2010) Director General (DG) stated that proposals for procurement of fire fighting vehicles were initiated from the station level or divisional level routed through the Equipment Officer. Sometimes vehicles were also procured against replacement of condemned vehicles.

To procure a chassis DG selected the make of a particular company against which WBFES Department issued administrative and financial approval along with the authority to draw the full amount in advance. Orders for procurement were placed with the manufacturer by an order slip issued by Directorate indicating the Government Order. For procurement of chassis, Department did not enter into any Agreement with the companies, terms and conditions of supply were not specified, security or guarantee was not obtained from the manufacturers and time frame for delivery of chassis was also not fixed. Only a copy of the order slip was forwarded to the State Vigilance Commission.

During the period of Audit, DGFES paid ₹ 16.46 crore in advance to three⁷⁴ manufacturers for supply of 167 chassis (₹ 13.96 crore) and 58 Jeeps (₹ 2.50 crore). Out of this, ₹ 14.05 crore was released at the fag end of the respective financial years to avoid lapse of budget. Relevant records revealed that 56 chassis valuing ₹ 4.78 crore were not received as of July 2010, after three months to over two years from the dates of payment as under:

⁷² Standing Fire Advisory Committee was constituted by GOI (Ministry of Home Affairs) in 1955 with representatives from each State. SFAC was mandated to examine technical problems relating to fire services and to advise the GOI on matters concerning the organisation and its speedy development. The committee was renamed as Standing Fire Advisory Council in the year 1980. Chairman, SFAC during 1998 requested heads of fire services in each state to vigorously pursue the implementation of the recommendations of SFAC in their jurisdiction to develop efficient fire services.

⁷³ Considering population of 46 lakh as per Census 2001

⁷⁴ M/S Ashoke Leyland Ltd:86 (₹ 8.83 crore), M/S Mahindra and Mahindra Ltd: 58 (₹ 2.50 crore) and TATA Motors Ltd 81 (₹ 5.13 crore)

Table No.2.3.3 : Non-receipt of chassis after payment

	Companies to whom advances paid	Date of payment	Amount (₹ in crore)	For procurement of
1	Ashoke Leyland Ltd.	10-04-2008	0.49	6 no Gold 1613 BS-II
2	Ashoke Leyland Ltd.	31-03-2009	2.75	30 no Comet Gold- 1616
3	TATA Motors Ltd.	23-03-2010	0.55	10 no 410 BS-III
4	TATA Motors Ltd.	01-04-2010	0.98	10 no LPT 1615/42 BS-III
	Total		4.78	

Source: Procurement records of stores of the Directorate

After procurement of chassis it was handed over to fabricators for conversion into fire tenders. Time frame for completion was not indicated in the agreements made for fabrication. Scrutiny revealed that, in six cases, after advance payment of ₹ 7.72 crore to the manufacturers of chassis, between March 2006 and 2008, there were time gaps between 14 and 37 months in receipt of finished products after fabrication. (*Appendix 2.3.3*)

In reply (February 2011) Government contended that there was no inordinate delay as a minimum of seven months time was necessary for manufacturing of chassis and its fabrication to fire tenders, etc. Time is also required for complying with other formalities and inspection. The reply is not acceptable as in some cases delay of more than three years were noticed. This indicated lackadaisical approach of the department to complete the formalities impacting the preparedness in regard to availability of fire tenders.

To access narrow hilly areas, 15 Mid Size Water Tender (MSWT) having only 2.2 KL water containing capacity were specially prepared in July 2009 by fabricating TATA SFC407 chassis (cost of chassis ₹ 5.12 lakh, cost of fabrication ₹ 14.26 lakh per vehicle). These MSWTs were to be procured on the request of Darjeeling Chamber of Commerce, a registered society of Darjeeling, for utilisation in narrow and congested areas of Darjeeling. However, five MSWTs were issued to hilly areas of Darjeeling and Jalpaiguri district, while remaining ten were placed at FSs situated in urban areas including Kolkata⁷⁵ on the ground that these areas had narrow lanes. An analysis of performance reports of MSWT revealed⁷⁶ that there was no system (i) to produce foam for electric fire, (ii) to refill water tank by pressure pump, (iii) to extend the built in hose; and (iv) the vehicles were not equipped with four wheel drive necessary for hilly areas, which limited the effectiveness of MSWT in narrow lanes. The reply of the department was silent on this issue.

2.3.9 Safety appliances and equipment

2.3.9.1 Safety appliances

During 2005-10, for modernisation and up-gradation of fire fighting system, WBFES procured 4000 pairs of Fire Retardant Gumboot (FRG) for ₹ 43.24

⁷⁵ Lalbazar FS-1(Division B), Alifnagar FS-1(Division C), Lalkuthi FS-1(Division D), Ranaghat FS-1 & Nabadwip FS-1(Division D2), Howrah FS-2,(Division E), Rishra FS-1(Division F), Durgapur FS-1(Division G) and Siliguri FS-1(Division H). Total 15

⁷⁶ for Darjeeling, Kalimpong and Kursiang FSs

lakh and 250 pieces of Fire Retardant Helmet (FRH) for ₹ 32.34 lakh in 2007. Besides, 15 Breathing Apparatus (BA) sets were procured (June 2005) at a total cost of ₹ 6.55 lakh. It was, however, observed in Audit that appliances were not distributed proportionate to the staff strength of different FSs.

- 3986 pairs of FRG were distributed to FSs of 10 divisions having 5828 field staff from Station Officer to Fire Operator. Scrutiny revealed that number of FRG supplied to different FSs covered 35 to 100 *per cent* of the operational staff strength.
- Each division was supplied 24 FRH irrespective of strength. All 48 FRH of 'A' and 'B' divisions, received during July 2007, were lying in stores of two⁷⁷ FSs at Kolkata and not issued to other FSs.
- 15 BA sets were procured in 2005. 'B' and 'C' divisions having 16 FSs, were issued three BA sets each, 'G' division having 13 FSs, was issued two sets, while other five divisions including 'A' division having 10 to 13 FSs were issued only one set each. The remaining two were kept in the Institute of Fire Services for training purposes. 'H' and 'H2' division of north zone did not receive BA sets. The only BA set of 'A' division was issued to Kalighat FS. Test check of selected FSs revealed that 11 sets were in working condition in three⁷⁸ FSs. Thus, procurement of less than optimum number of BA sets indicated inadequate planning, which would ultimately impact preparedness of the Fire Stations.

In reply (June 2010) DD, North Zone confirmed that at least two BA Sets were essential for each Fire Station.

2.3.9.1.1 Proximity Suit⁷⁹

As per recommendations of SFAC, two sets of heat/flame resistant protective clothing (proximity suit) should be carried on each fire fighting and rescue vehicle and four sets should be provided for each emergency tender. Audit observed that the WBFES did not procure any proximity suit during 2005-10; the position of availability of the same at various FSs/ divisions was also not available with the Headquarters. Out of four test checked divisions, only B division received one proximity suit before 2000, which was lying unutilised in Gariahat FS. Two proximity suits were issued to Headquarters FS of 'A' division between 1991 and 1993.

In reply (May 2010) to an audit query DO, Division A intimated that these had been re-issued to Institute of Fire Service during February 2006 as per orders of DG, WBFES (February 2006).

Thus, non-procurement and supply of an important item of fire-fighting gear indicated lack of professional approach to this important function.

⁷⁷ Headquarters and Central Avenue

⁷⁸ Division A: Gariahat, Kalighat; Division B: Central Avenue

⁷⁹ suit which allows fire fighters to reach close to flames

2.3.9.2 Jumping Cushion

Administrative approval of ₹ 0.34 crore was accorded by the department in March 2007 for procurement of four jumping cushions, meant to escape from fire affected buildings by jumping on the cushion. Though cushions were supplied in November 2007 and received by the Equipment Officer, along with test results from National Fire Equipment Quality Supervision Centre of the country manufacturing the product and live demo jumping was also stated to have been conducted in May 2008⁸⁰, no payment was made to the supplier and the same was not entered in the stock account in spite of availability of funds. The procurement process thus remained incomplete as of July 2010 and the jumping cushion received during November 2007 could not be put to use.

Government had not furnished any reply in this regard.

2.3.10 Repair and maintenance of vehicles

2.3.10.1 Workshop

WBFES has its own Central Workshop (CWS) under the control of DGFES for repair and maintenance of vehicles. Out of a sanctioned strength of 84 technical staff, only 23 were in position. Neither the installed capacity of CWS nor basis of sanctioned strength could be ascertained from available records. On account of incapability of CWS due to inadequate equipment, shortage of staff and non-supply of required spare parts by the mechanical stores, Divisions/fire stations had to undertake major repairing jobs on their own under the orders of Maintenance Superintendent.

Since comprehensive procurement was not made at mechanical stores at Headquarters, piece meal purchase of spare parts was made locally. Three test checked divisions of South Bengal incurred an expenditure of ₹ 82.65 lakh for maintenance of vehicles and procurement of equipment from outside agencies during 2005-10.



Vehicles and pumps lying in CWS



Due to incapability of its divisional workshop of 'H' division at Siliguri, maintenance work under the division was mostly outsourced and ₹ 27.64 lakh was incurred including procurement of spare parts during 2005-10.

⁸⁰ As intimated by the supplier in its reminder for payment

DO, 'A' Division confirmed (May 2010) that on account of incapability of CWS *viz.* inadequate equipment and shortage of staff, and non-supply of required spare parts by mechanical stores, repair of vehicles/appliances had to be outsourced.

At least 24 vehicles and portable pumps which were out of order for periods varying from one to 20 years were lying unutilised for want of repair at the CWS (June 2010).

2.3.10.2 Unserviceable vehicles

WBFES did not maintain database and was unable to furnish a centralised report to audit on number and particulars of off road vehicles lying in different divisions/Central Workshop (CWS) for repair or were Beyond Economic Repair (BER). Against an audit requisition, seven⁸¹ divisions had submitted their records and an analysis of these records revealed that 110 vehicles and pumps of different categories went out of order between 2004 and 2010. Of the same the divisional heads showed 69 vehicles as unserviceable.

In the reply (February 2011), Department stated that one Monitoring Committee headed by Maintenance Superintendent, WBFES looked after the servicing of vehicles. Non availability of sufficient specialised technical staff resulted in delay in repair and maintenance of vehicles/appliances. But that did not hamper efficiency as stand by fire tenders/safety appliances were requisitioned and deployed.

The reply is not tenable as in case of emergency getting the fire tenders/safety appliances from nearby station is not a permanent solution and reflects lack of preparedness. Further, delay in disposal of unserviceable vehicles would further deteriorate their condition, thereby fetching less revenue to Government.

2.3.11 Manpower management

2.3.11.1 Sanctioned strength *vis-a-vis* men-in-position

Out of sanctioned strength of 23, there were six Divisional Officers (DOs) in position as on date. Since 2005, Public Service Commission (PSC) could appoint eight DOs by promotion from Station Officers. During Entry Conference (May 2010) DG, WBFES stated that PSC had not been able to recruit DOs directly during last ten years due to non-availability of qualified persons. Efforts were being made to appoint DOs by direct recruitment. Consequently, two DOs and four DDs were holding additional charges.

The sanctioned strength *vis-à-vis* men-in-position in respect of various categories of operational staff in WBFES as on March 2010 was as under:

⁸¹ Divisions A,B,D,D2,E,H and H2

Table No.2.3.4: Sanctioned strength vis-à-vis men-in-position

Sl. No	Category	Sanctioned strength	Men-in-position	Vacant post	Percentage of vacant post
1	Station Officer	217	200	17	8
2	Sub-Officer ⁸²	416	169	247	59
3	Leading fire operator (Leader)	1695	1580	115	7
4	Fire Engine Operator cum Driver (FEOD)	1150	834	316	27
4	Fire Operator (FO)	4685	3045	1640	35
5	Staff car Driver	34	21	13	38
6	Cleaner cum Attendant	107	81	26	24
7	Sweeper	111	55	56	50
	Total	8415	5985	2430	29

Source: Data of DG, WBFES

Availability of adequate field staff is imperative for the operational efficiency of the WBFES. DO, 'B' division stated (July 2010) that for the purpose of keeping turnout as per scale, the personnel had to perform duty beyond their normal shift. DD, North Zone stated (June 2010) that no major fire could be managed effectively at the initial stage due to scarcity of manpower.

2.3.11.2 Physical fitness

Sub-committee on medical standards for firemen under SFAC had opined that personnel of fire services including officers should have high degree of physical efficiency and fitness in view of their arduous duties under adverse conditions. Senior officers who are normally non-operational should also be physically active to set a good example to firemen. To this extent all fire personnel should be subjected to an annual medical examination.

According to the result of studies by the Defence Institute of Fire Research (1976) mentioned in the Compendium of recommendation of the SFAC (2004), crews up to the age-group of 40 years are able to perform fire-drills efficiently. Three *per cent* in the age group above 40 years attain clinical abnormalities. This increases to 13 *per cent* for age group between 51-55 years and 33 *per cent* beyond 55 years.

Considering the above facts, physical assessment tests are recommended by Sub-committee on Medical Standards of Fireman formed by SFAC, to be held every six months to ensure fitness of fire-fighting personnel.

Test check of age group of Leaders, FEODs and FOs of 12 FSs revealed that in 11 FSs, 15 to 56 *per cent* belonged to the age group of 40 to 50 years, six to 48 *per cent* were in the age group of 51 to 55 years and six to 22 *per cent* in the age bracket of above 55 years. Overall, 50 to 97 *per cent* were in the age bracket above 40 years.

Despite this, there was no regular medical check-up except for particular ailments of fire staff and no evaluation of physical fitness of field staff was done throughout their service. Neither did the Act nor the service rules provide for such evaluation or check-up.

⁸² Sub-officer assists Station officer. In absence of station officer he acts as head of the station

In reply (June 2010) the DD North Zone confirmed the audit finding and accepted the limited ability of aged employees to function effectively during operations.

2.3.12 Training and drills

2.3.12.1 In-service training

WBFES maintains a training school viz Institute of Fire Services (IFS) in Behala, Kolkata since January 1996. The department also acquired 28 acres of land at Kalyani in September 2009 to establish a modern Fire Service Academy.

As per SFAC recommendations six months training is to be imparted before deployment of Firemen, Assistant Station Officers and Drivers; and three months for leading firemen at the time of promotion. Further, the training bureau should also carry out assessment of technical proficiency and physical efficiency of all operational personnel up to the level of Station Officer. In practice, however, two, three and six months training was being conducted before deployment of FOs, FEODs and Station Officers respectively. Training to firemen at the time of first promotion to leading firemen was not being imparted. The performance report of IFS, Behala for last five years also did not indicate as to whether such assessment was being carried out or not.

No annual schedule of fire training programmes was made for IFS. Training was imparted as per necessity, requisition or convenience of the department and for other organisations requiring fire training. During 2005-10, 1928 persons were imparted training out of which 618⁸³ were from WBFES. DD IFS stated (May 2010) that under the direction of Government, teaching and non-teaching staff of schools, staff of office of Director of Inspection of school, non-Government organisation amalgamated with KMC were imparted elementary fire fighting and extinguisher operation training. Every year, organising bodies of different puja festivals were given fire awareness and fire extinguisher operation training.

Though, the IFS had a departmental refresher course of 10 days for FO/ Leader/ FEOD, no such training could be conducted during last five years owing to acute shortage in operational strength of FSs.

The IFS had shortage of training staff. The posts of Principal and Chief Instructor were lying vacant since February 2008 and October 2009 respectively and out of 19 posts of other training staff, 14 men were in position as on March 2010. There were also shortages of requisite appliances. It had only one hydraulic cutter and two BA sets in working condition. Two thermal cameras and 15 BA sets were out of order.

The DG, in his reply stated (January 2011) that for smooth functioning of the department and for providing uninterrupted public service, the Director and

⁸³ Station Officer:8, Sub-Officer:31,FEOD:110, FO:469

Deputy Director of Headquarters were holding additional charges of the Principal and Chief Instructor respectively.

2.3.12.2 Drills

As per norms in the Drill Manual, regular fire drills are to be performed by fire staff for efficient and prompt response in combating fire and fire related disasters. No such drill was, however, conducted in any fire station including Headquarters. Test check revealed that no fire stations had drill grounds of their own and Siliguri FS attended a mock drill arranged privately with one fire tender.

Thus, absence of periodic in-service refresher training as well as regular drills had the potential to compromise the efficiency of fire personnel.

In reply (February 2011) Government intimated that, routine drills and exercises are conducted at all fire stations. The reply does not appear to be correct as drill grounds are not available with all of the FSs.



Control Room at WBFES Hd.Qrs

2.3.12.3 Professional Duty Meet

Traditionally WBFES organised a 'Professional Duty Meet' at IFS, Behala during February each year till 2009. This generally included march past, marching/squad-drills, six-men pump drills, four-men ladder and rescue drills, put-on gears; quiz contest for operational, communication, workshop and

administrative staff from different FSs.

DG, WBFES informed (March 2010) that this meet could not be organised in 2010 due to acute shortage of DO, Station Officers, Sub-Officers, FEODs and FOs.

2.3.13 Fire/rescue calls

Headquarters Control Room (HQCR) at DG's office has a sanctioned strength of five Chief Mobilising Officer (CMO), 10 Mobilising Officers (MO) and 20 Assistant Mobilising Officers (AMO). Audit observed that there was a shortage of 12 AMOs. Records of fire, rescue and other calls attended, loss/saving of lives and property after fire accidents were reported by all divisions to the HQCR. It was the duty of HQCR to generate an annual compiled report of the state in this regard. As state-wide network connectivity to facilitate generation and transmission of data was not introduced by WBFES till date, total process of reporting from divisions and compilation thereof at HQCR was done manually.

The position of number of calls attended, lives and property lost and property saved by the fire services during 2005-06 to 2009-10 is as under:

Table No.2.3.5: Year-wise position of number of calls attended, lives and property lost and property saved

Year	No. of calls received and attended			Loss of lives	Property loss	Property saved
	Major fire	Minor fire	Total		(₹ in crore)	
2005-06	30	7168	7198	72	146.37	237.18
2006-07	29	3245	3274	19	35.21	120.70
2007-08	28	3133	3161	27	61.81	104.03
2008-09	30	3337	3367	31	56.84	132.33
2009-10	31	4779	4810	88	46.72	233.93
Total	148	21662	21810	237	346.95	828.17

Source: Data furnished by 'A' Division

It would be seen from the above that during 2005-06 to 2009-10 department would save property to the extent of ₹ 828.17 crore.

2.3.13.1 Response time

As per norms fixed by SFAC, the first fire engine should reach the place of incidence within five minutes after the receipt of call in urban areas. Test check of records revealed that no data for response time was maintained by WBFES during the period of audit. Test check of different fire reports also revealed that fire officer of the first fire engine neither noted time of arrival at the place of incidence, nor communicated the same to the concerned fire station.

DD, North Zone, attributed (June 2010) the same to weak communication network provided by the department, failure of network due to long distance etc. Thus, due to non-recording of the same, there was no watch over response time taken, which is an important indicator of efficiency and preparedness of fire services. DO, A division, however, stated (September 2010) that first vehicle could not reach within of five minutes in each case as FSs were not situated as closely as envisaged by SFAC.

2.3.14. Wireless communication system and computerisation

2.3.14.1 Communication system

Requirement of communication facilities as per communication Sub-Committee of SFAC included Radio Communication between the FSs and its fire fighting vehicles and between vehicles and the crew.

In 2005, in replacement of the old ones, VHF radio links were installed by West Bengal Electronics Industry Deveopment Corporation Limited (WEBEL) at 29 sites under four⁸⁴ divisions of WBFES at a cost of ₹ 37.36 lakh. In March 2007, for supply, installation and commissioning of wireless system (VHF radio link (static and mobile)) in 69 FSs of nine divisions except 'A' division, ₹ 115.28 lakh was sanctioned. Work order was issued to WEBEL in April 2007. However, time frame for completion was not fixed. The payments were to be released subject to the approval of the Equipment Officer against satisfactory installation, verification and commissioning of the

⁸⁴ A,B,C and D divisions

system. In violation of this condition, ₹ 64.67 lakh was paid to WEBEL in December 2007 for supply of SMF batteries, Walkie-Talkies and related items. Till July 2010 the system had not been commissioned. Nothing was on record to show whether an attempt was made to insist WEBEL Limited to complete the system.

In April 2010 a survey of communication system of all the FSs was conducted by CMO, WBFES, which concluded that most of the VHF radio links including those installed in 2005 were inactive. Besides, no database was maintained in this regard and the department did not make any effort to ascertain reasons for breakdown of the system. Thus nonfunctioning of most of the systems within five years indicated lack of monitoring by the department, which would ultimately adversely affect the efficiency of the department.

Further Audit observed that in two⁸⁵ FSs of Bardhaman district, new sets received in 2008 were lying in stock owing to non-installation, while in three⁸⁶ FSs of Darjeeling district, sets were installed but not commissioned. In Matigara FS installed set was damaged by thunder storm as it had no earthing.

Thus, even after incurring expenditure of ₹ 1.02 crore between 2005 and 2007, the WBFES could not install an effective communication system among fire stations, control rooms and fire vehicles. Inter station communication was mainly through BSNL telephones and personal mobile phones.

In the reply (February 2011) Government stated that communication systems in the shape of Radio Telephones and basic telephone services are available. Also the Directorate is initiating steps to modernise the communication system to upgrade the efficiency of the services for which various Government formalities are to be compiled with. The reply is not acceptable as there has been undue delay which has the potential of compromising the preparedness of Fire Services.

2.3.14.2 Computerisation project

In September 2002 a proposal for computerisation of WBFES with LAN connectivity in Headquarters along with WAN connectivity between Headquarters and all divisions in two phases at a cost of ₹ 1.30 crore (Phase I: ₹ 86.67 lakh; Phase II: ₹ 43.68 lakh) was mooted. The project aimed at creating a decision support system for emergency situations, integrated management information system, recording system of all fire incidents, identification of fire stations/vehicles for availability to fire calls, special routing instruction to take care of road blockade and human resources development via scheduling of training programmes.

The department sanctioned ₹ 17 lakh in January 2004 for procurement of hardware/software. WBFES procured (June 2004) hardware and software

⁸⁵ Asansol and Bhatar

⁸⁶ Darjeeling, Kalimpong and Matigara

through an agency and developed accounting module including pay roll etc. at a cost of ₹ 17 lakh which was working. For second phase, during 2005, an estimate of ₹ 50.43 lakh was obtained from WEBEL Ltd. in a project report and the job was offered to them under a policy adopted by State Finance Department in May 2005 on procurement of IT products. The estimate included ₹ 34.84 lakh towards cost of hardware and ₹ 15.59 lakh for application software for Materials Management System, Vehicle Management System and Fire License Information System. In March 2007 procurement of hardware was made from WEBEL at a cost of ₹ 28.88 lakh.

The Department did not confirm whether the server was working and whether the LAN/WAN and information system were installed. However, from the budget speech of March 2010 it transpired that neither the Management Information System nor the computerisation of fire license has been introduced as of March 2010.

2.3.15 Water sources of WBFES

Adequate supply of water and reserve is absolutely essential for fire fighting. WBFES was responsible to ensure adequate supply of water and in particular, as per SFAC norms, ensure provision of reserve water of one gallon per head in a town/city having a population of two lakh and above. For this purpose, it was necessary to provide Static Storage Tanks at various locations in the locality.

Test check of different fire stations of Bardhaman, Darjeeling and Kolkata districts revealed grossly inadequate provision of water sources as detailed under:

- During September 1984 a list of sources of water (Semi underground water reservoir: 11; underground reservoir: 25; open water source:46; hydrants and deep tube wells:9 and water sources available at various buildings:53) in Kolkata area under 'A' division was prepared and circulated. No log book was maintained to indicate present status of usability of these sources.
- Out of five test checked FSs of Kolkata in 'A' division, two⁸⁷ had no water sources of their own. Test checked FSs had no information regarding other water sources either private or public within their jurisdiction which could be tapped in emergency.
- In Kolkata under 'B' Division, all the underground reservoirs and fire hydrants except for two (which were available in 1999) had become defunct due to non-maintenance.
- In Kolkata and Bardhaman districts six⁸⁸ out of 13 test checked FSs had no water source of their own. Keeping in view the dense and thickly populated areas in Kolkata and around, the non-availability of

⁸⁷ Kalighat FS and Tollygunj FS

⁸⁸ Asansol, Bhatar, C.R. Avenue, Dum Dum, Nimtala, and Panagarh

water reservoirs /resources is a cause of worry calling for immediate attention.

- In Darjeeling district, 80 KL capacity water reservoir of Darjeeling FS dependent on natural hill stream remained dry from October to May. One 40 KL municipal tank and collection of water from natural sources served as alternative arrangement. An under ground water tank of 20000 gallon capacity at Kurseong FS was defunct since 2003. The present source of water was only 3KL municipal water tank. During November 2009, 10 new points for Hydrants was selected by Kalimpong FS jointly with PWD. No progress has been reported in the matter.

2.3.16 Fire Prevention

2.3.16.1 Fire Safety Certificate and No Objection Certificate

Under Section 11C of the West Bengal Fire Services Act 1950 (Act) and Rule 15 of the Fire Prevention and Safety Rule 2003 (Prevention Rules), a 'Fire Safety Certificate' (FSC) to be issued by a licensed agency appointed by WBFES for a high risk building. Director would endorse this FSC against proper fire safety measures. Further, under Section 11D of the Act and Rule 17 of the Prevention Rules, 'no objection certificate' (NOC) is to be obtained for construction of a high risk building from WBFES in support of its fire safety system. Buildings constructed prior to enforcement of the section 11C of the Act in 1996, were also to be covered under this section.

WBFES has not appointed any licensed agency to issue the FSC. Though there was no provision in the rule, provisional NOCs were issued along with recommendations of safety against payment of fees. The compliance to the recommendations was not inspected unless final NOC was applied for.

In the Fire Prevention Wing, headed by one Deputy Director, there were seven Fire Prevention Officers (FPOs). They are to inspect high rise residential buildings, educational institutions, places of public entertainment, hospitals and commercial places etc. to see whether fire prevention measures were followed and to periodically test the fire extinguishing system and other fire appliances installed therein under Section 3AA of the Act. Nothing was on the record to show whether such inspections were conducted *suo moto* or only as and when applications for obtaining provisional NOCs were received.

DD, North Zone accepted (June 2010) the above observation regarding absence of a proactive mechanism.

DD, Prevention and Protection intimated (May 2010) that as against 3693 applications received during January 2005 to March 2010, provisional NOCs as well as final NOCs had been issued in 2496 cases. However, in the absence of records the position could not be verified. Test check revealed the following irregularities:

- DG, WBFES authorised (April 2005) DOs of G and other three⁸⁹ divisions to issue NOC within their jurisdictions. During the period of audit, out of 412 applications, provisional NOCs were issued in 408 cases in G Division against collection of ₹ 76.96 lakh. Scrutiny revealed that in 67 cases after completion of construction, final NOCs were issued without inspection by relying on declaration of the owners to the effect that recommendations of WBFES had been duly complied with.
- To overcome loss of Government revenue and prevent occurrence of fire in fire prone establishments at Siliguri Municipal area and Siliguri Jalpaiguri Development Authority (SJDA) area, the department formed a Task Force (TF) for fifteen days during April 2008 for random survey. TF identified 80 business houses running without NOC at Siliguri area and served notices to them. Till June 2010 only 23 obtained provisional NOCs after remitting requisite fees (₹ 3.56 lakh). Further initiative was not taken to ensure fire safety compliance by those 23 business houses. No action was taken against the remaining 57 business houses. Thus, even after identification, 80 defaulting fire prone business houses could not be covered under fire prevention measures over a period of more than two years.

In reply (July 2010) DD, North Zone stated that tenure of task force was only 10 days and follow-up action could not be taken by regular administration due to inadequate infrastructure.

Test check of records of FSs in Kolkata and Darjeeling districts revealed that NOCs under Section 11C of the Act issued at divisional headquarters were not intimated to local FSs. As such, Station officers, at the time of any fire in any building under its jurisdiction, remained unaware of fire extinguishing arrangements available in that building.

In the reply (February 2011) Government had accepted their shortcoming to check fire prevention and protection in high risk buildings and stated that Directorate of WBFES did not have adequate strength of inspecting officers. Government approval for proposal for augmentation of the inspecting workforce was awaited.

2.3.16.2 Issue of Notice under section 35 to undertake fire safety measure

Section 35 of the Act, provides that it is the responsibility of the owners to take action to rectify the deviations from safety measures noticed during inspections. Audit observed that neither regular inspections were carried out nor notices were issued by the prevention wing of the Directorate. After occurrence of some severe fire incidences at market places and commercial houses at Kolkata due to lack of fire safety system, WBFES took some positive steps and along with Kolkata Police, Kolkata Municipal Corporation and CESC, inspected 28 hazardous market complexes and 15 commercial

⁸⁹ Divisions D2, H and H2

buildings and as per minutes of meeting held on May 2010 issued notices under section 35 of the Act. FIRs were also lodged against five market building authorities.

After being authorised by WBFES during November 2009, H Division issued notices during 2009-10 under section 35 of the Act to 22 high risk buildings/commercial houses/owners after inspection.

2.3.17 Fire safety awareness campaign

From 2009-10 the department started a publicity campaign on fire prevention and protection awareness. From September to October 2009, out of provision of ₹ 2 crore, an expenditure of ₹ 51.36 lakh was incurred on display of hoardings, banners, flex prints at different locations in Durgapur, Kolkata and Siliguri and broadcasts through FM radio, private television channels through an advertising agency recognised by Information and Cultural Affairs Department.

FSs under Kolkata observe 'Fire Prevention Week' annually in establishments like schools, high-rise buildings, markets, slum areas etc.

In Darjeeling, 'Fire Prevention Week 2010' was carried out by division and FSs during 2010 by demonstration in oil refineries, airport, tea gardens, schools, gram Panchayat offices; through distribution of leaflets; circulation of fire prevention bulletin through local news paper and local cable channel.

Department stated (July 2010) that since long it was felt necessary to create awareness on the prevention and fire safety among people at large but due to meagre budgetary support the same could not be organised on a large scale. The reply, however, did not address the issue of non-utilisation of allotted funds during 2009-10.

2.3.18 Approach of municipal developmental authorities regarding fire safety of new constructions

Authorities involved with development of new townships had taken a positive approach by adopting fire safety clauses in addition to standing Municipal Laws.

- Rajarhat New Town Authority, during August 2009, adopted a Rule, according to which while approving a building plan, concerned architects and engineers were required to ensure receipt of no objection certificate from WBFES and also that approved plans are in conformity with stipulations of Para 4 of the National Building Code having detailed rules, norms and methods of fire safety.
- Kolkata Municipal Corporation adopted a new building rule in September 2009, which *inter alia* stipulated (para 12.9) consultation with Director of Fire Services before grant of permission to erect a building.

- Siliguri Jalpaiguri Development Authority had framed its regulation against Planning and Development Act, 1979, wherein detailed rules on fire and exit requirements had been included.

2.3.19 Fees payable for extinguishing fire

Under Section 4A of the Act, DG was responsible to raise demand and realise 'Fire Service Charges' from commercial houses or premises requiring 'Fire Safety Certificate' for sending fire brigade in order to extinguish fire. Divisional Officers were responsible for collection of those charges. As per the record on demand and collection of such charges maintained by DG's office, ₹ 1.03 crore pertaining to the period July 2003 to March 2010 stood realisable in 10 divisions as shown below:

Table No.2.3.6: Outstanding fire service charges

(₹ in lakh)

Name of Division*	Amounts outstanding as of March 2010	No. of cases	Remarks
A Division	19.51	174	Public demand issued on February and March 2009 for total amount of ₹ 17.04 lakh
B Division	57.80	122	Public demand issued on April and May 2010.
C Division	6.97	137	
D Division	3.14	27	
E Division	6.80	71	Second reminder issued to 71 defaulters
F Division	0.43	7	
G Division	8.28	32	Demand of ₹ 0.28 lakh to the concerned commercial houses yet to be made.
Total	102.93		

**There was no outstanding FSC in D2, H and H2 Divisions*

Source: Replies from 10 Divisions

Scrutiny revealed that statement of demand as submitted by FSs in two⁹⁰ divisions did not indicate whether the affected building was covered by 'no objection certificate'. However, at the instance of Audit all FSs under 'A' division had been instructed to mention in the working statement whether NOC/Fire Licence was issued to the affected building.

Government's reply was silent on this issue.

2.3.20 Fire Licence

Under Section 12 of Act and Fire Licence Rule 2004, storing or processing of hazardous substances in houses/godowns is allowed subject to grant of fire licences by the collector⁹¹ appointed by the department. Issue of this license should be made against application by the owner of the premises along with a copy of requisition of fire safety duly endorsed by DG's office or a copy of FSC duly endorsed under Section 11C and other relevant documents. In practice, applications were forwarded to Fire Protection Wing headed by one Deputy Director, for necessary inspection and fire licence was issued after remittance of amount as assessed by assessor of DG. Licences remained valid

⁹⁰ Division A and B

⁹¹ at present, Jt. Secretary, WBFES department is the collector for fire license. For North Zone, Dy. Director North Zone was appointed as collector.

for one year and were required to be renewed. During 2005-10, out of 12386 new applications and 60398 renewal cases, total 48051 licence had been issued. Break-up of the cases of new applications and renewals were not maintained by DGFES. During the said period 7173 fire licences were also issued for manufacturers/vendors of fire works. The reasons as ascertained by Audit for shortfall of 24733 cases were as under:

- After application and inspection, vendors of the hazardous items were unable to install safety measures as asked for,
- Storage of hazardous item was not permissible as per rule, and;
- Amount of licence fee as assessed by assessing authority could not be remitted by the vendors.

However, no mechanism was in place or nothing was on record to show initiative by WBFES to prevent hoarding of hazardous items in premises for which licence had been denied.

2.3.21 Conclusion

Given the large scale urbanisation through development of new townships and change in population density, it is imperative that WBFES keeps pace with the change through expansion of its coverage by setting up new FSs and procurement of new fire tenders and other appliances. However, though road map for construction and upgradation of new FSs were spelt out repeatedly in the Budget speeches, the progress in work was slow. There was laxity on the part of WBFES in pursuing with implementing agencies to get the construction of Fire Services buildings completed. Lackadaisical approach of the department to complete the formalities of procurement was also apparent from instances of delay of more than three years in receiving fire tenders even after releasing payments. This had also impacted the preparedness in regard to availability of fire tenders.

Moreover, insufficient monitoring and absence of data base on availability of fire tenders/safety appliances at fire stations, shortage of fire tenders as per SFAC norms coupled with inordinate delays in repair and commissioning of out of service vehicles, potentially compromised preparedness of fire stations.

Manpower management also remains to be a matter of concern, as shortage of operational staff coupled with absence of periodic in-service refresher training as well as regular drills affects the operational efficiency of fire personnel. Besides, absence of evaluation of physical fitness of aged staff as per SFAC norms may compromise efficiency.

Absence of effective communication system and computerised management information system and decision support system adversely affected the performance of WBFES.

Activities of WBFES as regards fire prevention and protection in high risk buildings was not proactive, rather it was dependent upon initiative of the building owners.

Recommendations

- *WBFES should prepare a suitable Perspective Plan for setting up new FSs and upgradation of existing ones and identify prospective sources of funds to keep pace with the large scale urbanisation and increasing population density;*
- *WBFES should maintain centralised database of availability of various items of safety appliances and draw up annual procurement plan after obtaining specific requirements from the divisions and consider revamping the workshop infrastructure.*
- *Water source on the basis of SFAC norms to be established throughout the State especially in Kolkata (being thickly populated).*
- *The practice of issuing temporary NOC to high risk buildings needs to be reviewed.*