



सत्यमेव जयते

**Audit Report of the
Comptroller and Auditor General of India
(Compliance Audit)
for the year ended 31 March 2022**



SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest



**Government of West Bengal
Report No. 2 of the year 2023**

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Comptroller and Auditor General of India
(Compliance Audit)**

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Government of West Bengal

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PREFACE

This Report for the year ended 31 March 2022 has been prepared for submission to the Governor of West Bengal under Article 151 of the Constitution of India.

This Report contains significant results of audit of 25 Departments, 46 Autonomous Bodies and of 63 Government Companies and Statutory Corporations in West Bengal.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2021-22, as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Matters relating to the period subsequent to 2021-22 have also been included, wherever pertinent.

The audit has been conducted in accordance with the Auditing Standards issued by the Comptroller and Auditor General of India.

Chapter I

Overview

CHAPTER-I

Overview

1.1 Introduction

This Report of the Comptroller and Auditor General of India covers matters arising out of audit of State Government Departments, State Public Sector Enterprises (SPSEs) and Autonomous Bodies (ABs) under the audit jurisdiction of the Office of the Accountant General (Audit-II), West Bengal.

As of 31 March 2022, there are 58 Administrative Departments in West Bengal, headed by Additional Chief Secretaries/ Principal Secretaries/ Secretaries, who are assisted by Directors/ Commissioners/ Chief Engineers and other subordinate officers. This report covers the functioning of 25 Departments (*Appendix-1*) under the jurisdiction of this office.

Of the total expenditure of ₹34,601.87 crore incurred by these 25 Departments during 2021-22, a major portion (83.56 *per cent*) was incurred by Urban Development and Municipal Affairs (32.28 *per cent*), Public Works (17.39 *per cent*), Public Health Engineering (13.67 *per cent*), Disaster Management and Civil Defence (10.38 *per cent*) and Power Department (9.84 *per cent*).

This chapter provides the details of planning and extent of audit and response to Audit by various Departments.

1.2 About this Report

Audit findings arising from Compliance audits of 25 Government Departments, 46 ABs including two Regulatory Authority (*Appendix-2*) and 63 SPSEs (*Appendix-3*) under the audit jurisdiction of this Office are included in this Report. Compliance Audit covers examination of transactions relating to expenditure of the audited entities to ascertain whether the provisions of applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

1.3 Authority for Audit

The mandate for audit is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) (DPC) Act, 1971. The audit of expenditure of the Departments of Government of West Bengal is conducted under Section 13¹ of the C&AG's (DPC) Act. In addition, the C&AG is the sole Auditor in respect of ABs, which are audited under Sections 19(2)², 19(3)³ and 20(1)⁴ of the C&AG's (DPC) Act. ABs substantially funded by the Government are also audited under Section

¹ *Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to the Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts.*

² *Audit of accounts of Corporation (not being companies) established by or under law made by Parliament in accordance with the provisions of the respective legislations.*

³ *Audit of the accounts of corporations (not being companies) established by or under law made by the State Legislature at the request of the Governor.*

⁴ *Audit of accounts of anybody or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the CAG and the Government.*

14⁵ of C&AG's (DPC) Act. Further, the C&AG conducts audit of Government Companies and Statutory Corporations in West Bengal under sections 19(1)⁶ and 19(2) of the C&AG's (DPC) Act. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts issued by the C&AG.

1.4 Planning and Conduct of Audit

The audit process starts with assessment of audit risks of various Departments of the Government, based on parameters such as expenditure incurred, criticality/complexity of their activities, level of delegated financial powers, assessment of overall internal controls and concerns of the stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. Annual Audit Plan is formulated to conduct audit on the basis of such risk assessment. After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the entities. The entities are requested to furnish replies to the audit findings within one month of receipt of the IRs. Wherever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations in the IRs are processed for inclusion in the Audit Report.

1.5 Response to Audit

Twenty six Compliance Audit paragraphs and three Detailed Compliance Audits proposed for inclusion in this report were forwarded (between July 2022 and December 2022) to Additional Chief Secretary/ Principal Secretaries/ Secretaries of the Departments concerned, with the request to send their responses. Departmental replies in respect of eight Compliance Audit Paragraphs and three Detailed Compliance Audit have been received till date (March 2023). The responses of concerned Departments as well as replies to initial audit memos, wherever received, have been suitably incorporated in the Report.

Audit Reports for the years 2016-17 to 2020-21, were sent to the State Government between May 2018 and January 2023, for tabling in the State Legislature. The Reports for 2016-17 to 2019-20, were presented in the State Legislative Assembly after three to twenty seven months from handing over as detailed in *Appendix-4*.

The Departments concerned are required to furnish replies to the observations included in the Audit Reports within one month of their presentation in the State Legislative Assembly. Though the Audit Reports for the years 2006-07 to 2019-20 were presented to the State Legislature between March 2008 and March 2022, replies to 358 paragraphs are yet to be received from 15 Departments under the audit jurisdiction of this office. Status of the pending replies as on

⁵ *Audit of (i) all receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of the State and (ii) all receipts and expenditure of anybody or authority where the grants or loans to such body or authority from the Consolidated fund of the State in a financial year is not less than ₹ one crore.*

⁶ *Audit of the accounts of Government Companies in accordance with the provisions of the Companies Act, 2013 (18 of 2013), previously the Companies Act, 1956 (1 of 1956).*

31 August 2022, is given in *Appendix-5*. It would also be seen from the Appendix that replies to these 358 paragraphs were overdue for 14 years 8 months to 6 months.

As stipulated in the Rules of Procedure of the Committee on Public Accounts (PAC) and Committee on Public Undertakings (CoPU), the administrative Departments are required to take suitable action on the recommendations made in the Reports of the PAC and CoPU presented to the State Legislature and submit comments on the action taken or proposed to be taken on those recommendations within six months.

Action Taken Notes on 17 paras contained in 14 Reports of the PAC presented to the Legislature from July 1999 to February 2021, had not been submitted by four Departments to the Assembly Secretariat and Action Taken Notes on 17 paras contained in 17 Reports of the CoPU presented to the Legislature from July 2008 to March 2022, had not been submitted by three Departments to the Assembly Secretariat as of August 2022.

Inspection Reports issued to 21 Departments till 31 August 2022, were reviewed and it was observed that 4,342 paragraphs relating to 749 IRs remained outstanding at the end of August 2022 (*Appendix-6*).

1.6 Placement of Separate Audit Reports of Autonomous Bodies and SPSEs

Separate Audit Reports (SARs) contain the audit observations of the C&AG on the accounts of ABs and SPSEs. These reports are to be laid before the State Legislature as per the provisions of the respective Acts. The status of placement of SARs issued by the C&AG (up to March 2022) on the accounts of ABs and SPSEs in the State Legislature is shown in *Appendix-7*. Thirty one SARs in respect of four ABs and three SPSEs were issued to the Government during February 2012 to March 2022. These are yet to be placed in the State Legislature.

1.7 Significant Audit Observations

Detailed Compliance Audit on Implementation of Lok Prasar Prakalpa, Information and Cultural Affairs Department, Government of West Bengal

The Information and Cultural Affairs Department (I&CAD), Government of West Bengal (GoWB), launched (July 2014) a flagship project, 'Lok Prasar Prakalpa' to ensure a minimum monthly income to the Folk Artists (FAs), to provide economic stability to the FAs, along with the revival of traditional folk art.

(Paragraph 2.2.1)

Database of the FAs was incomplete and was not updated. The database did not contain field for capturing information on 'family income'. Further, out of the total of 0.80 lakh FAs in the seven selected districts, the Folk Forms of 5,860 FAs and Experience Forms of 4,816 FAs, were not available.

(Paragraph 2.2.8.1)

Due to absence of integration of the LPP portal with the Jai Bangla portal, I&CAD did not have real-time control over the implementation of LPP, even after the adoption of Direct Benefit Transfer.

(Paragraph 2.2.8.2)

In the absence of centralised instructions relating to the implementation of LPP, the District Information and Culture Officers (DICOs) did not follow a uniform procedure for selection, implementation and monitoring of the scheme.

(Paragraph 2.2.9.1)

Due to the non-conduct of audits, 51,376 applicants, in the seven test-checked districts, were denied opportunity to be enlisted for receiving financial assistance under the LPP.

(Paragraph 2.2.9.2)

DICOs had failed to distribute 5,590 identity cards, even after 54 months of its printing.

(Paragraph 2.2.9.5)

Out of seven selected districts, 21,094 retainer FAs in three districts⁷ had not been provided programme during 2021-22, while 17,917 FAs in the remaining four districts⁸ were not provided programme till July-August 2022.

(Paragraph 2.2.10.2)

Due to the delay in repayment of the loan, Folk & Tribal Cultural Centre (FTCC) had to pay additional interest of ₹ 2.03 crore, for the period from October 2020 to January 2021.

(Paragraph 2.2.11)

In the selected seven districts, life certificates were not collected from 39,601 FAs in the financial year 2021-22.

(Paragraph 2.2.12.1)

There was no specific timeline regarding intimation of death of FAs in the guidelines. In the absence of regular monitoring, I&CAD had released ₹ 12.58 lakh to the bank accounts of the 99 deceased FAs.

(Paragraph 2.2.12.2)

In seven selected districts, the Department conducted 16 workshops during FYs 2017-18 and 2018-19, but did not conduct workshops during FYs 2019-20 to 2021-22.

(Paragraph 2.2.12.4)

Individual Compliance Audit observation

Lack of action by DL&LROs resulted in non-realisation of rent, cess and surcharge of ₹ 4.63 crore, in cases pertaining to land used for commercial purposes.

(Paragraph 2.7)

⁷ Purulia (12,000), Murshidabad (7,834) & Dakshin Dinajpur (1,260).

⁸ Hooghly (5,000), Bankura (10,446), Birbhum (1,750) & Alipurdwar (721).

Detailed Compliance Audit on Implementation of Cluster Development Programme in West Bengal

The Cluster Development Programme (CDP), in West Bengal, is being implemented under the 'Micro and Small Enterprises - Cluster Development Programme' (MSE-CDP), through joint funding, with grants by the Government of India (70 *per cent* of the project cost or to 90 *per cent*, in case of micro/village, women owned or SC/ST units); funding by Special Purpose Vehicles (SPVs)- of at least 10 *per cent* of the project cost; and gap funding by the State Government.

The main objectives of the CDP are: (i) strengthening of the institutional framework (ii) providing backward and forward linkages and (iii) creation of need-based Common Facility Centres (CFCs), using modern technology, for enhancing the productivity and competitiveness of the enterprises in the cluster. Out of the 13 CFCs under MSE-CDP, five⁹ have been fully completed and handed over, one¹⁰ has been partly completed and handed over, four¹¹ are ongoing, two¹² have been dropped and one¹³ had not been taken up.

(Paragraph 2.8.1)

Instances of inclusion of ineligible stakeholders, not related to the operations of the CFCs were noticed in four out of the eight selected CFCs.

(Paragraph 2.8.5.1)

Deviations, in purchase of approved Plant and Machinery were noticed in four CFCs. Mandatory approval for the deviations, were also not obtained from the National Level Screening Committee.

(Paragraph 2.8.6.1)

One of the agencies, to whom advance of ₹ 4.33 crore had been paid, for supply of machines of CFC of Re-rolling Mills, Jagatballavpur, Howrah, had not delivered 50 out of 74 machines, costing ₹ 1.76 crore, even after a lapse of nine years, resulting in stalling of the project.

(Paragraph 2.8.6.2)

In four¹⁴ CFCs, P & M worth ₹11.44 crore were procured, but were not insured by the SPVs, though required as per the MSE-CDP guidelines.

(Paragraph 2.8.6.6)

CFC of the Re-rolling Mills, Jagatballavpur, Howrah remained non-functional, even after ten years and the amount of ₹ 11.21 crore had remained unfruitful,

⁹ (i) Fan Manufacturing, Bansdroni, Kolkata (ii) Plastic Products, Rajganj, Jalpaiguri (iii) Honey Processing Cluster, Malda (iv) Roofing Tiles Cluster, Murlu, Bankura and (v) Zari Embroidery Cluster, Budge Budge II Block, South 24 Parganas.

¹⁰ Lead Acid Storage Battery, Darjeeling.

¹¹ (i) Refractory Bricks, Salanpur, West Burdwan (ii) Re-rolling Mills, Jagatballavpur, Howrah (iii) Kaliyaganj Edible Oil, Uttar Dinajpur and (iv) Silver Filigree, Magrahat, South 24 Parganas.

¹² (i) Metal Casting (Foundry) Cluster, Howrah and (ii) Leather Goods, Santiniketan, Birbhum.

¹³ Rice Mill Cluster, East Burdwan.

¹⁴ (i) Silver Filigree, Magrahat, South 24 Parganas, (ii) Fan Manufacturing, Bansdroni, Kolkata, (iii) Re-rolling Mills, Jagatballavpur, Howrah and (iv) Lead Acid Battery, Siliguri, Darjeeling.

without achievement of the desired objectives. CFC of the Kaliyaganj Edible Oil, Uttar Dinajpur, after incurring expenditure of ₹ 5.50 crore, on civil works, could not be made functional, even after a time lag of 38 months.

(Paragraph 2.8.6.7)

Five¹⁵ CFCs which procured Plant & Machinery (P & M), had not published Notice Inviting Tenders (NITs) in the Indian Trade Journal or in any of the widely published National dailies, thus detracting from the objectives of open competition, wide participation, and competitive rates. E-tendering was also not opted for purchase of any of the CFCs, although it was made mandatory.

(Paragraph 2.8.7.1)

Implementing Agency neither had in-house technical expertise, nor had it engaged any consultant, to assess the actual requirement of P&M for the CFCs, which had resulted in deviations from the approved Detailed Project Reports.

UCs submitted by the Implementing Agency did not mention the interest accrued on the funds kept in the Project Specific Accounts (PSAs) and had not refunded the interest accumulated in the PSAs of the CFCs.

(Paragraph 2.8.9.1)

The District Industries Centres (DICs) had not maintained records/ information related to the implementation of CFCs, for the purpose of monitoring and had solely relied upon the records/ information provided by the SPVs.

The DICs had not conduct physical inspections of the CFCs. Further, the General Manager, DICs, did not effectively perform their duties as Chairpersons of the Purchase Committees. Besides, irregularities in tendering could not be checked by GM, DICs.

(Paragraph 2.8.9.2)

Individual Compliance Audit observations

Public Health Engineering Department (PHED), without proper survey, awarded the piped water supply scheme to an agency, for the construction of River Bed Tube Wells (RBTWs), on river beds which had large-scale mining activities and were prone to flooding, resulting in complete washing out of 74 of the RBTWs so installed and wasteful expenditure of ₹ 3.17 crore.

(Paragraph 2.10)

Construction of a newly laid layer of Bituminous Macadam, without wearing course, in contravention of Indian Road Congress (IRC) provisions and MoRTH specifications, led to damage of road and wasteful expenditure of ₹ 2.50 crore.

(Paragraph 2.13)

Public Works Department extended undue benefit, by allowing interest-free Mobilisation Advance to a contractor, resulting in loss of interest of ₹ 5.34 crore.

(Paragraph 2.15)

¹⁵ (i) Refractory Bricks, Salanpur, West Burdwan, (ii) Re-rolling Mills, Jagatballavpur, Howrah, (iii) Fan Manufacturing, Bansdrani, Kolkata, (iv) Plastic Products, Rajganj, Jalpaiguri, and (v) Lead Acid Battery, Siliguri, Darjeeling.

Despite availability of information regarding non-payment of motor vehicle taxes by defaulter vehicle owners, the RTOs/ ARTOs did not monitor, nor did they review the data available with VAHAN. As a result, demands were not raised and taxes and penalty, amounting to ₹ 12.68 crore, remained unrealised.

(Paragraph 2.22)

Registering Authorities under the Transport Department did not collect tax from dealers or manufacturers at the time of first registration of motor vehicles, resulting in loss of Government revenue, amounting to ₹13.35 crore.

(Paragraph 2.26)

Overview of State Public Sector Enterprises

The State Public Sector Enterprises (SPSEs) comprise State Government Companies, Government-controlled other Companies, subsidiary Companies and Statutory Corporations. They were established to carry out the activities of commercial nature and to contribute in economic development of the State. As on 31 March 2022, there were 63 SPSEs (including 19¹⁶ inactive SPSEs) under the audit jurisdiction of the Office of the Accountant General (Audit-II). The financial performance of 63 SPSEs, according to their latest finalised accounts as on 30 September 2022, showed that 44 working SPSEs registered an aggregate turnover of ₹ 42,339.50 crore. This turnover was equal to 2.76 per cent of State Gross Domestic Product¹⁷ (GSDP) for the year 2021-22 (₹ 15,36,681 crore).

(Paragraph 3.1)

As of 30 September 2022, 20 out of 61 SPSEs had submitted their accounts for the year 2021-22. The accounts¹⁸ of remaining 41 SPSEs (127 accounts)¹⁹ were in arrears for one year to 16 years as compared to 54 SPSEs (136 accounts) in arrears for one year to 15 years, at the end of September 2021.

(Paragraph 3.4)

As on 31 March 2022, the investment (capital and long-term loans) in 63 SPSEs was ₹ 42,355.01 crore as seen from their latest available accounts received. This total investment consisted of 37.76 per cent towards paid-up capital and 62.24 per cent in long-term loans.

(Paragraph 3.6)

During 2021-22, the office of the Accountant General (Audit-II), West Bengal conducted compliance audit of 18 units of 11 SPSEs. The results of these audits are communicated to the Government of West Bengal and the SPSEs concerned. During the year, 15 inspection reports (IRs) containing 90 paragraphs were issued after audit of these 11 SPSEs. In the same period, 27 IRs were closed and 108 paragraphs settled based on replies furnished. As on 31 March 2022, 335 IRs containing 1,140 paragraphs were outstanding in respect of 46 SPSEs.

(Paragraph 3.8)

¹⁶ Including one company under liquidation viz. West Bengal Tea Development Corporation Limited.

¹⁷ First advance estimates at current prices for base year 2011-12 (Source: Bureau of Applied Economics & Statistics, Government of West Bengal).

¹⁸ Including four arrear accounts of Britannia Engineering Limited, that was amalgamated with Westinghouse Saxby Farmer Limited, with retrospective effect from April 2016.

¹⁹ Including 10 consolidated financial statements.

Compliance Audit of State Public Sector enterprises

West Bengal State Electricity Distribution Company Limited (WBSEDCL) purchased solar energy beyond the contractually committed quantity, between March 2018 and March 2020, despite fulfilling Renewable Purchase Obligations, resulting in excess expenditure of ₹ 30.22 crore.

(Paragraph 4.2)

WBSEDCL had supplied electricity to four centralised bulk consumers, without obtaining adequate security under the extant provisions. This led to non-realisation of electricity charges of ₹ 47.07 crore.

(Paragraph 4.5)

West Bengal Tourism Development Corporation Limited constructed jetties in the Digha-Sankarpur area, without undertaking necessary environmental impact assessments, for obtaining the requisite approvals from the West Bengal Coastal Zone Management Authority. Consequently, the expenditure of ₹ 5.09 crore, on these jetties, was rendered wasteful.

(Paragraph 4.7)

Detailed Compliance Audit on “Management of Resources” by the South Bengal State Transport Corporation

Initially, the South Bengal State Transport Corporation (SBSTC) was incorporated as the Durgapur State Transport Corporation (December 1973), under Section 3 of the Road Transport Corporations Act, 1950. Subsequently, it was renamed as the South Bengal State Transport Corporation in March 1988. The main objective of the Corporation is to provide an efficient, economic and reliable transport service, in coordination with other forms of transport, to public, trade and industry, in the districts of South Bengal.

As of 31 March 2022, SBSTC was providing passenger service covering a total route length²⁰ of 1.30 lakh kilometres per day. The State also allows private operators to provide public transport in the areas operated by SBSTC. Out of the total buses operated in South Bengal, SBSTC’s share was approximately 13 per cent.

(Paragraph 4.8.1)

The percentage of off-road buses was very high, ranging between 27.84 (FY 2019-20) and 38.13 (FY 2017-18). This implied that SBSTC could not earn revenue from these buses during the said periods. As against the AIA²¹ of 6.48 years, the average age of buses of SBSTC was 8.06 years in FY 2021-22.

(Paragraph 4.8.8.1)

SBSTC had 48²² AC buses as of 31 March 2022. However, it was not maintaining separate records, either for the revenue earned (make-wise) from operation of AC buses or for the cost of their maintenance. Records of four²³

²⁰ Route length = Total number of routes operated by SBSTC x Km. covered per route x Number of trips per route.

²¹ AIA in FY 2017-18.

²² 38 standard AC buses, five Volvo AC buses and Five Electric AC Buses.

²³ Digha, Belgharia, Durgapur and Asansol.

depots showed that the occupancy ratio of standard AC, Volvo and electric AC buses, in FY 2021-22, was 37.57, 20.68 and 29.03 *per cent*, respectively. The average earnings per kilometre (EPKM)²⁴ of these buses worked out to ₹ 25.25, ₹ 23.20 and ₹ 13.47, respectively, whereas the cost of fuel per km/cost of energy consumed per km (in case of electric buses) worked out to ₹ 24.63, ₹ 36.95 and ₹ 5.77, respectively. The contribution margin, after meeting the fuel costs, worked out to ₹ 0.62, ₹ (-)13.75 and ₹ 7.70.

(Paragraph 4.8.8.2)

During FYs 2017-18 to 2021-22, the value of fuel consumed to cover dead kilometres amounted to ₹ 2,843.43 lakh²⁵. Except in the case of Digha depot, the distance between depot to bus stand for the five selected depots varied between 4 km and 21 km.

(Paragraph 4.8.9.1)

Although the average price of HSD had increased from ₹ 67.71 per litre in FY 2018-19 to ₹ 89.41 in FY 2021-22, the fare per km had remained static during this period. As a result, the gap²⁶ between EPKM and fuel cost per Km gradually diminished from ₹ 9.67 per Km in 2018-19 to ₹ 2.73 per km in 2021-22.

(Paragraph 4.8.9.2 I)

During 2021-22, SBSTC had deployed buses to facilitate commuters, with 50 *per cent* of the sitting capacity, as per Government Orders issued from time to time. Due to restricted occupancy in FY 2021-22, SBSTC had suffered operational losses of ₹ 1,008.54 lakh²⁷ and the same had been claimed from the GoWB. Against the said claim, SBSTC had received ₹ 600 lakh (up to July 2022) only from GoWB.

(Paragraph 4.8.9.2 IV)

²⁴ For FY 2021-22.

²⁵ Dead km (FYs 2017-18 to 2021-22) x Average HSD rate/Average KMPL= 171,90,013 x ₹ 70.30/4.25.

²⁶ Traffic Revenue per Km less Fuel cost per Km.

²⁷ Operational Loss calculated: ₹ 1,173.90 lakh+ Amount received: ₹ 100 lakh- Due from High Court: ₹ 214.56 lakh- Due from Health Department: ₹ 50.80 lakh.

Chapter II

Compliance Audit of State Government Departments

CHAPTER - II

FIRE & EMERGENCY SERVICES DEPARTMENT

2.1 Excess payment of GST to a private agency, for supply of Firefighting Motor Vehicles

Fire & Emergency Services Department paid ₹78.61 lakh, in excess of the prescribed rates, to a private agency, for supply of firefighting Motor Vehicles.

The Director General (DG), Fire & Emergency Services, West Bengal, procured Fire Fighting Motor Vehicles, during the financial years 2018-19 and 2019-20, for operational use in Fire Stations throughout the State. As per clause 11 of the Notice Inviting e-Tender (NIT): (i) the agency was required to quote the base price (rate per unit) of the Fire Fighting Motor Vehicles and (ii) separately mention the taxes and any other charges. Further, as per Notification²⁸ issued by Ministry of Finance, Govt. of India, Special Purpose Motor Vehicles (Fire Fighting Motor Vehicles) were taxable at the rate of 18 *per cent*, with effect from 27 July 2018.

(A) The Department placed (during December 2018 to January 2019) three orders, for supply of three different types of Fire Fighting Motor Vehicles²⁹, to a private agency at a tendered cost of ₹ 7.40 crore (without applicable Goods and Service Tax). Audit observed (September 2021) that the agency was paid (between March 2019 and January 2020) ₹ 2.07 crore as Goods and Service Tax (GST) @ 28 *per cent*, instead of prescribed rate of 18 *per cent* prevailing at that time, in all the three cases. As a result, the agency was paid an excess amount of ₹ 74.03 lakh³⁰, as GST.

After the matter was pointed out (September 2021) by Audit, the DG recovered a sum of ₹ 13.12 lakh from the agency in one case, whereas, for the remaining two cases, the DG replied (August 2022) that the agency had actually paid GST @ 28 *per cent* to the tax authority and, as such, no excess payment had been made. However, the fact remains that prevailing rate of GST for the instant vehicles was 18 *per cent* only, and the Department had to incur additional expenditure on GST. Further, the private agency can obtain refund of the excess GST paid at the time of filing its return. Thus, the Department, without proper scrutiny, paid excess GST, resulting in excess payment of ₹ 60.91³¹ lakh to the agency.

(B) The Director General, Fire & Emergency Services, West Bengal, placed (June/July 2018) two different supply orders, for purchase of Fire Fighting Motor Vehicles³², with a private agency. Audit observed (September 2021) that, in both cases, the agency had increased the basic price of the vehicles by

²⁸ No. 18/2018-Central Tax (Rate) dated 26 July 2018.

²⁹ 30 Completely Fabricated Mid-Size Water Tenders (CFMSWTs), three Multi-Purpose Foam Tenders (MPFTs) and two Mobile Control Room Vans (MCRVs).

³⁰ ₹ 7.40 crore @ 28% (-) ₹ 7.40 crore @ 18%.

³¹ ₹ 74.03 lakh-₹ 13.12 lakh.

³² 20 Completely Fabricated Water Bowsers (CFWBs) and 20 Completely Fabricated Water Carriers (CFWCs).

₹ 54,61,016³³ and ₹ 43,72,881³⁴, respectively, as compared to the prices quoted in the Bid. The DG, without proper scrutiny, paid the amount as claimed by the agency, resulting in excess payment of ₹ 1.16 crore³⁵. However, after the matter was pointed out by Audit (September 2021), the DG recovered ₹ 98.34 lakh from the agency. The balance amount of ₹ 17.70 lakh has not been realised till date (August 2022).

Thus, the Department failed to exercise proper checks before making payment to private agencies, resulting in excess payment of ₹78.61 lakh (₹60.91 lakh + ₹ 17.70 lakh), for supply of Fire Fighting Motor Vehicles.

The matter was reported to the Government in July 2022. No reply has been received till date (March 2023).

INFORMATION & CULTURAL AFFAIRS DEPARTMENT

2.2 Detailed Compliance Audit on Implementation of Lok Prasar Prakaalpa, Information and Cultural Affairs Department, Government of West Bengal

2.2.1 Introduction

The Information and Cultural Affairs Department (I&CAD), Government of West Bengal (GoWB), launched (July 2014) a flagship project, 'Lok Prasar Prakaalpa' (LPP), combining three schemes, viz. (i) issuance of Folk Identity Card, (ii) enlistment of Folk Artistes (FAs) for financial assistance i.e., pension to senior FAs (aged above 60 years) and Retainer Fees to FAs below 60 years of age and (iii) Campaign programme with the enlisted FAs. Under LPP, I&CAD proposed



Fig. 2.1: FAs performing a popular dance form (Chhau)

to engage the FAs in campaign programmes, to ensure a minimum monthly income to the FAs, to provide economic stability to the FAs, along with the revival of traditional folk art. Exponents of folk songs (*Baul, Bhatiali, etc*), folk dances (*Chhau, Lathikhela, etc*) and folk drama (*Bohurupi, Putul Natak, etc.*) are defined as folk artistes in the Scheme notification dated 14.01.2013.

³³ Basic price (without GST), as per Bid: ₹ 6,44,40,000 of 20 CFWB and Basic price (without GST), as per Tax invoice: ₹ 6,99,01,016 of 20 CFWB.

³⁴ Basic price (without GST), as per Bid: ₹ 5,16,00,000 of 20 CFWC and Basic price (without GST), as per Tax invoice: ₹ 5,59,72,881 of 20 CFWC.

³⁵ Excess base price (₹ 54,61,019 + ₹ 43,72,881) + Excess tax (@18%) paid on excess base price (₹ 9,82,983 + ₹ 7,87,118) = ₹ 1,16,04,000.

The objectives of LPP were to:

- (a) Bestow dignity on FAs by issuing identity cards;
- (b) Uphold and traditional folk forms art and culture of Bengal;
- (c) To revive nearly extinct folk forms of art and culture and;
- (d) Uplift the socio-economic conditions of the artists associated with folk culture.

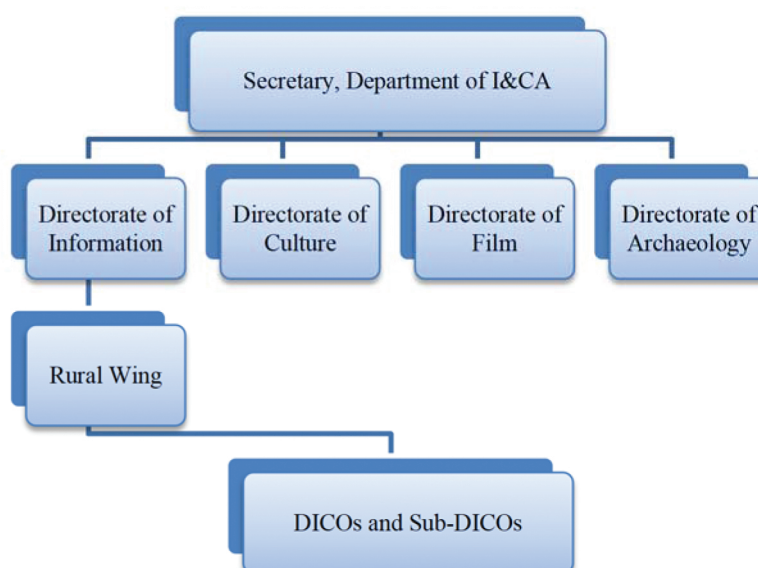
The enlisted beneficiaries are broadly categorised into two categories:- Pensioner (FAs aged 60 years and above) and Retainer (FAs aged below 60 years). Enlisted FAs are issued Folk Identity Cards. The rate for Pensioner and Retainer Fee is ₹ 1,000/- per month. The Retainers are also required to perform for Government programmes, as and when called for, and to be paid ₹ 1,000/- per performance.

- As of May 2022, 1.88 lakh FAs were enlisted (*Appendix-8*). As of December 2022, the enlisted FAs had been reduced to 1.87 lakh, due to death and other reasons.
- Monthly pension was being provided to 0.34 lakh elderly FAs.
- Retainer fees were provided to another 1.54 lakh FAs.
- From January 2019 to October 2022, I&CA organised 67,496 programs creating 5,00,159 performance days and disbursed ₹ 50.02 crore as performance fees.

2.2.2 Organisational Set-up

The I&CAD is headed by the Secretary and executes its policies and programmes through the Directorates of Information, Culture, Films and Archaeology. The Directorate of Information implements the LPP scheme through 22 District Information & Culture Offices (DICOs) in the districts and the Folk & Tribal Cultural Centre (FTCC) in Kolkata. The organisational structure of I&CAD is shown below:

Chart 2.1: Organisational structure of I&CAD



2.2.3 Trend of Expenditure

The I&CAD received grant of ₹ 1,184.14 crore for the implementation of LPP and spent ₹ 1,169.31 crore, during the financial years 2017-18 to 2021-22. However, the trend of expenditure was not uniform, as can be seen from Table 2.1.

Table 2.1: Year-wise grants received *vis-à-vis* expenditure

(₹ in crore)

Financial Year	Grant received	Expenditure	Saving (-)/ Excess (+)
2017-18	206.29	195.08	(-)11.21
2018-19	255.50	253.48	(-)2.02
2019-20	231.86	231.53	(-)0.33
2020-21	248.15	247.21	(-)0.94
2021-22	242.34	241.98	(-)0.36
Total	1,184.14	1,169.31	(-) 14.86

(Source: Information from I&CAD)

From the above table, it can be seen that, during the financial years 2017-18 to 2021-22, I&CAD could not utilise the entire grant received from the GoWB. The I&CAD could have utilised more funds out of entire grant received for LPP to create more performance days, thereby extending further financial benefits to the FAs.

2.2.3.1 Direct Benefit Transfer system in LPP

After the launch (July 2014) of LPP, I&CAD directed all the 22 districts³⁶ to maintain a bank account, in the name of 'District Level Folk Identity Card Issuance Committee' (DLFICIC), of the respective district, to be jointly operated by the District Magistrate and DICO. I&CAD transferred the total allocation of all the districts to the account of the Folk and Tribal Culture Centre (FTCC), which, in turn, remitted the allocations to the respective district DLFICIC bank accounts. The financial benefits were transferred to the beneficiaries according to this process till August 2017.

The Finance Department, GoWB directed (May 2017) all Departments that no budgetary funds, unless approved by the Finance Department, would be transferred to the bank accounts of the Departments, Directorates, societies, PSUs, statutory bodies, Corporations, Boards, *etc.* either directly or through PL/Deposit accounts. As per the direction of the Finance Department, I&CAD closed all the bank accounts, opened for LPP, in the name of the DLFICICs.

Thereafter, the scheme funds were allotted through the Government treasury, to the respective Drawing and Disbursing Officers (DDOs) in the districts. The Treasuries disbursed payments to the respective beneficiaries, according to the bills raised by the DDOs. This arrangement was in operation from September 2017 to September 2020.

³⁶ Beneficiaries of the Kolkata district are divided in two groups i.e. beneficiaries of North 24 Parganas and beneficiaries of South 24 Parganas.

Subsequently, the Finance Department launched (March 2020) the ‘Jai Bangla’ portal (www.jaibangla.wb.gov.in), an umbrella pension portal for all the new and existing pension schemes implemented by the State. The bank accounts of all the FAs under the LPP scheme (including retainers) were integrated into the Jai Bangla scheme. From October 2020, I&CAD transferred the allotments pertaining to pension and retainer fees to the FTCC bank account (SBI), from which the funds were transmitted to the respective beneficiary bank accounts, through the Jai Bangla portal.

2.2.4 Audit Objectives

The Detailed Compliance Audit (DCA) of the Implementation of LPP by I&CAD was conducted to ascertain whether:

- There was a reliable database of artistes in the State;
- The guidelines were followed in the selection of beneficiaries;
- Payment of assistance and pension was done as per guidelines and after following due process and;
- Appropriate internal controls and monitoring mechanisms were in place to ensure payment of assistance and pension, as per guidelines.

2.2.5 Audit Scope

The DCA of ‘Implementation of LPP’ covered the period from 2017-18 to 2021-22 and the audit was conducted during July to October 2022. Audit test-checked the records in the seven selected districts of Purulia, Bankura, Alipurduar, Hooghly, Birbhum, Murshidabad and Dakshin Dinajpur through sampling, covering 0.80 lakh (42 *per cent*) of the total 1.88 lakh FAs. Records of the I&CAD and FTCC, Kolkata, were also scrutinised. Audit also conducted a joint survey (with departmental officials) of 428 beneficiary FAs, in seven selected districts, and their responses have been incorporated in the Report.

2.2.6 Audit Methodology

The audit methodology involved analysis of records of LPP maintained in the I&CAD, DICO/SDICO offices and related offices, issue of requisitions/queries/observations, utilization of photographic evidence and joint survey of 428 (three *per cent* of total FAs in selected 21 blocks/municipalities) beneficiary FAs. An entry conference, with Secretary, I&CAD, GoWB, and other officials, to explain the audit objectives, criteria and methodology, was held on 04 August 2022. The exit conference was held on 16th November 2022. The I&CAD submitted replies to the draft report in December 2022. These have been incorporated at appropriate places in the Report.

2.2.7 Audit Criteria

The audit criteria were derived from:

- Guidelines, orders, circulars, memoranda and minutes of different meetings of LPP *etc.*, issued by I&CAD.
- West Bengal Financial and Treasury Rules, 2005.

Audit findings

2.2.8 Database of artistes

2.2.8.1 Database management by the Department

The I&CAD maintained a database of FAs, including their names, addresses, folk forms, mobile numbers, bank details, folk identity card numbers, status of the applications, status of the audition of the applicants, folk forms, experience *etc.* Audit observed that the database of the FAs was incomplete and was not updated. The database did not contain any field for capturing information on 'family income' as per the Government order (May 2017) it was a criterion for selection of FAs for enlistment under LPP. Further, analysis of the information of FAs, maintained in the database, showed that, out of the total of 0.80 lakh FAs in the seven districts, the Folk Forms of 5,860 FAs and Experience Forms of 4,816 FAs, were not available, as shown in **Table 2.2**.

Table 2.2: Applications without Folk and Experience forms

District	Total FAs	FAs without Folk Forms	FAs without Experience Forms	FAs without both forms
Purulia	21,677	335	536	172
Bankura	15,188	4,004	1,826	1,379
Alipurduar	3,266	374	5	02
Hooghly	10,516	76	250	30
Birbhum	12,188	577	870	386
Murshidabad	13,468	305	1,064	195
Dakshin Dinajpur	3,606	189	265	142
Total	79,909	5,860 (7.33 %)	4,816 (6.02 %)	2,306 (2.89 %)

(Source: Information from the I&CAD database and DICOs)

The absence of information indicates weak internal control by I&CAD.

In reply, I&CAD stated (January 2023) that it was taking necessary measures to complete the database containing financial position of the FAs by March 2023. Further, steps would be taken to provide access to individual FAs in existing LPP portal so that FAs can view and upload relevant documents into the portal on their own. Simultaneously, DICOs would also update information containing financial position that would be received by their office physically from FAs.

2.2.8.2 Integration of databases of LPP

I&CAD maintained the detailed database of FAs in its portal www.wblpp.in. This database contained information relating to the FAs, including their bank details. However, this database was not linked with the bank accounts, for the purpose of effecting transfer of funds. I&CAD was modifying/updating the LPP portal, when names of the FAs were deleted, due to death or subsequent exclusion from LPP *etc.* The payments of pension and retainer fees to the FAs were being made through the Jai Bangla scheme (www.jaibangla.wb.gov.in), which contained similar information also linked with the bank accounts of the FAs.

Audit observed that the information of FAs, at these two sites, was not integrated. As a result, the monitoring and control of the implementation of LPP were not effective, for example, when a FA was excluded from LPP in the I&CAD portal, the exclusion would not affect payments to the FA through the Jai Bangla portal, as the two portals were not integrated. Similarly, when payment through the Jai Bangla portal was revoked, the fund would be reverted and would remain parked in the FTCC account, without information relating to the failure of payment being transmitted to the LPP portal of the I&CAD. Thus, due to the absence of integration of the LPP portal with the Jai Bangla portal, I&CAD did not have real-time control over the implementation of LPP, even after the adoption of DBT.

In reply, I&CAD stated (December 2022) that the matter had been taken up with the Finance Department, for integration of the LPP portal with the Jai Bangla Portal.

RECOMMENDATIONS:

State Government may:

- 1. Take steps to ensure that information to ascertain the present financial position of the FAs is captured and the database is complete in all respects.*
- 2. Integrate the LPP database of I&CAD with the Jai Bangla database, to ensure better monitoring and control in LPP.*

2.2.9 Selection of beneficiaries

2.2.9.1 Instructions for proper implementation of LPP

The I&CAD launched (July 2014) LPP by merging three schemes viz. (a) Enlistment for issuance of Folk Identity card (b) Enlistment of Folk Artistes for financial assistance and retainer fee and (c) Campaign programme with enlisted artistes. Though I&CAD issued (July 2014) the guidelines of LPP to the DICOs, it did not notify the detailed procedures to be followed in the implementation of the LPP. Thus, I&CAD did not lay down procedures for the identification of FAs and their enlistment, or the duties and responsibilities of the DICOs in regard to monitoring, control and reporting. Audit observed that, in the absence of centralised instructions relating to the implementation of LPP, the DICOs did not follow a uniform procedure for selection, implementation and monitoring of the scheme, as discussed below:

- (a) Out of the seven selected districts, five districts conducted auditions through DICOs. The remaining two districts, *i.e.*, Bankura and Murshidabad, conducted the auditions through the Block Development Officer.
- (b) DICO, Purulia, collected life certificates from both retainer and pensioner FAs, whereas the DICOs of Birbhum and Murshidabad did not collect life certificates from retainer FAs. No such instances were noticed in other selected districts.
- (c) DICO, Hooghly, stopped pension to FAs receiving assistance from other schemes, such as the Disability Pension scheme *etc.*, whereas, in Alipurduar, 43 FAs, who were Government employees or pensioners, continued to receive the financial assistance. In other five districts, no such instances were noticed.

- (d) Three years after the launch (July 2014) of the LPP, I&CAD added (May 2017) a restrictive criteria in LPP, which debarred FAs having annual family income of more than ₹ 1.50 lakh from being enlisted under the LPP. In order to enforce this criteria, the guideline suggested submission of income certificates each year, in November, for all the enlisted FAs. Audit, however, observed that in the seven test-checked districts, an amount of ₹ 95.89³⁷ crore had been disbursed to 79,909 FAs, without ascertaining their income, during financial year 2021-22. During the joint survey of 428 FAs (three per cent of the total FAs in the selected 21 blocks/municipality), Audit found 11 FAs³⁸ having annual family income of more than ₹ 1.50 lakh.

In reply, I&CAD stated (December 2022) that comprehensive guidelines, considering all existing orders and memos, would be issued shortly.

RECOMMENDATION 3:

State Government may issue detailed procedural guidelines, to avoid ambiguity and ensure uniformity in the implementation of LPP.

2.2.9.2 Audition of applicants

The LPP guidelines (July 2014) provided that FAs would be selected on the basis of their credentials and ability, to be judged through auditions. Audit observed the following irregularities in this regard:

- Records in the LPP database showed that 3.49 lakh FAs had applied (since July 2014 to May 2017) for enlistment under LPP in the State. I&CAD had approved 1.96 lakh applications and rejected 0.08 lakh applications, till September 2017, in the State. Thereafter, I&CAD did not conduct auditions for the remaining 1.45 lakh applicants, which had remained pending till date (as of September 2022). The I&CAD did not furnish reasons for not resuming the selection process, even as applicants waited for the opportunity of being enlisted under the LPP.
- I&CAD observed (May 2017) that 2.91 lakh applications were pending in the State and instructed to complete enlistment, through audition, by July 2017. The I&CAD did not furnish the number of auditions conducted in the whole State between May and September 2017. However, Audit collected data of auditions conducted between May and September 2017 in the selected seven districts. Audit observed that, barring two districts³⁹ where all the FAs had been enlisted after auditions, records of five districts⁴⁰ showed that 6,545 FAs had been enlisted without auditions. The enlistment of the FAs, without conducting auditions, was in violation of the LPP guidelines (July 2014 and May 2017) and without assuring credibility of the selected FAs. Further, the release of financial assistance of ₹ 39.27 crore⁴¹, to these 6,545 FAs after their enlistment (September 2017 to August 2022), was injudicious. The details of FAs selected without auditions and

³⁷ $79,909 \times 12 \times ₹ 1,000$.

³⁸ One in Birbhum, four in Hooghly and six in Alipurduar.

³⁹ Bankura and Purulia.

⁴⁰ Birbhum, Hooghly, Murshidabad, Dakshin Dinajpur and Alipurduar.

⁴¹ $6,545 \text{ FAs} \times 60 \text{ months} \times ₹ 1,000 / \text{month}$.

applicants yet to be auditioned in the seven test-checked districts, is shown in Table 2.3.

Table 2.3: District-wise FAs selected without auditions and applicants yet to be auditioned.

Sl. no.	District	FAs auditioned during July-August 2017	FAs selected between May July and September 2017	FAs selected without audition	Number of FAs yet to be auditioned as of July 2022
(1)	(2)	(3)	(4)	(5)=(4)-(3)	(6)
1	Birbhum	3,305	6,500	3,195	8,688
2	Hooghly	4,109	5,900	1,791	4,784
3	Murshidabad	7,711	9,000	1,289	23,839
4	Dakshin Dinajpur	1,141	1,294	153	3,064
5	Alipurduar	1,793	1,910	117	2,052
6	Bankura	10,735	10,000	-	8,860
7	Purulia	63,846	14,000	-	89
	Total	92,640	48,604	6,545	51,376

(Source: Information from the I&CAD database and DICOs)

- Due to the non-conduct of auditions, 51,376 applicants, in the seven test-checked districts, were denied an opportunity to be enlisted for receiving financial assistance under the LPP.
- I&CAD conducted auditions between May and September 2017 and selected 1.10 lakh FAs in the entire State. Audit scrutiny of the records in test checked districts showed that 162 FAs⁴², of the Birbhum, Hooghly and Murshidabad districts had participated in the auditions but had not qualified. Audit, however, observed that these 162 FAs had been included in the list and financial assistance had been released to them, from September 2017 onwards. The DICOs did not furnish the details, as to how these 162 FAs, who had been provided assistance of ₹ 97.20 lakh, during five years (September 2017 – August 2022).
- In reply, I&CAD stated (December 2022) that initiatives would be taken to obtain detail reports of the number of FAs enlisted without audition or not qualified in the audition.

RECOMMENDATIONS:

State Government may:

4. *Initiate a drive, through wide publication of the eligibility criteria and observing of due process, for enlisting the eligible FAs, through the specified mode (i.e. auditions).*
5. *Verify cases of irregular enlistment of FAs and take appropriate action. It may also determine and fix responsibility for disbursement of assistance to FAs without auditions and/or despite not qualifying in auditions.*
6. *Ensure that proper surveys are conducted to enlist all willing and eligible FAs.*

⁴² FAs in Birbhum, 150 FAs in Hooghly and 9 FAs in Murshidabad.

2.2.9.3 Verification of documents for the enlistment of eligible FAs

The LPP guidelines (May 2017) stated that, for enlistment under LPP and issue of folk identity cards, the applicants would need to submit certificates of participation in cultural programmes organised by the Central and State Governments. However, the DICOs did not ensure the submission of participation certificates, while issuing the folk identity cards. A test-check of 5,463 application forms, in the seven test-checked districts, showed that participation certificates had not been obtained from 5,078 applicants (92 per cent), as shown in Table 2.4.

Table 2.4: District-wise status of applications processed without documents

Sl. No.	Name of District	Number of applications checked	Participation documents not available
1	Bankura	210	210
2	Purulia	4,075	4,075
3	Dakshin Dinajpur	100	57
4	Alipurduar	535	220
5	Birbhum	300	281
6	Hooghly	68	60
7	Murshidabad	175	175
	Total	5,463	5,078

(Source: Information from DICOs)

Participation documents were meant to assess the credibility and ability of the FAs and were necessary for enlistment. Failure to check the certificates, before enlisting FAs, was a deviation from the guidelines of the LPP.

In reply, I&CAD stated (December 2022) that DICOs had taken necessary initiatives for enlistment of FAs through the audition process and with approval from the District Level Folk Identity Card Issuance Committees.

The reply needs to be viewed in light of the fact that certificates of participation, in cultural programmes organised by Central Government, State Government etc., were essential at the time of application, for enlistment under the LPP, as per guidelines.

2.2.9.4 Monthly pension from Central Government, for Senior FAs

Ministry of Culture (MoC), Government of India, launched (September 2017) a Scheme for Pension and Medical Aid to Artistes (hereinafter referred to as 'Scheme'), to improve the financial and socio-economic status of the elder FAs, aged above 60 years, who had made significant contribution in their respective fields, during their active age, but due to old age, were not living a financially stable life. The eligibility criteria of the Schemes specified that: (i) the annual income of the applicant (including the income of the spouse) should not exceed ₹ 48,000 and (ii) the applicant should receive a pension of at least ₹ 500/- per month from the State Government. The total financial assistance in the Scheme was ₹ 4,000 including pension received from State Government per month per beneficiary.

Audit observed that I&CAD had not propagated the pension scheme of the Central Government, among its 0.34 lakh pensioner FAs. It had also issued

orders for recommending FAs for enrolment in the Scheme of the Central Government. The following issues were further observed in this regard:

The guidelines (December 2013) of the I&CAD, regarding extension of Monthly Financial Assistance (MFA) to FAs, mentioned that benefits of the MFA should not be provided to those FAs, who were getting the benefits of state or central government schemes, like Old Age Pension, Widow Pension *etc.* I&CAD launched (July 2014) LPP, by combining three schemes, including the MFA scheme. However, I&CAD did not revise this condition after the launch (September 2017) of the Scheme by the Central Government. Consequently, this condition barred the FAs enlisted in LPP, from availing pension through the Central Government Scheme. Audit observed that I&CAD had stopped (March 2018) pension of one FA in Alipurduar, as he was receiving pension from the Central Government.

In reply, I&CAD stated (December 2022) that after introduction of LPP all FAs enlisted under LPP are enjoying the benefit either through pension/ retainer or performance fee and majority of the FAs have already been covered. The reply is not tenable as coverage under LPP does not restrict the FAs to avail the central assistance.

RECOMMENDATION 7:

State Government may take proper steps to propagate the Pension Scheme of the Central Government among the FAs, to enable them to avail the benefits of the Scheme.

2.2.9.5 Issue of identity cards to FAs enlisted in LPP

(a) The I&CAD had proposed to issue identity cards to FAs aged above 18 years, with experience in traditional folk culture, who had participated in folk programs, organised by the Central and the State Government, under the LPP guidelines of 2014. I&CAD had enlisted 1.87 lakh FAs and generated LPP identity cards in the LPP portal, as of September 2022 in the State. The DICOs were responsible for printing and issuing the identity cards to the respective FAs. The status of the issue of identity cards, in the seven test-checked districts, is shown in **Table 2.5**.

Table 2.5: District-wise status of identity cards not distributed

Sl. No.	District	No. of FAs in the district	Funds utilized (₹ in lakh)	No of cards printed	No of cards not distributed
1	Bankura	15,188	4.44	12,000	2,540
2	Purulia	21,677	4.04	4,757	750
3	Birbhum	12,188	0.90	3,000	139
4	Murshidabad	13,468	0	0	0
5	Hooghly	10,516	5.04	6,000	2,000
6	Dakshin Dinajpur	3,606	0	0	30*
7	Alipurduar	3,266	1.24	1,910	131
	Total	79,909	15.66	27,667	5,590

(Source: Information from DICOs)

*No cards printed. However, 30 cards lying since April 2017.

Records in the seven test-checked districts showed that 27,667 LPP identity cards had been printed (March 2018), incurring expenditure of ₹15.66 lakh. However, the DICOs had failed to distribute 5,590 of these identity cards, even after 54 months of printing. The DICOs stated (September 2022) that the cards had not been distributed, since the FAs had not come to receive the cards. The reply was not acceptable, as the DICOs should have been proactive in ensuring distribution of the identity cards, in order to effectively achieve the objectives of the LPP.



Fig. 2.2 and Fig. 2.3: Identity cards printed and not distributed in Birbhum

(b) Before the launch of LPP in July 2014, I&CAD had issued (January 2013) identity cards to FAs. After the launch of LPP, I&CAD decided that the existing identity cardholders would be brought under the aegis of LPP and would be issued LPP identity cards afresh, by September 2014. I&CAD did not furnish the number of existing FAs before launch (July 2014) of LPP, as well as the number of who had subsequently migrated to LPP.

Audit observed that, in Purulia and Alipurduar, 785 FAs and 200 FAs, respectively, were registered under the old schemes. However, even after eight years, they had still not been issued new cards in LPP. The other five districts did not furnish records of the issue of new LPP identity cards to the cardholders of the erstwhile scheme. During the joint survey, Audit met (August 2022) 181 FAs (out of the 428 FAs selected for the joint survey), in the seven test-checked districts, who were yet to be issued LPP identity cards, in place of the identity cards issued to them earlier, under the old schemes.

Delays of eight years, in the issuance of LPP identity cards to the existing FAs of the old schemes, showed poor management of the LPP scheme.

In reply, I&CAD (December 2022) stated that, out of 1.87 lakh FAs, 1.71 lakh identity cards had been distributed upto December 2022, and the remaining FAs would be provided Identity cards within March 2023.

RECOMMENDATION 8:

State Government may review the status of the FAs covered under the old schemes, who were subsequently brought under the aegis of LPP and ensure issue of new identity cards to them.

2.2.10 Performance Fee

2.2.10.1 Utilization of funds

Under the LPP scheme (July 2014), the retainer FAs were to be engaged in government programmes to disseminate public messages, through their performances, against performance fees of ₹ 1,000 for each performance. The DICOs were required to arrange at least one performance in each block every week, so that each retainer FA would earn ₹ 4,000 per month, through four programmes. The budget allocation of the fund provisioned for providing performance fee to Retainers for the year 2018-19 to 2021-22 is given in **Table 2.6**.

Table 2.6: Funds received vis-à-vis expenditure incurred

(₹ in crore)

Financial Year	Budget allocation	Released by Finance Department	Expenditure incurred for payment of Performance Fee
2018-19	30.00	27.00	24.52
2019-20	8.08	8.08	7.80
2020-21	25.00	17.67	16.38
2021-22	30.00	15.71	15.37
Total	93.08	68.46	64.07

(Source: Budget Publication & Information from I&CAD)

Note: In respect of year 2017-18, ₹ 16.22 crore (54.07 per cent) was utilized out of allocated budget of ₹ 30.00 crore. Fund released for the year by Finance Department is not available.

To achieve its proposed objective of arranging at least 48 programmes each year for each retainer, I&CAD required ₹ 705.60⁴³ crore, as performance fee, for its 1.54 lakh enlisted retainer FAs. It had, however, budgeted for ₹ 30 crore towards performance fee, during financial year 2021-22, which constituted only 4.25 per cent of the funds required in terms of the scheme guidelines. Thus, the budget projections were not in concordance with the provisions of the LPP scheme.

From the above table, it was observed that I&CAD had not been able to utilize the entire amount of funds released by the Finance Department.

2.2.10.2 Organisation of programmes for FAs

I&CAD proposed to improve the socio-economic condition of the FAs, by engaging them in campaign programmes of the Government, against Performance Fees. However audit observed that out of seven selected districts, 21,094 retainer FAs in three districts⁴⁴ had not been provided programme during 2021-22, while 17,917 FAs in the remaining four districts⁴⁵ were not provided any programme till July-August 2022.



Fig. 2.4: Performance of Folk Artists in Government Programme

⁴³ ₹1,000 × 4 programmes × 12 months × 1.54 lakh retainer FAs.

⁴⁴ Purulia (12,000), Murshidabad (7,834) & Dakshin Dinajpur (1,260).

⁴⁵ Hooghly (5,000), Bankura (10,446), Birbhum (1,750) & Alipurdwar (721).

Further, during the joint beneficiary survey in these seven districts, 135 FAs (out of the 428 FAs surveyed) stated that they had not been allotted programmes since enlistment (September 2017), even though they were interested in participating in such programmes. In contrast, the remaining 293 beneficiaries interviewed included five FAs, who were engaged in more than 100 programmes. DICOs did not furnish reasons for such wide discrepancy in allotment of programmes. In reply, I&CAD stated (December 2022) that equitable distribution of programmes, among the artistes within particular genres, would be done, as far as practicable.

RECOMMENDATION 9

State Government may review the system being followed for engaging FAs, to ensure equitable and unbiased distribution of programmes amongst them.

2.2.10.3 Reimbursement of performance fees by sister Departments

I&CAD issued (July 2015) the Financial and Operational (F&O) guidelines, which stated that the services of the FAs of LPP would be utilized to disseminate public service messages and publicity initiatives of other sister Departments of the State. The performance fees of the FAs (@ ₹ 1,000 per programme per FA) would be reimbursed from the Budget of the concerned Department. The Planning, Statistics & Programme Monitoring (PS&PM) Department, GoWB, launched (December 2020) the 'Duare Sarkar' project, involving 24 sister Departments of the State. In this project, the selected seven districts had engaged (December 2020 and March 2022) 33,524 FAs, for 5,327 programmes. The district-wise break-up is given in Table 2.7.



Fig. 2.5: Performance of FAs in Government function.

Table 2.7: Status of engagement of FAs in 'Duare Sarkar' programme

Sl. No.	District	No. of programmes	No. of FAs involved	Performance Fees (₹ in lakh)
1	Purulia	970	7,673	76.73
2	Bankura	1,078	6,195	61.95
3	Alipurduar	605	3,486	34.86
4	Hooghly	469	2,520	25.20
5	Birbhum	1,114	6,652	66.52
6	Murshidabad	135	654	6.54
7	Dakshin Dinajpur	956	6344	63.44
	Total	5,327	33,524	335.24

(Source: Information from the I&CA database)

While I&CAD had paid Performance Fees of ₹ 3.55 crore to these FAs, it had not sought reimbursement of the performance fees (as of September 2022) from requisitioning Department.

In reply, I&CAD stated (December 2022) that the requisitioning Departments were not making payments to the FAs in due time. As such, I&CAD did not have an alternative but to pay the FAs from its budget.

The reply needs to be viewed in light of the fact that the guidelines issued by the Chief Secretary, Government of West Bengal, provided for reimbursement of the performance fee by the service utilization Departments. The I&CAD needs to coordinate with these Departments, for proper and timely payments to FAs.

2.2.10.4 Direct Benefit Transfer in payment of performance fees

Under the LPP scheme, launched in July 2014, I&CAD provided financial benefits to 1.88 lakh FAs as of May 2022. After implementation (March 2020) of the 'Jai Bangla' scheme by the Finance Department, the bank accounts of all the FAs under the LPP scheme (including retainers) were integrated into the Jai Bangla scheme. From October 2020, I&CAD transferred the allotments pertaining to pension and retainer fees, to the FTCC bank account, from which the funds were transmitted to the respective beneficiary bank accounts, through the Jai Bangla scheme.

It was, however, observed that I&CAD continued to pay the performance fees to the beneficiaries by drawing bills on the concerned Treasuries. The reason for bypassing the 'Jai Bangla' system and not adopting similar DBT mode for payment of performance fees, was not furnished by I&CAD.

In reply, I&CAD stated (December 2022) that necessary communication has been sent to the Finance Department, for integration of payment of performance fees, through the Jai Bangla portal.

RECOMMENDATIONS:

State Government may –

10. Ensure proper validation checks are in place for data of individual FAs in the database. It may introduce linking of beneficiary bank account details with unique identification e.g. Aadhar.

11. Take steps to adopt the DBT system for transfer of Performance fees, to ensure transparency and assurance in the process.

2.2.11 Cash credit loan facility

I&CA, GoWB, provided financial assistance, in the form of pension and retainer fees, to the FAs, with funds from the State Budget (Finance Department), through direct benefit transfer. I&CAD decided (May 2020) to raise a cash credit loan of up to ₹ 210 crore, from approved financial institutions/banks, to ensure timely payment to the beneficiaries and smooth functioning of the LPP scheme. It entrusted the FTCC, Kolkata, to raise and service the loan, on behalf of I&CA Department. FTCC executed (June 2020) an agreement with the West Bengal State Cooperative Bank Limited (WBSCBL), to raise a cash credit loan of up to ₹ 210.00 crore. According to the conditions of the agreement, FTCC would pay interest on the outstanding principal amount @ 7.85 per cent. As this

was a cash credit facility, I&CAD was required to pay the outstanding amount as soon as possible, to reduce the interest burden.

Between May and September 2020, FTCC borrowed ₹ 75.19 crore from WBSCBL and used it for paying the pension and retainer fees for the months from June to September 2020. WBSCBL raised (October 2020) a demand on FTCC, for repayment of the loan, amounting to ₹ 76.09 crore (Principal: ₹ 75.19 crore and Interest: ₹ 0.90 crore), outstanding up to September 2020. FTCC, however, repaid the outstanding loan amount in February 2021, after a delay of four months. Due to the delay in repayment of the loan, FTCC had to pay (February 2021) additional interest of ₹ 2.03 crore, for the period from October 2020 to January 2021. FTCC repaid the amount of ₹ 2.03 crore to WBSCBL in February 2021.

Audit observed that there were no records to substantiate that the Finance Department had paucity of funds or inability in mobilizing the budget allocation for LPP till May 2020.

In reply, I&CAD stated (December 2022) that delay in repayment of the loan occurred mainly due to obtaining approval from the Finance Department. However, records to support the assertion that the Finance Department had failed to provide necessary funds to I&CAD, on time, for this purpose were not available.

2.2.12 Internal controls and monitoring mechanism

2.2.12.1 Life and Income certificates of FAs

The LPP guidelines (May 2017) provided that retainer fees and pension to FAs would be released, subject to their submission of life certificates and income certificates, duly certified by a Gazetted Officer, by November each year. Scrutiny of records revealed that DICOs did not enforce timely submission of the certificates from the FAs. Though I&CAD had stipulated the condition of certificates in its guidelines, it did not prescribe a monitoring system to ensure the submission of certificates by FAs. The status of the collection of life and income certificates, in the seven test-checked districts, for the financial year 2021-22, was as shown in **Table 2.8**.

Table 2.8: Year-wise status of Life and Income certificates

Sl. No.	District	Number of enlisted FAs	Number of FAs not submitted	
			Life Certificate	Income Certificate
1	Birbhum	12,188	10,412 (85%)	10,412 (85.42%)
2	Hooghly	10,516	685 (6.5%)	Not provided
3	Murshidabad	13,468	9,457 (70.21%)	9,457 (70.21%)
4	Bankura	15,188	15,188 (100%)	Not provided
5	Purulia	21,677	538 (2.48%)	18,073 (83.37%)
6	Dakshin Dinajpur	3606	556 (15.42%)	Not provided
7	Alipurduar	3,266	2,765 (84.66%)	Not provided
	Total	79,909	39,601 (51.77%)	

(Source: Information from DICOs)

From the table, it is evident that, in the selected seven districts, life certificates were not collected from 39,601(51.77%) FAs in the financial year 2021-22. Further, in three selected districts, income certificates from 37,942 (80.12%) FAs were not collected, while other four districts did not provide any such information.

In the Exit Conference, I&CAD stated (November 2022) that, in regard to the process of collection of life certificates for retainers, similar Direct Benefit Transfer schemes of other Departments would be considered and steps would be taken accordingly.

RECOMMENDATION 12:

State Government may instruct districts to ensure collection of life and income certificates. It may also determine and fix responsibility for disbursement of assistance without obtaining requisite certificates.

2.2.12.2 Payment of pension to deceased FAs

Audit observed that cases of demise of FAs were being reported after long delays. During joint survey of the selected FAs, it was observed that 258 (out of the 428 FAs surveyed) had not submitted life certificates, but the I&CAD had continued to release financial assistance to them. Scrutiny of records revealed that I&CAD had continued to release financial assistance to 99 deceased FAs even after their death resulting in avoidable expenditure of ₹ 12.58 lakh (Table 2.9) during 2021-22. It was also observed that there was no specific timeline regarding intimation of death of FAs in the guidelines. In the absence of regular monitoring, I&CAD had released ₹ 12.58 lakh to the bank accounts of these deceased 99 FAs.

Table 2.9: Payment to deceased FAs

Sl. No.	District	Number of FAs	Amount released after death (in ₹)
1	Birbhum	17	1,52,000
2	Hooghly	32	3,81,000
3	Murshidabad	8	1,43,000
4	Bankura	20	2,66,000
5	Purulia	2	53,000
6	Dakshin Dinajpur	8	58,000
7	Alipurduar	12	2,05,000
	Total	99	12,58,000

(Source: Information from DICOs)

Non-enforcement of timely submission of life certificates by the DICOs indicated lack of internal control, in addition to non-compliance with the extant LPP guidelines.

2.2.12.3 Non-submission of Action Taken Reports

The LPP guidelines (July 2014) provided that the DICOs would send Action Taken Reports, in regard to the implementation of LPP, for each month, to I&CAD, by 15th of the following month. Audit, however, observed that the

DICOs were not preparing action taken reports, for furnishing them to I&CAD. In the absence of reporting from the districts to the Department, the overall monitoring of the LPP remained ineffective. The Department had, however, not initiate any steps to obtain these reports from the districts.

2.2.12.4 Conduct of workshops for FAs

With the objective of upgrading the performance of the folk artistes, I&CAD directed (April 2017) districts to conduct workshops on different folk forms, which were popular in the respective districts. As per the instructions conveyed by I&CAD: (i) up to 500 FAs, who had not participated in the earlier workshops, were to participate in these workshops, against receipt of performance fee for a day and (ii) the workshops were to be conducted by inviting experts from relevant fields.

The seven selected districts conducted 16⁴⁶ workshops during FYs 2017-18 and 2018-19, but did not conduct any workshops during FYs 2019-20 to 2021-22. During the joint survey of beneficiaries with Audit and Departmental officials, 294 (69 per cent), out of the 428 FAs surveyed, stated that they had not been invited to any workshops, while 84 FAs (out of these, 294 FAs) stated that they were not aware of such workshops. Thus, the objective of upgrading the quality of performance of the FAs, through the abovementioned initiative of I&CAD, was not achieved.

In the Exit Conference, I&CAD accepted the audit observation and stated that, at present, workshops are being conducted regularly.

RECOMMENDATION 13:

State Government may review the present system of annual submission of life and income certificates and take steps to ensure that cases of deaths, exclusions, etc. are taken on record at the earliest.

LAND & LAND REFORMS AND REFUGEE RELIEF & REHABILITATION DEPARTMENT

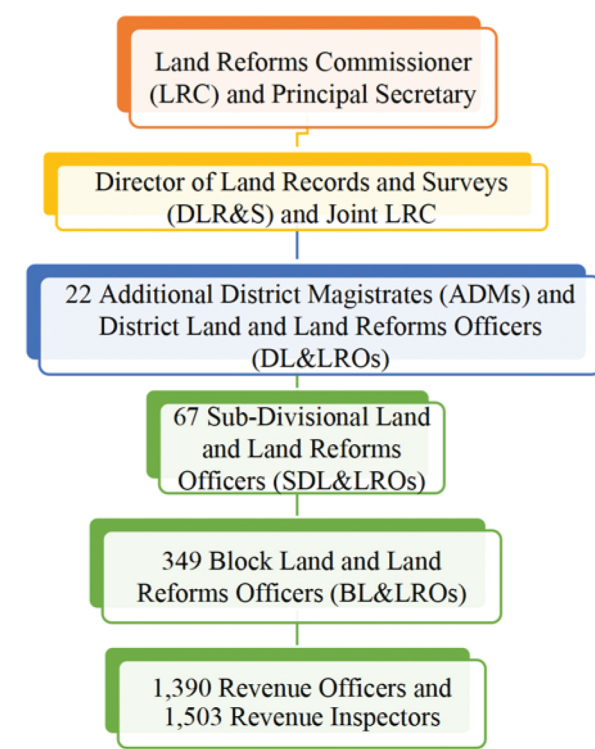
LAND REVENUE

2.3 Tax Administration

Land Revenue consists of receipts from land rent, rates and cess, management of Ex-Zamindari Estates, survey and settlement operations *etc.* Assessment and collection of land revenue are governed by the West Bengal Land Reforms (WBLR) Act, 1955; West Bengal Land Reforms (WBLR) Rules, 1965; West Bengal Land and Land Reforms (WBL&LR) Manual, 1991; West Bengal Land Reforms (Amendment) Act, 2003 & 2005 and Kolkata Land Revenue (Amendment) Act, 2003.

The Land and Land Reforms and Refugee Relief and Rehabilitation (L&LR and RR&R) Department is the nodal Department for assessment and collection of land revenue in the State. The organisational set up of the department has been shown in the following chart:

⁴⁶ Three in Birbhum, two in Hooghly, one in Murshidabad, two in Bankura, two in Purulia, three in Dakshin Dinajpur and three in Alipurduar.

Chart 2.2: Tax Administration

2.4 Internal Audit

The Internal Audit Wing (IAW) of the L&LR and RR&R Department was established with the objective of evaluating accountability, compliance to applicable rules and regulations and safeguarding resources against loss.

During 2021-22, the IAW was headed by the Audit Officer & ex-officio Deputy Secretary who was assisted by 13 Assistant Auditors. While no Internal Audit Officer was posted in the IAW, against sanctioned strength of 16. Thirteen Assistant Auditors posted against the sanctioned strength of 14. There were 49 auditable units under the jurisdiction of IAW, comprising 22 District Land and Land Reforms Officers (DL&LROs), 22 Land Acquisition (LA) Collectors, one First Land Acquisition (FLA) Collector, two Rent Controllers and two *Thika Tenancies*⁴⁷ during 2021-22. Of these, IAW planned to audit eight DL&LROs and eight Special Land Acquisition Officer (Spl LAO) during the period, which was 32.65 per cent of the total auditable units. The IAW conducted audit of four DL&LROs and four Spl LAO during the period, constituting 50 per cent of the planned units.

2.5 Result of Audit

During 2021-22, Office of the Accountant General (Audit-II) West Bengal, conducted test check of the records of the L&LR and RR&R Department, Director of Land Records and Surveys (DLR&S) and five DL&LROs. Audit

⁴⁷ As per the West Bengal Thika Tenancy (Acquisition and Regulation) Act, 2001, Thika Tenancy is the tenancy acquired by a person who occupies, whether under a written lease or otherwise, land under another person, and is liable to pay rent to that another person, and has erected or acquired by purchase or gift any structure on such land for residential, manufacturing or business purpose.

observed several irregularities related to land revenue involving ₹17.94 crore in 90 cases, which fell under the following categories as given in **Table 2.10**.

Table 2.10: Results of audit

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1.	Non/short realisation of rent, cess and surcharge on land used for commercial purpose	19	5.14
2.	Non-realisation of Government revenue due to non-settlement of long term lease	17	3.14
3.	Non-realisation of annual lease rent	16	0.93
4.	Blockage/loss of revenue due to non-leasing of sairati interest	10	1.16
5.	Non-realisation of Government revenue due to non-renewal of long term lease	5	1.84
6.	Other cases	23	5.73
Total		90	17.94

During the course of the year, the Department accepted under-assessment and other deficiencies of ₹ 15.70 crore in 92 cases; of which 87 cases involving ₹ 15.63 crore were pointed out during the year 2021-22, and the rest in earlier years. An amount of ₹ 4.19 lakh was realised in eight cases during the year.

Few illustrative cases involving ₹ 5.19 crore are discussed in succeeding paragraphs. It is pertinent to mention that many of these issues have been raised earlier and published in CAG's Audit Report (Revenue Sector) of previous years wherein Government accepted many of the objection and initiated recovery action. However, overall internal control system was not strengthened to the extent that such issues do not re-occur in subsequent years.

2.6 Non-realisation of lease rent and interest

Lack of prescribed action by the Departmental authorities led to non-realisation of annual lease rent and interest of ₹ 55.77 lakh from 36 lessees.

Rule 235 of the West Bengal Land and Land Reforms (WBL&LR) Manual, 1991, provides that the lease rent on long-term lease on land shall be payable annually, according to the Bengali calendar year (BS)⁴⁸. The lease rent falls due on the last day of the year, in respect of which it is to be paid. Further, Rule 303 prescribes interest @ 6.25 per cent per annum, for delayed payment of the lease rent, on long-term lease.

As per the WBLR Manual, 1991, Rule 227 (i): "Leases for non-agricultural purposes, short-term or long-term, should be entered in a separate 'Register-X' by the BL&LRO. It is his duty to periodically review the Register and take appropriate action for renewal of the leases and for the timely realisation of lease rent. He shall also periodically report to the District Land and Land Reforms Officer (DL&LRO), regarding violation of conditions of such leases, if any, along with his recommendations, on action to be taken".

⁴⁸ The Bengali year (Bengali Saka-BS) commences on the first day of Baisakh i.e. 14/15 April each year.

Further, as per Rule 227 (ii), the DL&LRO and the Sub-Divisional Land & Land Reforms Officer (SDL&LRO) should pay special attention to the maintenance of the Register, during their inspection of the block-level offices.

Test-check (December 2021) of the records, at four District Land and Land Reforms Offices⁴⁹, along with 45 out of 87 Block Land & Land Reforms Offices, revealed the following lapses: (i) 'Register-X' was not being maintained and updated regularly, which was a lapse on the part of the concerned BL&LROs (ii) there were no records, in the test-checked DL&LR offices, to suggest that periodical reports, along with the recommended course of action, in respect of cases of non-realisation of lease rent, were being submitted by the BL&LROs and (iii) there were no records in support of the concerned DL&LROs/SDL&LROs having offered suggestions to the BL&LROs, regarding proper maintenance of the mandatory registers, during their inspections.

Audit noticed that, in 52 leases (out of the total 241 leases), annual lease rent and interest, in respect of 36 lessees, possessing 674.39 acres of land, were due, for different periods, ranging between one year and 12 years. The concerned BL&LROs had not taken the prescribed action, which had resulted in the non-realisation of annual lease rent and interest, amounting to ₹ 55.77 lakh (annual lease rent: ₹ 51.73 lakh and interest: ₹ 4.04 lakh). Further, the BL&LROs had not taken action to realise the outstanding lease rent. Demand notices were issued by the BL&LROs, only after this had been pointed out in audit.

Further, these lapses, on the part of BL&LROs/SDL&LROs/DL&LROs, indicate that similar instances, in other DL&LR offices, cannot be ruled out. After this being pointed out (December 2021), the DL&LROs accepted the audit observations and stated that: (i) appropriate action would be taken to realise the lease rent in 39 cases, involving ₹ 41.58 lakh (ii) demand notices would be issued to realise the lease rent in nine cases, involving ₹ 13.85 lakh and (iii) BL&LROs would be instructed to realise the lease rent in four cases, involving ₹ 0.34 lakh.

Further, the Department intimated (December 2022) that lease rent of ₹ 5.19 lakh has been realized by Birbhum DL&LRO. Thus, ₹ 50.58 lakh is yet to be realized (March 2023).

2.7 Non-realisation of revenue for land used for commercial purposes

Lack of action by DL&LROs resulted in non-realisation of rent, cess and surcharge of ₹ 4.63 crore, in cases pertaining to land used for commercial purposes.

Sections 22 and 23 of the West Bengal Land Reforms (WBLR) Act, 1955, read with the West Bengal Land Reforms (Amendment) Act, 2003 and 2005, provide that raiyats⁵⁰ using land for commercial purposes are liable to pay land revenue at prescribed rates. Further, The Kolkata Land Revenue Act, 2003 and The

⁴⁹ Bankura, Birbhum, Purba Bardhaman and North 24 Parganas.

⁵⁰ 'Raiyat' means a person or an institution holding land for any purpose.

Kolkata Land Revenue (Amendment) Act, 2003⁵¹, provide that a raiyat shall be liable to pay land revenue, within the Municipal areas under the Kolkata Metropolitan Development Authority (KMDA). In addition to rent, cess⁵² and surcharge⁵³ are also to be paid by raiyats in rural areas, whereas surcharge is to be paid by raiyats in urban areas.

According to the WBLR Manual 1991, Rule-297, Bhumi Sahayaks⁵⁴ are primarily responsible for collection of Government dues, including land revenue. This is also one of the main responsibilities of a Revenue Inspector⁵⁵ and other superior officials, *i.e.* Blocks Land and Land Reforms Officer (BL&LRO). The manual further stipulates that while the collection of revenue continues throughout the year, it should be accelerated during the peak collection season, *i.e.* in the Bengali months of Poush, Magh, Falgun and Chaitra. This is to be achieved by organising collection camps and creating public awareness regarding payment of Government dues, through suitable leaflets and other means of publicity. Active co-operation of the Panchayats needs to be enlisted, for maximising collection efforts during the peak collection season.

According to the WBLR Manual 1991, Rule-313, the Revenue Inspector and the BL&LRO are responsible for checking of the Bhumi Sahayak's accounts, regarding collection of revenue. For this purpose, the BL&LRO is required to draw up a programme in advance, in such a manner that the account of no Bhumi Sahayak remains unchecked for more than a month. The Revenue Inspector is also required to check the accounts of the Bhumi Sahayak posted in his office, at least twice a month. Every month, the BL&LRO has to submit a report to the Sub-Divisional Land and Land Reforms Officer, to the effect that all accounts of Bhumi Sahayaks in his area, for the preceding months, have been checked by himself or a Revenue Officer and that the collection by Bhumi Sahayaks has been accounted for. Bhumi Sahayaks are required to present their collection papers to the BL&LRO once in three months.

According to the WBLR Manual 1991, Rule-324, as soon as possible, after the close of each year, the Bhumi Sahayak is to submit a list of defaulters, in the form of Return-II, to the BL&LRO, through the Revenue Inspector. The return is to be checked at the office of the BL&LRO and cases are to be filed against the defaulters. The filing of certificate cases is required to start after the end of Baisakh and is to be completed by the first of July (mid-Shravan).

A test-check of Bhumi Sahayaks' Collection Registers (Register-III) and Rent Receipt Books, in regard to 23,851 raiyats, using land for various commercial and industrial purposes, such as rice mills, agro industries, cold storage, godowns, garages, shops, markets, crushers, brickfields *etc.*, during the financial years 2017-18 to 2020-21, in 45 BL&LROs, under five DL&LROs, revealed (September - December 2021) that:

⁵¹ *Vide Notiification No. 2198-L dt. 31.12.2003 of the Kolkata Gazettee.*

⁵² *Road cess (six per cent) Public Works Cess (25 per cent), Primary Education Cess (10 per cent) and Rural Employment Cess (30 per cent).*

⁵³ *Rural Employment Surcharge (15 per cent).*

⁵⁴ *'Bhumi SAhayaks' assit the Revenue Inspectors in collection of land revenue, cess and other Government dues from raiyat.*

⁵⁵ *At the Gram Panchayat level, the Land and Land Reforms work is under the overall charge of a Revenue Inspector.*

222 raiyats, in 557 cases, had not paid land revenue and surcharge of ₹ 2.33 crore, on 1,158.36 acres of land, situated under KMDA.

1,895 raiyats, in 4,063 cases, had not paid land revenue, cess and surcharge of ₹ 2.30 crore, on 6,372.25 acres of land, situated in municipal areas and gram panchayat areas.

The BL&LROs concerned had neither issued demand notices, nor had they initiated action to realise the dues from the raiyats. This resulted in non-realisation of rent, cess and surcharge of ₹4.63 crore.

After this was pointed out in audit, the five DL&LROs accepted (September-December 2021) the audit observations and assured that necessary action would be taken, to ensure realization of the revenue.

The matter was reported to the Government in August 2022. The reply is still awaited (March 2023).

MICRO, SMALL & MEDIUM ENTERPRISES AND TEXTILES DEPARTMENT

2.8 Detailed Compliance Audit on Implementation of the Cluster Development Programme in West Bengal

2.8.1 Introduction

The Micro, Small and Medium Enterprises & Textiles (MSME & T) Department, Government of West Bengal (GoWB) is the nodal agency for the growth and development of the Micro, Small and Medium Enterprises, including the Textiles and Handicrafts sectors. The MSME&T Department comprises of the following:

- (i) Directorate of MSME,
- (ii) Directorate of Textile (Handloom),
- (iii) Directorate of Textile (Powerloom),
- (iv) West Bengal Khadi and Village Industries Board, and
- (v) Undertakings/Corporations/Societies.

The main objectives of the Department are to: (i) promote and facilitate the growth of Micro Small and Medium Enterprises, as well as the Cottage, Handicrafts, Handloom, Coir and Lac sectors; and (ii) to impart training to new and old entrepreneurs. It aims to do so by identifying and training prospective entrepreneurs and extending infrastructure support to them.

The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India (GoI), had adopted⁵⁶ (October 2007) the Cluster Development approach as a key strategy for enhancing the productivity and competitiveness of the Micro and Small Enterprises (MSEs) in the country, as well as for their capacity building.

⁵⁶ Revised guidelines of Micro and Small Enterprises Cluster Development Programme, 2010.

As per the revised guidelines of the Micro and small Enterprises Cluster Development Programme, 2010, a cluster is a group of enterprises located within an identifiable contiguous area and producing same/similar products / complementary products/services, which can be linked together by common physical infrastructure facilities that help address their common challenges. The characteristic features of the enterprises in a cluster are:

- (a) Similarity or complementarity in the methods of production, quality control and testing, energy consumption, pollution control *etc.*;
- (b) Similar level of technology and marketing strategies/practices;
- (c) Similar channels for communication among the members of the cluster;
- (d) Common market and skill needs;
- (e) Common challenges and opportunities that the cluster faces.

The Cluster Development Programme (CDP), in West Bengal, is being implemented under the 'Micro and Small Enterprises - Cluster Development Programme' (MSE-CDP), through joint funding, with grants by the Government of India (restricted to 70 *per cent* of the project cost or to 90 *per cent*, in case of micro/village, women owned or SC/ST units); funding by Special Purpose Vehicles (SPVs) - of at least 10 *per cent* of the project cost; and gap funding by the State Government.

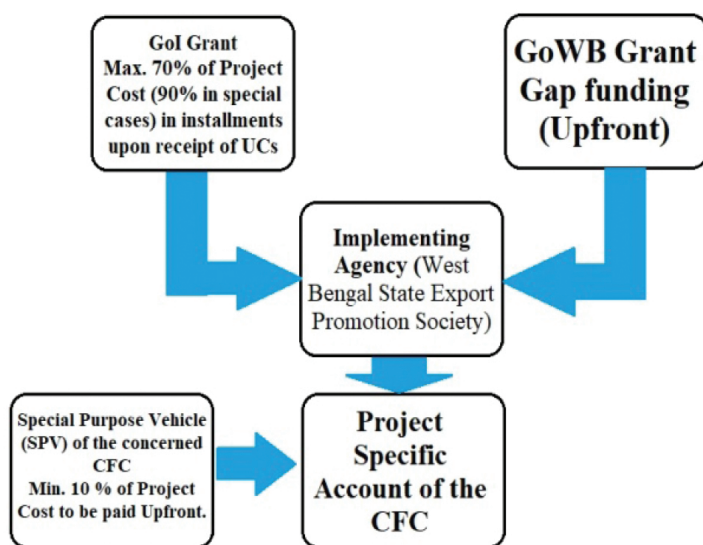


Fig. 2.6: Flow chart of fund flow

The main objectives of the CDP are: (i) strengthening of the institutional framework (ii) providing backward and forward linkages and (iii) creation of need-based Common Facility Centres (CFCs), using modern technology, for enhancing the productivity and competitiveness of the enterprises in the cluster.

The National Level Steering Committee (NLSC)⁵⁷ is the Apex body for monitoring the progress of the scheme under the MSE-CDP. Further, a State Level

⁵⁷ The NLSC comprises of Secretary (MSME), GoI, as the chairperson and the following members: (i) Additional Secretary and Development Commissioner (MSME) (ii) Additional Secretary and Financial Advisor, MSME (iii) Adviser (VSE) NITI Aayog (iv) Joint Secretary, Ministry of MSME (v) representative from SIDBI and (vi) representatives from the concerned Industry Association(s).

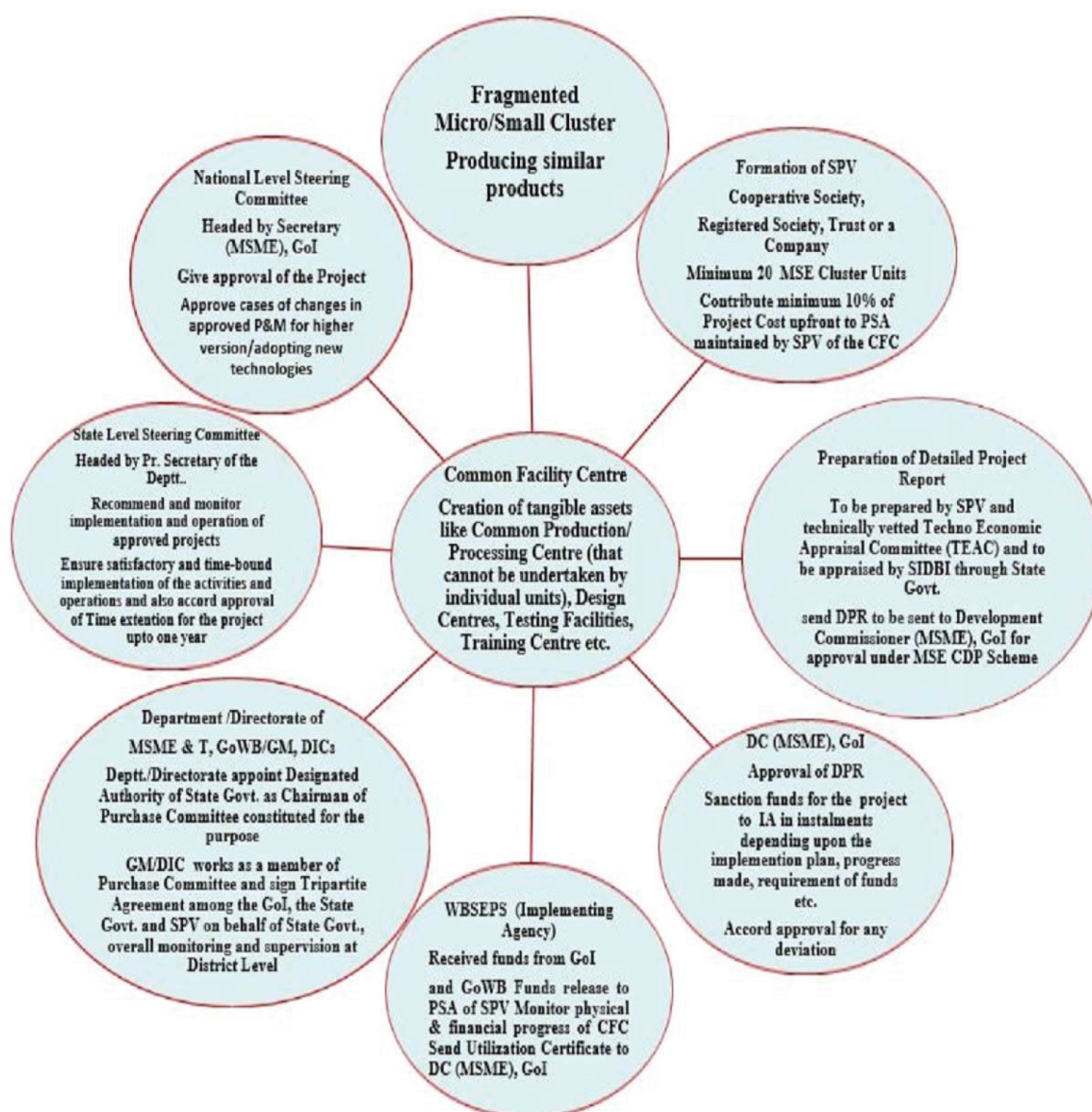


Fig. 2.7: Flow chart of formation of CFC

Steering Committee (SLSC)⁵⁸ has been constituted by the State Government, to recommend and monitor the implementation and operation of approved projects in the State, as well as to ensure satisfactory and time-bound implementation of the activities and operations, thereafter. The West Bengal State Export Promotion Society (WBSEPS) was nominated (November 2011) as the Implementing Agency (IA) for the execution of the CDP, under MSE-CDP. The Directorate of MSMEs, comprising of 21 District Industries Centers (DICs) and one Sub-DIC, acts as the monitoring agency for the MSE-CDP, in the districts.

For creation, operation and day-to-day maintenance of CFCs, a Special Purpose Vehicle (SPV) is to be formed, as per the guidelines of the MSE-CDP. The SPV

⁵⁸ The SLSC comprises of ACS/Pr. Secretary/Secretary (Industries/MSME)/ Commissioner/ Director of Industries/MSME, as the chairperson and representatives from the Industry Association(s), Finance Department, Director, MSME-DI and General Managers of the District Industries Centres (DICs) concerned, as members.

is a legal entity (Co-operative Society, Registered Society, Trust or a Company), with evidence of prior experience of positive collaboration among its members, in which any beneficiary unit in the cluster can become a member. The facilities of CFC can be availed of by all units of the cluster (both- SPV members, as well as non-SPV members), though reasonable preference may be given to the SPV members, in regard to the user charges. The SPV is to be exclusively responsible for the day-to-day running of the CFC. Further, one Central and State Government official each, should be members of the SPV.

The admissible activities under MSE-CDP comprise of the following:

- **Diagnostic Study Report:** for mapping the business processes in the cluster and proposing remedial measures, with a validated action plan.
- **Soft Interventions:** providing technical assistance, capacity building, exposure visits, market development, trust building, *etc.* for the units in the cluster.
- **Detailed Project Report (DPR):** preparing technically feasible and financially viable project reports, for setting up CFC for (i) clusters of MSE units and/or infrastructure development projects therein (ii) new industrial estates/areas or (iii) upgradation of infrastructure in the existing industrial estates/areas/clusters.
 - **Hard Intervention/CFCs:** creation of tangible “assets”, like Testing Facility, Design Centre, Production Centre, Effluent Treatment Plant, Training Centre, Research and Development (R&D) Centre, Raw Material Bank/Sales Depot, Product Display Centre, Information Centre and/or any other need-based facility.
 - **Infrastructure Development:** development of land, provision of water supply, drainage, distribution of power, harnessing non-conventional sources of energy for common captive use, construction of roads, creation of common facilities, such as first aid centre, canteen, other need-based infrastructural facilities.

Under the MSME Directorate, 292 clusters were developed (from October 2010 to May 2022), under the Cluster Development Programme (CDP). Out of these, 13 CFCs were taken up under MSE-CDP, in eleven districts, at a project cost of ₹ 88.02 crore. Out of ₹ 51.39 crore released for these 13 CFCs, expenditure of ₹ 45.48 crore had been incurred⁵⁹. Further, five⁶⁰ had been fully completed and handed over, one⁶¹ had been partly completed and handed over, four⁶² were ongoing, two⁶³ had been dropped and one⁶⁴ had not been taken up.

⁵⁹ The dates of field audit inspection were between May to August 2022.

⁶⁰ CFCs of: (i) Fan Manufacturing Cluster, Bansdrani, Kolkata (ii) Plastic Products Cluster, Rajganj, Jalpaiguri (iii) Honey Processing Cluster, Malda (iv) Roofing Tiles Cluster, Murlu, Bankura and (v) Zari Embroidery Cluster, Budge Budge II Block, South 24 Parganas.

⁶¹ Lead Acid Storage Battery Cluster, Darjeeling.

⁶² (i) Refractory Bricks Cluster, Salanpur, West Burdwan (ii) Re-rolling Mills Cluster, Jagatballavpur, Howrah (iii) Kaliyaganj Edible Oil Cluster, Uttar Dinajpur and (iv) Silver Filigree Cluster, Magrahat, South 24 Parganas.

⁶³ (i) Metal Casting (Foundry) Cluster, Howrah and (ii) Leather Goods Cluster, Santiniketan, Birbhum.

⁶⁴ Rice Mill Cluster, East Burdwan.

2.8.2 Audit Objectives

The audit objectives were to assess whether the:

- i. Clusters had been identified and Special Purpose Vehicles (SPVs) formed, as per the MSE-CDP guidelines;
- ii. Creation of CFCs, under 'Hard Intervention' had been taken up in the different clusters, as per the MSE-CDP guidelines;
- iii. Desired objectives had been achieved;
- iv. Cluster Development Programme (CDP) had been adequately monitored & supervised, with a view to ensuring the timely completion of clusters.

2.8.3 Audit Criteria

- Guidelines for the Micro and Small Enterprises-Cluster Development Programme (MSE-CDP), October 2007 and Revised Guidelines for Micro and Small Enterprises-Cluster Development Programme (MSE-CDP), May 2010.
- Administrative Approval (AA)/Final Approval (FA) and Sanction Orders, relating to the creation of the CFCs.
- General Financial Rules (GFR) 2005 & 2017 and Guidelines of the Central Vigilance Commission (CVC).
- Notifications, guidelines, circulars, orders, amendments *etc.*, issued by the Department of Finance and the Department of Micro, Small & Medium Enterprises & Textiles, Government of West Bengal, in regard of MSE-CDP guidelines.

2.8.4 Scope and Methodology

The audit methodology involved: (i) detailed checking of the records/files of the CFCs in the DIC offices (ii) joint site inspections with departmental officials (iii) collecting photographic evidence (iv) holding discussions with departmental officials and SPV members at the different implementing units, in the selected CFCs.

Eight CFCs, out of 13 CFCs, under the MSE-CDP, were selected on the basis of judgemental sampling⁶⁵, in eight districts. The audit was conducted between May 2022 and September 2022.

An entry conference was held on 30 June 2022, with Special Secretary, MSME Department, to discuss the audit objectives, audit criteria, scope and methodology. The audit findings were discussed in the exit conference held on 07 December 2022, with the Principal Secretary, MSME Department. The responses to the audit observations, received from the Department, have been suitably incorporated in this Report.

⁶⁵ The following CFCs were not taken up: i) One CFC which had been approved but had not been taken up (ii) one of the two CFCs which had been dropped after expenditure has been incurred, but the expenditure incurred was low and (iii) three out of five CFCs which has been completed and handed over (excluded on the basis of lower expenditure).

Audit Findings

Details of the project costs, funds released, expenditure incurred and status, in regard to the eight selected CFCs, are as under:

Table 2.11: Present status of the selected CFCs

(₹ in crore)

Sl. No.	Name of the CFC Project, with location	Date of final approval	Target date of completion	Original Project Cost	Funds released	Expenditure incurred	Present status	Objectives of the CFCs
1.	Refractory Bricks Cluster, Salanpur, West Burdwan.	13.02.18	12.02.20	11.72 ⁶⁶	8.91	8.24 (as of July 2022)	Incomplete, pending supply of Plant and Machinery (P&M).	To provide testing facility, calcination centre, refractory cement processing centre and marketing facility.
2.	Re-rolling Mills Cluster, Jagatballavpur, Howrah	19.10.10	12.03.14	15.56	11.21	11.21 (as of June 2022)	Incomplete, due to non-supply of eight P&M, despite payment having been made.	To provide testing, machine shop and raw material processing facility.
3.	Fan Manufacturing Cluster, Bansdroni, Kolkata	07.06.11	06.06.13	2.06	3.11	3.11 (as of June 2022)	Operative, with focus on the manufacture of fans & automotive parts, rather than on testing facility.	To provide support for enhancing quality, energy efficiency and effective induction of new technology.
4.	Silver Filigree Cluster, Magrahat, South 24 Parganas	29.07.11	25.03.15	1.50	1.26	1.14 (as of June 2022)	Could not be completed due to injunction on power supply.	To design filigree items, melting of silver alloy and casting of silver products.
5.	Leather Goods Cluster, Santiniketan, Birbhum	21.10.09	Not stipulated	3.02	2.65	2.48 (as of August 2022)	Opted out from MSE-CDP, due to short contribution by the SPV. Subsequently, it was taken under the State Cluster Programme.	To provide a design development and training centre, as well as library of technical material.
6.	Plastic Products Cluster, Rajganj, Jalpaiguri	16.05.13	15.05.15	3.79	3.79	4.07 (as of June 2022)	Operative. Spares are being manufactured, in addition to carrying out desired repair & maintenance works.	To provide technological services, including necessary tooling/ maintenance support.
7.	Lead Acid Battery Cluster, Siliguri, Darjeeling	01.02.13	31.01.15	9.37	5.24	5.24 (as of March 2022)	Incomplete. CFC was handed over to the SPV, with only recycling facility. The other two approved facilities were dropped. Operations could not commence due to constraints of working capital (WC).	Development of waste battery recycling, to yield quality and cost competitive raw material, as well as quality component plates for new batteries.
8.	Kaliyaganj Edible Oil Cluster, Uttar Dinajpur	11.07.19	10.07.21	14.49	9.09	5.50 (as of June 2022)	Incomplete, due to non-receipt of response to tenders (invited thrice) for purchase of P & M.	To provide processing services, as well as training services, to increase productivity.

(Source: Information provided by the Department)

⁶⁶ Revised cost - ₹ 11.33 crore.

From the above table, it is evident that a majority of the CFCs, under the MSE-CDP, were not operational, due to various lapses on the part of the Department, as discussed in the subsequent paragraphs.

RECOMMENDATION 1:

State Government may ensure due diligence as per existing programme guidelines before identification of Clusters.

2.8.5 Identification of clusters & formation of SPVs

2.8.5.1 Representation in the SPVs

The Micro and Small Enterprises-Cluster Development Programme (MSE-CDP) guidelines state that the SPV membership should be open-ended and any beneficiary unit in the cluster should have the option of becoming an SPV member, as and when it so desires.

Audit observed the following instances of inclusion of ineligible stakeholders:

Table 2.12: Ineligibility of SPV members in CFCs

Name of the CFC	Irregularities in composition of the SPV	Reply of the Department
Silver Filigree Cluster, Magrahat, South 24 Parganas	Out of 410 members of the SPV, 52 were traders, who were ineligible, as all stakeholder members of the SPV should have been artisans, as per the approved DPR of the CFC.	The Department did not furnish reply.
Re-rolling Mills Cluster, Jagatballavpur, Howrah	The SPV is comprised of members associated with consultancy services, financial services, medical centre, mushroom & floriculture, entertainment, wholesale, marketing, infrastructure development <i>etc.</i> , who are not associated with the activities of re-rolling mills.	The Department stated (December 2022) that the SPV was formed as per guidelines of MSE-CDP. The reply is not tenable, as inclusion of members not related to cluster, is against the concept of CDP as per Para 1 of the MSE-CDP guidelines.
Leather Goods Cluster, Santiniketan, Birbhum	The then GM, DIC, Birbhum, who was assigned with the monitoring of the CFC, enrolled himself as one of the members of the SPV, despite not being associated with the leather sector.	The Department stated (December 2022) that the CFC project was dropped by GoI and SPV was formed as per guidelines and amendments. The reply is not tenable, as the guidelines permitted membership of only those who were associated with the activity of the CFC. Thus, inclusion of the GM, as member was tantamount to conflict of interest, as per Para 1 of the MSE-CDP guidelines.
Plastic Products Cluster, Rajganj, Jalpaiguri	Out of 33 stakeholders, trade licences (Udyam ⁶⁸) of 23 traders were produced to Audit, out of which five were not associated with the manufacturing of plastic products ⁶⁹ .	The Department did not furnish reply.

⁶⁷ 'Udyam' is an online system of registering Micro, Small and Medium enterprises, launched by GoI on 1st July 2020.

⁶⁸ Associated with plastic goods shop, waste plastic scrap supply and trading.

2.8.5.2 Rotation of Management (office Bearers) of the SPV

Para 6(xi) of the Administrative Approvals (AAs) of the CFCs of the Fan Manufacturing and Silver Filigree Cluster, required that the Management (office bearers) of the SPV should be appointed on rotation basis.

Audit observed the following instances of non-rotation of Office Bearers:

Table 2.13: Non-rotation of office bearers

Name of the CFC	Audit observations	Reply
Fan Manufacturing Cluster, Bansdrani, Kolkata	One Director had been holding charge since March 2010 and three directors since April 2015.	The Department stated (December 2022) that the SPV had been formed as per the MSE-CDP guidelines and it was functioning in accordance with the administrative approval of GoI.
Silver Filigree Cluster, Magrahat, South 24 Parganas	Six members of the SPV are continuing as Directors of the Board since 2009.	The Department stated (December 2022) that the SPV had been formed as per the MSE-CDP guidelines, and it was functioning in accordance with the administrative approval of GoI.

The replies are not tenable as non-rotation of four Directors in the CFC of the Fan Manufacturing Cluster and six members of the CFC of the Silver Filigree Cluster, was against the provisions in the AAs of GoI.

RECOMMENDATIONS:

State Government may–

- 2. Ensure that Detailed Project Reports for CFCs are based on realistic cost estimates to ensure viability of projects.*
- 3. Ensure Compliance of the guidelines and AA of GoI, in regard to representation and rotation of members in SPVs.*
- 4. Determine and fix responsibility for wilful inclusion of ineligible members in SPVs.*

2.8.6 Creation of CFCs under ‘Hard Intervention’

2.8.6.1 Procurement of Plant & Machinery (P&M)

The Administrative Approvals of the selected CFCs stipulated that the purchase of P&M should be made as per the GoI purchase procedure *i.e.*, through a Purchase Committee, chaired by the designated Authority nominated by the Department and having members from the Ministry of MSME (Govt. of India), Technical expert (if required), officer from the Implementing Agency, members from SPVs, representative from the concerned Bank *etc.* and GM, DIC concerned.

Clause 9 (a) (ii) of the MSE-CDP guidelines stipulated that the approval of NLSC, was required, in cases of changes in the approved Plant & Machinery, (P&M), for higher versions/adoption of new technologies.

Audit observed the following instances of deviations, in purchase of P&M, without approval of NLSC.

(a) CFC of the Silver Filigree Cluster, Magrahat, South 24 Parganas

Para 11 of the Administrative Approval (July 2011) of the CFC stipulated that, in case of misutilization, diversion or non-utilization of funds, in accordance with the condition of the sanction, the Implementing Agency (IA) was to return the entire amount of grant-in-aid, along with interest @ 10 per cent per annum. As per the AA (2011), GoI sanctioned ₹ 1.19 crore for the project, out of which, ₹ 96 lakh was for procurement of P&M. GoI released ₹ 50 lakh as the 1st instalment.

Audit observed that seven machines had been procured (October 2021), at an additional cost of ₹ 35.11 lakh, in place of two approved machines. Further, the purchase proposals of 15 approved machines, costing ₹ 76.04 lakh, had been dropped (October 2018). All these changes had been made without obtaining required approval from the NLSC, GoI. Due to the deviation, the entire amount of grant-in-aid of ₹ 50 lakh, needed to be refunded to GoI, along with interest @ 10 per cent per annum, in conformity with clause no. 11 of the AA.

Further, joint physical verification⁶⁹ of the CFC revealed (06 July 2022) that only the ground floor had been constructed. However, the Tool Room⁷⁰, which had been provided for in the DPR, had not been constructed on the ground floor. Similarly, the first floor, which had provision for a polishing room, office room, design office-cum-Library and Seminar-cum-Training room, had not been constructed. Thus, the aforesaid approved facilities, which were an integral part of the activity of the CFC, were not created, frustrating its objectives.

(b) CFC of the Fan Manufacturing Cluster, Bansdrani, Kolkata

Audit observed that four machines, costing ₹ 22.47 lakh, approved by DC, MSME, GoI, had not been purchased/delivered, without any reasons being available on record.

Further, 22 machines, costing ₹ 29.93 lakh, had been purchased outside the purview of the approved P&M. These deviations in procurement, had been made without the required approval of NLSC.

(c) CFC of the Lead Acid Battery Cluster, Siliguri, Darjeeling

The objective of the CFC was to recycle waste batteries and manufacture new batteries from these recycled products. The CFC had been approved (February 2013) with facilities like: (i) Waste Battery Recycling Plant (ii) Component Plate Development Facility (CPDF) and (iii) Testing Laboratory for raw materials, as well as finished batteries.

Audit observed that, during FYs 2016-17 to 2019-20, the SPV had purchased only six⁷¹ items, out of the 26 approved item of P&M, at a cost of ₹ 2.61 crore, for the two facilities (Waste Battery Recycling Plant and Testing Facility). None of the 11 P&M items, earmarked for the CPDF, had been purchased. Thus, 20 items of P & M, of the CFC, had been dropped unauthorisedly, on the basis

⁶⁹ of audit with SPV members and DIC.

⁷⁰ For providing service related to development of tooling as well as roll polishing and other maintenance activities for stakeholder's equipments.

⁷¹ Battery (scrap/waste cutting automatic machine, Rotary Furnace, Melting & Refining pots, Air Pollution Control System for pots, Ingot Casting System and Analytical Optical Emission Spectrometer.

of the decision of the SPV, without the required approval of NLSC, as shown in Table 2.14.

Table 2.14: Facility-wise items of P&M not purchased in the CFC of the Lead Acid Battery Cluster, Siliguri, Darjeeling

Facilities to be provided	Total No. of items of P&M to be purchased	Approved cost (₹ in crore)	No. of items of P&M purchased	No. of items of P&M not purchased	Cost of items of P&M not purchased (₹ in crore)
Waste Battery Recycling Plant	7	3.22	5	2	0.92
Component Plate Development Facility	11	2.20	0	11	2.20
Testing Laboratory for Raw Materials	8	0.65	1	7	0.34
Total	26	6.07	6	20	3.46

Consequently, the expected outcome, of achieving cost-effectiveness in battery manufacturing, through re-cycling of scrap batteries, could not be achieved, due to dropping of the approved CPDF and Testing Laboratory by the SPV without obtaining the required approval from NLSC. Post-handover (March 2022), the incomplete CFC is inoperative, owing working capital constraints of the SPV, due to which, the amount of ₹ 5.24 crore, spent on its development, remains blocked.

(d) CFC of the Plastic Products, Rajganj, Jalpaiguri

The Detailed Project Report (DPR) of the CFC mentioned a Salt Bath⁷², having an estimated cost of ₹ 6.36 lakh, as being a basic component of the CFC. Audit observed that, instead of purchasing the approved Salt Bath, the CFC had purchased an unapproved Hand Operated Hydraulic Press and Ball Geared Precision Lathe, at a cost of ₹ 8.85 lakh, without the concurrence of the NLSC.

In regard to the CFCs of the Silver Filigree, Fan Manufacturing and Lead Acid Clusters, the Department stated (December 2022) that need-based deviation had been done, considering the market demand, which had been approved by the tender and purchase committee, without increasing the approved cost.



Fig. 2.8: Showing shed of approved component plate development facility which was subsequently dropped by SPV

⁷² 'Salt Bath' is a device for heating or cooling of an article, by immersing it in a liquid consisting of fused salts.

The reply is not tenable, as deviations in the purchase of approved items of P&M, had to be approved by NLSC/DC, MSME, GoI, as per guidelines. The Department did not furnish any reply, in regard to the CFC of the Plastic Products Cluster.

RECOMMENDATION 5:

State Government may ensure that all the deviations from the Administrative Approvals are approved by the NLSC/ DC, MSME, GoI, as stipulated in the guidelines of MSE- CDP.

2.8.6.2 Payments and Recoveries of advances

Rule 159 of GFR, 2005, stated that: (a) ordinarily, payments for services rendered or supplies made, should be released only after the services have been rendered or supplies made (b) it may, however, become necessary to make advance payments, in the following types of cases:

- (i) advance payments demanded by firms holding maintenance contracts for servicing of air-conditioners, computers, other costly equipment *etc.*
- (ii) advance payments demanded by firms against fabrication contracts turn-key contracts, *etc.*
- (c) such advance payments, to private firms, should not exceed thirty *per cent* of the contract value.

In regard to the CFC of the Re-rolling Mills Cluster, Jagatballavpur, Howrah, Audit observed that, advances amounting to ₹ 6.37 crore, had been paid (during FYs 2011-12 to 2013-14), to four agencies, which had been entrusted, by the SPVs, with non-admissible supplies/works, as detailed in **Appendix-9**, in violation of the GFRs. Further, three out of four such agencies were SPV members⁷³, to whom the award of work had resulted in conflict of interest.

It was further observed that one of the agencies⁷⁴, to whom advance of ₹ 4.33 crore had been paid (between June 2012 and May 2013), for supply of machines, had not delivered 50 out of 74 machines, costing ₹ 1.76 crore, even after a lapse of nine years. Consequently, the project had remained stalled. The SPV had lodged an FIR (October 2019) against the defaulter agency, after six years. The amount was yet to be recovered (as of July 2022).

The Department stated (December 2022) that the SPV had, on several occasions, been asked to recover the amount from the concerned machine supplier, and a certificate case would be initiated under the Public Demand Recovery Act.

RECOMMENDATION 6 :

State Government may determine and fix responsibility for placement of supply orders on members of SPVs as well as release of advances for procurement of plant and machinery in violation of GFRs.

2.8.6.3 Construction of CFC building out of GoI funds

Clause 3 of the AAs (June 2011) of CFCs, under the MSE-CDP, stipulated that, before release of the 1st instalment of GoI assistance, necessary infrastructure,

⁷³ M/s. H. R. International Ltd, M/s. H. R. Infracom Ltd and M/s. Alankar Commotrade Pvt. Ltd.

⁷⁴ M/s. H. R. International.

like water, construction of building for installation of machinery and equipment *etc.*, should be completed. The guidelines of MSE-CDP also reiterated that the entire cost of land and building, for the CFCs, was to be met by funds from the SPVs/State Government.

Audit observed that, in the CFC of the Fan Manufacturing Cluster, an amount of ₹ 5.20 lakh had been spent, out of the GoI share of ₹ 1.34 crore, for construction of building.

The Department stated (December 2022) that machines had been procured by utilizing GoI funds and UC for the same had also been submitted to GoI, through the IA. The reply is not tenable, since a portion of GoI grant had been utilized for construction of the CFC building, which was inadmissible.

2.8.6.4 Compliance of SIDBI's Appraisal Reports

A. The MSE-CDP guidelines stated that the DPR, prepared for each CFC, by the SPV, is to be forwarded to the Small Industries Development Bank of India (SIDBI), through the IA, for its appraisal. Further, Para 3 of the AAs of four Clusters⁷⁵ also mandated that the SPVs were to comply with the terms & conditions of the SIDBI Appraisal Report, which would be monitored by the IA for compliance. Further, the first instalment of GoI's fund was to be released after fulfilment of the conditions stipulated in the AA, including those specified in the Appraisal Reports.

Audit observed that, as per SIDBI's Techno Economic Appraisals (TEAs) of CFC Projects, the SPVs of the four CFCs had acquired 7.96 acres of land, of different classifications, such as DANGA, SAHARI, DOLA, VITA⁷⁶ *etc.* SIDBI had recommended, in this regard, that the SPVs furnish necessary approval, for conversion of such land, to industrial land, to GoI. However, cross-check of the details of these lands with 'Banglarbhumii', the official website of the Land & Land Reforms & Refugee Relief and Rehabilitation Department, GoWB, by Audit revealed that the land of three CFCs⁷⁷ had not been converted to industrial land, while the land of one CFC⁷⁸ had been partially converted to industrial land, as shown in **Appendix - 10**.

The Department stated (December 2022) that the concerned SPVs had been instructed to ensure conversion of the land.

B. As per Clause 9.1.3 (i) of SIDBI's TEA Report for the CFC of the Kaliyaganj Edible Oil Cluster, Uttar Dinajpur, special permission was required for purchase and storage of Hexane, a highly inflammable solvent, from the Ministry of Industry (GoI)/Department of Fire (GoWB). The TEA report stipulated the following conditions:-

- (i) Registration with the Secretariat for Industrial Approvals (SIA), Ministry of Industry, Udyog Bhavan, New Delhi

⁷⁵ (i) Plastic Products, Jalpaiguri (ii) Lead Acid Battery, Siliguri (iii) Kaliyaganj Edible Oil, Uttar Dinajpur and (iv) Refractory Bricks, Salanpur, West Burdwan.

⁷⁶ Danga, Dola and Sahari – Agricultural Land, Vita – Bastu non-Agricultural Land.

⁷⁷ (i) Plastic Products, Jalpaiguri (ii) Lead Acid Battery Cluster, Siliguri (iii) Kaliyaganj Edible Oil, Uttar Dinajpur.

⁷⁸ Refractory Bricks, Salanpur, West Burdwan.

- (ii) Approval of the layout, detailed site plan, section-wise layout and plant layout, by the Chief Inspector of Factories/Factory Inspection Authority, of the State Government.
- (iii) Approval of the Solvent Storage Tank layout, by the Chief Controller of Explosives, Nagpur/Zonal Office.
- (iv) Obtaining Solvent Extraction Order (SEO) Licence, from the Directorate of Vanaspati Vegetable Oils and Fats, Ministry of Agriculture and Irrigation, Department of Food, Krishi Bhavan, New Delhi, in terms of the Solvent Extracted Oil, Deoiled Meal and Edible Flour Control Order.
- (v) Obtaining No-objection certificate, from the Fire Department, for the location of the plant, on the proposed premises.
- (vi) Approval from the Boiler Inspectorate, for the proposed high pressure streamline in the Solvent Extraction Plant.

The above conditions were to be fulfilled, to ensure the safety of the plant. Audit, however, observed that the stipulated conditions and required approvals, as recommended by SIDBI, had not been complied with.

The Department stated (December 2022) that necessary steps would be taken for compliance.

2.8.6.5 Fixation of user charges

Clause 5(iii) (m), of the Guidelines of MSE-CDP, requires that user charges, for the services of the CFCs, be so designed, as to at least meet all the running expenses, with reasonable growth, close to the prevailing market prices, as decided by the management of the SPV.

Audit observed that neither of the two CFCs⁷⁹ which were in operation, out of the eight selected CFCs, had introduced user charges. In the absence of prescribed rates, the two CFCs were collecting user charges in an arbitrary manner.

The Department stated (December 2022) that user charges had since been fixed. It did not, however, furnish documents in support of this assertion.

2.8.6.6 Insurance of P&M of the CFCs, by the SPV

Clause 13 of the Tri-partite Agreement⁸⁰, drawn up in terms of the MSE-CDP guidelines, required SPVs to insure all the P & M, fixtures and equipment, of the concerned CFCs, for a minimum period of 10 years, at their own cost.

P & M had been procured in six CFCs out of eight selected CFCs. In four⁸¹ out of these six CFCs, P & M worth ₹11.44 crore was procured, wherein these items of P&M had not been insured by the SPVs, though this was required under the MSE-CDP guidelines. Audit further observed that two items of P&M⁸², of ₹ 0.35 lakh, had been stolen (August 2019) in the CFC of the Re-rolling Mills

⁷⁹ CFCs of the Fan Manufacturing Cluster, Bansdrani, Kolkata and Plastic Products Cluster, Rajganj, Jalpaiguri.

⁸⁰ Among GoI, GoWB and the SPV concerned.

⁸¹ CFCs of the: (i) Silver Filigree, Magrahat, South 24 Parganas, (ii) Fan Manufacturing, Bansdrani, Kolkata, (iii) Re-rolling Mills, Jagatballavpur, Howrah and (iv) Lead Acid Battery, Siliguri, Darjeeling.

⁸² 'WOLF' brand angle grinder M/C duly fitted with 9 inches and 7 inches dia grinding wheel.

cluster, Jagatballavpur. However, claim could not be made in this regard, as insurance had not been taken for those machinery items.

The Department stated (December 2022) that all the concerned GM, DICs, had now been instructed to take necessary action in this regard. However, the copy of the instructions had not been provided to Audit.

2.8.6.7 Prospects of operation of the CFCs

(a) CFC of the Re-rolling Mills Cluster, Jagatballavpur, Howrah

Para 6 (e) (iv) of the AA of the CFC stipulated that it should start functioning within 24 months from the date of actual release of the first instalment of GoI grant-in-aid.

Audit observed that GoI had released the first instalment in March 2012. Expenditure of ₹ 11.21 crore had been incurred (upto June 2022) on civil works and procurement of P&M. The SPV had intimated (December 2016) the GoWB that most of the P&M, installed in testing, raw materials processing and machine shop facilities, may not be useful and would not serve the purpose of the CFC. Moreover, NIFFT, Ranchi⁸³, also confirmed (July 2018) that the testing facilities and raw material processing facilities, were not applicable, as the project had passed a considerable work life. The 25 machines purchased (between October 2012 and November 2013) at a cost of ₹2.41 crore, had remained idle, as the remaining eight machines were not supplied by the agency. The SPV requested (January 2019) Director, MSME, WB, for revival of the machine shop and requested for additional funds of ₹ 85.90 lakh for its effective utilization. However, further action was not taken by the Department in this regard.



Fig. 2.9: Dilapidated condition of the incomplete CFC of the Re-rolling Mills Cluster, Jagatballavpur, Howrah

Dy. Director (DD), GoI, calculated that an amount of ₹ 3.60 crore, along with accrued interest, was due on account of unspent GoI funds, and requested (August 2019) the Department to refund the amount to GoI (*Appendix-11*). The Dy. Director (DD), GoI also instructing that consent be obtained from the

⁸³ National Institute of Foundry and Forge Technology.

National Small Industries Corporation Ltd. (NSIC), Howrah⁸⁴, for utilisation of the idle machinery, in the machine shop facilities of the NSIC, who are in the business of imparting training on foundry and metal fabrication.

Audit observed that neither had any communication been initiated with NSIC, for utilisation of the idle machinery, nor steps had been taken to refund the GoI share. Thus, the CFC had remained non-functional, even after ten years and the amount of ₹ 11.21 crore, incurred on civil works and procurements of P&M, had remained unfruitful, without achievement of the desired objectives. Further, the machines had remained idle in the CFC building, with the SPV not being ready to take charge of them. During joint physical verification (July 2022), Audit observed that the machine shop of the incomplete CFC had been unauthorisedly rented out to a third party, by the SPV, for a contractual period of five years, from July 2019 to June 2024, at a monthly rent of ₹ 0.20 lakh, without the knowledge of the Department.

The Department stated (December 2022) that project had already been closed by GoI, which had instructed refund of ₹ 3.60 crore, against its release of ₹ 6.15 crore. It was, however, noted that amount had not been refunded till date (December 2022) and the entire expenditure had remained unfruitful.

(b) Kaliyaganj Edible Oil Cluster, Uttar Dinajpur

Para 4 of the Final Approval (FA) of the CFC stipulated that the IA was to ensure that the CFC should start functioning within two years, from the date of issue of FA. Para 9 of the FA further stipulated that escalation in the cost of project would be borne by the SPV/State Govt.

GoI accorded (July 2019) the FA of the CFC, at an approved cost of ₹ 14.49 crore (GoI share : ₹ 8.98 crore, GoWB share : ₹ 4.00 crore and SPV contribution: ₹ 1.50 crore), with scheduled completion by July 2021. The project had initially been sent to GoI, for approval, in October 2013. Subsequently, the DPR was resubmitted in January 2017, without cost escalation, despite the fact that the revised DPR had been submitted after a gap of four years. Thus, the Department failed to consider the escalation in the project cost, taking into account the market prices at the time of submission of revised DPR, in October 2017. The SPV received the first instalment of GoI share, amounting to ₹ 3.59 crore, in November 2019. It then demanded funds, amounting to ₹ 11.20 crore. Further, due to escalation of the cost of P&M, the SPV placed (February 2021) an additional demand for GoI funds, amounting to ₹ 5.81 crore⁸⁵, to the Department, overriding Para 9. Further, despite having incurred expenditure of ₹ 5.50 crore, on civil works (as of September 2022), the CFC could not be made functional, even after a time lag of 38 months, leading to non-achievement of the desired objectives.

The Department stated (December 2022) that the GoI funds had been transferred to the IA, as per GoI instructions. However, it did not provide documents in support of this assertion.

⁸⁴ A Central PSU fostering growth of MSME sector, with the aim of supporting MSMEs and generating the skilled manpower for industries.

⁸⁵ GoI Share stipulated in AA ₹ 8.98 crore. GoI fund released ₹ 3.59 crore. ₹ 5.39 crore actually due from GoI (₹ 8.98 – ₹ 3.59). Demand for additional fund made by SPV ₹ 11.20 crore. ₹ 5.39 crore actually due. Thus, ₹ 5.81 crore additional demand (₹ 11.20 – ₹ 5.39).

RECOMMENDATION 7 :

State Government may take suitable action against the officials concerned for the wasteful expenditure incurred.

2.8.6.8 Contribution of SPV and their utilisation

Clauses 9(e) and (g) of the modified guidelines of the MSE-CDP required that the share of the cluster beneficiaries should be as high as possible and upfront⁸⁶, but not less than 10 *per cent* of the total cost of the CFC.

Audit observed that, subsequent to the CFC of the Santiniketan Leather Goods Cluster having been dropped (November 2012) from the list of projects being implemented under the MSE - CDP, after expenditure of ₹ 1.95 crore had been incurred on the CFC. GoWB had revived the project (April 2018), with an additional cost of ₹ 2.06 crore and fixed the share of the SPV at ₹ 20.65 lakh. In this regard, Audit noted that, while the contribution of the SPV should have been ₹ 40.16 lakh⁸⁷, the SPV had contributed only ₹ 27.40 lakh, leading to short contribution of ₹ 12.76 lakh. Further, the SPV had been able to utilise only ₹ 7.00 lakh, out of the available funds, with the residual amount remaining in the Project Specific Account (PSA).

The Department stated (December 2022) that such issues will be included in a set of guidelines, to be prepared for State funded CFCs.

2.8.6.9 Registration of land for CFC

Clause 8A (a) of the Guidelines of the MSE-CDP stipulated that the transfer/procurement of land, for the CFC, should be in the name of the SPV.

Audit observed that, in the CFC of the Leather Goods Cluster, Santiniketan, Birbhum, the Sriniketan Santiniketan Development Authority (SSDA), Bolpur, had delivered (June 2008) possession of the leasehold land of one acre, in the name of the SPV, at a consideration of ₹ 27.60 lakh, for a period of 30 years. However, records revealed that registration/lease hold rights of the land were awaited, even after a lapse of over 14 years and 03 months (as of August 2022). The GM/DIC, Birbhum, was required to monitor the transfer of lease hold rights in favour of the SPV, before commencement of work of the CFC. The SPV had made a few communications, with SSDA, Bolpur, on this issue, but without any positive result. However, GM/DIC, Birbhum, had not made due efforts to expedite the process.

The Department stated (December 2022) that correspondence would be made with SSDA, at the Department level, in this regard.

2.8.6.10 Execution of agreement with SPV

The Guidelines of the MSE-CDP required that a tripartite agreement be executed, between the GoI, GoWB and the concerned SPV, for CFC projects.

The Santiniketan Leather Goods Cluster, Santiniketan, Birbhum, had been dropped from the MSE-CDP and had been revived (April 2018) under funding

⁸⁶ The contribution from SPV should be contributed first, followed by GoWB.

⁸⁷ 10 *per cent* of ₹401.59 lakh (₹195.16 lakh + ₹ 206.43 lakh).

from the State Government. Accordingly, the Department should have executed a bilateral agreement between the GoWB and the SPV, in line with the MSE-CDP guidelines.

Audit, however, observed that no such agreement, which was necessary for safeguarding the interest of the beneficiaries/assets, had been executed.

The Department stated (December 2022) that, as of now, there are no guidelines for the State funded CFCs. However, necessary clauses would be included in the proposed guidelines for State funded CFCs.

2.8.6.11 Operation of Project Specific Accounts (PSAs) of CFCs

Project Specific Accounts (PSAs) are to be maintained in a bank, for keeping the GoI, GoWB and SPV contributions and incurring expenditure therefrom. In a meeting held in August 2017, by the Director, MSME, GoWB, it was decided that the SPV of the Re-rolling Mills Cluster, Jagatballavpur, Howrah, be prohibited from operation of the PSAs, until further instructions from the Department, in view of irregularities noticed in the purchase of machinery.

Audit, however, observed that there were no records regarding communication of this embargo, either to the SPV, or to the concerned bank (State Bank of India). Audit further observed that the PSA had been operated (for the period from April 2021 to March 2022) unilaterally by the SPV of the CFC, as was evident from the bank statement of the PSA. The PSA was to be operated jointly by the SPV and the GM, DIC, Howrah. Funds amounting to ₹ 4.00 crore had been withdrawn unilaterally, by the SPV, from the account, for opening term deposits in favour of the SPV, for 365 days, without the knowledge of the concerned GM, DIC, Howrah.

The Department stated (December 2022) that necessary communication would be made with the Chief General Manager of the concerned Bank.

2.8.6.12 Submission of Utilization Certificates

The Administrative Approvals of the CFCs required that the IAs submit their Utilization Certificates (UCs) in Form GFR 19A. The UCs were to disclose the achievements against specified quantified and qualitative targets; specify reasons for shortfalls, if any; and the checks exercised thereon. They were also required to provide details of the activity-wise physical and financial progress.

Audit observed that the IAs did not have information of the component-wise actual expenditure incurred by the SPVs, on the creation of the CFCs, or the unutilized funds lying with the SPVs and the interest accrued thereon. After releasing funds to the SPVs, the entire funds were shown as having been utilized, in the UCs, without the actual expenditure having been verified. Audit also observed that UCs had been submitted by the CFCs without details of their activity-wise physical and financial progress. In the absence of this vital information, monitoring of the progress of execution of the CFCs, by the GoI, could not be ensured.

The Department stated (December 2022) that, henceforth, UCs would be submitted along with the required information/enclosures.

2.8.7 Tendering process

2.8.7.1 Publication of NIT

Rule 150 of GFR, 2005, stipulated that, subject to the exceptions incorporated under Rules 151 (Limited Tender Enquiry) and 154 (Single Tender Enquiry), invitation to tenders, by advertisement (Advertised Tender Enquiry), should be used for procurement of goods of estimated value of ₹ 25 lakh and above. In such cases, advertisements were to be given in the Indian Trade Journal (ITJ), published by the Director General of Commercial Intelligence and Statistics, Kolkata, and at least one national daily, having wide circulation. Further, as per order (April 2013) of MSME-DI, e-tendering became mandatory for procurement of P&M, for CFCs.

(a) Audit observed that, other than the CFC of the Silver Filigree Cluster, Magrahat, South 24 Parganas, for which NITs had been published, on two occasions (out of five), in the Indian Trade Journal, none of the other five⁸⁸ CFCs, which had procured P&M, had published NITs in the said Journal, or in any of the widely published national dailies, thus detracting from the objectives of open competition, wide participation and competitive rates. Further, none of these six CFCs had gone in for e-tendering, even though it had been made mandatory from April 2013 onwards.

(b) For procurement of P&M of the CFC of the Kaliyaganj Edible Oil Cluster, Uttar Dinajpur, NITs were restrictively invited thrice, through local newspapers and the private website of C1 India⁸⁹, incurring expenditure of ₹ 5.76 lakh on publicity. However, due to non-receipt of bids, P&M could not be procured, even though the 1st installment of GoI funds of ₹ 3.59 crore had been released (February 2020) to the SPV. Non-publication in widely published dailies, as well as in the e-procurement portal, hampered the prospect of getting prospective bids.

The Department accepted (December 2022) the audit observation and stated that the GMs, of the DICs, would be instructed to guide SPVs in this regard.

2.8.7.2 Splitting of works

Rule 149(viii) of GFR, 2017, stated that a demand for goods shall not be divided into small quantities to make piecemeal purchases, to avoid obtaining sanction of higher authorities/tendering.

Audit observed that, in the CFC of the Silver Filigree Cluster, Magrahat, South 24 Parganas, 22 works/ supplies/repairs of similar nature, in three categories⁹⁰, valued at ₹13.53 lakh, as detailed in **Appendix-12**, had been split into 22 quotations, to avoid inviting tenders. The estimated cost of all the NIQs had been fixed below rupees one lakh, to avoid tendering.

⁸⁸ CFCs of: (i) Refractory Bricks Cluster, Salanpur, West Burdwan (ii) Re-rolling Mills Cluster, Jagatballavpur, Howrah (iii) Fan Manufacturing Cluster, Bansdroni, Kolkata, (iv) Plastic Products Cluster, Rajganj, Jalpaiguri and (v) Lead Acid Battery Cluster, Siliguri, Darjeeling.

⁸⁹ C1 is a website for on-premises procurement performance solutions across industries, for digitalizing and transforming all or part of the procurement process.

⁹⁰ purchase of equipment (date of NIQ 25.01.22), civil works (date of NIQ 01.02.22) and works of repair/ replacements (date of NIQ-29.09.20).

The Department accepted (December 2022) the audit observation and stated that the GMs, of the DICs, would be instructed to guide SPVs in this regard.

2.8.7.3 Eligibility of bidders

(a) CFC of the Re-rolling Mills Cluster, Jagatballavpur, Howrah

- A sealed tender was invited (September 2011) from reputed manufacturers/ authorised dealers, for supply of equipment/machinery⁹¹, for the Machine Shop and Raw Material Processing facilities of the CFC.

The supply orders of four works, costing ₹ 8.55 crore, were entrusted (November, 2011 and February, 2012) to two agencies ⁹², who had a common director. Audit observed that both these agencies had been mainly associated with the activities of spinning, weaving and finishing of textiles, as well as civil construction works. Records relating to the verification of the credentials of these firms, in regard to supply of mechanical items, were not available. As such, both these agencies, which had no experience in supply of mechanical items, had been entrusted with supplies and works costing ₹ 8.55 crore, against the total value of supply/ works costing ₹ 11.64 crore, as detailed in *Appendix-13*.

- A sealed tender was invited (September 2011) from reputed contractors, for civil works and/or building construction, for the Raw Material Processing Facility, Machine Shop facility, Testing facility & Administrative facility, of the CFC.

Audit observed that an agency⁹³, which was one of the members of the SPV, was entrusted with the civil works (Machine shop & Testing facility portion) valued at ₹ 57.32 lakh, even though its main activity was wholesale of goods⁹⁴. The basis of selection of a wholesale dealer, for execution of civil works, was not available on records.

In both the above cases, there was a direct conflict of interest, as the one agency and a common director of the other two agencies, being members of the SPV, were also involved in supplies/ works related to setting up of the CFC.

The Department stated (December 2022) that SPV had removed the specific member and lodged an FIR for recovery. The reply is not convincing, in the absence of records furnished in support of the removal of the defaulter member.

(b) CFC of the Plastic Products Cluster, Rajganj, Jalpaiguri

Para 5.1.4 (vii) of CVC guidelines stipulated that in case a bid is submitted by a non-manufacturer of an item, the said non-manufactures is required to furnish the Manufacturers Authorization Certificate and also the Manufacturer's Confirmation of extending the required warranty for that product, along with the bid document. This is necessary to ensure quotations from responsible parties offering genuine products, backed by warranty obligations from the concerned manufacturers.

⁹¹ For Planning, Shaping, Slotting, Boring, Milling, Drilling etc.

⁹² M/s. H. R. International Ltd. and M/s.H R Infracon Ltd.

⁹³ Alankar Commotrade Pvt. Ltd.

⁹⁴ Goods without any particular specialization (as evident from the website of the agency).

Quotations were invited (August 2015), from eligible original equipment manufacturers, for supply, installation, commissioning and trial run of the CFC's Gas Nitriding Plant.

Audit, however, observed that, without obtaining either the Manufacturers Authorization Certificate, or the Manufacturer's Confirmation of extending the assured warranty for the product, a supply order of ₹ 27.30 lakh, was placed (December 2015) upon a non – manufacturer, M/s. Technotherm Projects Pvt. Ltd., with the stipulation that supply be completed within 60 days. The firm, however, supplied (May 2016) only part of the plant and was paid ₹ 24.72 lakh thereagainst. The residual work had to be executed (December 2018) by engaging another agency (M/s. Quartet Thermal Engineering (P) Ltd.), through quotation for ₹ 10.60 lakh. Thus, in addition to the delay of 34 months extra expenditure of ₹ 8.02 lakh had to be incurred, due to erroneous selection of an ineligible supplier.

The GM, DIC, Jalpaiguri, stated (September 2022) that 5.84 lakh had been recovered from the defaulter vendor but did not provide documents in support of this statement.

2.8.7.4 Acceptance of bids

As per order⁹⁵ of Finance Department, GoWB, the selection of an agency, under the two bid system, should be made on the basis of at least three tenders. If the number of tenders received is less than three, tenders should be invited afresh. Audit observed the following violations to the said stipulation, in regard to the acceptance of bids:

(a) CFC of the Fan Manufacturing Cluster, Bansdroni, Kolkata

Audit observed that, out of the total 110 items of P&M, purchased (during May 2015 and June 2017) at a cost of ₹ 1.24 crore, only two bids had been received in regard to 35 items, out of which the lowest bids for 30 items, had been accepted and purchase orders issued for ₹ 63.85 lakh, as detailed in *Appendix-14*. Further, single bids were received in case of 12 items, out of which bids for two items had been accepted without the required assessment of reasonability of rates and purchases had been made at the total bid price of ₹ 0.17 lakh, without resorting to re-tendering, as detailed in *Appendix-15*.

(b) CFC of the Re-rolling Mills Cluster, Jagatballavpur, Howrah

From the comparative statement of the Raw Material Processing facility (November 2011), made available to Audit, it was observed that only two bids had been submitted for supply of 'Equipment/machinery' for 'Raw Material Processing Facilities'. However, re-tendering had not been carried out, although this was required under the extant rules. The item-wise lowest prices of the two bids had been accepted @ ₹ 6.63 crore and work orders had been issued to the two bidders.

(c) CFC of the Plastic Products Cluster, Rajganj, Jalpaiguri

Six items of P&M, costing ₹ 77.75 lakh (July 2016), had been procured by the SPVs, on the basis of two bids received and eight items of P&M, costing

⁹⁵ Audit Branch Notification no. 5400-F(Y) dated 25.06.12.

₹ 36.53 lakh, had been procured by the SPVs, on the basis of single bids received, as detailed in *Appendix-16*. Further, seven items of P&M, costing ₹ 63.61 lakh, had been procured by the SPVs on the basis of “spot quotations” obtained (May 2017 to September 2018), as detailed in *Appendix-17*, in violation of the Finance Department’s order.

In reply, the Department stated (December 2022) that a comprehensive checklist in this regard would be prepared and circulated to the DICs, for compliance.

2.8.7.5 Other observations

(a) Expenditure on prohibited items of work

Clause 10 (h) (i) of the modified guidelines of the MSE–CDP, 2016, prohibits the construction of sheds/ structures from project funds. The guidelines specify that, if required, the same may be built by the entrepreneurs, according to their needs.

Audit observed that, in the CFC of the Silver Filigree Cluster, Magrahat, South 24 Parganas, six sheds⁹⁶ had been created (February 2022) from project funds, at a cost of ₹ 5.76 lakh, in violation of the guidelines (*Appendix-12*).

The GM, DIC, South 24 Parganas, stated (July 2022) that the Purchase Committee in its meeting held in January 2022, had decided to get the sheds constructed, in order to accommodate all the machinery items. The reply was, however, not tenable, as creation of such sheds was not allowed from project funds, as per the guidelines of the MSE-CDP.

(b) Lack of justification for execution of work

Joint physical inspection (June 2022) of the CFC of the Silver Filigree Cluster, Magrahat, South 24 Parganas, revealed that six Melting Furnaces, which had been purchased in February 2014, at a cost of ₹ 4.74 lakhs, had not been commissioned, due to the absence of power supply. The power supply could not be provided due to injunction from court, by a neighbouring resident, arising out of a land dispute in regard to erection of the transformer.

Audit observed that, although the furnace had not been commissioned, a sum of ₹ 3.26 lakh was incurred

(December 2020) for repair of the Furnaces. The necessity of repairs of the furnaces, prior to their commissioning, was not available on records.

The GM, DIC, South 24 Parganas, concerned stated (July 2022) that the work had been taken up for customised modification, as per the requirements of



Fig. 2.10 Melting Furnace of Silver Filigree lying idle

⁹⁶ Roof top East & West side, Electric Meter Room & Surrounding, Bye-Lane East side, DG set surrounding, staircase room & surrounding sheds.

the stakeholders. The reply may be viewed in the light of the fact that the furnaces could not be operated in the absence of the required power connection.

2.8.8 Achievement of desired objectives

2.8.8.1 Assessment of outcomes

Paragraphs 7 and 8 of the AAs of all the test-checked CFCs stipulated that expected outcomes were to be measured, for the CFCs which were in operation. To measure the expected outcomes, the Department was required to conduct assessment of their activities, post-operation.

Audit observed the following instances of non-assessment of outcomes, in two of the completed and handed over CFCs in operation.

(a) CFC of the Fan Manufacturing Cluster, Bansdroni, Kolkata

The Department was required to measure outcomes on 11 parameters, in regard to the testing facilities developed. The IA has handed over the CFC, to the SPV, in September 2017 and the CFC had been in operation since then.

Audit, however, observed that the Department had not carried out the required assessment. Further, there had been a decline of 97 *per cent* in the realization of testing & service charges, from ₹ 9.79 lakh⁹⁷ in FY 2017-18 (FY of hand over) to ₹ 0.21 lakh in FY 2021-22⁹⁸.

The MSE-CDP guidelines stipulated that the CFC would not sell/market products/bi-products directly by itself. However, it was noticed that, instead of focusing on the testing facility, the CFC was manufacturing fans, the revenue of which had increased by 122 *per cent*, from FY 2017-18 to FY 2021-22.

The GM, DIC, Kolkata, stated (July 2022) that the decline in user charges beyond FY 2019-20, had taken place due to the pandemic and rising trend in the sales of fans. The reply was not tenable, as, after the pandemic, the user charges had declined drastically in FY 2021-22 and sales of fans was not the objective of the CFC.

(b) CFC of the Plastic Products Cluster, Rajganj, Jalpaiguri

The IA had handed over (December 2018) the CFC to the SPV. It was, however, noted that assessment of the expected outcomes, on the five parameters⁹⁹ stipulated in the AA, had not been conducted. Instead, the SPV had projected the following eight tangible benefits, in the handing over note of the CFC, the basis of which was not produced to Audit:

⁹⁷ As per the audit report of the SPV of the Fan Manufacturing Cluster for the financial year 2017-18.

⁹⁸ As per the audit report of the SPV of the Fan Manufacturing Cluster for the financial year 2021-22.

⁹⁹ Savings in maintenance costs, savings in transport costs, savings due to reduced down time, savings due to increased productivity and savings due to quality improvement.

Table 2.15: Tangible benefits shown as outcomes, during handing over of the CFC

Parameters	Before setting up of CFC	After setting up of CFC
	Outcomes	Outcomes
No. of Units	125	More than 150
Turnover (₹)	120 crore	200 crore
Domestic Sales (₹)	120 crore	200 crore
Exports	NIL	NIL
Employment (Direct)	2,000	2,500
Employment (Indirect)	5,000	6,000
Profitability	5-6 per cent	8-9 per cent
Growth of business	5-6 per cent	10-12 per cent

Consequently, Audit was not in a position to verify the outcomes projected by the SPV, which were different from the outcomes on the parameters specified in the AA. Further, proper methodology, for assessment in regard to these eight benefits, projected by the SPVs, had not been specified/adopted.

The GM, DIC, Jalpaiguri, admitted (September 2022) that the outcomes had not been assessed, attributing this to lack of knowledge by the SPV members. The reply is not tenable, as GM, DIC, was the Monitoring and Implementing Authority (IA) of the project and had submitted a written undertaking, in regard to ensuring compliance with the terms & conditions of the grant-in-aid. Therefore, the GM, DIC, should have ensured that the stipulated terms & conditions of the FA were duly complied with/adhered to.

RECOMMENDATION 8:

State Government should ensure that the expected outcomes are assessed as per the stipulated parameters. In case of shortfalls in outcomes, reasons thereof should be analyzed and necessary corrective measures adopted.

2.8.9 Monitoring and supervision

2.8.9.1 Implementing Agency

Audit observed the following lapses on part of the IA (West Bengal State Export Promotion Society), in the implementation of the selected CFCs, under the MSE–CDP:

A. To address bottlenecks in the implementation of the CDP-MSE projects in West Bengal, it was decided (March 2013), in a meeting headed by the Principal Secretary of the Department, to augment the strength of the IA (WBSEPS) and to make it a more professional outfit, by adopting the following measures:

- engaging two Project Management Specialists (as Project Managers), on contract basis, to look after implementation of the CFCs, from the planning to the completion stage.
- engaging a Financial Expert, on contract basis, for maintaining the accounts and managing the finances.
- empaneling an engineering firm/experts, for assessment of civil works, quality of P&M etc., according to need. Payment to this agency/individual

would be made on the basis of the work done, at Government approved rates.

Audit observed that the IA neither had in-house technical expertise, nor had it engaged any consultant, although it had been decided in the meeting, to do so. As such, it had been unable to properly assess the actual requirement of P&M for the CFCs, in case of the Silver Filigree and Fan Manufacturing Clusters, which resulted in deviations from the approved DPR, as detailed in Para 2.8.6.1.

B. Para 2 (xviii) of the order relating to release of funds by GoI, required that the interest earned from the funds placed in bank account, would be indicated in the UCs. Such interest could either be adjusted in deciding the next release of funds or it be refunded to GoI, after the grants-in-aid sanctioned had been utilized.

Audit, however, noticed that the UCs submitted by the IA did not mention the interest accrued on the funds kept in the Project Specific Account (PSA). The IA had not refunded the interest accumulated in the PSAs of the eight test-checked CFCs. In reply, the GM, DICs, for three of these CFCs¹⁰⁰ admitted (between September and October 2022) that the interest accumulated in the PSAs had been utilized.

C. The AAs of all the test-checked CFCs had stipulated that the IA would submit quarterly reports on the implementation and functioning of the CFCs, on a regular basis, to DC, MSME. Accordingly, the IA was required to obtain such information from the respective SPVs. Audit, however, observed that the IA had not obtained such information from the CFCs and had also not submitted quarterly progress reports on implementation & functioning of the CFCs.

D. The AAs of all the test-checked CFCs had stipulated that the first installment of GoI funds would be released to the IA after receipt of the progress made in regard to creation of infrastructure for installing machinery and equipment, at the site earmarked for the CFC, including adequate load sanction from the Electricity Authorities, water connection, construction of building/shed for installation of machinery and equipment *etc.* Audit, however, observed that the IA had submitted requests for release of GoI assistance, without ensuring completion of the pre-requisite criteria. In case of the CFC of the Silver Filigree Cluster, Magrahat, South 24 Parganas, the request for release of GoI assistance had been made without ensuring power supply, resulting in blockage of funds.

E. The release orders of GoI funds stipulated that performance-cum-achievement reports be submitted to the sanctioning authority. Audit, however, observed that the IA had not furnished such reports, for the eight selected CFCs, to the DC, MSME, GoI.

F. Para 11 of the AAs of all the eight selected CFCs had stipulated that the purchase of P&M be made as per the General Financial Rules, 2017, of GoI, as well as the purchase provisions contained in CVC guidelines, through a Purchase Committee, chaired by the Designated Authority of the State Government, with members from the Ministry of MSME, GoI; Technical expert; IA; SPVs, GM-DICs concerned and other stakeholders.

¹⁰⁰ *Refractory Bricks Cluster, Salanpur, Paschim Bardhaman; Silver Filigree Cluster, Magrahat, South 24 Parganas and Plastic Products Cluster, Rajganj, Jalpaiguri.*

Audit observed that the representative of the IA had rarely attended the meetings for procurement of P&M, as detailed below:

Table 2.16: Attendance of IA at the meetings of the Purchase Committees (PCs)

CFC	Total number of meetings of the PC, held upto August 2022	Number of meetings in which members of the IA were present	Reply of the IA
Silver Filigree Cluster, Magrahat.	22	06	WBSEPS claimed to have a limited number of officers, due to which they could not attend all the meetings of the PCs, held in different DICs/Sub-DICs across the State.
Fan Manufacturing Cluster, Bansdroni	05	02	
Re-rolling Mills Cluster, Jagatballavpur	*	*	
Refractory Bricks Cluster, Salanpur.	16	07	
Leather Goods Cluster, Shantiniketan	*	*	
Plastic Products Manufacturing Cluster, Rajganj	38	06	
Lead Acid Storage Battery Cluster, Siliguri	*	*	
Kaliyaganj Edible Oil Cluster, Uttar Dinajpur	13	01	

* Information not provided by IA.

Thus, important decisions, including decisions regarding purchase of P&M, had been taken, in the meetings of the Purchase Committees, without inputs from the IA. The IA even did not have copies of the minutes of the PC meetings, for monitoring compliance of the same by the SPVs.

2.8.9.2 Monitoring agency (GM/DIC)

The Administrative Approvals of the selected CFCs stipulated that purchase of P&M should be made as per GoI's purchase procedure, through a Purchase Committee, chaired by the Designated Authority, Department of MSME, Government of West Bengal, and having members from the Ministry of MSME (Govt. of India), Technical expert (if required), an Officer from the Implementing Agency, a representative from the concerned Bank *etc.* and the GM, DIC, concerned. Further, the district set-up of the Department was to look after and monitor the implementation of the CFCs.

Audit, however, observed that the Department had not nominated a Designated Authority, for chairing the PCs of the CFCs and, in its place, the DICs of the concerned Districts had been nominated to the chair. The DICs had also not maintained records/ information related to the implementation of the CFC, for the purpose of monitoring and solely relied upon the records/ information provided by the SPVs. The DICs had not conducted any physical inspections of the CFCs. Further, the GM, DICs, did not effectively perform their duties as Chairpersons of the PCs, as, in the meeting of the PCs, decisions had been taken

to deviate from the approved P&M and building plans without obtaining the required approval of NLSC. Besides, the GM, DICs, had been unable to check irregularities in the tendering process.

RECOMMENDATIONS:

State Government may ensure -

- 9. That the IA is in possession of requisite technical expertise, as well as the manpower required for supervising implementation of the CFCs. Further, it should ensure adherence to the terms and conditions stipulated in the FA/ sanctions, including SIDBI Appraisal Reports, if any.*
- 10. Submission of periodic physical and financial progress reports, along with UCs, by the IA, to the DC, MSME, GoI.*
- 11. Specific timelines may be fixed for utilization of funds and completion of various components of the schemes, failing which the funds released should be surrendered.*

2.9 Irregular disbursement of subsidies to an enterprise, in violation of the guidelines of the West Bengal Incentive Scheme-2013

District Industries Centre, Uttar Dinajpur, disbursed subsidies, amounting to ₹ 1.59 crore, to an enterprise, in violation of the guidelines of the West Bengal Incentive Scheme-2013

Government of West Bengal launched (February 2014) the West Bengal Incentive Scheme-2013 (WBIS-2013), with the objective of promoting the growth and development of micro, small and medium enterprises. The scheme was valid from April 2013 till March 2018. All micro, small and medium enterprises in the manufacturing sector, in the State, were eligible for different types¹⁰¹ of subsidies under WBIS-2013, according to the notifications issued (February 2014 and May 2015) in regard to implementation of the scheme.

As per the scheme guidelines, the eligibility criteria, for receiving subsidies under WBIS-2013, were that: (i) the enterprise should commence its commercial production during the validity of the scheme and (ii) it should submit its first application, to the concerned District Industries Centre (DIC), within 12 months of commencing commercial production.

Test-check (February 2022) of the records of DIC, Uttar Dinajpur, revealed that an enterprise¹⁰² had commenced its commercial production in September 2013. Accordingly, it should have submitted its first application, for availing subsidies, within September 2014. Audit observed that the enterprise had submitted its first application to the concerned DIC in August 2015 *i.e.* 23 months after the commencement of production, instead of the stipulated 12 months. Thus, the enterprise was not eligible for receiving any subsidy under the scheme.

The General Manager (GM), DIC, Uttar Dinajpur, however, disbursed (March 2017) subsidies amounting to ₹1.41 crore¹⁰³, to the enterprise, in violation

¹⁰¹ State Capital Investment Subsidy, Interest Subsidy, Power Subsidy, Electricity Duty Subsidy etc.

¹⁰² CNG Agrocure Pvt. Ltd.

¹⁰³ State Capital Investment Subsidy (₹ 50.00 lakh), Interest on Term Loan Subsidy (₹ 88.23 lakh) and Power Subsidy (₹ 2.62 lakh).

of the guidelines of WBIS-2013. Further, the DIC disbursed (February 2021) an additional amount of ₹ 0.18 crore¹⁰⁴, based on the subsequent application (December 2017) of the enterprise, which was also irregular.

In reply, Department stated (December 2022) that the enterprise had applied (31 July 2014) for Eligibility cum Registration Certificate (ECRC) within one year from the date of commencement of commercial production (DOCP) and the date of application of ECRC was considered as date of first application for subsidy.

The reply was not tenable as the applicant applied for its first subsidy on 21 August 2015 *i.e.* after the guidelines were modified. Thus, the modified guidelines should have been followed and accordingly subsidy should not have been disbursed. Similar instance was noticed in other DIC (Purba Medinipur) where the enterprise was denied the subsidy as the enterprise submitted the first application after a delay of five months. Thus, the DICs followed different yardsticks while giving subsidies to the enterprises in their respective areas without following the guidelines uniformly throughout the State.

Thus, the GM, DIC, Uttar Dinajpur, made irregular disbursement of subsidies, amounting to ₹1.59 crore, in violation of the WBIS-2013 guidelines.

PUBLIC HEALTH ENGINEERING DEPARTMENT

2.10 Wasteful expenditure due to improper survey

PHED, without proper survey, awarded the piped water supply scheme to an agency, for the construction of River Bed Tube Wells (RBTWs), on river beds which had large-scale mining activities and were prone to flooding, resulting in: (i) the complete washing out of 74 of the RBTWs so installed, by heavy floods and (ii) wasteful expenditure of ₹3.17 crore.

As per Rule 21 of GFR 2005: (i) every officer incurring or authorising expenditure from public money should be guided by high standards of financial propriety (ii) every officer should also enforce financial order and strict economy and ensure that all relevant financial rules and regulations are observed and (iii) every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Superintending Engineer, Bankura Western Circle, Public Health Engineering Department (PHED), awarded (December 2012) two piped water supply schemes¹⁰⁵, in Onda Block (Scheme-A) and Indus Block (Scheme-B), of Bankura District. The project envisaged providing piped water using sub-surface

¹⁰⁴ Interest subsidy.

¹⁰⁵ Scheme-A: 'Surveying, planning, designing, delivery, erection, construction, commissioning and completion of piped water supply scheme in Onda Block of Bunkura district with sub surface/ ground water as source followed by 6 months of trial run and subsequent operation and maintenance for 5 years.

Scheme-B: Surveying, planning, designing, delivery, erection, construction, commissioning and completion of piped water supply scheme in Indus Block of Bunkura district with sub surface/ ground water as source followed by 6 months of trial run and subsequent operation and maintenance for 5 years.

water [by construction of River Bed Tube Wells (RBTWs)] and groundwater [by the construction of Ground Water Tube Wells (GWTWs)]. The work was awarded to a contractor, on turnkey basis, at the tendered costs of ₹ 80.89 crore and ₹ 58.50 crore, in Onda and Indus Blocks, respectively, for completion within January 2017. The scope of the works, *inter alia*, consisted of the construction of RBTWs, GWTWs, Clear Water Reservoirs, Over Head Reservoirs, distribution pipeline networks *etc.* As per the sanctioned estimate, 70 RBTWs (on Darakeswar riverbed) were to be installed in the Onda Block and 45 RBTWs (on Darakeswar and Damodar riverbeds) in the Indus Block.

Audit observed (December 2021) that, before and during the execution of the aforesaid schemes, the agency had repeatedly (September 2014, April 2015, November 2015, August 2017, September 2017 *etc.*) informed the Executive Engineer, Bankura Water Supply Division, PHED, that: (i) it was not feasible to make the sub-surface water-based scheme successful, as the depth of sand in the river bed was insufficient to construct the RBTWs, due to extensive sand mining from the river beds in these areas and (ii) consequently, there was every chance of washing away of the RBTWs, during high discharge in the river in the monsoon period. The agency had alternatively proposed for installation of a proportionate number of GWTWs on the river bank and also agreed to accept the payment¹⁰⁶ meant for RBTWs. The Executive Engineer, Bankura, PHED, had himself conducted (October 2017) a field survey and intimated (November 2017) the Additional District Magistrate (ADM), Bankura, regarding extensive sand mining in those areas. However, PHED neither took action to stop the sand mining in the area (other than writing a letter to ADM, Bankura), nor stopped the construction of the RBTWs, even though the agency had agreed to construct a proportionate number of GWTWs, at the rate of RBTWs.

Scrutiny revealed that, in the Onda and Indus Blocks, 51 and 23 RBTWs, respectively, were laid, with the trial runs having been completed in July 2017, at a cost of ₹ 3.17 crore. However, after one year of trial runs, all the 74¹⁰⁷ installed RBTWs were washed away, along with collecting lines and electromechanical components, during a flash flood in August 2018. The PHED immediately proposed (August 2018) for the restoration of flood-affected RBTWs, by sinking 33 GWTWs¹⁰⁸ and the work was awarded (February 2019) to an agency, at a tendered cost of ₹ 3.11 crore. The work is in progress (September 2022).

Thus, the PHED, without a proper survey, awarded the works to the agency for construction of RBTWs, on river beds which had large-scale mining activities and were prone to flooding, resulting in complete washing out of the RBTWs so installed, by a flash flood, resulting in wasteful expenditure of ₹ 3.17 crore.

The matter was reported to the Government in May 2022; reply is awaited (March 2023).

¹⁰⁶ In Onda Block, the cost of construction of each RBTW and GWTW was ₹ 4,01,700.00 and ₹ 5,16,471.43, respectively and, in the Indus Block, the cost of construction of each RBTW and GWTW was ₹3,87,033.33 and ₹ 92,880.00, respectively.

¹⁰⁷ 51 (in Onda Block) + 23 (in Indus Block).

¹⁰⁸ A Ground Water Tube Well is a type of water well in which a long, wide, stainless steel tube or pipe is bored underground. The lower end is fitted with a strainer, and a pump lifts the Ground Water. The required depth of the well depends on the depth of the ground water table.

2.11 Wasteful Expenditure

Failure of the Department to assess the availability of water for the Mathurabill water supply scheme, resulted in wasteful expenditure of ₹ 2.30 crore.

As per Rule 21 of GFR 2005: (i) every officer incurring or authorising expenditure from public money should be guided by high standards of financial propriety (ii) every officer should also enforce financial order and strict economy and ensure that all relevant financial rules and regulations are observed, by his own office and by subordinate disbursing officers and (iii) every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The Chief Engineer (Head Quarters), Public Health Engineering Department (PHED), Government of West Bengal, accorded administrative approval (March 2010) of ₹ 11.93 crore, for the construction of a pond-based piped water supply scheme, capable of producing 3.80 MLD (Million Litres per day) treated water, using Mathurabill¹⁰⁹ water body as the source. The objective was to supply arsenic-free water to the arsenic affected 15 mouzas¹¹⁰ under Majhipara-Palasi & Shibdaspur Gram Panchayat, Barrackpore – I Block, North 24 Parganas district. The project was aimed to be completed within three years. However, the work orders for various components were issued between August 2010 and January 2015. Expenditure of ₹ 11.93 crore had been incurred on the project, till March 2019. However, even after incurring this expenditure, water could not be provided to the beneficiaries.

The scheme was originally conceived with Mathurabill pond, a rain-fed reservoir, as a source to supply water throughout the year. However, apprehending scarcity of water during less rainfall, the Department decided (August 2011) that the command area of this project would be covered by another adjacent Habra-Gaighata surface water supply scheme¹¹¹, utilising some of the already created components¹¹² of the Mathurabill project. In the revised project profile of Habra Gaighata Scheme, it was specifically mentioned that the construction activities of Mathurabill could continue, except for components like raw water intake¹¹³, raw water main¹¹⁴, clear water reservoir¹¹⁵ etc. This indicated that assets such as Raw Water Intake, Raw Water Rising Main, Water Treatment Plant¹¹⁶ and Clear Water Reservoir¹¹⁷ of the

¹⁰⁹ Mathurabill is a rain-fed pond, located in North 24 Parganas District, Barrackport-I Block.

¹¹⁰ Mouza is a unit of specific land area, for revenue settlement and revenue collection.

¹¹¹ Surface water based water supply scheme for arsenic affected areas of Habra – Gaighata & Adjoining Mouzas under District North 24 Parganas of 125.74 MLD.

¹¹² Overhead Reservoir, distribution system etc.

¹¹³ Raw water intake is a point on water source from where raw water is pulled in with pipes for treatment and supply.

¹¹⁴ The pipe line laid for carrying raw water from the intake point to the Treatment Plant.

¹¹⁵ Reservoir where treated water is stored.

¹¹⁶ It is a main part of the Plant in which a combination of various process are used to treat raw water for removing contaminants and undesirable components.

¹¹⁷ A reservoir for the storage of filtered water of sufficient capacity to prevent the need to vary the filtration rate with variations in demand.

Mathurabill Project, would not be utilised, in the revised scope of the project. A schematic diagram of the project, indicating the utilisation of the created assets, is shown below:

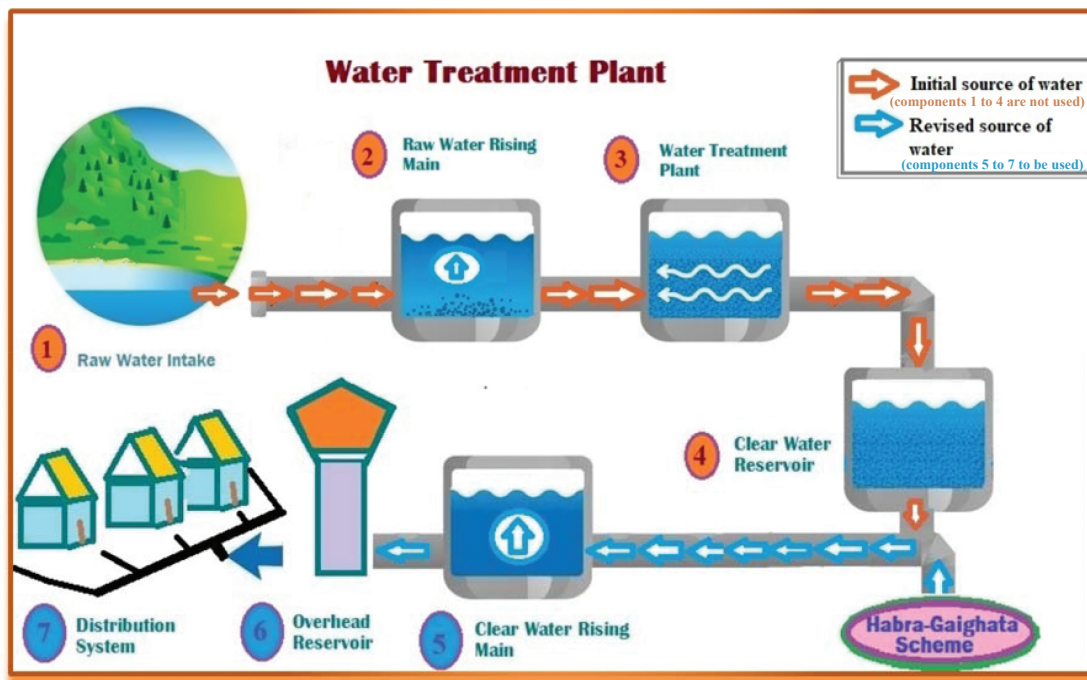


Fig. 2.11: Flowchart of Water Treatment Plant

Audit observed (August 2021) that even after the decision to abandon the proposal of drawing water from Mathurabill and its treatment, in August 2011, the Department went ahead with the construction of components like Raw Water Intake, Raw Water Rising Main, Water Treatment Plant and Clear Water Reservoir of the Mathurabill project. The construction was undertaken from March 2012 to January 2015. Details of the same are shown in the **Table 2.17** below:

Table 2.17

Item No.	Description of Item	Estimated cost (₹ in lakh)	Tendered cost (₹ in lakh)	Date of commencement	Expenditure incurred (₹ in lakh)	Date of completion	Status
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Raw water intake	108.67	108.44	26.08.2010 and 28.01.2014	103.54 (100.62 +2.92)	10.09.2014	Abandoned
2	Raw water rising main						
3	Water Treatment Plant	106.40	109.48	11.04.2012	106.72	Terminated in August 2019	Abandoned
4	Clear water Reservoir	29.32	25.84	15.01.2015	19.52	08.06.2015	Abandoned
Total Expenditure					229.78		

The assets so created, incurring expenditure of ₹ 2.30 crore¹¹⁸, remained unutilised and are in a dilapidated condition, as shown below:



Fig. 2.12: Dilapidated condition of Water Treatment Plant



Fig. 2.13: Dilapidated condition of Clear Water Reservoir

From the above, it was evident that the Department had failed to assess the availability of water throughout the year, from the rain-fed Mathurabill pond, before commencement of the project. Further, despite abandoning the idea of drawing water from Mathurabill and its treatment plant, the Department continued to construct components of the initial project, which would not be utilised under the revised scope of the project, resulting in wasteful expenditure of ₹ 2.30 crore.

The matter was reported to the Government (August 2022); reply is still awaited (March 2023).

2.12 Excess expenditure due to violation of the Indian Standard code

The Department, in violation of the Indian Standard Code, provided excess trench width, while executing works under the drinking water supply scheme, resulting in excess expenditure of ₹1.19 crore.

Clause 6.2.2 of the Indian Standard (IS) Code 7634 (Part 3): 2003¹¹⁹ recommends that: (i) trenches for burial of Unplasticized Polyvinyl Chloride (UPVC) pipes should be of adequate width, while being as narrow as practical and (ii) if expansion and contraction are not a problem and snaking¹²⁰ of UPVC pipe is

¹¹⁸ (₹100.62-Raw Water Intake+ ₹2.92- Raw Water Main+₹106.72-Water Treatment Plant + ₹19.52 lakh- Clear Water Reservoir).

¹¹⁹ Deals with Plastics Pipes selection, handling, storage and installation for potable water supplies.

¹²⁰ 'Snaking' is a process used to remove clogs that cause blockage in pipes and drains, by a long, supple metal cable with an uncoiled spring at one end and a handle on the other side.

not required, minimum trench width may be obtained, by joining pipes outside the trench and then lowering the pipe into the trench, after testing.

Further, the code stipulates the width of ‘unsupported’ (*i.e.* without shoring¹²¹ minus minimum width 450 mm) trench and ‘supported’ (*i.e.* with shoring-minimum width 900 mm) trench, for laying UPVC pipes of different diameters, for drinking water supply.

The Executive Engineer, Bankura Division, Public Health Engineering Department (PHED), took up (December 2017) the work of laying pipeline, under drinking water supply schemes¹²², for five blocks¹²³ in Bankura District, at an estimated cost of ₹ 37.82 crore, for completion within October 2018. The work was completed in December 2018 and ₹ 38.76 crore was paid to the agency.

The scope of the work *inter-alia* included laying of UPVC pipes of different diameters, varying between 63 mm and 315 mm, through unsupported (without shoring) trench and restoration of laterite/moorum¹²⁴ roads to their original condition.

Audit scrutiny (December 2021) of the Measurement Books revealed that UPVC pipes, totalling 2,39,365.40 m, had been laid in these five blocks, through unsupported trenches, having widths varying from 1.0 m to 1.20 m (which involved restoration of road works, by laterite/moorum of 2,72,718.34 sq m).

Audit, however, observed that, as per the IS Code, for laying of UPVC pipes having diameter between 63 mm and 315 mm, the width of unsupported narrow trench should have been between 450 mm and 710 mm. Considering the maximum trench width of 710 mm, for laying 2,39,365.40 m of UPVC pipes, the quantity of earthwork, for restoration of laterite/moorum roads to their original condition, would have been 1,69,949.43 sq m¹²⁵ only. Due to this violation of the IS Code, there was extra expenditure of ₹1.19 crore¹²⁶.

The Department replied (October 2022) that: (i) the IS Code stipulates the width of trenches, for burial of different diameter water supply pipes along the road, but it is not applicable for the road proper and (ii) Selection of roller is guided by the nature of work. Due to the underlying water supply pipes, static road rollers, with a minimum roller drum width of 1,200 mm, as available in that locality, were selected.

The reply may be viewed in light of the fact that the relevant IS Code does not stipulate that the code is applicable for laying pipelines along the road only and

¹²¹ ‘Shoring’ is a temporary structure used to prevent the collapse of the main under-construction structure. Most commonly, shoring support is required during the early stages of construction, which involve excavation.

¹²² Improvement work for laying balance portion of Pipe line for Simlipal, Sarenga, Onda, Indus & Bishnupur Blocks Potable Water Supply scheme under BRGF (Phase-I) Dist.-Bankura under Water Supply Division, PHE Directorate.

¹²³ Simlipal, Sarenga, Onda, Indus and Bishnupur.

¹²⁴ Laterite is a soil and rock type rich in iron and aluminium. Moorum is a type of laterite soil, which is red in colour, due to a higher amount of iron oxide. Laterite/Moorum are used for filling work in road construction, as they can be compacted easily to form hard surfaces.

¹²⁵ $2,39,365.40 \text{ mtr} \times 0.710 \text{ mtr} = 1,69,949.43 \text{ sq mtr}$.

¹²⁶ Excess quantity executed = $(2,72,718.34 \text{ sq mtr} - 1,69,949.43 \text{ sq mtr}) = 1,02,768.91 \text{ sq mtr}$. Hence, excess expenditure = $1,02,768.91 \text{ sq mtr} @ ₹115.50 \text{ per sq mtr} = ₹1.19 \text{ crore}$.

not on the road proper. Further, as per the Schedule of Rates of PWD (Roads) 2015-16, where the width of the widened portions is insufficient to permit the use of conventional rollers, compaction is to be carried out, with the help of lightweight vibratory roller, double drum walks behind roller, vibratory plate compactor or vibratory tamper or any other appropriate equipment, approved by the Engineer. Hence, the Department should have explored the use of narrow rollers, instead of conventional road roller and the excess expenditure of ₹ 1.19 crore could have been avoided.

PUBLIC WORKS DEPARTMENT

2.13 Wasteful expenditure

Construction of a newly laid layer of Bituminous Macadam, without wearing course, in contravention of IRC provisions and MoRTH specifications, led to damage of road and wasteful expenditure of ₹ 2.50 crore.

Section 504.5 of the Ministry of Road Transport & Highways (MoRTH) specifications for road & bridge works (5th Revision), published by the Indian Roads Congress (IRC), stipulates that: (i) Bituminous Macadam (BM)¹²⁷ be covered with either the next pavement course or wearing course¹²⁸, as the case may be, within a maximum of 48 hours and (ii) if any delay in laying the wearing course is expected, on part of the contractor, the course is to be covered by Seal Coat¹²⁹, before the road is opened to any traffic. In such cases, the Seal Coat is to be considered incidental to the work and is not to be paid for separately.

Further, Para 9.2 of IRC: SP 72-2015 provides that, for the successful performance of a road pavement, it is necessary that adequate lateral support of the pavement be provided by the construction of roadside shoulders.

Superintendent Engineer, Western Circle-I, Public Works Department (PWD), awarded (June 2018) the work¹³⁰ of two roads, at a tendered cost of ₹ 37.41 crore, for completion by December 2019. As of March 2022, however, the work had remained incomplete and a sum of ₹ 11.61 crore had been incurred (vide the 7th running account bill).

Test-check of the records of the Executive Engineer, Asansol Division, PWD, revealed that, in respect of the road, 'NH-2 at Tildang to Silampur road via Sandhipur from 0.00 km to 24.25 km', the work *inter alia* consisted of the construction of 150 mm Water Bound Macadam (WBM) Grade-I, 50 mm

¹²⁷ BM consists of crushed aggregates and bituminous binder; heated and mixed in a hot mix plant at specified temperature, transported to the construction site, laid with a paver and compacted by a roller.

¹²⁸ The top layer of the road surface. As such it is designed to be impervious to the ingress of water.

¹²⁹ Seal Coat is a thin protective wearing surface that is applied upon base course as an impervious layer.

¹³⁰ Strengthening of road from NH2 at Tildang to Silampur Road via Sandhipur from 0.00 to 24.25 km and Widening & Strengthening of road from Panagarh Bazar to Rondiha from 0.00 to 8.226 km.

Bituminous Macadam (BM) and Wearing Course of 20 mm Premix Carpet (PC) & Seal Coat (SC). During the financial year 2019-20, the Division had laid 50 mm BM over 22.17 km of the road, against the total length of 24.25 km. Audit, however, observed that the BM layer had not been covered with the wearing course of PC and SC, till the date of audit (March 2022), in violation of MoRTH specifications and tender provisions.

During joint physical verification (March 2022) of the road, with the concerned departmental officers, Audit observed that the Road had been opened to vehicular traffic, without laying the wearing course over the executed BM layer. The BM layer remained exposed to rain, affecting the durability of the road. Further, in a few stretches, the Water Bound Macadam (WBM) had also not been covered with a wearing coarse bituminous layer and, thus, remained exposed to rain and traffic, for a long period of time causing damage to the layer/road. Audit also observed that the construction of hard shoulders, (which are required for lateral support of the pavement), along both sides of the road, had not been taken up. As a result, the BM at the edge of the road had been damaged at various stretches and numerous depressions were noticed across the pavement surface.



Fig. 2.14 Dilapidated condition of road



Fig. 2.15: Potholes generated



Fig. 2.16: Uncovered non-bituminous layers



Fig. 2.17: Damage of edge

Hence, the expenditure incurred by the Department on laying the BM layer, in contravention of the relevant IRC provisions and MoRTH specifications, at a cost of ₹ 2.50¹³¹ crore, was wasteful.

The matter was reported to the Department (May 2022). Reply is awaited (March 2023).

2.14 Wasteful expenditure

The laying of PVC pipelines by the Public Works Department, without confirming their usage by the intended authority and in violation of extant rules, led to wasteful expenditure of ₹ 2.39 crore.

Public Works Department (PWD) Code 168 (1) stipulates that ‘for every work (excluding repairs) initiated by, or concerned with, the requirements of another Department, it is first necessary to obtain the concurrence of the Department concerned requiring the work’. Further, Rule 166 of the West Bengal Financial Rules (WBFR) requires that ‘an application for administrative approval should be submitted to the authority competent to accord it, accompanied by a preliminary report, by an approximate estimate and by such preliminary plans, information as to the site and other details, as may be necessary, fully to elucidate the proposals and the reasons therefore’. Rule 35 of the West Bengal Financial Rules (WBFR) specifies that ‘every officer incurring or authorizing expenditure from public money should be guided by high standards of financial propriety and the expenditure should not be *prima facie* more than the occasion demands’.

The Superintendent Engineer, North Bengal Construction Circle-I, Cooch Behar, Public Works Department (PWD), awarded (May/October 2017) a contract for widening and improvement works¹³² (four in number), at a tendered cost of ₹ 30.21 crore, in Coochbehar Town. Additional Chief Secretary, PWD, during his visit (January 2018) to Coochbehar Town, instructed the Department to lay pipeline under the road crossing, which could be used by the West Bengal State Electricity Development Corporation Limited (WBSEDCL), in future, for laying electric cables in town areas. This was in light of the decision (August 2017) by the Government, declaring Cooch Behar a Heritage Town. The estimate of the works were, accordingly, revised by the Chief Engineer, on the direction of Additional Chief Secretary, PWD, and the work orders were issued again (June 2018), at a tendered cost of ₹ 43.46 crore, incorporating new components, which *inter alia* included the laying of Polyvinyl Chloride (PVC) pipes at the road crossing, for

¹³¹ Tender item No. 8 for laying BM: Amount ₹ 2.78 crore (less) contractual percentage of 9.99% = ₹ 2.50 crore.

¹³² Work-1: Widening and Improvement of riding quality of M.J.N Road (1.26 km except Ch. 0.320 km to 0.620 km), Magazine Road (1.12 km), Sibendra Narayan Road (2.04 km), MN Road (1.81 km) etc.

Work-2: Widening and Improvement of riding quality of Biswa Singha Road (2.370 km), Hajrapara Road (0.45 km), Hospital back side-1 (0.45 km), Kalika Das Road (0.84 km), Silver Jubilee Road (1.78 km).

Work-3: Widening and Improvement of riding quality of Temple Street (0.70 km), PVNN Road (0.45 km), Central Excise Back Side Road (0.300 km), Priyanath Babu Road (1.20 km) etc.

Work-4: Widening and Improvement of riding quality of Kalighat-II Road (2.20 km), Netaji Road (0.82 km), Panthasala Road (0.57 km), Pilkhana Road (2.65 km), MB Road (0.48 km) etc.

laying underground electrical cables, to avoid further damage of roads in future. The works were completed (FY 2018-19) at a cost of ₹ 43.44 crore¹³³.

Audit observed (February 2019) that the PWD had laid the underground PVC pipes for electrical cables, to be laid by WBSEDCL in future, without holding discussions with the Company. The pipelines were laid at a cost of ₹ 2.39 crore, without obtaining user requirements from the WBSEDCL. Further, the Department did not initiate communication with WBSEDCL to use the already laid pipelines, even after it became aware that the Urban Development & Municipal Affairs Department (UD&MAD) had accorded (June 2018) administrative approval of ₹ 51.00 crore to WBSEDCL, for laying an underground electrical network in the Coochbehar town. Resultantly, WBSEDCL has not utilised the PVC pipes laid by PWD, even after a lapse of more than three years.

In reply to the audit query, WBSEDCL confirmed (August 2022) that it did not utilise the PVC pipes and there was little scope to use such pipes in future, as it has its own underground network.

Hence, the expenditure of ₹ 2.39 crore incurred by the Department, in violation of the extant PWD code and WBFR, remained wasteful. The matter was reported to the Department (March 2019/ September 2022); reply is still awaited (March 2023).

2.15 Undue benefit to the contractor by allowing interest free Mobilisation Advance

Public Works Department extended undue benefit, by allowing interest-free Mobilisation Advance to a contractor, resulting in loss of interest of ₹ 5.34 crore.

Public Works Department (PWD) issued a Memorandum¹³⁴ in June 2015, wherein it was stated that: (i) Mobilisation Advance (MA) @ 10 per cent of the tendered amount at 10 per cent simple interest could be sanctioned to a contractor, on specific request, as per the terms of the contract (ii) the MA would be released only after the submission of an unconditional Bank Guarantee, from a Scheduled Bank, by the concerned contractor, for the amount of advance and interest, which would remain valid for the entire contract period and (iii) the MA, together with the interest on the MA, would be recovered from the Running Account bills of the contractor.

The Superintending Engineer (SE), North Bengal Construction Circle No. I, PWD, awarded (September 2016) the contract of a work¹³⁵, on Engineering, Procurement, Construction (EPC) basis, to a contractor, for completion by September 2019, at a lumpsum amount of ₹ 276.46 crore. Subsequently, based on the model study report of the IIT, Roorkee, the scope of work was modified by including the construction of two additional minor bridges, side drain with service road, reconstruction of washed-out guide bunds¹³⁶ etc. Accordingly, the contract

¹³³ ₹ 9.21 crore + ₹ 8.74 crore + ₹ 13.36 crore + ₹ 12.13 crore = ₹ 43.44 crore.

¹³⁴ No: 292-W(C)/1M-184/15 dated 15.06.2015.

¹³⁵ "Construction of long span high level road bridge over River Teesta with approaches near Haldibari, connecting Sub-Divisional head-quarters at Mekhliganj with par Mekhliganj/ Haldibari in the district of Coochbehar, West Bengal".

¹³⁶ These are provided for guiding the flow of water in a given cross section and in particular alignment i.e., straight and non-twisted approach to bridge structure.

price was revised (August 2021) to ₹ 328.92 crore. Due to the change in scope of the work, the contractor was granted time extension, up to December 2021. As of March 2022, the work was still in progress and an amount of ₹ 356.94 crore had been paid (January 2021) to the contractor, up to the 43rd RA Bill.

Audit observed (March 2022) that the SE had invited (December 2015) bids for 'Request-for-Qualification' (RFQ) cum 'Request-for-Proposal' (RFP), in two stages, for short listing of bidders and selection of the 'lowest financial proposal' from the shortlisted bidders, respectively. The RFQ-cum-RFP did not contain provision of offering interest free MA to the successful bidder¹³⁷, for execution of the work. However, in the contract agreement with the successful bidder, the SE was found to have allowed an interest free MA @ 10 per cent of the contract price. Accordingly, the contractor was paid an amount of ₹ 2764.70 lakh, as interest free MA (two instalments of ₹ 13,82,35,000.00 each, in November 2017 and December 2017, respectively). It was further observed that the amount of the MA had been deducted from the Running Accounts Bills of the contractor (during January 2019 and January 2021), without deduction of interest thereof, in deviation of the Departmental memorandum of June 2015. Reasons for waiving off interest on the MA, in the tender agreement, despite the extant standing order of the Department, were not found available on records.

In its reply, the Department stated (August 2022) that the Memorandum of Public Works Department regarding grant of MA, as mentioned in the Audit Para, is not applicable in case of Engineering, Procurement and Construction (EPC) mode of contract. It was further stated that the MA had been allowed, as per the conditions of the e-NIT and contract agreement, duly approved by the competent authority, as also the guidelines of EPC contracts, issued by MoRTH.

The reply is not acceptable, as the Memorandum did not mention that it is not applicable for EPC contracts. Further, the benefit of providing interest free MA was not mentioned in the tender inviting document. Audit further observed that, in another work¹³⁸, awarded in December 2018, executed through the EPC mode of contract, the mobilization advance, along with interest @ 10 per cent, was recovered from the contractor's bills, by the Executive Engineer, Howrah Highway Division, PWD. Thus, the Department, by allowing interest free MA, in deviation of the Departmental order, as well as the Notice Inviting Tender documents, had extended undue benefit to the selected contractor, amounting to ₹ 5.34 crore (details in *Appendix -18*).

2.16 Avoidable expenditure

Execution of excess thickness of Dense Bituminous Macadam (DBM), by the Public Works Department, for the pavements of roads, in violation of provisions of the *Indian Roads Congress*, led to avoidable expenditure of ₹ 2.05 crore.

The Public Works Department (PWD), Government of West Bengal, executes different road works, based on its Schedule of Rates (SOR), Ministry of Road

¹³⁷ *S P Singla Construction Pvt. Ltd.*

¹³⁸ *Reconstruction of 4-Lane Bridge (ROB) adjacent to Majherhat Station at 5.8 km of Diamond Harbour Road.*

Transport and Highways (MOR&TH) specifications, provisions of Indian Roads Congress (IRC) *etc.* Components of pavements are mainly designed following IRC provisions, on the basis of the strength of sub-grade¹³⁹ soil, which is expressed in terms of California Bearing Ratio¹⁴⁰ (CBR) and the projected traffic volume (expressed in *msa*¹⁴¹). Further, as per IRC guidelines¹⁴², Viscous Grade (VG)-40 grade bitumen should be used when *msa* of the road exceeds 30, provided that the air temperature in that location exceeds 40 degree Celsius in summer. The guidelines¹⁴³ also provide that the unit thickness of Dense Bituminous Macadam (DBM) with VG-30 equals to 0.833-unit thickness of DBM with VG-40.

A. The Superintendent Engineer, North Bengal Highway Circle, Public Works Roads Directorate (PWRD), awarded (March 2018) a contract, for widening and improvement work of State Highway (SH)-16, at a tendered cost of ₹ 25.88 crore, for completion within March 2019. The work was completed at a cost of ₹ 27.04 crore (January 2020).

Audit observed (March 2020) that the *msa* of the road was calculated as 35 and 09, for a design life of 15 years (for non-bituminous layers) and five years (for bituminous layers), respectively. As per the IRC guidelines¹⁴⁴, the thickness of the pavement is 70 mm of DBM, for CBR of 05 *per cent* and *msa* of 10, using VG-30 bitumen, which is equivalent to 60 mm DBM with VG-40¹⁴⁵. This indicated that thickness of 60 mm DBM with VG-40 grade, would be sufficient to serve the purpose. However, the implementing Division (Coochbehar Highway Division), PWRD, in violation of the provisions, laid 70 mm DBM with VG-40 grade, instead of 60 mm, resulting in avoidable expenditure of ₹ 0.62 crore, as depicted in the **Table 2.18** below:

Table 2.18

Executed quantity of DBM for 70 mm thickness (TI - 14)	Required quantity for 60 mm DBM	Excess executed quantity of DBM (for 10mm)	Rate allowed for DBM (Gr-II) (₹)	Extra expenditure incurred (₹)	Less: Contractual <i>per cent</i> (13.96%) (₹)	Net avoidable expenditure incurred (₹)
(1)	(2)	(3)=(1)-(2)	(4)	(5)=(3)x(4)	(6)	(7)=(5)-(6)
5,763.867 m ³	(5,763.867/0.070) x 0.060 = 4,940.457 m ³	(5,763.867-4,940.457) = 823.41 m ³	8,802.82 per m ³	72,48,330	10,11,866.87	62,36,463.15

In reply, the Department stated (November 2022) that 100 mm thickness (30 mm BC + 70 mm DBM), using VG-40 bitumen, was provided instead of 110 mm (40 mm BC +70 mm DBM), using VG-30 bitumen.

¹³⁹ The native material underneath a constructed road.

¹⁴⁰ The California Bearing Ratio (CBR) is a penetration test for evaluation of the mechanical strength of natural ground, subgrades and base courses, beneath new carriageway construction.

¹⁴¹ Million Standard Axles.

¹⁴² IRC-37-2012: Clause 10.11.

¹⁴³ IRC- 37-2012: Annexure-III.

¹⁴⁴ IRC-37-2012 "Guidelines for the design of flexible pavements": clause 10 Plate 3 Page 26.

¹⁴⁵ IRC-37-2012: Annexure-III.

The reply is not acceptable since, as per IRC guidelines¹⁴⁶, VG-40 bitumen is recommended for BC, as well as DBM, only for traffic greater than 30 *msa*. For *msa* value 10, as per IRC guidelines¹⁴⁷, the equivalent thickness of BC and DBM layer, with VG-40 bitumen is 33 mm and 58 mm, respectively (*i.e.* 91mm thickness), instead of 40 mm and 70 mm respectively (*i.e.* 110 mm thickness). Thus, bituminous layers of 90 mm, instead of 100 mm, would have been sufficient and economical.

B. The Superintendent Engineer (SE), Western Circle-II, Public Works Department (PWD), awarded (December 2014) a contract for widening and improvement work¹⁴⁸, at a tendered cost of ₹ 43.91 crore, for completion within December 2015. The work was completed in June 2016, at a cost of ₹ 43.91 crore.

Audit observed (May 2019) that, as per IRC, 100 mm DBM was sufficient for the road, which had CBR of 06 *per cent* and *msa* value of 27, for design life of 10 years, as considered in the estimate. The implementing Division (Hooghly Construction Division), PWD, in violation of IRC provisions and the sanctioned estimate, laid 125 mm DBM (one layers each of 75 mm and 50 mm), instead of 100 mm (two layers of 50 mm), resulting in avoidable expenditure of ₹ 1.43 crore, as shown in the **Table 2.19** below:

Table 2.19

Tender Item no. & Item	Quantity executed with 75mm thickness	Rate of 75mm DBM (₹ per m ²)	Rate of 50mm DBM (₹ per m ²)	Difference in Rate (₹ per m ²)	Amount of extra avoidable expenditure (₹)	Net avoidable expenditure after contractual premium @ 19.17% above (₹)
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(5)x(2)	(7)
TI-7.1-75mm DBM	56,046.17 m ²	639.69	425.81	213.88	1,19,87,154.80	1,42,85,092.00

The SE stated (January 2020) that (i) in the DPR, 110 mm DBM had been considered and (ii) the technical sanction had been accorded as per the old schedule of rates, wherein the DBM items were on area basis, of 75 mm & 50 mm and, if two layers of 50 mm were considered, it would be under specification. The reply is not tenable, as, in the approved DPR, 100 mm DBM was considered.

The observation was reported to the Government (October 2022); reply is still awaited (March 2023).

¹⁴⁶ Clause 10.1 of IRC 37-2012.

¹⁴⁷ Plate 3 of IRC 37-2012 and IRC-37-2012: Annexure-III.

¹⁴⁸ Widening and strengthening of intermediate lane existing carriage way to two lane carriage way from 36 kmp to 54 kmp Kotulpur-Arambagh Road.

TRANSPORT DEPARTMENT

MOTOR VEHICLES TAX

2.17 Introduction

Motor Vehicles taxes, fees and fines are one of the major sources of revenue receipts of Government of West Bengal. Annual collection of revenue in the form of Taxes on Vehicles is given in **Table 2.20** below:

Table 2.20

Financial Year	Revenue Receipt (₹ in crore)
2017-18	2,317.23
2018-19	2,562.58
2019-20	2,600.81
2020-21	2,336.33
2021-22	2,647.15

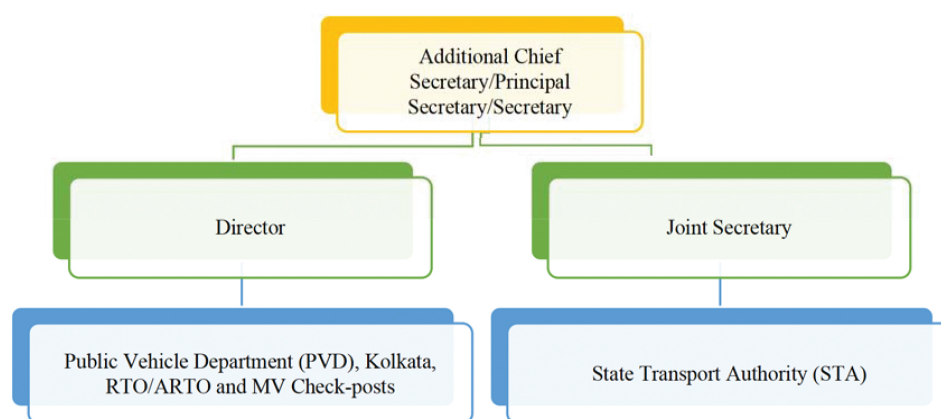
(Source: Finance Account (Vol. I), Government of West Bengal)

The major portion of revenue collection comes from the taxes, fees and fines collected during the activities viz. registration of vehicles, collection of Motor Vehicle revenue and issue of driving licenses and permits for various categories of vehicles on road *etc.*

2.18 Tax Administration

The receipts from the Transport Department are regulated under the provisions of the Central and State Motor Vehicles Acts and Rules made thereunder and are under the administrative control of the Transport Department as detailed in the chart below:

Chart 2.3: Tax Administration



Transport Directorate has been set up (August 2016) as an executive arm of the Department for execution of Public Policy initiatives of the Department in the ground level. The Directorate also looks after regulatory functions under the Motor Vehicles Act, 1988, the Central Motor Vehicles Rules, 1989, the West Bengal Motor Vehicles Rules, 1989 and various other relevant rules/orders. Legal compliances, standardisation of business processes across the Unit offices (RTOs/ARTOs and Check-Posts) including Revenue Collection, supervision and co-ordination *etc.* are major functions of the Directorate.

The registration, license and collection of taxes, fees and fines related activities are looked after by Regional Transport Authorities (RTAs) located at the District Headquarters as well as Additional Regional Transport Offices in sub-divisional towns. The Public Vehicles Department (PVD) in Kolkata looks after the said work within Kolkata Municipal Corporation (KMC) area.

2.19 Internal Audit

Absence of internal audit wing in the Department was earlier pointed out in the Audit Report 2010 (No.5 Government of West Bengal) – “Performance audit on collection of Motor Vehicles Taxes, fees and fines of Government of West Bengal” (paragraph 4.15). It was concluded in the said Report, that in absence of internal audit, weakness in the functioning of the department remained undetected (paragraph 5.1). Further Audit recommended establishment of internal audit wing for conducting periodical audit and preparing a manual on internal control mechanism in the Department (paragraph 5.2). However, the Department has not yet constituted the IA wing.

2.20 Results of Audit

During 2020-22, office of the Accountant General (Audit-II), West Bengal conducted test check of 20 units. Audit observation relating to road tax, additional tax, special tax, audio fee, special fee, video fee, dealer’s tax, permit fee, fitness fee and other irregularities involving ₹ 1,194.09 crore were observed. These have been categorised as shown in the **Table 2.21** below:

Table 2.21: Results of audit

Sl. No.	Caption	2020-21		2021-22	
		No. of Paras	Money value (₹ in crore)	No. of Paras	Money value (₹ in crore)
1.	Non realisation of permit fees and late fees	8	0.47	14	2.67
2.	Lack of monitoring of credit of government revenue into government account:				
	• Non realisation of penal interest from agency bank for delayed credit of govt revenue into Government Account	(2)	(0.32)	(4)	(0.0003)
	• Holding of government money by the agency bank and	(1)	(24.60)	(5)	(0.47)
	• Delay in deposition of government revenue into the agency bank by the local office	(1)	(0)	(1)	(1.64)
3.	Non-realisation of tax, additional tax and special fees	12	527.08	11	581.25
4.	Non-realisation of Audio fee and Video fee	11	0.22	10	2.19
5.	Non-realisation of special tax and penalty	10	0.06	7	0.09
6.	Short-realisation of tax from LMV/Omni bus (private use)	4	0.009	8	0.40
7.	Short-realisation of road tax from contract carriage vehicles	7	0.03	7	0.13
8.	Non/Short-realisation of dealer’s tax	9	0.038	11	12.19
9.	Short realisation of fitness fee	6	0.08	11	1.76
10.	Others	22	0.05	68	38.34
Total		93	552.957	157	641.13

An amount of ₹ 25.65 crore was realised by the Department as was intimated to audit during 2020-22¹⁴⁹.

2.21 Compliance Issues

Collection of motor vehicles taxes, fees and fines is mainly guided by the following provisions:

- West Bengal Motor Vehicles Tax (WBMVT) Act, 1979,
- West Bengal Additional Tax and One-time Tax on Motor Vehicles (WBATOTMV) Act, 1989,
- The Motor Vehicles (MV) Act, 1988,
- Central Motor Vehicles (CMV) Rules, 1989.

For effective implementation of these provisions, it was essential that all the provisions were mapped properly in the VAHAN software to prevent any non/short realisation of government revenue.

Audit was conducted in 20 units during the period 2020-22. The cases mentioned in the succeeding paragraphs are those which came to the notice in the course of test audit for the period 2021-22 as well as those which came to notice in 2020-21, but could not be featured in the previous Audit Report.

Few illustrative cases involving ₹ 31.05 crore are discussed in succeeding paragraphs. It is pertinent to mention that many of these issues have been raised earlier and published in CAG's Audit Report (Revenue Sector) of previous years wherein the Government accepted many of the objections and initiated recovery action. However, overall internal control system was not strengthened to the extent that such issues do not re-occur in subsequent years.

2.22 Non-realisation of tax and penalty

Despite availability of information regarding non-payment of motor vehicle taxes by defaulter vehicle owners, the RTOs/ ARTOs did not monitor this aspect, nor did they review the data available with VAHAN, in this regard. As a result, demands were not raised and taxes and penalty, amounting to ₹ 12.68 crore, remained unrealised.

Section 3 of the West Bengal Motor Vehicles Tax (WBMVT) Act, 1979, prescribes that transport vehicles, such as contract carriage, goods carriage, stage carriage *etc.*, are required to pay tax, on quarterly or yearly basis, at a prescribed rate. Sections 3 & 4 of the West Bengal Additional Tax & One-time Tax on Motor Vehicles Act, 1989, prescribes imposition of additional tax at a prescribed rate and Section 10 of the same Act prescribes the imposition of penalty, amounting to twice the amount of tax due, after expiry of the admissible period of 75 days. Section 12 prescribes that, if the tax due in respect of a transport vehicle is not paid within the prescribed period, the permit shall be invalid, from the date of expiry of the period, till the tax is actually realised. Section 14 of the WBMVT Act, 1979, prescribes recovery of tax and penalty, in the same manner as arrears of land revenue, in case of non-payment of taxes and penalties or fine. Further, Section 16 of the WBMVT Act, 1979, empowers the Department to search,

¹⁴⁹ Fin. Year 2020-21: ₹ 0.03 crore & Fin. Year 2021-22: ₹ 25.62 crore.

seize and keep in custody the vehicles of those owners, who have defaulted in the payment of Government dues.

Audit scrutiny (between September 2021 and April 2022) revealed that, in regard to 15,516, out of 4,85,744 transport vehicles, in 12¹⁵⁰ Registering Authorities, the vehicle owners had not paid taxes and penalties of ₹ 12.68 crore¹⁵¹, as of March 2020 (as detailed in *Appendix-19*). Details of vehicles being off roads or having been transferred to other States, were not available on record.

Audit observed that, though information about non-payment of motor vehicle taxes, by defaulter vehicle owners, was available in the VAHAN¹⁵² database, the authorities did not monitor this aspect, or review such data. As a result, the concerned authorities had neither sent lists of defaulter vehicles to the Enforcement Wing, nor had they issued demand notices to the tax defaulters.

Lack of monitoring by the taxation authorities, for ensuring that demand notices were issued to all defaulters and proper action, under the provisions of the Act, was initiated to enforce the recovery of motor vehicle tax, resulted in non-realisation of motor vehicles tax and penalty, amounting to ₹ 12.68 crore.

The matter was reported to the Government (August 2022); reply is awaited (March 2023).

2.23 Non-realisation of penal interest from agency banks, for delayed credit of Government revenue

Department failed to claim & realise penal interest of ₹ 84.28 lakh, for delayed credit of Government revenue, by agency banks, during FYs 2016-17 to 2019-20.

Rule 3.01 of the West Bengal Treasury (WBT) Rules, 2005, prescribes that all moneys received by or tendered to Government employees, on account of the revenues of the State, shall, without undue delay, *i.e.*, within the next working day at the latest, be paid in full into the treasury linked bank or any other bank authorized by the Finance Department and shall be included in the Government Account. Further, the WBT Rules, 2005, prescribe¹⁵³ the procedure for handling State Government transactions, by the Agency Banks, which are required to send the Receipt/Payment Scrolls to the Government Sub-Treasuries/Treasuries on a daily basis. They also prescribe¹⁵⁴ charging of penal interest, of two percentage points above the Bank Rate, as notified by the Reserve Bank, on delayed receipt of ₹ 10 lakhs and above (revised to one lakh & above in March 2007)¹⁵⁵, if the period of delay exceeds the prescribed time for credit of such transactions. Moreover, the Reserve Bank of India (RBI), vide its Circular¹⁵⁶,

¹⁵⁰ Alipore, Bangaon, Barrackpore, Baruipur, Basirhat, Behala, Hooghly, Howrah, Kasba, PVD Kolkata, Salt Lake and Uluberia.

¹⁵¹ ₹ 6.34 crore tax and ₹ 6.34 crore penalty.

¹⁵² 'Vahan' is the national vehicle registry portal, which intends to collate all the information available with the Road Transport Departments of all States.

¹⁵³ Appendix-21- Para 5.1 of PART-I of the Kolkata Gazette, Extraordinary, June 14, 2005.

¹⁵⁴ Appendix-21- Para 5.11A (a) of PART-I of the Kolkata Gazette, Extraordinary, June 14, 2005.

¹⁵⁵ Reserve Bank of India, vide no. RBI/2006-2007/291 DGBA. GAD. No. H-14061/ 31.04. 08/ 2006-2007 dated March 21, 2007.

¹⁵⁶ Circular No. DGBA.GAD No.H-3203/42.01.011/2014-15 dated January 21, 2015.

had fixed (January 2015) the norm for agency banks, for payment of government revenue, through Debit/ Credit cards and Net banking, as being the T+1 working day, where “T” is the day when money is available with the receiving bank branch. RBI issues guidelines¹⁵⁷, from time to time, on the maintenance of State Government accounts and recovery of interest on delayed remittance of State Government remittances.

Audit scrutiny of the Bank Statements of 11¹⁵⁸ Registering Authorities (RAs), under the Transport Department, for the financial years from 2016-17 to 2019-20, revealed that ₹ 586.83 crores of Government revenue had been credited into the Government account, with delays by the Agency banks, as detailed in the Table 2.22 below:

Table 2.22: Loss of interest due to delay credit

Name of the office	Financial Year	Total cases	Amount credited belatedly (₹ in crore)	Cumulative daily amount ¹⁵⁹ qualified for calculation of interest (₹ in crore)	Period of delay in credit (range in days)	Penal interest due for delayed credit (₹ in crore)
Alipore	2019-20	39	11.08	20.41	1 to 4	0.0042
Barasat	2018-20	389	130.83	587.15	1 to 6	0.128
Barrackpore	2018-20	412	123.60	660.16	1 to 20	0.1441
Bashirhat	2017-20	319	68.40	115.11	1 to 15	0.0243
Behala	2017-20	977	31.81	121.42	1 to 15	0.0269
Bongaon	2017-20	221	8.24	0.655	2 to 370	0.0126
Burdwan	2016-18	38	6.03	114.40	5 to 39	0.0251
Hooghly	2017-20	664	130.89	741.16	1 to 181	0.1607
Jalpaiguri	2016-19	160	24.32	155.21	1 to 188	0.0351
Murshidabad	2018-19	256	51.52	1,241.97	1 to 251	0.2817
Nadia	2017-18	1	0.01	0.48	4	0.0001
		3,476	586.73	3,758.125		0.8428

However, the Agency banks had not credited the amount of penal interest into the Government account. Thus, penal interest of ₹ 84.28 lakh, due from the Agency banks, for delayed credit of Government money in the Government account, had not been realised. Delayed credit of revenue in the Government account affects the ways & means position of State Government. The RBI charges interest, in case a State Government does not maintain a mutually agreed daily minimum balance with the Bank. During FYs 2016-17 to 2019-20, GoWB had to take

¹⁵⁷ Appendix-21 to sub-rule 3 (c) of T.R 2.33 and the Reserve Bank of India, vide circular no. DGBA, GAD. No. 1377/31.04.08/2002-03 dated February 22, 2003.

¹⁵⁸ Alipore, Barasat, Barrackpore, Bashirhat, Behala, Bongaon, Burdwan, Hooghly, Jalpaiguri, Murshidabad and Nadia.

¹⁵⁹ The amount credited belatedly was multiplied by the period of delay of the corresponding amount to get cumulative daily amount of delayed credit.

Ways & Means Advances (W&MAs) and pay interest¹⁶⁰ thereon. Thus, prompt credit of revenue, into the Government Account, is a desirable practice and, in case agency banks have failed to do so, the Department should promptly claim interest on such delays.

The matter was reported to the Government from March 2019 to December 2021 and November 2022. Reply is still awaited (March 2023).

Given the scale and quantum of the amount noticed, similar instances in the Department need to be checked and corrective action taken, on priority.

2.24 Non-realisation of permit fees and late fees

Registering Authorities did not realise permit fees and late fees of ₹ 2.40 crore from 1,525 transport vehicles plying without updated permits.

Section 66 of the Motor Vehicles (MV) Act, 1988, provides that the owner of a transport vehicle can use his vehicle in a public place only after obtaining a permit from the prescribed authority. Section 81 of the Act prescribes that a permit may be renewed on an application made not less than 15 days before the date of its expiry. Fees for application and grant/renewal of permit, in regard to different kinds of vehicles, are realisable as per the rates specified in Schedule-‘A’ of Rules 126 and 127 of the West Bengal Motor Vehicles (WBMV) Rules, 1989. Further, in terms of Rule 151 of the WBMV Rules, 1989, the application for renewal of a permit may be received after expiry of the period of the permit, provided a late fee, as prescribed in Schedule E3, is paid.

Audit observed (between February 2020 and March 2022) from the scrutiny of the permit registers and analysis of the *VAHAN* database of 12 Registering Authorities (RAs)¹⁶¹, that 1,525 transport vehicles, whose permits had expired between March 2011 and November 2020, were still plying and the permits of these vehicles had not been renewed till June 2022. The owners of these vehicles had, however, paid the fitness fees and road taxes, which was indicative of the fact that these vehicles were on the road and were not idle.

As per the MV Act, 1988 (192 A), if a motor vehicle is found to be plying without valid permit, it shall be punished for the first offence, with a fine of upto ₹ 5,000/- and, for any subsequent offence, with imprisonment upto one year and fine upto ₹ 10,000/-. However, the concerned authorities had neither sent the list of such defaulting vehicles to the Enforcement Wing of the Department to ensure compliance, nor had they issued demand notices, to ensure timely collection of revenue. This had resulted in non-realisation of permit fees and late fees of ₹ 2.40 crore (as of June 2022).

The matter was reported to the Government (August 2022). Reply is awaited (March 2023).

¹⁶⁰ Amount of Interest on W&MA (₹ in crore).

2016-17	2017-18	2018-19	2019-20
0.285	1.05	20.75	10.67

¹⁶¹ Alipur, Bankura, Barasat, Birbhum, Hooghly, Howrah, Jalpaiguri, Kalimpong, Paschim Medinipur, Puraba Medinipur, PVD, Kolkata and Uttar Dinajpur.

2.25 Short-realisation of fitness fee

Registering Authorities (RAs) failed to levy fees for conducting fitness tests at enhanced rate, for delayed production of vehicles, in contravention of the existing provision of the Motor Vehicle Rules, resulting in short realization of ₹ 1.78 crore.

Section 56(1) of the Motor Vehicles Act, 1988, stipulates that, subject to the provisions of Sections 59¹⁶² and 60¹⁶³, a transport vehicle shall not be deemed to be validly registered, unless it carries a certificate of fitness (CF).

Further, Rule 57 (6) of the West Bengal Motor Vehicles Rules, 1989, provides that the owner shall be liable to pay 150 *per cent* of the prescribed fees, for non-submission of application within the stipulated period¹⁶⁴, and also for delayed production¹⁶⁵ of vehicle for inspection, for renewal of CF.

Audit analysed the data of 11 Regional Transport Offices (RTOs)/Additional Regional Transport Offices (ARTOs) between October 2020 and February 2021 and found that 78,046, out of 2,83,021 transport vehicles, were produced belatedly for inspection, for renewal of CF, during the period between April 2016 and March 2020. The RTOs/ARTOs, however, realized normal fees, as specified in the Notification dated 29 December 2016, instead of @ 150 *per cent*. This resulted in short realization of fitness fee of ₹ 177.66 lakh, as detailed in Table 2.23 below:

Table 2.23: Short realization of fitness fees

(₹ in lakh)

Sl. No.	Name of the RA	Period of analysis of data	No. of CFs issued during the period	No. of defaulter vehicles	Amount of fitness fee, including application fee realizable	Amount of fitness fee, including application fee realised	Amount of short realisation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(6)-(7)
1	Alipore	2019-20	29,944	10,064	86.21	64.18	22.03
2	Barasat	2019-20	36,745	12,738	112.64	83.52	29.12
3	Baruipur	2017-20	13,649	1,553	12.77	9.54	3.23
4	Behala	2017-20	12,611	3,971	33.24	24.81	8.43
5	Barrackpore	2018-20	44,105	12,368	121.29	89.08	32.21
6	Howrah	2018-20	40,419	10,025	93.87	69.26	24.61
7	Kalimpong	2019-20	2,669	1,066	10.01	7.38	2.63

¹⁶² Power of Central Govt. to fix the age limit of motor vehicles, by notification in the Official Gazette, considering the public safety, convenience and objects of the Act.

¹⁶³ Registration of vehicles belonging to the Central Govt. by notification in the Official Gazette, for use for government purpose relating to defence of the Country and unconnected with any commercial enterprise.

¹⁶⁴ If no date, time and place for the next inspection is endorsed on the CF, an application for renewal shall be made not less than one month before the date of expiry of the CF.

¹⁶⁵ If the owner fails to produce the vehicle for inspection on or before the expiry of the last CF.

Sl. No.	Name of the RA	Period of analysis of data	No. of CFs issued during the period	No. of defaulter vehicles	Amount of fitness fee, including application fee realizable	Amount of fitness fee, including application fee realised	Amount of short realisation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(6)-(7)
8	Kasba	2016-20	25,155	5,593	46.19	33.85	12.34
9	Purba Medinipur	2016-18	13,237	1,257	6.54	4.78	1.76
10	PVD, Kolkata	2019-20	28,313	10,178	83.02	62.13	20.89
11	Salt Lake	2016-20	36,174	9,233	76.64	56.23	20.41
Total			2,83,021	28,046	682.42	504.76	177.66

The provision of levying 150 *per cent* of normal fees for belated submission of vehicles, for renewal of fitness, was not mapped in VAHAN software, resulting in short realization of ₹ 1.78 crore.

Two RTOs¹⁶⁶ admitted the audit observation and stated that the short realization was due to non-mapping of the enhanced rate in the VAHAN software. However, they did not furnish reports of further realization of the amount.

The matter was reported to the Department (August 2022); reply is awaited (March 2023).

2.26 Non-realisation of tax from dealer or manufacturer having possession or control of motor vehicles

Registering Authorities under the Transport Department did not collect tax from dealers or manufacturers at the time of first registration of motor vehicles, resulting in loss of Government revenue, amounting to ₹13.35 crore.

Section 3(2) of the West Bengal Motor Vehicles Tax Act, 1979, prescribes for imposition of tax from dealers or manufacturers who keep in their possession or control any motor vehicle, whether or not the motor vehicle is driven in public place on the basis of a trade certificate, at the rate specified in part 'H' of the schedule. The tax is to be collected by the Taxing Officer having jurisdiction at the time of first registration of the motor vehicle, whether temporary or permanent, as a lump sum, irrespective of the period of use, and is not refundable.

Audit analysed the data from *e-VAHAN* software and observed that, during April 2016 to March 2020, 7,22,739 motor vehicles were registered for the first time (whether temporary or permanent), by 14 Registering Authorities (RAs) under the Transport Department. Audit observed that the applicable tax, payable by the dealers or manufacturers, under Section 3(2) of the West Bengal Motor Vehicles Tax Act, 1979, was not assessed and collected for 5,76,443 of these Vehicles. As a result, there was loss of Government revenue, amounting to ₹ 13.35, crore as detailed in **Table 2.24** as follows:

¹⁶⁶ RTO Barasat and ARTO Behala.

Table 2.24: Non-realisation of Dealer's Tax

Sl. No.	Name of the RA	Total number of vehicles registered	Number of cases	Total Amount of Non-realisation of Dealer's Tax (₹ in lakh)
1	Alipore	43,506	36,506	88.99
2	Barasat	53,183	40,670	97.06
3	Barrackpore	76,959	63,441	167.27
4	Baruipur	94,435	81,850	172.62
5	Basirhat	30,967	29,528	60.23
6	Bongaon	30,830	27,766	63.14
7	Behala	24,536	16,180	34.33
8	Hooghly	62,835	54,757	117.96
9	Howrah	86,181	72,344	201.59
10	Kalimpong	3,491	2,788	7.03
11	Kasba	53,648	33,383	74.8
12	PVD, Kolkata	31,935	18,626	40.53
13	Saltlake	66,410	39,811	88.25
14	Uluberia	63,463	58,793	121.41
	Total	7,22,379	5,76,443	1,335.21

(Source: Data analysed from e-VAHAN software)

In reply, RA, Barasat and RA, Uluberia, accepted (in September 2022 and December 2021) the Audit observation and RA, Uluberia, reported realization (in September 2022) of ₹ 0.22 lakh only. Further, RA, Hooghly, RA, Howrah and RA, PVD, Kolkata, replied (October 2021, April 2022 and August 2022 respectively) that this tax is not applicable for two wheelers, as per order¹⁶⁷ issued by Special Secretary to the Government of West Bengal.

The reply is not acceptable, as the above mentioned order is only a reproduction of sub-section (3) of Section 9A of the West Bengal Additional Tax¹⁶⁸ and One-time Tax¹⁶⁹ on Motor Vehicles Act, 1989. Moreover, both the Additional Tax and One-time Tax are payable by the registered owner of the motor vehicle and not by the dealer or manufacturer of the vehicles.

These instances have been noticed during test-check by Audit. Given the scale and quantum of amount noticed, it can be said that similar instances in the Department need to be checked and corrective action taken on priority.

Thus, failure of the Department to collect the applicable tax from dealers or manufacturers of motor vehicles, resulted in loss of Government revenue, amounting to ₹ 13.35 crore.

¹⁶⁷ Memo No. 3258-WT/3M-17/2017 dated 17.07.2017.

¹⁶⁸ Additional tax -Every owner of a registered motor vehicle or every person, who owns or keeps in his possession or control any motor vehicle as described in Schedule I, shall pay the additional tax at the rate specified therein against such vehicle.

¹⁶⁹ One-time Tax - the owner of any motor vehicle other than battery operated motor vehicle, being less than 10 years old, when applying for first registration or assignment of fresh registration mark or change of address on removal of such motor vehicles from another State, shall pay one-time tax at the rates specified in part I of Schedule IV for a period of five years, in lieu of annual tax payable under the West Bengal Motor Vehicles Tax Act, 1979.

The matter was reported to the Government in August 2022. Their reply is still awaited (March 2023).

URBAN DEVELOPMENT & MUNICIPAL AFFAIRS DEPARTMENT

2.27 Unfruitful expenditure on construction of Water Supply Project at the Export Promotion Industrial Park

In violation of the directions of the State Planning Board, the Asansol Durgapur Development Authority (ADDA) started the construction of a water supply project, without obtaining necessary permission from the Railways. ADDA later terminated the contract, without planning for its ultimate completion, resulting in unfruitful expenditure of ₹ 42.36 crore and the project remaining incomplete even after nine years.

The Asansol Durgapur Development Authority (ADDA) was created¹⁷⁰ (1981) as a nodal body, entrusted with planning and providing infrastructure for the industrial belt, as well as overall development of the Asansol and Durgapur sub-divisions. An Export Promotion Industrial Park (EPIP) is located 10 km east of Durgapur, with a number of industries¹⁷¹ in operation in that area. These industries were initially meeting their water demand by tapping groundwater aquifers, or by drawing water from nearby ponds. Subsequently, the availability of underground water became scarce and, with the local ponds also drying up during summer, the industries were subjected to severe shortage of water.

In order to overcome the water shortage, the project “Construction of 5 MGD Water Treatment Plant at EPIP, Durgapur” was accorded (August 2013) in-principle approval, at a project cost of ₹ 70.29 crore, by the State Planning Board (SPB), which was functioning under the Planning Department, Government of West Bengal, subject to the following conditions:

- No land acquisition would be done to implement the full project.
- Necessary permissions, required from Damodar Valley Corporation (DVC), Railway, National Highway Authority of India (NHAI) and others, would be obtained, before starting the project.
- The project was to be completed within a span of two and half years.

ADDA issued (December 2013) Notice for Inviting Tender (NIT) for the work¹⁷². The estimated tender value was ₹ 69.94 crore. After evaluation of the technical and financial bids received, the work was awarded (August 2014) to

¹⁷⁰ Under the West Bengal Town & Country Planning Act, 1979.

¹⁷¹ 15 very big industries, requiring 21,500 Kilo litre of water daily + 10 other industries, requiring 500 Kilo liter daily + 6 upcoming industries, requiring 200 Kilo litre daily.

¹⁷² Design, construction, commissioning, Trial Run for 3 months and Operation & Maintenance for a period of 12 months after completion of trial run, of a Water Supply System, comprising of a 5 MGD (20 working hours in a day) Water Treatment Plant, along with Raw Water Drawal System, Raw Water Rising Main, Clear Water Reservoir, Clear Water Pump House including Pumping arrangement and other ancillary units, at EPIP, Durgapur, West Bengal, on Turnkey Basis.

the successful bidder¹⁷³, at the tendered amount of ₹ 58.89 crore. The work was to be completed by July 2016.

Audit observed (December 2021) the following irregularities, on part of ADDA/ Department, in the execution of the project:

- ADDA issued (August 2014) the work order without securing the required permission from the Railways. The Executive Engineer (EE) applied for permission to use Railway land for the proposed underground water pipeline only in September 2015, *i.e.* one year after the issue of the work order. Provisional approval from the Railway was received in October 2016, subject to deposit of ₹ 30.97 lakhs. The EE deposited the required amount in March 2017, *i.e.* after a delay of five months. Final permission from the Railways was received only in March 2017. Thus, the entire period of two and half years, allowed by the SPB for completion of the project, was lost in securing the required permission.
- The cost estimate in the DPR had been prepared based on the rates prevailing in 2012. By the time the permission from Railways was received, five years had elapsed. As a result, contractor observed (September 2018) that the rates had become unworkable due to increased input costs and the introduction of GST. The consultant¹⁷⁴ hired by ADDA for management of the bidding process had also observed that, if prior permissions were not obtained before starting the project, it would not be possible to complete the project within the scheduled time frame and cost. Ignoring the conditions stipulated by the SPB and suggestion of the consultant, ADDA went ahead with the tendering process, without obtaining the required permission beforehand.

Audit further observed (December 2021) that ADDA terminated (September 2018) the contract, citing slow progress of the work, with order for forfeiture of ₹ 4.71 crore, which included ₹ 3.53 crore retained from the Running Account bills as Security Deposit and ₹ 1.18 crore to be recovered by invoking the bank guarantee submitted by the contractor. However, ADDA could not forfeit the bank guarantee, as it failed to give necessary instructions to the issuing bank to effect invocation of the bank guarantee within its validity *i.e.* March 2018. ADDA also imposed liquidated damages of ₹ 58.88 lakh, which the contractor did not pay. When the contract was terminated, the physical progress was about 74 *per cent*, the financial progress was around 72 *per cent* and the contractor had been paid ₹42.36 crore (last payment in December 2017). The contractor, thereafter, initiated (October 2018) an arbitration case, which was still pending (as of July 2022).

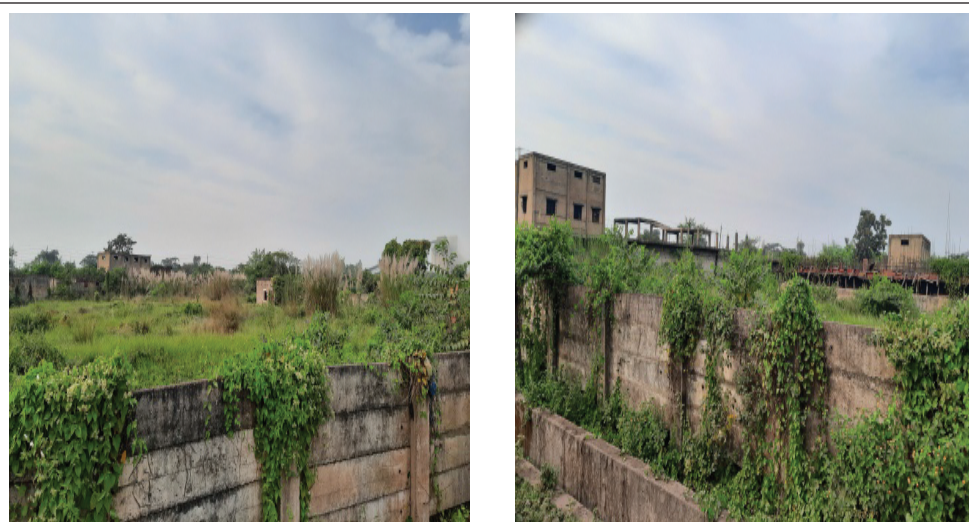
The Board of ADDA decided (December 2018) to complete the balance work by inviting a fresh tender. Executive Engineer (EE), ADDA, submitted (July 2020) that: (i) since the project was to be executed on turnkey basis, it did not have an estimate of the quantity of different items to be executed (ii) accordingly, undertaking the balance work in the conventional manner would be cumbersome, as framing a Bill of Quantities (BOQ) would consume considerable time and could not be done in-house. Additional Chief Engineer

¹⁷³ SMS Paryavaran Limited.

¹⁷⁴ Bengal Urban Infrastructure Development Limited.

(ACE), ADDA, proposed (June 2021) that the incomplete work could be taken up under Public Private Partnership (PPP), in the Build Operate and Transfer (BOT) mode, wherein the selected concessionaire would: (i) execute the balance work and (ii) continue operation, maintenance and management of the project for a period of 20/25 years. However, no decision had been taken by the Department in this regard (as of July 2022).

The joint site visit conducted by Audit revealed (December 2021) that the work site was abandoned and was in a dilapidated condition. Audit observed that transformers, pumps and motors, supplied by the contractor and valued at ₹ 1.49 crore, had not been installed/tested, due to non-completion of work. Further, this equipment was susceptible to damage, due to prolonged non-use.



*Fig. 2.18 and Fig. 2.19: Abandoned site in dilapidated condition
(December 2021)*

Thus, issue of work order for the project, without obtaining prior permission from the Railways, in violation of the conditions laid down by the SPB; termination of the contract without planning in regard to the manner of completion of the remaining work; and the resultant inability to get the balance work completed, has resulted in unfruitful expenditure of ₹ 42.36 crore, on the proposed water supply work at EPIP. Further, the envisaged benefits could not be provided to the industries, even after nine years, hampering the promotion of commerce and industry in the region.

The matter was reported to the Department (February 2022) but reply has not been received (March 2023).

2.28 Loss of revenue due to delay in revision of development charges

Laxity on part of the Midnapore Kharagpur Development Authority (MKDA) and the Urban Development and Municipal Affairs Department, resulted in loss of opportunity to earn additional revenue of ₹1.13 Crore.

Sections 102, 103 and 104 of the West Bengal Town and Country (Planning & Development) (WBT&C) (PD) Act, 1979, prescribe that, with the previous sanction of State Government, every Planning or Development Authority shall levy a development charge, for carrying out development and/or change of use

of land, in the whole or any part of the planning area, for which permission from the concerned Planning or Development Authority is required, at rates not exceeding those specified in Section 103.

Audit observed (February 2021) that the Midnapore Kharagpur Development Authority¹⁷⁵ (MKDA) had finalized development charges in January 2005, based on the notification of Urban Development and Municipal Affairs Department (UD&MAD), GoWB, published in March 2003. Subsequently, UD&MAD revised (September 2008) the development charges for different categories of development activities. However, MKDA did not initiate action to revise its rates in terms of the UD&MAD's notification and continued to levy development charges at the old rates of January 2005.

Later, after four years, in its Board meeting (August 2012), MKDA proposed enhancement of the development charges and forwarded (November 2012) the proposal to UD&MAD, for its approval. The proposal was, however, rejected (February 2013) by the UD&MAD, on the ground that it was not in conformity with the provisions of the West Bengal Town & Country (Planning & Development) Act, 1979. In December 2015 (*i.e.*, after a lapse of another three years), MKDA requested UD&MAD for enhancement of the development charges. Since approval was not received, MKDA again appealed (November 2016) to UD&MAD, to approve the said proposal for enhancement of the development charges. UD&MAD finally approved (March 2017) the enhanced development charges, which had been proposed earlier (in November 2016) by the MKDA.

Audit observed (February 2021) that the Siliguri Jalpaiguri Development Authority had modified its rates in November 2008, *i.e.* immediately after the UD&MAD's order was published in September 2008. The Asansol Durgapur Development Authority had also modified its rates in November 2011. MKDA, however, initiated action for enhancement of the development charges only in November 2012, after a delay of four years, and was able to finally implement the enhanced charges only in 2017, *i.e.* eight years after the UD&MAD's order.

To assess the probable extent of additional revenue earning opportunity foregone, due to above mentioned delays, From the records maintained at the Land Development and Permission section of the MKDA, Audit analyzed (March 2021) 24 cases¹⁷⁶, which were decided between 2013 and 2017¹⁷⁷. In these cases, MKDA had collected an amount of ₹28.30 lakh at the old rates (as per the rates of January 2005), instead of ₹ 141.47 lakh, which it could have collected, if the rates had been revised on the basis of the September 2008 Notification of the UD&MAD, GOWB. This resulted in revenue forgone, amounting to ₹ 113.17 lakh (**Appendix -20**), in 24 out of 30 cases.

¹⁷⁵ Formed vide Notification No. 825 / T & CP / C -2 / 1 – S / 2003 dated 21.03.2003, as per Sections 11 (1) & (3) of the WBT&C (P&D) Act, 1979.

¹⁷⁶ Only cases above Rupees one lakh, including erection charges and penalty, were considered. Out of 30 such cases, 24 cases were scrutinised, while records pertaining to the remaining six cases were not made available to Audit.

¹⁷⁷ As the proposal for enhancement of development charges was first taken by MKDA in August 2012 and the rate was revised in March 2017.

In reply, the MKDA stated (February 2021) that, due to lack of sufficient infrastructure, the earlier Board could not take up the matter with the UD&MAD before 2012. The Authority further stated (October 2021) that timely pursuance with UD&MAD could not be done, due to shortage of manpower. The reply is not tenable, since enhancement of development charges, being a crucial element of revenue for the MKDA, should have been prioritized by the MKDA. The delay of four years in preparing the initial proposal, as well as three years taken to resubmit the proposal after initial rejection by the UD&MAD, is indicative of laxity on part of the MKDA.

Thus, delay on the part of MKDA, to initiate proposals for revision of rates and the subsequent delay in approval of the increased development charges by UDD, resulted in loss of opportunity to generate additional revenue of ₹ 113.17 lakh (*Appendix-20*), in the cases test-checked by Audit.

The matter was referred to Government in November 2021; reply has not been received (March 2023).

2.29 Unfruitful expenditure on construction of community hall

The community hall constructed by the Jaigaon Development Authority was neither properly maintained, nor utilised, due to lack of planning and violation of conditions in the sanction order, leading to unfruitful expenditure of ₹ 1.29 crore.

The Jaigaon Development Authority (JDA) was set up in April 1987, under the Urban Development and Municipal Affairs Department, to develop Jaigaon, a town adjacent to the Bhutan border, and the surrounding areas.

The JDA, in its 32nd Board Meeting, decided (February 2014) to take up the work of construction of a Community Hall at Jaigaon. The Executive Officer (EO), JDA, requested (09 January 2015) the District Magistrate, Alipurduar, for sanction of the work, under the Border Area Development Programme (BADP)¹⁷⁸. The work of construction of a community hall was admissible, in terms of the BADP guidelines. The work was sanctioned (29 January 2015) by the District Magistrate, Alipurduar, for an amount of ₹1.23 crore, with the condition that the JDA should ensure maintenance of the asset so created, till it is handed over to the appropriate authority for operation.

Test-check of records of the JDA (March 2022) revealed that JDA had not prepared any Detailed Project Report (DPR), prior to taking up the project, for identifying the different components of the project, such as site location, mode of operation and maintenance, appropriate authority to whom the assets would be handed over for operation, the Benefit Cost Ratio *etc.* The work was approved on the basis of a detailed cost estimate, which was preceded by a one-page preface, which mentioned that execution of the community hall would enable the people of JDA area to celebrate various occasions. The estimate did not contain any mention of a specific site having been earmarked for the construction of the community hall.

The work of construction of the Community Hall was awarded (March 2015) to a contractor, at the tendered cost of ₹ 98.29 lakh, with the completion period

¹⁷⁸ A centrally sponsored scheme to meet the special development needs of people living in remote areas situated near the international border.

being eight months. The scope of work included construction of a single-story building, having a hall with a stage, four dormitories with attached bath, one dining hall, one office room and one storeroom.

Audit observed (March 2022) that it had been decided (February 2014 and June 2015) that the Community Hall would be constructed at a site behind the Jaigaon Primary Health Centre, approximately 600 metres from the JDA office, in the Jaigaon town. Subsequently, the Assistant Executive officer (AEO) requested (05 June 2015) the EO for a change of the earmarked site, on the ground that local people had raised certain objections and proposed that the work be executed at a site which was approximately 1.5 km away from the JDA office.

The EO, JDA, approved (05 June 2015) the new location on the same day that the request had been made, without conducting a feasibility study about the new location. The proposal regarding change of site was not placed before the Board of JDA for approval, whereas the previous site had been approved by the Board.

Test-check of records further revealed that the civil work had been completed (June 2017) at a cost of ₹98.51 lakh. The work of installation and supply of electrical equipment/fittings related to the community hall was awarded (April 2017) to a different contractor and this work was completed (August 2017) at a cost of ₹ 12.28 lakh. An additional work, of construction of a boundary wall, was awarded (July 2017) to another contractor and was completed (February 2018) at a cost of ₹ 17.94 lakh. Thus, the construction of the Community Hall was finally completed in February 2018, at a total cost of ₹ 1.29 crore.

Audit observed that the community centre was situated at a remote location (away from the prominent market area of Jaigaon), in the Jaigaon-II Gram Panchayat area. The newly created asset was left unattended, without any security arrangement, which made it vulnerable to thefts. JDA subsequently lodged (October 2017 and August 2018) police complaints, regarding theft of four air conditioners, four ceiling fans *etc.*, with the Jaigaon Police Station. In clear violation of the sanction order issued by the District Magistrate, the JDA neither maintained the newly created asset, nor handed it over to an appropriate authority for operation and maintenance.

During the joint site inspection with JDA officials, Audit observed (March 2022) that the Community Hall was in a dilapidated condition. All the sanitary and plumbing fittings, most of the doors and windows, the front grill and all the electrical equipment, except the Electrical Meter, were missing. Further, the community hall was unusable, in the observed condition.



Fig. 2.20 and Fig. 2.21: Building in dilapidated condition with damaged roof, stolen doors *etc.*

The AEO, JDA, accepted (March 2022) the lapse regarding security arrangement for the Community Hall and stated that, after construction of the community hall, it had been decided that JDA would operate and maintain the property. Subsequently, in the 49th Board meeting, it was decided (September 2019) that the community hall would be given on lease to the Jaigaon-II Gram Panchayat, on a rent of ₹10,000 per month. However, the Pradhan of the said Gram Panchayat declined to take over the Community Hall.

The reply may be viewed in the light of the facts that: (i) the JDA had failed to plan for operation and maintenance of the community hall, prior to its construction (ii) the decision to change the location was taken by the EO, without checking the feasibility of the new location and without approval of the Board (iii) the decision to lease out the community hall was taken 17 months after its construction, when the electrical equipment/fittings had already been stolen and the building was damaged and (iv) even after more than four years since its construction, the JDA has not been able to hand it over to an appropriate authority for usage, nor has it been able to utilise the hall itself.

Thus, lack of planning on part of JDA, regarding the site selection and manner of operation/ maintenance of the Community Hall, coupled with failure to maintain the created asset, resulted in unfruitful expenditure of ₹ 1.29 crore.

The matter was reported to Government in April 2022; reply is awaited (March 2023).

Chapter III

Overview of State Public Sector Enterprises

CHAPTER – III

Overview of State Public Sector Enterprises

3.1 Introduction

The State Public Sector Enterprises (SPSEs) comprise State Government Companies, Government-controlled other Companies, subsidiary Companies and Statutory Corporations. They were established to carry out the activities of commercial nature and to contribute in economic development of the State. As on 31 March 2022, there were 63 SPSEs (including 19 inactive¹⁷⁹ SPSEs) under the audit jurisdiction of the Office of the Accountant General (Audit-II). The financial performance of 63 SPSEs, according to their latest finalised accounts as on 30 September 2022, showed that 44 working SPSEs registered an aggregate turnover of ₹ 42,339.50 crore. This turnover was equal to 2.76 per cent of State Gross Domestic Product¹⁸⁰ (GSDP) for the financial year 2021-22 (₹ 15,36,681 crore). Further, 20 working SPSEs earned overall profit of ₹ 990.41 crore according to their latest financial accounts, while 24 working SPSEs incurred losses of ₹ 967.55 crore. There were 19 inactive SPSEs having an investment of ₹ 1,476.63 crore towards capital (₹ 353.42 crore) and long-term loans (₹ 1,123.21 crore), which were inactive for one to 20 years. This is a critical area as the investments in inactive SPSEs, do not contribute to the economic growth of the State. The State Government may take expeditious decision on these SPSEs.

3.2 Accountability framework

A Government Company¹⁸¹ or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the CAG. The process of audit of Government Companies is governed by relevant provisions of the Companies Act, 2013 (the Act).

Further, according to the provisions of the Act, the CAG may, in case of the aforesaid companies, by an order, conduct test audit on the accounts of such company, if considered necessary. The provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to such audit.

Moreover, the financial statements of the Government Companies are audited by Statutory Auditors, appointed by CAG, who shall submit a copy of their audit report, including the financial statements of the Company, to the CAG. These financial statements are subject to supplementary audit to be conducted

¹⁷⁹ Including one company under liquidation viz. West Bengal Tea Development Corporation Limited.

¹⁸⁰ First advance estimates at current prices for base year 2011-12 (Source: Bureau of Applied Economics & Statistics, Government of West Bengal).

¹⁸¹ Any company in which not less than 51 per cent of the paid-up share capital is held by the Central Government, or by any State Government/ Governments, or partly by the Central Government and partly by one or more State Governments is, a Government Company. This includes a company which is a subsidiary company of such a Government Company.

by CAG within 60 days from the date of receipt of the audit report under the provisions of the Act.

The audit of Statutory Corporations was conducted under their respective legislations. The audit of West Bengal Industrial Infrastructure Development Corporation was entrusted (December 2016) to CAG for five years up to 2020-21. Thereafter, entrustment was not extended by GoWB, despite regular follow-up till January 2023.

Between October 2021 and September 2022, audit of 61 SPSEs was completed as detailed below –

Table 3.1: Summary of audit of accounts of SPSEs between October 2021 and September 2022

Sl. No.	Particulars	Government Companies (Supplementary audit)		Statutory Corporations (Sole audit)	Total
		Working	Inactive		
(1)	(2)	(3)	(4)	(5)	(6) = (3) + (4) + (5)
1)	Total Nos. of SPSEs for which audit of accounts entrusted	38*	19**	4***	61#
2)	Nos. of accounts awaiting audit as on 01 October 2021	10 (09 companies)	02 (02 companies)	05 (03 corporations)	17
3)	Nos. of accounts received in the period	55 (37 companies)	21 (12 companies)	02 (02 corporations)	78
4)	Nos. of accounts not selected for audit	29 (23 companies)	13 (09 companies)	Nil	42
5)	Nos. of accounts awaiting audit as on 30 September 2022	05 (03 companies)	03 (03 companies)	03 (02 corporations)	11
6)	Nos. of accounts that were audited {(2)+(3)-(4)-(5)}	31 (19 companies)	07 (05 companies)	04 (03 corporations)	42
Impact of audit		Amount : ₹ in crore			
7)	Increase in profits/ decrease in losses	110.10	8.17	112.87	231.14
8)	Decrease in profits/ increase in losses	2.34	-	0.13	2.47
9)	Increase in assets/ decrease in liabilities	-	-	-	-
10)	Decrease in assets/ increase in liabilities	-	-	-	-
11)	General observations/ Disclosures	26,094.65	-	0.65	26,095.30

(Source: Records of financial statements received, selected for audit and pending audit from October 2021 to September 2022)

* Including Britannia Engineering Limited, merged with another SPSE, with retrospective effect.

** Excluding one company under liquidation, viz., West Bengal Tea Development Corporation Limited.

*** Excluding Great Eastern Hotel Authority, audited under Sl No. 14 of CAG's (DPC Act).

Number of accounts includes consolidated financial statements (CFS), applicable for eight SPSEs.

3.3 Need for timely finalisation and submission of accounts by SPSEs

According to Sections 394 and 395 of the Act, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation, laid before the Houses or both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, prepared by the CAG. Similar provisions exist in the respective Acts regulating statutory corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of the State.

The Act also requires every company to hold AGM of the shareholders once every calendar year. Further, the Act stipulates that the audited Financial Statements for the financial year must be placed in the said AGM for consideration of the shareholders; contraventions of such provisions are liable for punishment/penalty.

3.4 Arrears in accounts of SPSEs

As of 30 September 2022, 20 out of 61 SPSEs had submitted their accounts for the year 2021-22. The accounts¹⁸² of remaining 41 SPSEs (127 accounts)¹⁸³ were in arrears for one year to 16 years as compared to 54 SPSEs (136 accounts) in arrears for one year to 15 years, at the end of September 2021.

These matters were brought to the notice of the Government, at the highest level at the end of each quarter, during the year.

3.5 Investment by the Government of West Bengal

The Government of West Bengal has financial stakes in the SPSEs, which is mainly comprised of:

- **Share capital and loans**– In addition to the share capital contribution, GoWB also provides financial assistance by way of loans to the SPSEs from time to time.
- **Special financial support**– GoWB provides budgetary support by way of grants and subsidies to the SPSEs as and when required.
- **Guarantees**– GoWB also guarantees the repayment of loans, with interest, availed by the SPSEs from Financial Institutions.

3.6 Aggregate investment in SPSEs with sector-wise summary

As on 31 March 2022, the investment (capital and long-term loans) in 63 SPSEs was ₹ 42,355.01 crore as seen from their latest available accounts. This total investment consisted of 37.76 *per cent* towards paid-up capital and 62.24 *per cent* in long-term loans. The sector-wise summary of investment in the SPSEs as on 31 March 2022 is given at **Table 3.2** below:

¹⁸² Including four arrear accounts of Britannia Engineering Limited, that was amalgamated with Westinghouse Saxby Farmer Limited, with retrospective effect from April 2016.

¹⁸³ Including 10 consolidated financial statements.

Table 3.2: Sector-wise summary of investment in SPSEs

Name of sector	Government Companies		Statutory Corporations		Total	Investment (₹ in crore)		
	Working	Inactive	Working	Inactive		Equity	Long-term Loans	Total
Power	06	-	-	-	06	12,986.05	20,929.57	33,915.62
Finance	04	01	-	-	05	534.54	240.26	774.80
Service	07	-	03	01	11	85.84	1,645.90	1,731.74
Manufacturing	08	15	-	-	23	407.12	1,613.83	2,020.95
Infrastructure	09	-	01	-	10	1,921.10	1,738.16	3,659.26
Agriculture & Allied	02	01	-	-	03	53.58	107.72	161.30
Others	04	01	-	-	05	6.60	84.74	91.34
Total	40	18	04	01	63	15,994.83	26,360.18	42,355.01

(Source: Compiled from latest available accounts received up to September 2022)

The Power Sector constituted the major share of equity at 81.19 per cent (₹ 12,986.05 crore) and loans at 79.40 per cent (₹ 20,929.57 crore) from the Government of West Bengal and financial institutions.

3.7 Disinvestment and restructuring of SPSEs

The Government of West Bengal decided (February 2017) to restructure State SPSEs for improving operational efficiency and optimally utilising their manpower/ assets. Accordingly, one SPSE under the administrative control of Department of Public Works, viz Britannia Engineering Limited was merged with Westinghouse Saxby Farmers Limited with retrospective effect from 01 April 2016, according to order of the Registrar of Companies in September 2022.

3.8 Compliance Audit Conducted

During 2021-22, the office of the Accountant General (Audit-II), West Bengal conducted compliance audit¹⁸⁴ of 18 units of 11 SPSEs. The results of these audits are communicated to the Government of West Bengal and the SPSEs concerned. During the year, 15 inspection reports (IRs) containing 90 paragraphs were issued after audit of these SPSEs. In the same period, 27 IRs were closed and 108 paragraphs were settled based on replies furnished. As on 31 March 2022, 335 IRs containing 1,140 paragraphs were outstanding in respect of 46 SPSEs.

The major audit findings including Detailed Compliance audit of South Bengal State Transport Corporation are included in the following chapter.

¹⁸⁴ Excluding West Bengal Electricity Regulatory Commission, a regulatory authority.

Chapter IV

Compliance Audit of State Public Sector Enterprises

CHAPTER – IV

POWER DEPARTMENT

WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

4.1 Loss of revenue due to wrong categorisation of consumer

Wrong classification of consumer, in violation of extant regulations, resulted in undue advantage being extended, leading to loss of revenue, amounting to ₹ 98.04 lakh

The West Bengal Electricity Regulatory Commission (WBERC) issues tariff orders, from time to time, prescribing the applicable tariffs to be charged by distribution companies, from different categories of consumers. In respect of the West Bengal State Electricity Distribution Company Limited (WBSEDCL), tariffs applicable¹⁸⁵ to HT Public Utilities, *inter alia*, include all non-profit making educational institutions, run by public or private charitable organisations, with financial aid from the State/ Central Governments and fulfilling the following conditions -

- i) submitting their audited accounts of the last three years,
- ii) furnishing necessary documents to indicate that they had been receiving aid from the State/ Central Governments, which was, at least, 50 per cent of their total annual income, for the last three years, consecutively, and
- iii) furnishing an undertaking, stating that the power supply to their institutions, shall be used and shall continue to be used, exclusively for the purpose for which the supply has been taken.

Eligible consumers were required to apply, along with the aforesaid documents and, if their claims were found to be correct, WBSEDCL was to allow them the tariff, not later than three months from the dates of receipt of applications.

Audit scrutiny of records (February 2022) revealed that *Haldia Institute of Technology*¹⁸⁶ (HIT), had signed an agreement with WBSEDCL, in December 2009. The agreement was for the supply of power, at tariff applicable to private educational institutions {Rate - E(C-EI)}¹⁸⁷. Subsequently, ICARE, the parent organisation of HIT, prayed (August 2016) for amendment of the existing tariff, to concessional tariff, *i.e.* the rate applicable to public utilities {Rate - E(A)}¹⁸⁸. In support, ICARE had submitted: (a) annual audited accounts of ICARE, for the three financial years, from 2012-13 to 2014-15; (b) a letter from the All-India Council of Technical Education (AICTE), approving (April 2016) the courses

¹⁸⁵ Clause 3.2.33 of the Tariff Order for the financial year 2009-10, in respect of WBSEDCL, issued by WBERC.

¹⁸⁶ A private educational institution, owned and run by the Indian Centre for Advancement of Research and Education (ICARE), a 'not for profit' registered society, constituted under the West Bengal Societies Registration Act, 1961.

¹⁸⁷ The category of tariff applicable to private educational institutions, as per tariff notifications of WBERC.

¹⁸⁸ The category of tariff applicable to public utilities, as per tariff notifications of WBERC.

to be conducted by HIT during the financial year 2016-17; and (c) affidavit by HIT, stating that the power supply to them would be used and would continue to be used exclusively for the purpose for which the supply had been taken. WBSEDCL changed (October 2016) the tariff, to the tariff applicable to a public utility, from the consumption month of November 2016.

Audit observed (March 2022) that, while the audited annual accounts of ICARE had been submitted, annual audited accounts of HIT had not been submitted with the application. It was also noticed that, as per the annual accounts of ICARE (for the financial years 2012-13 to 2014-15), the aggregate grants-in-aid were only one *per cent* of the total income. Moreover, the AICTE approval (April 2016) stated that HIT was an unaided private institute. Further, the audited annual accounts of HIT, from FY 2016-17 to FY 2020-21 (available in the public domain), showed that HIT had not received any grants-in-aid and had generated a surplus of ₹ 9.15 crore in these five years.

WBSEDCL had revised the tariff, from the tariff applicable to a private educational institution to the concessional tariff, applicable to a public utility, despite HIT not fulfilling the prescribed conditions. Consequently, WBSEDCL had short-billed HIT by ₹ 98.04 lakh¹⁸⁹, from November 2016 to November 2021.

Department, in its reply, stated (August 2022) that: (i) HIT was an Institute under ICARE and (ii) the tariff had been modified after legal vetting.

The reply did not, however, address the issue of non-fulfilment of the criterion that the aggregate grants, received by ICARE/ HIT, from the State/ Central Governments, should have constituted, at least 50 *per cent* of their total annual income, for the last three years, consecutively. Moreover, the reply was silent on the issue that, according to AICTE, HIT was an ‘unaided private institute’.

Thus, the revision of tariff, in deviation from the WBERC tariff order of July 2009, led to loss of revenue, amounting to ₹ 98.04 lakh, for the period from November 2016 to November 2021.

4.2 Excess expenditure on purchase of solar energy, in excess of the contractually committed quantity

West Bengal State Electricity Distribution Company Limited purchased solar energy beyond the contractually committed quantity, between March 2018 and March 2020, despite fulfilling Renewable Purchase Obligations, resulting in excess expenditure of ₹ 30.22 crore.

The West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013¹⁹⁰, mandated (March 2013) renewable purchase obligation (RPO)¹⁹¹

¹⁸⁹ Being the difference between the applicable tariff of ₹ 543.55 lakh and the amount of ₹ 445.52 lakh billed by WBSEDCL.

¹⁹⁰ Regulation No. 50/ WBERC dated 22 March 2013.

¹⁹¹ According to the Indian Electricity Act 2003, all electricity distribution licensees should purchase or produce a minimum specified quantity of their energy requirements from Renewable Energy Sources. This is referred to as their Renewable Purchase Obligation and the minimum quantum of RPO, for each State, is fixed by the respective State Electricity Regulatory Commission.

targets for solar energy, to enhance the share of non-conventional sources in the total electricity consumption. These targets, increasing from 0.10 *per cent* of the total consumption of electricity, in the areas of supply of the distribution licensees, in FY 2013-14, to 0.30 *per cent* in 2017-18. From 2018-19 onwards the annual target of solar RPO will be increased by 0.10 *per cent* till it reaches 0.50 *per cent* in FY 2019-20. These targets were to be met through either purchase or generation. Subsequently, WBERC raised¹⁹² (December 2020) the solar RPO targets to 3.00 *per cent* (FY 2020-21), 4.50 *per cent* (FY 2021-22) and 6.00 *per cent* (FY 2022-23).

To fulfil the RPO targets, the West Bengal State Electricity Distribution Company Limited (WBSEDCL) entered (January 2011) into a long-term agreement, for 25 years, with NTPC Vidyut Vyapar Nigam Limited¹⁹³ (NVVNL) for purchase of Bundled Power (Thermal and Solar), from Solar Photovoltaic projects in Rajasthan. Accordingly, NVVNL allocated (April 2011) 50 MW of power, to WBSEDCL, from December 2014. Thereafter, on three occasions, NVVNL clarified (June 2016 to February 2018) that, in the context of the meeting held with WBSEDCL in June 2015, the solar energy, scheduled from 50 MW of power allocated to WBSEDCL, would be limited to 6.5 million units (MU) *per month*.

Audit scrutiny of the invoices raised by NVVNL and information given by WBSEDCL revealed that:

- From December 2014 to February 2018, the solar energy supplied by NVVNL was restricted to 6.5 MU *per month*.
- However, between March 2018 and March 2020, in 15 out of 25 months, NVVNL had supplied excess electricity, ranging from 6.59 MU (October 2019) to 10.45 MU (May 2018) *per month*. This energy was supplied at rates ranging from ₹ 10.20 *per unit* (July 2018) to ₹ 10.92 *per unit* (March 2019).
- Till March 2020, WBSEDCL could have fulfilled the RPO targets (0.5 *per cent* for 2019-20) prescribed by WBERC, without resorting to purchase of solar energy beyond 6.5 MU *per month*. Yet, during March 2018 to March 2020, it purchased an aggregate of 28.27 MU of solar energy, in excess of the contractually committed quantity, for reasons not on records.

Consequently, WBSEDCL incurred excess expenditure of ₹ 30.22 crore, on procuring solar energy, as detailed in the **Appendix-21**. Moreover, as the agreement with NVVNL did not include an exit clause to terminate the agreement before its expiry period of 25 years, WBSEDCL was compelled to purchase solar energy, leading to excess expenditure.

The Department/ WBSEDCL, in their replies (February 2020/ October 2020), *inter alia*, stated that WBSEDCL had communicated (April 2018, November 2018, April 2019 and June 2020) with NVVNL regarding restricting the quantity of solar energy supplied, to within 6.5 MU *per month*. WBSEDCL added that,

¹⁹² Regulation No. 71/ WBERC dated 21 December 2020.

¹⁹³ NVVNL had been identified (January 2010), by the Government of India, as the nodal agency for purchase and sale of 33 KV and above grid-connected 'Solar Photo-Voltaic' and 'Solar Thermal', under the National Solar Mission, by the Ministry of Power (MoP), Government of India.

according to NVVNL (June 2020), they had no role in the scheduling of solar energy and the supply had exceeded 6.5 MU, depending upon generation from solar power plants in Rajasthan.

The Department added (November 2022) that since the agreement had been entered into in January 2011, WBSEDCL was unable to amend the agreement in line with the WBERC Regulations of 2013. Moreover, WBSEDCL had attempted to restrict costly solar energy for the requirement of consumers, but these attempts had not fructified due to the non-allocation of power by Government of India. Thus, the agreement could not be amended.

The replies were not acceptable, as NVVNL had specifically committed in its letters (June 2016, August 2016 and February 2018), that scheduling of solar energy would be limited to 6.5 MU *per* month. Consequently, WBSEDCL should have monitored the offtake of solar energy from NVVNL and issued instructions to the State Load Despatch Centre (SLDC) for restricting the inflow to within 6.5 MU *per* month. Further, the Government of West Bengal had communicated (February 2015) to the Government of India that WBSEDCL had met WBERC's RPO targets and, thus, there was no additional requirement of solar power. Further, when WBERC had proposed (September 2020) increasing the targets for RPO, WBSEDCL had objected to the proposal, stating that the renewable energy potential in West Bengal was low. Consequently, meeting higher RPO targets would necessitate purchase of electricity from outside the State, thereby burdening the consumers. The fact that the agreement could not be amended also showed that WBSEDCL had entered into a contract with NVVNL that was inherently defective. This indicates that WBSEDCL was aware that the purchase of solar energy would lead to excess expenditure.

Thus, due to failure to restrict solar energy received, to 6.5 MU per month, WBSEDCL incurred excess expenditure of ₹ 30.22 crore, on purchase of solar energy, in excess of the contractually committed quantity.

4.3 Failure to safeguard assets due to non-deployment of security personnel and not insuring the assets

West Bengal State Electricity Distribution Company Limited (WBSEDCL) failed to safeguard its assets at the solar photovoltaic power plant in Mejia, Bankura, as it did not deploy security personnel, which led to burglary of equipment. In addition, WBSEDCL had not insured these assets, leading to avoidable expenditure of ₹ 29.12 crore, on their replacement.

The Department of Power, Government of West Bengal (GoWB), approved (January 2016) setting up of a solar photovoltaic power plant (SPVGP) at Mejia, Bankura, by the West Bengal State Electricity Distribution Company Limited (WBSEDCL), to be constructed over 52 acres of land, at a sanctioned cost of ₹ 61.34 crore, entirely funded through GoWB.

Accordingly, WBSEDCL floated (January 2016) the tender and placed (September 2016) a letter of award (LoA), on *M/s Bharat Heavy Electricals Limited* (BHEL), for ₹ 56.06 crore. Under the LoA, BHEL was to, *inter alia*,

design, construct and commission the said SPVGP, with a capacity of 10 MW and operate it for five years. The LoA had important clauses as follows:

- BHEL was to arrange for insurance coverage at site, till successful commissioning of the SPVGP. Thereafter, WBSEDCL was required to arrange insurance against theft, burglary, fire, natural calamities *etc.* (Clause 29)
- WBSEDCL was to take possession of the SPVGP, from BHEL, after final commissioning and then transfer the SPVGP to BHEL, for five years of operation and maintenance. (Clause 36)
- During the five years of operation and maintenance of the SPVGP, BHEL was to deploy security personnel at site. (Clause 34)

BHEL commissioned the SPVGP in December 2017, at a cost¹⁹⁴ of ₹ 50.76 crore. Audit scrutiny (April 2022) of the LoA and other records of WBSEDCL revealed the following-

- WBSEDCL had intimated (August 2018) GoWB that the SPVGP had been satisfactorily completed in December 2017. WBSEDCL provisionally took over the SPVGP from BHEL, in March 2019. It handed the plant back to BHEL, for completing the prescribed¹⁹⁵ Performance Ratio¹⁹⁶ (PR) test. WBSEDCL accepted (July 2019) the successful completion of the PR test and allowed BHEL to operate the SPVGP for five years, from July 2019 onwards. The SPVGP operated intermittently up to January 2020. Thereafter, it was shut down, due to issues such as labour problems, outage of transformer and fires at site, arising from lack of maintenance.
- WBSEDCL was aware that BHEL had withdrawn the security personnel from the site, on 16 December 2020. In addition, the security agency had, on 28 December 2020, handed over the site keys, to BHEL's site engineer, in the presence of SPGD¹⁹⁷'s representatives.
- In September 2020 and August 2021, BHEL lodged complaints at the Mejia Police Station, regarding theft of transformer copper and pilferage of the entire SPVGP. The Police had 'recovered significant stolen properties' and both cases were under investigation (November 2021).
- WBSEDCL issued (May 2022) LoA, for replacement¹⁹⁸ of stolen equipment, materials and electrical work, at the SPVGP, for ₹ 34.73 crore. Meanwhile, in May 2021, WBSEDCL had invoked BHEL's Performance Bank Guarantee of ₹ 5.61 crore. Hence, the net cost for the replacement was ₹ 29.12 crore.

¹⁹⁴ The amount capitalised by WBSEDCL, in its books, during March 2019 and April 2020.

¹⁹⁵ Clause No. 16 of the 'Technical Specifications – Electrical', of the bid documents.

¹⁹⁶ The performance ratio, stated as a percentage, is a measure of how energy efficient and reliable a solar photovoltaic plant is. This ratio is independent of location and is a proportion of the net energy available for export to the grid, after deduction of energy loss towards thermal and conduction losses, as well as auxiliary consumption of energy for operations.

¹⁹⁷ Solar Power Grid Department under Department of Power; GoWB.

¹⁹⁸ Supply of equipment/ materials for completion of balance/ replacement work: ₹ 34.23 crore (plus) carrying out all electrical work for recommissioning: ₹ 49.84 lakh.

Thus, according to the LoA, WBSEDCL was responsible for taking insurance cover on commissioning of the SPVGP in December 2017. Yet, it had failed to do so, even after provisional handing over (March 2019) operations to BHEL (July 2019) or capitalisation of assets (March 2019/ April 2020). Besides, despite being aware of withdrawal of security cover by BHEL in December 2020, WBSEDCL had not deployed security personnel to safeguard the assets, leading to thefts. This, in turn, led to an expenditure of ₹ 29.12 crore, on replacement.

Department stated (March 2023) that the liability for protection of all assets of SPVGP was the responsibility of BHEL, till the formal handing and taking over of the SPVGP, after completion of pending works and final commissioning.

The reply was not acceptable, as according to Clause 29 of the LoA, WBSEDCL was to arrange insurance after the SPVGP, was commissioned in December 2017. Yet, WBSEDCL failed to obtain requisite insurance coverage for SPVGP, for reasons not on record. Besides, although WBSEDCL knew that BHEL had withdrawn security personnel at the site, in December 2020, it failed to deploy security personnel, to safeguard the assets created out of Government grant.

THE DURGAPUR PROJECTS LIMITED

4.4 Non-realisation of water supply charges in contravention of Government scheme and directions of the Hon'ble Supreme Court of India

The Durgapur Projects Limited (DPL) continued to supply water, in deviation from the provisions of the applicable Government scheme and did not implement the directions of the Hon'ble Supreme Court of India. Consequently, it failed to recover water supply charges, aggregating ₹ 27.49 crore, for the period from July 2003 to May 2022.

The Durgapur Projects Limited (DPL), a public sector enterprise wholly owned by the Department of Power, Government of West Bengal (GoWB), had, since its incorporation in September 1961, been engaged in the business of generation and supply of electricity, processed water, etc. In addition, DPL had also been supplying water to other industries or residential areas. Accordingly, it had been supplying both water and electricity, to the plant and township of the erstwhile Mining and Allied Machinery Corporation Limited¹⁹⁹ (MAMCL), since April 1965. The supply of both electricity and water, to the plant and MAMCL's township, was billed according to readings taken from meters installed at a single point.

The Board for Industrial and Financial Reconstruction (BIFR) recommended²⁰⁰ (June 2001) the winding up of MAMCL, which had been closed in January 2002. Thereafter, the Hon'ble Calcutta High Court directed (May 2002/ June 2003) the winding-up of MAMCL. Meanwhile, the Government of West Bengal (GoWB)

¹⁹⁹ A Central Public sector enterprise incorporated in April 1965, which was closed in January 2002 and is in the process of liquidation.

²⁰⁰ Section 20 (2) of the Sick Industrial Companies (Special Provisions) Act, 1965.

had decided (March 2003) to take over responsibility for the maintenance and upkeep of MAMCL's township. Accordingly, GoWB submitted (March 2003) a scheme, prepared with the assistance of ADDA, DMC²⁰¹ and DPL. Under the scheme of takeover, GoWB's dues, from the erstwhile MAMCL, were to be set-off against takeover of the township. Moreover, while DPL was to continue to supply electricity to the individual dwelling units of the MAMCL township, provision of drinking water was to be undertaken by DMC. The Hon'ble Calcutta High Court approved²⁰² (June 2003) GoWB's proposal to take over responsibility of maintenance and upkeep of MAMCL's township. ADDA took over the MAMCL township from July 2003, as provided in the takeover scheme.

The State Bank of India (SBI), a secured creditor of MAMCL, was however, aggrieved that in the aforesaid judgement; GoWB, was given preference to set off their dues, ahead of the claims of other creditors. Therefore, in September 2003, SBI filed a Special Leave Petition (SLP) for redressal in the Hon'ble Supreme Court of India (SC).

The dues of DPL, for supply of electricity and water to the erstwhile MAMCL township, till 30 June 2003, were settled by GoWB. Thereafter, DPL had continued to supply both electricity and water, although, under the provisions of the scheme, water was to be supplied by DMC. Moreover, there was no mechanism to realise its dues from consumers on account of electricity and water supplied. Therefore, DPL applied (February 2007) to the Hon'ble SC, for directions regarding the realisation of its dues against supply of electricity and water. The Hon'ble SC directed (May 2007) DPL to install individual electricity and water meters for each consumer, instead of only one meter for the entire township. Further, based on the consumption recorded in the individual meters, DPL was to raise bills on the concerned consumers, according to rules. Also, DPL was to raise arrear bills for electricity and water supplied from July 2003 onwards, based on the average consumption of electricity and water for three months, as recorded in the meters.

Audit observed (December 2019/ August 2022) that:

- While DPL had installed individual electricity meters in the erstwhile MAMCL township by August 2016, it had not installed individual water meters, in violation of SC orders. DPL justified (July 2018) non-installation of water meters, to retail supply of water not being in line with its business.
- Reasons for DPL failing to transfer responsibility for the supply of water to DMC, in terms of the provisions of the takeover scheme, were not found available on records. Moreover, DPL continued to supply water through a single meter, raising water charges bills against ADDA, from July 2003 onwards. ADDA, however, refused (February 2019) to pay water supply charges, since it was not willing to be "*made a scapegoat for the inaction and ineptitude of DPL.*" In view of ADDA's response, DPL made (2018-19) provision of ₹ 23.28 crore in its accounts, for the water supplied to the MAMCL township between July 2003 and March 2019.

²⁰¹ Asansol Durgapur Development Authority (autonomous body) and Durgapur Municipal Corporation (urban local body), both under the Department of Urban Development and Municipal Affairs, GoWB.

²⁰² Case No. APOT/354 of 2002; judgement dated 24 June 2003.

- Although DPL had created a provision for the bills raised, it continued to raise bills for water supply, on ADDA, aggregating to ₹ 4.21 crore, from April 2019 to May 2022. ADDA had, however, not made payment so far (October 2022).

The Department of Power, Government of West Bengal, stated (September 2022) that DPL did not have infrastructure for the door-to-door supply of water. Moreover, it had continued to raise bills on ADDA, which was in-charge of the MAMCL township.

Besides, according to ADDA, the responsibility of supplying water to the MAMCL township would vest with DMC, from a prospective date. Further, ADDA, DMC and DPL had decided (July 2021) that DPL would install water meters, jointly with the help of ADDA and DMC. DPL also proposed to seek realisation of water supply charges from GoWB.

The reply indicates that, although DPL was not the nominated agency for supply of water, in terms of the takeover scheme, it had continued supply of water to the MAMCL township. Moreover, despite having approached the Hon'ble Supreme Court for directions on recovery of dues for supply of water to consumers, DPL had not installed individual water meters, as directed by the Hon'ble Court. Consequently, DPL had persisted in supplying water to consumers beyond the scope of the takeover scheme, without creating a mechanism for realising dues against such supplies.

Thus, due to non-compliance with the provisions of the takeover scheme and subsequent directions of the Hon'ble Supreme Court to install individual water meters for realising water supply charges from the authorised occupants of the MAMC township, DPL had not collected water supply charges of ₹ 27.49 crore.²⁰³

WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

4.5 Failure to realise revenue from permanently disconnected consumers due to not maintaining sufficient security deposit

West Bengal State Electricity Distribution Company Limited (WBSEDCL) had supplied electricity to four centralised bulk consumers, without obtaining adequate security under the extant provisions. This led to non-realisation of electricity charges of ₹ 47.07 crore.

The applicable regulations²⁰⁴ (April 2013) of the West Bengal Electricity Regulatory Commission (WBERC), permit a distribution licensee to require that all consumers furnish security deposits (SDs), of three months' estimated consumption, at prevailing rates. Further, the licensees are required to notify the consumers to increase the SD, as and when it becomes insufficient. The consumers are then required to deposit the additional amount of SD, within a

²⁰³ ₹ 23.28 crore + ₹ 4.21 crore.

²⁰⁴ *Clauses 4.1 and 4.2 of WBERC's (Miscellaneous Provisions) Regulations, 2013, vide notification No. 52/ WBERC dated 02 April 2013.*

period of one month from the notice. The licensee is also permitted to recover the additional amount, or its instalment amount, through the energy bills of the consumers. Moreover, Extra High Voltage (EHV), High Voltage (HV) and Low & Medium Voltage (L&MV) consumers, having contract demand of 50 KVA and above, have the option of depositing the SD either in cash or through an irrevocable Bank Guarantee (BG). However, no SD or BG was, earlier, required where the supply of electricity was being made through an irrevocable revolving Letter of Credit (LC)²⁰⁵, from either a nationalised or reputed private sector bank, valid for a period not less than 12 months.

Subsequently, in response to an application (October 2016) by the West Bengal State Electricity Distribution Company Limited (WBSEDCL), WBERC directed (February 2018) that consumers, paying their electricity bills through LCs, were also liable to pay SD, as payment through LC was not a pre-payment and making payment through LC, without furnishing security deposit, was inconsistent with the provisions of the Electricity Act, 2003²⁰⁶.

Audit observed that outstanding debtors²⁰⁷ of WBSEDCL, on account of sale of power, aggregated to ₹ 4,696.88 crore, at the end of March 2022, including ₹ 1,253.33 crore that was due from industrial and commercial consumers. Scrutiny of records showed that the outstanding dues, as of March 2022, from four permanently disconnected²⁰⁸ consumers **Table 4.1**, stood at ₹ 46.82 crore, arising from insufficient or 'nil' SD.

Table 4.1: Details of permanently disconnected bulk consumers having outstanding dues

Consumer	Connected Load	Period of dues		Outstanding amount (₹ in crore)	Nature of Default
		From	To		
Modern India Concast Limited (MISL)	18,000 KVA	January 2019	April 2019	26.86	Insufficient SD
	14,000 KVA	March 2019	April 2019	10.38	
				37.24	
Matangi Steels Private Limited (MSPL)	3,500 KVA	June 2019	October 2019	2.14	Nil SD
Om Shakti Smelters Private Limited (OSSPL)	762 KVA	March 2020	September 2020	5.15	Nil SD
Balaji Paper & Newsprint Private Limited (BPNPL)	3,000 KVA	November 2020	March 2021	2.54	Insufficient SD
				47.07	

(Source: Files and records of WBSEDCL, relating to the consumers)

²⁰⁵ A LC that cannot be cancelled or amended without the consent of all concerned and whose amount is renewed or reinstated without needing specific amendments to the credit in relation to time and value.

²⁰⁶ Sub-section 5 of Section 47.

²⁰⁷ Annual Financial Statements of WBSEDCL for the financial year 2021-22.

²⁰⁸ The Electricity Act, 2003, permits a licensee, after prior notice, to cut off electricity supply or disconnect any electric supply line, to any person, for non-payment of any charge of electricity or any other charge due.

Detailed scrutiny of these four consumers revealed the following:

A. M/s Modern India Concast Limited (MICL), a consumer²⁰⁹ of WBSEDCL since August 2008, had deposited two irrevocable revolving LCs, for ₹ 10.00 crore and ₹ 5.25 crore, towards payment of electricity bills for the two units. Consequently, it had not deposited any amounts as SD. MICL sought (May 2016) WBSEDCL's consent to make monthly payments from May 2016, through LC having one-time devolvment²¹⁰ i.e. for simple payment once, contrary to the regulations which had been approved (August 2016) by WBSEDCL, with retrospective effect.

Thereafter, no payments had been routed through LCs, since September 2016. Consequently, WBSEDCL requested (January/ March 2017) MICL to submit two BGs, for ₹ 15.75 crore and ₹ 30 crore, for both units, in WBSEDCL's specified format. Contrary to the Regulations, MICL submitted (May 2017) 10 post-dated cheques (PDCs), aggregating to ₹ 14.75 crore and ₹ 35.98 crore, instead of fresh BGs/LCs. Subsequently, WBSEDCL refunded (November 2017) all the PDCs.

MICL started defaulting on payment²¹¹ of energy bills from the consumption months of January 2019 (Haldia) and March 2019 (Bishnupur). MICL persisted with defaults in the subsequent months of February 2019 to April 2019. Consequently, WBSEDCL disconnected (May 2019) supply of power to MICL and raised two final bills for ₹ 26.86 crore (January to May 2019) and ₹ 10.38 crore (March to May 2019):

Thus, WBSEDCL had allowed MICL to draw electricity from September 2016 till May 2019 and had belatedly disconnected supply of power, resulting in non-realisation of revenue of ₹ 37.24 crore.²¹²

B. M/s Matangi Steels Private Limited (MSPL) was a consumer of WBSEDCL, transferred²¹³ (January 2019) from DPL, with 'Nil' SD. MSPL had been irregular in making payment of electricity charges, since March 2019. Therefore, WBSEDCL raised (August 2019) a demand on MSPL, for payment of SD of ₹ 2.93 crore, in 10 instalments, but MSPL failed to make payment towards the pending SD. Finally, WBSEDCL disconnected (September 2019) power supply to MSPL and also terminated the agreement. WBSEDCL raised (November 2019) a final bill on MSPL, towards outstanding energy charges of ₹ 2.04 crore, from June 2019 to October 2019. In December 2019, WBSEDCL served a demand notice on MSPL, for recovery of dues amounting to ₹ 2.14 crore.²¹⁴

WBSEDCL intimated (June 2020) the matter to the District Magistrate, Paschim Bardhaman, for taking appropriate measures under the Recovery of Dues Act 2000, to realise its dues. However, the dues had not been recovered (as of March 2022).

²⁰⁹ Two units at Haldia, Purba Medinipur and Bishnupur, Bankura.

²¹⁰ A Letter of Credit that expires after a specific transaction i.e. for simple payment once.

²¹¹ Payment of ₹ 50 lakh towards bill for ₹ 3.89 crore and payment of ₹ 2.50 crore against bill of ₹ 10.28 crore.

²¹² ₹ 26.86 crore + ₹ 10.38 crore.

²¹³ GoWB notification No. 328/PO/C-IV/1E-60/13 (Pt-VA) dated 26.12.2018.

²¹⁴ Towards energy charges (₹ 2.04 crore); penalty and cost of recovery (₹ 10.27 lakh).

Thus, WBSEDCL extended undue benefit to MSPL, by allowing power supply without maintaining SD, leading to non-realisation of revenue, amounting to ₹ 2.14 crore, towards electricity supplied.

C. M/s Om Shakti Smelters Private Limited (OSSPL), which was another consumer transferred from DPL, with 'Nil' SD, defaulted in making payment of ₹ 39.35 lakh, towards energy charges, for March 2019. WBSEDCL raised (June 2019) a demand on OSSPL, for submission of BG of ₹ 3.44 crore. OSSPL offered (July 2019) to pay the amount of SD of ₹ 3.44 crore in 24 instalments. WBSEDCL, however, agreed to 12 instalments, of ₹ 28.68 lakh each, from August 2019 onwards.

However, OSSPL could pay only ₹ 87.81 lakh towards the SD, till October 2019. Moreover, OSSPL had paid its electricity bills, in part, from September 2019 to April 2020, and had, thereafter, had not paid its bills till September 2020, leading to accumulation of dues, totaling ₹ 4.50 crore. Ultimately, WBSEDCL disconnected the power supply of OSSPL, in September 2020. In October 2020, WBSEDCL raised the final bill on OSSPL, for ₹ 4.90 crore. Thereafter, WBSEDCL served (November 2020) a demand notice on OSSPL, for ₹ 5.15 crore²¹⁵ and also communicated (January 2021) to the District Magistrate, Paschim Bardhaman, for appropriate measures under Recovery of Dues Act 2000, to realise its outstanding dues. However, recovery had not been affected till March 2022.

OSSPL had defaulted in clearing electricity dues from September 2019, but WBSEDCL belatedly disconnected the power supply in September 2020, which led to accumulation of outstanding dues, totaling ₹ 5.15 crore. This also resulted in undue benefit to OSSPL.

D. M/s Balaji Paper & Newsprint Private Limited (BPNPL) had been a consumer of WBSEDCL, since December 2004 and had maintained SD of ₹ 3.01 crore, by way of BG. BPNPL had been a chronic defaulter, in regard to payment of electricity bills, since December 2019. Till June 2020, its outstanding electricity bills had added up to ₹ 4.77 crore. WBSEDCL issued (July 2020) a disconnection order, for non-payment of energy bills and, concurrently, disconnected the electricity supply. BPNPL immediately deposited (July 2020) ₹ one crore towards outstanding dues and also assured payment of a further amount of ₹ one crore and additional BG of ₹ 46 lakh, towards SD, by August 2020. WBSEDCL then reconnected the electricity supply in July 2020. BPNPL again defaulted in August 2020 and WBSEDCL issued (September/ October 2020) a fresh disconnection order, for defaults in payment of electricity bills, due since January 2020 and after. However, WBSEDCL issued reconnection orders after BPNPL made part-payment (October 2020) of ₹ 3 lakh only. BPNPL again defaulted in making payment of energy charges from September 2020 onwards and WBSEDCL issued (March 2021) another disconnection order.

Ultimately, WBSEDCL disconnected (March 2021) the power supply, raised a final bill for ₹ 3.57 crore, with Late Payment Surcharge (LPSC) for an amount of ₹ 0.27 crore (January 2022) and invoked (January 2022) BG of ₹ 1.30 crore. Thereafter, no dues were recovered and the amount outstanding, after adjustment of BG, was ₹ 2.54 crore²¹⁶.

²¹⁵ Towards energy charges (₹ 4.90 crore); penalty and cost of recovery (₹ 24.61 lakh).

²¹⁶ (₹ 3.57 crore + ₹ 0.27 crore) - ₹ 1.30 crore.

Thus, despite chronic default by BPNPL, on multiple occasions, since December 2019 and not raising adequate SD, WBSEDCL had continued to supply electricity to BPNPL. This had led to loss of ₹ 2.54 crore.

Thus, failure to obtain sufficient SD and comply with the regulations, led to non-realisation of revenue of ₹ 47.07 crore²¹⁷.

The observation was reported to the Government in (November 2022); reply is awaited (March 2023).

4.6 Loss due to non-compliance with applicable tariff regulations

The West Bengal State Electricity Distribution Company Limited (WBSEDCL) had not obtained prior approval for investment in a project under the Scheme for Rapid Electrification of Agricultural Pumpsets (REAPS), although this was required under the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011. Consequently, WBERC did not allow WBSEDCL to claim interest on the project loan, through tariff orders, leading to loss of ₹ 24.56 crore.

According to the applicable tariff regulations²¹⁸, issued (April 2011/ August 2012) by the West Bengal Electricity Regulatory Commission (WBERC), every distribution licensee must separately obtain prior approval of WBERC, for investment in each distribution project with cost exceeding ₹ 125 crore, or five *per cent* of the gross fixed assets of the distribution business of the licensee, whichever is lower, at the time of taking up the project. Further, any subsequent revisions of such investment must also be approved by WBERC, before filing an application for determination of tariff.

The Government of West Bengal (GoWB) introduced (February 2015) a scheme to provide financial assistance for energising 54,311 agricultural pump sets in West Bengal. Accordingly, GoWB approved (September 2015) and sanctioned financial assistance of ₹ 407.33 crore, to WBSEDCL, for the first phase of the Scheme. WBSEDCL commenced work in November 2015 and completed the project in October 2018.

It was observed (April 2022), in audit, that WBSEDCL had:

- not obtained prior approval from WBERC for investment in the project. Instead, it belatedly applied (April 2017) for approval of the project, at a cost²¹⁹ of ₹ 1,205.37 crore.
- planned to finance the project through a GoWB grant of ₹ 407.33 crore, loan of ₹ 90.91 crore from the Rural Electrification Corporation Limited (RECL), consumers' contribution of ₹ 21.72 crore and the balance of ₹ 685.41 crore being met from its own funds (working capital).
- after completion of the project in October 2018, approached (March 2019) RECL for a loan of ₹ 90.91 crore. RECL sanctioned (May 2019)

²¹⁷ MICL: ₹ 37.24 crore, MSPL: ₹ 2.14 crore, OSSPL: ₹ 5.15 crore, and BPNPL: ₹ 2.54 crore.

²¹⁸ Regulations 2.8.2.3 and 4.1 (vi) of WBERC (Terms and Conditions of Tariff) Regulations 2011, as amended by WBERC (Terms and Conditions of Tariff) (Amendment) Regulations 2012 (Notification Nos. 48 & 49/ WBERC of 25 April 2011 and 27 August 2012, respectively).

²¹⁹ The Original estimate of September 2015, for ₹ 1,411.65 crore, was revised postfacto in April 2019.

the loan of ₹ 90.91 crore and WBSEDCL drew the entire amount in September 2019. The loan, carrying interest at the rates of 10.90 *per cent per annum* (September to December 2019) and 10.41 *per cent per annum*, thereafter, was repayable in 120 monthly installments. WBSEDCL had repaid principal of ₹ 27.27 crore and interest of ₹ 24.56 crore, till September 2022.

- sought (January 2020) condonation of WBERC, for its failure to seek prior investment approval, since, as desired by GoWB, WBSEDCL had commenced work, considering the urgency of electrification of agricultural pumpsets. Consequently, it had not claimed interest on the RECL loan, or on its own funds in the project cost (₹ 1,205.37 crore) and had also undertaken not to claim this interest, in future, through tariff orders.

WBERC condoned (December 2020) WBSEDCL's failure to obtain prior approval and approved the investment of ₹ 1,205.37 crore, on the condition that WBSEDCL would not claim interest on the working capital fund and interest on RECL loan, either during construction, or in future, through tariff orders.

The Department replied (August 2022) that, considering the urgency of electrification of agricultural pump sets, as desired by GoWB, which had funded the project partially, the project had been executed before receiving the loan.

The reply did not, however, clarify as to why WBSEDCL had not approached WBERC for investment approval before taking up the project, since GoWB had conceived the project in February 2015 and WBSEDCL had obtained GoWB's sanction in September 2015. Hence, WBSEDCL had ample time to apply for approval to WBERC, before commencing the project in November 2015.

Thus, by not obtaining statutory prior approval for investment, WBSEDCL had forgone recovery, through tariff orders, of the interest on the loan from RECL, for the period from September 2019 to September 2022, aggregating to ₹ 24.56 crore.

TOURISM DEPARTMENT

WEST BENGAL TOURISM DEVELOPMENT CORPORATION LIMITED

4.7 Wasteful expenditure on construction of jetties in coastal zone without requisite statutory approvals

The West Bengal Tourism Development Corporation Limited constructed jetties in the Digha-Sankarpur area, without undertaking necessary environmental impact assessments, for obtaining the requisite approvals from the West Bengal Coastal Zone Management Authority. Consequently, the expenditure of ₹ 5.09 crore, on these jetties, was rendered wasteful.

The Ministry of Environment, Forests and Climate Change (MoEFCC), Government of India issued (January 2011/ January 2019) notifications under Section 3 of the Environment (Protection) Act 1986, declaring certain coastal stretches as part of the Coastal Regulation Zone (CRZ). These notifications mainly sought to conserve and protect the coastal environment/ marine areas, as

well as to promote scientifically sustainable development. Accordingly, coastal zones were classified under four main categories and the economic activities permissible therein were specified. Before taking up economic activities in the CRZ, necessary studies to mitigate their adverse environmental impact had to be carried out and, thereafter, prior approval of the appropriate CRZ Authority had to be obtained.

The Department of Tourism, Government of West Bengal (GoWB), proposed (December 2015) to develop tourism in the coastal areas of Digha-Shankarpur, with financial assistance under the *Swadesh Darshan* Scheme, from the Ministry of Tourism, Government of India (GoI). GoI sanctioned (December 2015) aggregate assistance of ₹ 85.39 crore, for the different project components and disbursed ₹ 68.31 crore between December 2015 and October 2019. Subsequently, GoI reduced (January 2022) the total sanctioned cost to ₹ 67.99 crore. The proposed project area, located along the coast line, having many creeks, estuaries and water bodies susceptible to tidal influence, fell entirely within the CRZ. Therefore, prior permissions from the West Bengal State Coastal Zone Management Authority (WBSCZMA) were required, to implement the different components of the project. The West Bengal Tourism Development Corporation Limited (WBTDCL), as the implementing agency of GoWB, took up a component to operate four deluxe houseboats in the Shankarpur and Tajpur coastal areas, including construction of two floating jetties²²⁰ (comprising of pontoons and gangways) for these houseboats. The jetties were to be completed by December 2021.

Work commenced in November 2016 and, subsequently, due to non-availability of land, WBTDCL decided (July 2020) to drop the floating jetty at Tajpur. Instead, WBTDCL planned to construct two jetties at: (a) Purba Mukundapur, Ramchandrapur, Digha Champa Canal, near Neerakali Mandir and (b) Shankarpur Sluice Gate, Kuliyata under Baisa Bridge, within the estimated cost of ₹ 5.50 crore. The first jetty was completed in June 2020 and the second in August 2022, at an aggregate cost of ₹ 5.09 crore.²²¹

Audit observed (June 2022) that:

- Both Shankarpur and Purba Mukundapur were located in CRZ-III,²²² where jetties for tourism purposes were not permitted. Moreover, if exigencies necessitated the construction of jetties, environmental impact assessment (EIA) studies were a prerequisite and prior approval of the West Bengal State Coastal Zone Management Authority (WBSCZMA) was mandatory. Consequently, these jetties were not used, even after completion. Moreover, the navigability of the creeks on which these jetties were located, had also been affected, due to siltation.
- During joint inspection with the representatives of WBTDCL, in June 2022, Audit noticed that requisite river protection works, like embankments,

²²⁰ A floating jetty provides pedestrian access between the shore and a pontoon (floating platform), with houseboats moored alongside.

²²¹ Civil pathway at Sluice Gate: ₹ 1.15 crore, Civil pathway at Neerakali Mandir: ₹ 1.02 crore, Gateway along with Pontoon at Sluice Gate: ₹ 1.50 crore and Gateway along with Pontoon at Neerakali Mandir: ₹ 1.42 crore.

²²² Coastal Regulation Zone III is defined as the area up to 200 mts from the High Tide Line, on the landward side, in case of seafront and 100 mts along tidal influenced water bodies or the width of the creek, whichever is less, and is to be earmarked as a 'No Development Zone.'

had not been undertaken. Therefore, the civil pathways were damaged. In addition, the gangways/pontoons had also been damaged by lack of maintenance and severe cyclones, such as *Yash*, *Phani*, *Amphan*, etc.



- As a result, expenditure of ₹ 5.09 crore, incurred on the construction of the jetties, had been rendered wasteful, due to EIA studies not having been undertaken and the requisite statutory permissions not having been obtained.

In reply, WBTDCL stated (September 2022) that super cyclones and continuous siltation at the creek had affected navigation and proved unfavourable to the project. WBTDCL also stated that the damaged road would be repaired and an attempt would be made to lease the pontoons, in future, adding that the houseboats procured under the project would be leased, to realise a Minimum Annual Guaranteed Return.

The reply was not tenable, as WBTDCL had not complied with the provisions of the Coastal Regulation Zone Notification, before taking up the project. Further, the reasons, if there were any, for not preparing EIA reports and obtaining approvals from WBSCZMA, were also not mentioned. Thus, the expenditure of ₹ 5.09 crore incurred on the construction of the jetties, was wasteful.

The observation was reported to the Government in December 2022; reply is awaited (March 2023).

TRANSPORT DEPARTMENT

SOUTH BENGAL STATE TRANSPORT CORPORATION

4.8 Detailed Compliance Audit on “*Management of Resources*” by the South Bengal State Transport Corporation (SBSTC)

4.8.1 Introduction

A bus-based public transport system provides mobility to people and offers a cost-effective alternative form of transport, in urban and rural areas.

The Department of Transport (‘Department’), Government of West Bengal (GoWB), aims to provide an efficient, transparent, and smart transport system

for West Bengal. The Department provides a wide spectrum of public services, such as issue of driving licenses/ route permits, registration of vehicles, planning and development of transport infrastructure and provision of transportation services, including in the private sector. There are seven State Public Sector Enterprises (SPSEs), including five State Transport Undertakings (STUs), under the administrative control of the Department, all wholly-owned by GoWB.

The five STUs, viz. West Bengal Transport Corporation Limited²²³ (WBTCL), West Bengal Surface Transport Corporation Limited (WBSTCL), Calcutta State Transport Corporation (CSTC), North Bengal State Transport Corporation (NBSTC) and South Bengal State Transport Corporation (SBSTC), were incorporated between April 1960 and February 1989. While WBTCL and WBSTCL were constituted as companies, under the erstwhile Companies Act, 1956, CSTC, NBSTC and SBSTC were set up under the Road Transport Corporations Act, 1950. These STUs supplement the requirements for passenger road transport and ferry services across the State.

GoWB nominated (June 2014) each of these STUs as Primary Public Operators (PPOs) for road transport services, distributed across connectivity zones in West Bengal. Accordingly, while WBTCL, WBSTCL and CSTC, were required to operate in the Kolkata Urban Agglomeration (KUA), NBSTC was to primarily function in the districts of North Bengal and provide long distance connectivity with Kolkata and other districts. Similarly, SBSTC was to largely operate in the districts of South Bengal and ensure connectivity with neighbouring states like Jharkhand.

Initially, the South Bengal State Transport Corporation (SBSTC) was incorporated as the Durgapur State Transport Corporation (December 1973), under Section 3 of the Road Transport Corporations Act, 1950. Subsequently, it was renamed as the South Bengal State Transport Corporation in March 1988. The main objective of the Corporation is to provide an efficient, economic and reliable transport service, in coordination with other forms of transport, to public, trade and industry, in the districts of South Bengal.

As of 31 March 2022, SBSTC was providing passenger service covering a total route length²²⁴ of 1.30 lakh kilometres per day. The State also allows private operators to provide public transport in the areas operated by SBSTC. Out of the total buses operated in South Bengal, SBSTC's share was approximately 13 per cent.

As of 31 March 2022, besides its head office at Durgapur, SBSTC has three Divisions and 20 depots²²⁵ in South Bengal. SBSTC is under the administrative control of the Transport Department, Government of West Bengal (GoWB).

The resources of SBSTC mainly comprised its buses, manpower, financial resources, land and infrastructure (workshops, depots *etc.*). The audit focus was upon assessing the efficacy of the management in ensuring the optimum utilisation of these resources.

²²³ *Changed with effect from 22 August 2016, from 'The Calcutta Tramways Company (1978) Limited'.*

²²⁴ *Route length = Total number of routes operated by SBSTC x Km. covered per route x Number of trips per route.*

²²⁵ *Durgapur Division (Durgapur, Asansol, Bankura, Burdwan, Kalna, Rampurhat, Berhampore and Suri); Belghoria Division (Belghoria, Howrah, Haldia, Digha, Arambag and Falta) and Jangalmahal Division (Jhargram, Midnapore, Khirpai, Bandwan, Manbazar and Purulia).*

4.8.2 Organisational Structure

The Management of SBSTC is vested in a Board of Directors (BoD), headed by the Chairman. As on 31 March 2022, there were 13 Directors, including the Managing Director (MD). The MD of SBSTC is the chief executive, who works under the superintendence of the BoD and is assisted by a Chief Accounts Officer, three Divisional Managers (*viz.* Durgapur, Belghoria and Jangalmahal), Traffic Managers and Senior Administrative Officer, in managing the affairs of SBSTC. Depots-in-charge are posted down the line, to discharge day-to-day operations of SBSTC at the depot level.

A detailed compliance audit (DCA) on “*Management of Resources by South Bengal State Transport Corporation*”, covering the period from April 2017 to March 2022, was undertaken between May and August 2022.

4.8.3 Financial Position and Working Results

4.8.3.1 Financial Position

The Annual Accounts of SBSTC, upto FY 2020-21, were received and audited by the Office of the Accountant General (Audit-II), West Bengal. The provisional Balance Sheet, as on 31 March 2022, was yet to be prepared. The financial position of SBSTC, for four financial years, upto FY 2020-21, is given in **Table 4.2**.

Table 4.2: Financial Position of SBSTC

(₹ in lakh)

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21
Liabilities					
1	Capital	1,100.93	1,100.93	1,100.93	1,100.93
2	Reserves & Funds ²²⁶	18,638.50	21,440.08	21,769.44	24,103.09
3	Loans from Government and other STUs	31,254.33	35,342.89	39,407.94	41,440.76
4	Interest Accrued and due on Govt. Loans	35,792.31	40,047.71	44,812.93	49,866.67
5	Current Liabilities & Provisions	10,261.22	12,404.97	16,517.46	15,387.09
6	Total	97,047.29	1,10,336.58	1,23,608.70	1,31,898.54
Assets					
7	Gross Fixed Assets	22,633.01	26,539.66	29,072.03	29,443.08
8	Capital works-in-progress	405.72	238.64	33.92	238.09
9	Current Assets, Loans and Advances, including Cash and Bank Balances	7,402.62	7,488.73	6,709.06	6,825.66
10	Accumulated Deficit in Net Revenue	66,605.94	76,069.55	87,793.69	95,391.71
11	Total	97,047.29	1,10,336.58	1,23,608.70	1,31,898.54
12	Debt equity Ratio [3/ 1]	28.39:1	32.10:1	35.80:1	37.64:1
13	Current Ratio [9 / (4+5)]	0.16:1	0.14:1	0.11:1	0.10:1
14	Net worth [1 – 10]	(-) 65,505.01	(-)74,968.62	(-) 86,692.76	(-) 94,290.78

(Source: Annual Accounts of SBSTC)

²²⁶ Reserves and Funds comprised mainly of the Depreciation Reserve Fund (balance as on 31 March 2021 : ₹ 199.64 crore) and the unadjusted balance of capital grants received by SBSTC for purchase of buses (balance as on 31 March 2021 : ₹ 27.67 crore.).

It is evident from **Table 4.2** that SBSTC was almost entirely reliant on loan assistance from the State Government. During the four financial years ending 31 March 2021, its borrowings increased from ₹ 312.54 crore to ₹ 414.41 crore *i.e.* by 32.59 *per cent*. However, the capital of SBSTC remained constant at ₹ 11.01 crore only. As a result, the ratio of debt to capital remained adverse, increasing from 28.39:1 in FY 2017-18 to 37.64:1 in FY 2020-21, against the All-India Average (AIA) of 1.45:1²²⁷.

Further, due to increased dependence on borrowings and insufficient internal generation of funds, the accumulated deficit increased by 43.22 *per cent*, from ₹ 666.06 crore in FY 2017-18, to ₹ 953.92 crore in FY 2020-21.

The total liabilities (excluding Capital and Reserve & Funds) of SBSTC increased from ₹ 773.08 crore to ₹ 1,066.95 crore, during FYs 2017-18 to 2020-21. This comprised of increase in Government loans (34.66 *per cent*), increase in accrued interest (47.89 *per cent*) and increase in other current liabilities *i.e.*, creditors fund (17.45 *per cent*).

On the other hand, current assets decreased from ₹ 7,488.73 lakh in FY 2019-20, to ₹ 6,825.66 lakh in FY 2020-21.

The current ratio²²⁸ of SBSTC had decreased from 0.16:1 in 2017-18 to 0.10:1 in 2020-21. This indicates that the ability of SBSTC to meet its short term obligations is under stress.

Further, negative net worth of SBSTC had increased from ₹ 655.05 crore in FY 2017-18 to ₹ 942.91 crore in FY 2020-21.

4.8.3.2 Working Results

The Working Results of SBSTC, for five financial years, upto FY 2021-22, are given in **Table 4.3**.

Table 4.3: Working Results

(₹ in lakh)

Sl. no	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22 (Provisional)
1	Operating Revenue	13,836.48	17,161.41	17,793.09	11,430.07	13,472.16
2	Subsidy Received from GoWB	7,078.19	7,475.80	8,522.66	14,068.84	12,693.45
3	Non-Operating Revenue (excluding subsidy received from GoWB)	417.75	306.33	466.77	312.60	199.79
4	Total Revenue	21,332.42	24,943.54	26,782.52	25,811.51	26,365.40
5	Fixed Costs					
(i)	Employee Cost	10,287.64	12,075.67	15,110.17	14,579.79	13,703.88
(ii)	Depreciation	1,243.10	1,553.65	1,846.45	1,930.71	1,950.00
(iii)	Interest (Finance Cost)	3,728.71	4,255.40	4,765.22	5,053.74	5,774.85
(iv)	Other Fixed Costs	1,292.22	1,454.21	1,550.87	920.20	848.64
	Total Fixed Costs	16,551.67	19,338.93	23,272.71	22,484.44	22,277.37

²²⁷ Pertaining to the financial year 2016-17 (as per the latest STRU Report).

²²⁸ Current ratio is the ratio of current assets to current liabilities.

Sl. no	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22 (Provisional)
6	Variable Costs					
(i)	Power Diesel	7,362.70	10,576.67	11,166.58	7,851.64	12,106.72
(ii)	Power CNG	168.71	321.26	461.34	261.28	
(iii)	Lubricants	70.93	82.75	98.13	71.08	71.37
(iv)	Tyre & Tube	487.70	398.43	338.34	244.43	210.28
(v)	Batteries	53.68	40.86	64.05	61.69	-
(vi)	Spare Parts & Other Stores	770.59	872.85	789.85	614.76	452.69
(vii)	Repair & Maintenance	500.07	1,085.94	1,178.81	1,022.43	1,257.40
(viii)	Booking agent commission	439.95	435.39	452.69	285.14	347.98
(ix)	Ticket & Traffic Stationery	20.89	13.75	25.46	17.34	26.26
(x)	License & Tax for Passenger Vehicles	943.14	1,238.70	1,279.86	798.75	1,101.33
(xi)	Other charges	1.14	30.71	5.48	8.76	-
	Total Variable Costs	10,819.50	15,097.31	15,860.59	11,237.30	15,574.03
7	Total Cost	27,371.17	34,436.24	39,133.30	33,721.74	37,851.40
8	Loss (-) for the year	(-) 6,038.75	(-) 9,492.70	(-) 12,350.78	(-) 7,910.23	(-) 11,486.00
9	Effective km.* operated (in lakh)	521.25	647.82	699.93	474.83	501.24
10	Total Revenue per km (₹) (4/9) (including subsidy)	40.93	38.50	38.26	54.36	52.60
11	Variable Cost per km (₹) (6/9)	20.76	23.30	22.66	23.67	31.07
12	Fixed Cost per km	31.75	29.85	33.25	47.35	44.44
13	Cost per km (₹) (11+12)	52.51	53.16	55.91	71.02	75.52
14	Net Earnings per km (₹) (10-13)	(-) 11.59	(-) 14.65	(-) 17.65	(-) 16.66	(-) 22.92
15	Traffic Revenue per km (₹) (1/9) (Earnings per Km)	26.54	26.49	25.42	24.07	26.88
16	Contribution ²²⁹ per km (₹) (15-11)	5.79	3.19	2.76	0.41	(-) 4.19

(Source: Annual Accounts of SBSTC and information furnished by SBSTC)

*Note: As per MoRTH, GoI report:

- Effective Kilometres (or revenue earning KM) are aggregating kilometres actually operated by the fleet of buses for purpose of earning revenues.
- Passenger kms offered= Total Distances operated (effective km) X Total carrying capacity (i.e., number of seats offered to travel).
- Passenger kms performed= Total Distances operated (effective km) X Total carrying capacity actually occupied (i.e., number of seats occupied).

²²⁹ Contribution = Sales (i.e., Traffic Revenue) minus Variable Costs.

It may be seen from **Table 4.3** that SBSTC had sustained losses of ₹ 472.78 crore, during FYs 2017-18 to 2021-22, despite receiving subsidy of ₹ 498.39 crore from Government towards salaries and wages. The yearly losses had increased from ₹ 60.39 crore in FY 2017-18 to ₹ 123.51 crore in FY 2019-20, then decreased to ₹ 79.10 crore in FY 2020-21 and again increased to ₹ 114.86 crore in FY 2021-22 (provisional figures). The decrease in losses during the financial year 2020-21 was mainly due to rise in Government subsidy towards re-imbursement of staff costs, from 75 per cent, to 100 per cent, from March 2020²³⁰ onwards, in view of the COVID pandemic. However, the losses again increased in FY 2021-22, mainly due to steep rise in fuel costs.

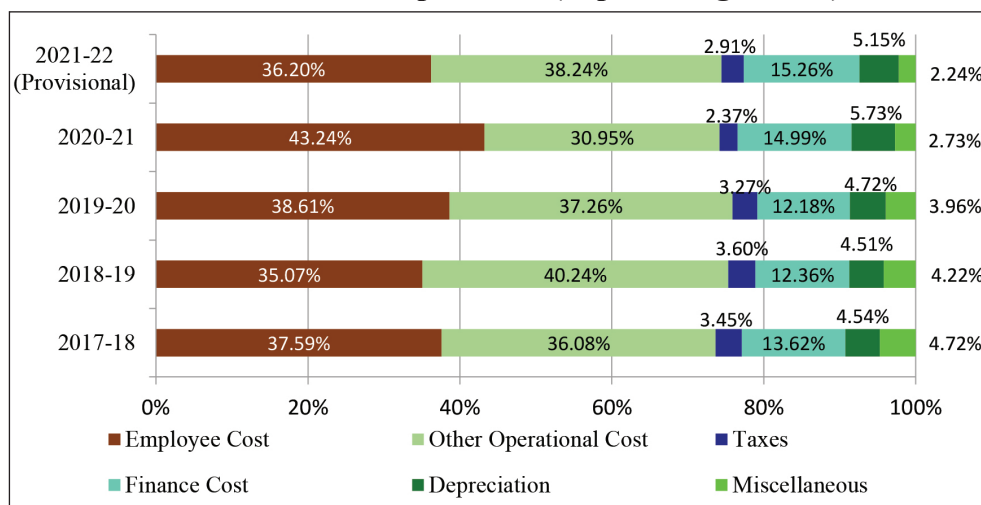
The total revenue constituted only 72.59 per cent of the total cost (fixed and variable) for the last five years ended FY 2021-22. Although the revenue (including subsidy) had increased by 25.55 per cent in FY 2019-20, as compared to FY 2017-18, the total cost had also increased by 42.97 per cent. However, there was a fall in revenue, in FY 2020-21 (as compared to FY 2019-20), by 3.63 per cent (35.76 per cent in terms of operating revenue), due to the lock-down²³¹ and passenger booking capacity being restricted to 50 per cent, owing to the Covid pandemic. The revenue in FY 2021-22 increased by 2.15 per cent against FY2020-21, as the pandemic situation improved.

The contribution per km over variable or running cost had decreased from ₹ 5.79 in FY 2017-18 to ₹ 0.41 in FY 2020-21 and had become negative at ₹ 4.19 per km in FY 2021-22, due to fare revision not keeping pace with increases in input costs, social obligation to ply on uneconomic routes, uncertainty of realisation of dues on account of transportation of Government employees during the COVID pandemic etc.

4.8.3.3 Elements of cost and revenue

The share of major elements of cost (personnel cost, operating cost, taxes, finance cost and miscellaneous expenditure) and revenue (traffic revenue, subsidy, non-traffic revenue) for the period from FY 2017-18 to FY 2021-22,²³² are given in **Chart 4.1** and **Chart 4.2**, respectively.

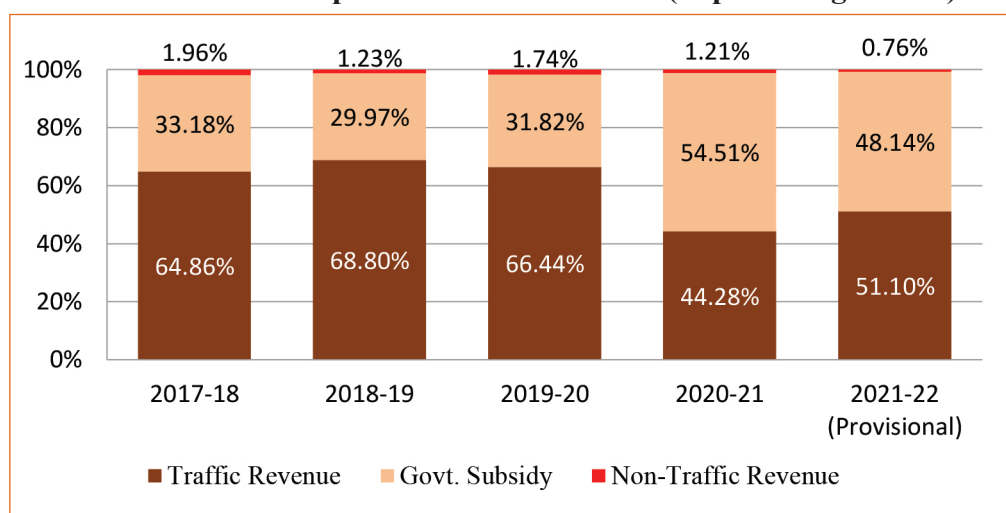
Chart 4.1: Break-up of costs (in percentage terms)



²³⁰ Except during January 2021, where 90 per cent subsidy was provided.

²³¹ Full lockdown during April 2020, May 2020, June 2021 and partial lockdown during other months.

²³² Figures of 2021-22 are provisional.

Chart 4.2: Break-up of Sources of Revenue (in percentage terms)

It is evident from the charts above that the expenditure towards employee costs increased from 37.59 *per cent* in FY 2017-18 to 43.24 *per cent* in FY 2020-21, with the increase being mainly attributable to pay revision in 2019. However, it decreased to 36.20 *per cent* during FY 2021-22.

Further, due to heavy reliance on loans having high interest rates, the expenditure towards interest was 15.26 *per cent* of total cost in FY 2021-22.

Due to the COVID pandemic, the share of revenue from traffic had decreased in FYs 2020-21 and 2021-22, resulting in increase in dependence on Government subsidy. However, the contribution from non-traffic revenue (interest on fixed deposits *etc.*) remained insignificant, during the period under audit.

4.8.4 Audit objectives

The Detailed Compliance Audit (DCA) was conducted, to assess:

- Whether SBSTC managed its fleet operations optimally with the available resources;
- Whether adequate measures were taken by SBSTC to enhance revenue and control costs;
- Whether there was gainful utilisation of infrastructure and manpower;
- Whether any mechanism existed for monitoring of the various functions and activities of SBSTC and the effectiveness of its internal control/internal audit system.

4.8.5 Audit Criteria

The audit criteria for assessing the performance of SBSTC were adopted from:

- Agenda papers and approved Minutes of Board meetings.
- Regulations/Rules/Orders/Instructions/ of the Government of West Bengal, Transport Department and SBSTC, issued from time to time.
- Report of the Ministry of Road Transport and Highways (MoRTH) on Performance of State Road Transport Undertakings 2017-18 and Road Transport Year Book 2017-18 and 2018-19.

- Indian Journal of Transport Management, published by the Central Institute of Road Transport (CIRT).

4.8.6 Scope of Audit

The scope of the audit covers the period from FY 2017-18 to FY 2021-22. The audit analysis covers the availability and utilisation of the bus fleet, during the audit period. This apart, the audit also assessed whether SBSTC had taken adequate measures to enhance revenue and control costs. Further, the utilisation and augmentation of infrastructure by SBSTC were also assessed. Effective utilisation of manpower was also considered, within the scope of the audit.

4.8.7 Audit Methodology and Sampling

The pilot study was conducted during May 2022 and the field audit was conducted during July-August 2022. The audit methodology involved scrutiny of records of the Transport Department, Head Office of SBSTC, three Division offices (*Durgapur, Belghoria and Jangalmahal*) and six selected depots.²³³ Selection of depots was done on the basis of stratified sampling, using the IDEA software. Physical verification of 10 *per cent* of the fleet strength was conducted in the six selected depots.

An Entry Conference was held on 22 July 2022, wherein the audit objectives, audit criteria, scope and methodology of the DCA were discussed with the Management of SBSTC and officers of the Transport Department. An Exit Conference was held on 04 November 2022. Replies (December 2022) of the Management have been suitably incorporated in the report.

Audit Findings

The audit findings are discussed in the following paragraphs:

4.8.8 Objective 1: Whether SBSTC managed its fleet operations optimally with the available resources.

4.8.8.1 Fleet strength

The physical parameters underlying the performance of buses of SBSTC include the size of the fleet, its age-profile, proportion of overaged fleet *etc.* As of 31 March 2022, the fleet strength was 893 buses, of which 55 buses were operated by franchisees. The remaining 838 buses were operated by SBSTC. During FYs 2017-18 to 2019-20, SBSTC added 254 buses to its fleet strength, which were financed through loans (₹ 46.89 crore)²³⁴ and grants (₹ 15.08 crore) provided by the State Government. During FYs 2017-18 to 2021-22, SBSTC had condemned 123 buses from its fleet strength. The year-wise position is given in **Appendix-22**. SBSTC did not procure new buses during FYs 2020-21 and 2021-22, as the State Government did not allot funds for this purpose, during the said period.

²³³ *Durgapur Division: Durgapur and Asansol; Belghoria Division: Belghoria and Digha; Jangalmahal Division: Jhargram and Bandwan.*

²³⁴ *Includes funds of ₹ 362.88 lakh which were allotted in the Budget for FY 2019-20 but were transferred in FY 2020-21.*

Details of the operational parameters *viz* fleet utilisation, vehicle productivity, age profile of fleet, occupancy *etc.*, of SBSTC are given in **Appendix-23**. Issues noticed in regard to the operational parameters, are discussed below:

a) Fleet Utilisation

- ‘Fleet utilisation’ represents the ratio of the number of buses on road to the fleet held by SBSTC. Against the All India Average (AIA) fleet utilisation of 89.20 *per cent* in FY 2017-18, the average fleet utilisation of SBSTC was 77.83 *per cent* during FYs 2017-18 to 2021-22. The fleet utilisation of SBSTC had increased from 80.10 *per cent* in FY 2017-18 to 85.45 *per cent* in FY 2018-19 but decreased gradually to 67.31 *per cent* in FY 2021-22 (**Appendix-23**). The Board of SBSTC recommended (June 2019) gradual improvement of the fleet utilisation, upto 90 *per cent*, by FY 2024-25.

Management stated (December 2022) that fleet utilisation, during 2020-21, had reduced due to non-operation of buses, due to lockdown during the pandemic period. However, the fact remains that SBSTC’s fleet utilisation was lower in 2021-22, as compared to 2020-21.

- The table below indicates the year-wise fleet utilisation (FU) in terms of percentage, for selected six depots, along with SBSTC as a whole, during FYs 2017-18 to 2021-22.

Table 4.4: Fleet Utilisation in selected depots

(in per cent)

Depot	Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
SBSTC	80.10	85.45	83.63	72.65	67.31
Durgapur	79.80	93.25	93.79	82.08	76.43
Belghoria	82.00	81.90	81.12	69.14	72.87
Asansol	59.47	66.29	60.13	51.22	59.82
Jhargram ²³⁵	-	78.75	88.99	55.87	55.92
Digha	95.26	93.43	93.76	78.95	81.40
Bandwan ²³⁶	-	-	-	-	32.37

It is evident from **Table 4.4** that, compared to the yearly fleet utilisation by SBSTC, the fleet utilisation in Asansol, Jhargram and Bandwan depots was low. The factors contributing to poor fleet utilisation were shortage of crew (drivers/conductors); high percentage of over-aged buses which were not road worthy; and buses being under repair for extended periods. Test-check of vehicle registers, at the above depots (except Durgapur depot), showed that 38 buses had remained off-road, for periods ranging between 29 days and 1,383 days, due to delays in repair at workshops, non-availability of spares *etc.* Out of these buses, nine buses, which had been off-road from October 2018 to November 2021, were yet to be made roadworthy (as of 31 July 2022).

Management accepted (December 2022) the fact of delays in repairing buses, due to non-availability of spares for the overaged buses operated by SBSTC.

²³⁵ Jhargram depot started functioning since August 2018.

²³⁶ Bandwan depot commenced operations in September 2021.

Management also stated that low fleet utilisation of the Asansol depot, during 2020-21, was due to non-availability of CNG during the pandemic period. In case of Jhargram and Bandwan depots, the operations were affected due to COVID. However, there was low fleet utilisation at Asansol depot, throughout 2017-18 to 2021-22. Further, in case of Jhargram depot, the fleet utilisation during 2021-22 was far below SBSTC's average and the operation of Bandwan depot had started after the COVID period.

b) Vehicle Productivity

'Effective kilometre' represents the distance operated by buses for the purpose of earning revenue. 'Vehicle productivity' refers to revenue earning kilometres run by each bus per day in a year. Against the AIA vehicle productivity of 340 km per day in FY 2017-18, the average vehicle productivity of SBSTC was only 298 km during FYs 2017-18 to 2021-22. Further, SBSTC did not fix norms for productivity to be achieved, indicating lack of efforts to enhance vehicle productivity. Consequently, SBSTC could not optimise its revenue earning capability.

Management stated (December 2022) that the vehicles of SBSTC are put on road, considering the traffic demand, competition from private operators *etc.* Further, judicious use of buses reduces the variable costs. However, the reply did not address the fact that, with lower vehicle productivity, the assets of SBSTC would remain underutilised. Further, the admission that vehicles were put on road depending on the competition, indicated that SBSTC had conceded space to the private sector.

c) Overaged Fleet

- The average age of the fleet is one of the important determinants of its physical productivity. Bus utilisation largely depends upon the age profile of the buses. **Table 4.5** indicates year-wise details of the fleet operated by SBSTC, including off-road buses.

Table 4.5: Off-road and overage buses

Sl. No.	Particulars	2017-18	2018- 19	2019-20	2020-21	2021-22
1)	Number of buses belonging to SBSTC as on 31 March	836	909	926	931	893
2)	No. of buses with franchisees	86	64	64	63	55
3)	Number of buses held for operation by SBSTC as on 31 March ²³⁷ {Sl. Nos.(1) less No.(2)}	750	845	862	868	838
4)	Average number of off-road buses	286	272	240	321	300
5)	Percentage of off-road buses to total buses {Sl. Nos.(4)/(3) X 100}	38.13	32.19	27.84	36.98	35.80
6)	Average age of all buses (in years)	5.96	6.15	6.31	7.31	8.06
7)	Number of buses more than 8 years old	386	408	356	366	336
8)	Percentage of buses more than 8 years old {Sl. Nos.(7)/(1) X 100}	46.17	44.88	38.44	39.31	37.63

²³⁷ Excluding buses operated by franchisees.

It is evident from **Table 4.5** that the percentage of off-road buses was very high, ranging between 27.84 (FY 2019-20) and 38.13 (FY 2017-18). This implied that SBSTC could not earn revenue from these buses during the said periods. As against the AIA²³⁸ of 6.48 years, the average age of buses of SBSTC was 8.06 years in FY 2021-22.

Management admitted the fact and stated (December 2022) that it was facing difficulties in providing services, due to these overaged buses.

- As per the guidelines (November 2004) of the Transport Department, the normal life of vehicles above 3 tons is considered 4 lakh km or eight years of age. During the last five years, ending FY 2021-22, SBSTC had scrapped 123 buses. Despite this, 37.63 *per cent* of its fleet strength (893) as of 31 March 2022, was more than eight years old, as compared to the AIA of 25.09 *per cent*. The high percentage of overaged (more than 8 years old) buses, during 2020-22, was mainly due to non-procurement of new buses. As SBSTC did not generate surplus from internal generation, it had to depend on Government assistance for replacement of overaged (more than 8 years) buses. High incidence of over-aged buses resulted in non-availability of spares for off-road buses, with consequential impact on fleet utilisation.
- SBSTC had floated (May 2019) a tender for procurement of 50 buses before receipt of administrative approval from the Transport Department. Administrative approval was subsequently received (September 2019) for procurement of 65 buses and SBSTC was requested to place its demand for allotment, to the Transport Department. On receipt of the approval, SBSTC placed (October 2019) a Work Order (WO) on *Garrison Engineering Company Pvt. Ltd (GEC)*, for procurement of 65 fabricated buses at total cost of ₹ 16.85 crore.²³⁹ The buses were scheduled to be delivered within 120 days of placement of WO, *i.e.*, by February 2020.

After placement of the WO, GEC informed (January 2020) that, since the tender had been floated for 50 buses, they were unable to supply balance 15 buses. This was due to the fact that the chassis supplier, *i.e.* Tata Motors Ltd (TML), was not willing to supply additional 15 chassis, without receiving their sale price in advance. SBSTC accepted (March 2020) GEC's contention and revised the ordered quantity to 50 buses. Records revealed that GEC had supplied 50 buses between December 2019 and March 2020. Thus, due to undue favour to GEC, SBSTC failed to augment its fleet strength by 15 more buses.

Management replied (December 2022) that SBSTC had placed the Work Order for supplying 65 BS-IV buses, after receipt of the administrative approval. During the transition period of floating of e-tender and supply of such buses, new registrations of BS-IV buses had been stopped and registration was possible only for BS-VI buses. As such, supply of the balance 15 buses could not be made after 31 March 2020, due to these changes. Moreover, GoWB had not allocated funds for procurement of the remaining 15 buses.

²³⁸ AIA in FY 2017-18.

²³⁹ Basic price per bus ₹ 20.25 lakh plus 28 per cent GST.

The reply was not acceptable, as the supply of buses had been scheduled within February 2020. Although registration of BS-IV buses was stopped after 31 March 2020, the scheduled delivery period was well within the time frame. Had SBSTC insisted upon supply of buses within the scheduled timeframe, it could have added 15 more buses to its fleet. Further, out of 50 fully built-up buses, GoWB had released (February and March 2020) funds for 36 buses within March 2020 and released (September 2020) funds for the remaining 14 buses in the next financial year. Again, SBSTC did not seek funds for procurement of the additional 15 buses. Hence, the rationale of non-allotment of funds, for these 15 additional buses, does not hold good.

d) Timely disposal of scrapped buses

Timely disposal of scrapped buses fetches better prices and the funds so received can be used as working capital. As per guidelines framed by the State Government (November 2004/ October 2014), for condemnation of vehicles, a proposal is to be placed before SBSTC's Condemnation Committee, stating the period of non-use due to un-roadworthiness, kilometres run, age of the vehicles *etc.* Thereafter, the recommendations of the Committee are to be placed before SBSTC's Board, for final approval and disposal as scrap sale.

It was observed that there were long gaps between the time the buses had become un-roadworthy and beyond economical repair, to declaration of condemnation. Test-check of the statistics²⁴⁰ of 113 buses, which had been condemned during FYs 2018-19 to 2021-22, showed wide gaps between the dates from which they had been off-road and the dates on which they had been proposed for condemnation. These gaps ranged between one to three years for 50 buses, three to five years for 13 buses and were in excess of five years for 16 buses. Due to the inordinate time taken, the possibility of their having fetched lower scrap values cannot be ruled out.

Management stated (December 2022) that time is required for inspection by the technical experts and approval by the Board of SBSTC, for final declaration of condemnation. However, it added that SBSTC would expedite the condemnation process, in future.

4.8.8.2 Occupancy Ratio

- i. 'Occupancy ratio' is the ratio between the total passengers carried to the seats available in the bus, expressed as a percentage. The occupancy ratio²⁴¹ of SBSTC ranged from 70.42 *per cent* (FY 2018-19) to 68.27 *per cent* (FY 2020-21) during FYs 2017-18 to 2021-22, against the AIA of 71.13 *per cent*. Management stated (July 2022) that SBSTC had been able to maintain its occupancy percentage, especially during the COVID period, as services were planned according to the changed needs of the commuters.

²⁴⁰ Off-road dates in respect of 10 out of 123 buses proposed for condemnation were not available.

²⁴¹ In the case of SBSTC, 'occupancy ratio' and the ratio of 'Passenger km performed' to 'Passenger km offered' is almost the same, since most of the buses ply on long routes, with occupancy being restricted to the seating capacity of the buses.

Management added (December 2022) that the occupancy level of SBSTC cannot be compared with AIA, due to the fact that SBSTC faces competition from private operators and also other STUs, unlike the situation in other states. However, the reply needs to be viewed in light of the fact that the North Bengal State Transport Corporation (NBSTC), another STU in West Bengal, was facing similar competition from private operators and had attained occupancy of 80.78 *per cent* (FY 2017-18).

- ii. **Table 4.6** provides details of the break-even occupancy level (BEOL) for traffic revenue at the given level of vehicle productivity and total cost per km. This cost per km is inclusive of the employee costs²⁴² of SBSTC (depreciation and interest have not been considered).

Table 4.6: Break-even Occupancy level

Sl. No	Operational parameter	2017-18	2018- 19	2019-20	2020-21	2021-22
1	Cost per km excluding interest, depreciation and deducting subsidy (<i>in ₹</i>)	29.39	32.65	34.29	26.68	34.78
2	Traffic revenue per km. at 100 <i>per cent</i> Occupancy Level (<i>in ₹</i>)	37.70	37.62	37.10	35.26	38.49
3	Break-even occupancy level (1/2) (<i>as percentage</i>)	77.96	86.79	92.43	75.67	90.36

Thus, the break-even occupancy level increased from 77.96 *per cent* to 90.36 *per cent* during FYs 2017-18 to 2021-22. Considering the best occupancy of 82.38 *per cent* achieved by the Delhi Transport Corporation (DTC)²⁴³, amongst the State Road Transport Undertakings (STUs) in India, during the quarter ending December 2017, expected occupancy level of SBSTC to be at break-even seems unattainable.

- iii. **Very low occupancy in air-conditioned buses:** SBSTC had 48²⁴⁴ AC buses as of 31 March 2022. However, it was not maintaining separate records, either for the revenue earned (make-wise) from operation of AC buses or for the cost of their maintenance. Records made available to Audit at four²⁴⁵ depots showed that the occupancy ratio of standard AC, Volvo and electric AC buses, in FY 2021-22, was 37.57, 20.68 and 29.03 *per cent*, respectively. The average earnings per kilometre (EPKM)²⁴⁶ of these buses worked out to ₹ 25.25, ₹ 23.20 and ₹ 13.47 respectively, whereas the cost of fuel per km/cost of energy consumed per km (in case of electric buses) worked out to ₹ 24.63, ₹ 36.95 and ₹ 5.77 respectively. The contribution

²⁴² After deducting subsidy. The employee cost, after deducting subsidy received from GoWB for payment of salaries of regular employees, indicates the share of employee costs that have been incurred by SBSTC from its operational revenues [Row 5(i) (-) Row 2 of Table 2: Working results].

²⁴³ Central Institute of Road Transport (CIRT) Report: October to December 2017. The Corporation operates mainly on city routes, where occupancy tends to be high.

²⁴⁴ 38 standard AC buses, five Volvo AC buses and Five Electric AC Buses.

²⁴⁵ Digba, Belgharia, Durgapur and Asansol.

²⁴⁶ For FY 2021-22.

margin, after meeting the fuel costs, worked out to ₹ 0.62, ₹ (-)13.75 and ₹ 7.70. Thus, the operation of High Speed Diesel (HSD) driven AC bus services was uneconomical. Further scrutiny showed the following:-

- The State Government had fixed (July 2018) the fares for AC services at ₹ 2 per Km. However, records showed that SBSTC was charging ₹ 1.60 per Km. Despite charging lower rates, the average occupancy ratio of standard AC buses was low at 37.57 *per cent* (FY 2021-22) compared to overall SBSTC's occupancy level of 69.84 *per cent* (FY 2021-22). However, in the absence of complete records regarding revenue km (make-wise) achieved, the losses, due to low fares being charged, could not be quantified in audit.

Management stated (December 2022) that, due to competitive operations in similar alignments made by other STUs and some of the private operators, per km earnings for the said category of service dropped, after enhancement of fare.

The reply of the Management was not acceptable, as the occupancy level of AC services, even at the lower rate of fare, had been sub-optimal.

- As per the decision (July 2021) of the Transport Department, NBSTC handed over five Volvo buses to SBSTC for operations. These buses had previously been operated by NBSTC, under the franchisee model, till January 2020 and had, thereafter, been surrendered to NBSTC. As NBSTC was unable to run these buses on its own, they were transferred (August 2021) to SBSTC. SBSTC incurred (September-November 2021) expenditure of ₹ 54.85 lakh, in order to make these buses roadworthy. In the meanwhile, SBSTC formed (August 2021) a committee to study the techno-economic viability and assess the mode of operation of these buses. The Committee opined (23 August 2021) that, due to involvement of huge capital and recurring revenue expenditure on repairing/maintenance of Volvo buses, alongwith low KMPL and rising fuel costs, it was not viable for SBSTC to operate these buses on its own. Therefore, the Committee was of the opinion that the buses should be run under the franchisee system, on cost plus basis, with recurring maintenance expenditure to be borne by the franchisees. However, SBSTC operated these five Volvo buses on two routes, *i.e.*, Esplanade-Farakka and Esplanade-Jhargram, during November-December 2021, due to low EPKM on the aforesaid routes, SBSTC discontinued operations on both routes. Thereafter, the buses were deployed on the Kolkata-Asansol route (January 2022) and Kolkata-Digha route (February 2022). EPKM improved on these new routes, however, SBSTC was unable to recover even the fuel costs, due to low demand (as of March 2022).

4.8.8.3 Depot size and numbers

According to the Bus Rapid Transit (BRT) Design Guidelines for Indian Cities, issued (November 2017) by the Indian Roads Congress (IRC: 124-2017), the size of the depots and terminals depends on the number of vehicles that will be based at the depot. Further, a depot for 100 standard buses requires approximately 2 hectares. In addition, the "bus depot design guidelines", initially issued in 2017, under the guidance of the Association of State Road

Transport Undertakings (ASRTU), indicated that

- (i) the per bus area requirement reduces exponentially with increases in the depot capacity/size,
- (ii) conversely, very small depots lead to inefficient use of space, and
- (iii) depot capacity should ideally be 80 to 100 buses per depot,
- (iv) SBSTC had observed that close proximity between two depots needed to be avoided, to prevent overlapping of routes and increase in administrative costs.

SBSTC was, however, not carrying out any viability study to check whether its proposed depots would be self-sustainable and stated that depots were being commissioned as per sanctions received from the Department, adding that the fleet size was gradually being increased, as per demand.

Test-check of four²⁴⁷ newly constructed depots and one newly constituted Division²⁴⁸ revealed that SBSTC had not conducted cost benefit analysis in regard to these depots/ division. Audit observed²⁴⁹ that the newly constructed Jhargram depot was at a distance of 39 km from the Medinipur depot. Further, the distance between the Manbazar and Bandwan depots, which were also newly constructed, was less than 30 km.

Audit observed that Jhargram, Khirpai, Bandwan and Manbazar depots had fleet strengths of 26, 15, 22 and 12 buses, respectively, as of 31 March 2022. Therefore, the cost of investment (₹ 1,240.43 lakh, ₹ 299.86 lakh, ₹ 97.51 lakh and ₹ 98.33 lakh, respectively), on these four depots, lacked adequate justification. Further, joint physical inspection by Audit (along with SBSTC Officials) at the Bandwan depot showed that basic infrastructural facilities, such as boundary wall, fuelling station *etc.*, had not been constructed (August 2022) at the Bandwan depot.

Had SBSTC constructed terminus²⁵⁰ instead of depots, it could have reduced expenditure on infrastructure, on 169 additional personnel²⁵¹ and other associated administrative expenditure. As depot-wise expenditure was not being prepared, the revenue losses suffered by these depots could not be quantified in audit.

Management replied that: (i) the depots under the Jangalmahal division had been opened for socio-economic upliftment, under the mission of GoWB. These depots were not in robust health. However, with the passage of time, their performance had improved and (ii) SBSTC is the only State Transport undertaking which provides services to remote villages and sub-divisions of South Bengal, as well as a part of North Bengal, as mentioned in its VISION 2025 document.

²⁴⁷ Jhargram (08.08.2018), Khirpai (05.11.2020), Bandwan (01.09.2021) and Manbazar (01.09.2021).

²⁴⁸ Jangalmahal Division (8 March 2019).

²⁴⁹ Google maps.

²⁵⁰ A 'bus terminus' is a designated place where a bus starts or ends its scheduled route.

²⁵¹ The aggregate existing manpower at Jhargram (78), Khirpai (50), Bandwan (36) and Manbazar (37), was 201. With eight personnel {Security: 5, Housekeeping: 1 and Conservancy: 2 (Source: Minutes of meeting with Divisional Manager of Belghoria Division dated 06.08.2022)} required for each terminus, 169 personnel could have been reduced.

However, the fact remains that SBSTC had not chalked out a plan for operation of un-economic depots, as there was no surplus from other operations for cross-subsidising these losses. Moreover, the reply did not address the issue of opening depots in close proximity.

RECOMMENDATIONS:

SBSTC may –

1. *Improve its fleet utilisation, by enhancing its vehicle productivity, inducting new buses and disposing of scrapped buses in a timely manner.*
2. *Take suitable action to replace its ageing fleet and improve fuel efficiency, thereby reducing vehicular emissions and ensuring safety of passengers.*

4.8.9 Objective 2: Whether adequate measures were taken by SBSTC to enhance revenue and control costs

4.8.9.1 Economy in costs of operation

The major operating costs of SBSTC include fuel cost; cost of operation and maintenance of buses; and expenditure on tyres, tubes *etc.* Some significant issues, relating to costs, are discussed below.

I) Economy in Fuel Costs

Fuel was a major cost element, which constituted 29.14 per cent of total expenditure and 73.30 per cent of the variable costs during FYs 2017-18 to 2021-22. The fleet strength of SBSTC comprised: (i) HSD driven standard, air-conditioned and Volvo buses (ii) Compressed Natural Gas (CNG) driven standard buses and (iii) air-conditioned electric buses.

For HSD and CNG buses, fuel efficiency is measured by average kilometres travelled per litre of HSD or per Kg of CNG (Kmpl/ Kmpkg). For electric buses, it is measured by kilometres travelled per kilowatt-hour (Km/ KWH).

The fuel efficiency of HSD driven standard, air-conditioned and Volvo buses, at the six selected depots, was 4.34 Kmpl, 3.63 Kmpl and 2.42 Kmpl, in FY 2021-22. For electric buses, it was 1.22 Km/KWH. Considering energy prices as of FY 2021-22, the cost of fuel per km, in the six selected depots, worked out as shown in **Table 4.7**.

Table 4.7: Fuel cost/km

	HSD driven			CNG driven	Electric AC bus
	Standard	AC	Volvo		
Km per unit	4.34	3.63	2.42	4.82	1.22
Average Rate (₹)	89.41	89.41	89.41	70.19	7.04
Fuel Cost /Km (₹)	20.60	24.63	36.95	14.56	5.77

Table 4.7 indicates that the cost of operation of CNG driven buses and electric AC buses was less than cost of operation of HSD driven standard buses, by ₹ 6.04 and ₹ 14.83 per km, respectively. Moreover, CNG driven buses and electric

AC buses have lower vehicular emissions and are thus environment-friendly alternatives. However, these buses had the following disadvantages:

- CNG buses cannot operate more than 450 km in one fill and electric buses can run only approximately 80 km in one charge.
- Spares for CNG buses are not available in adequate quantities.

Due to the rising prices of HSD oil, SBSTC had taken certain steps to reduce the cost of fuel expenses, as discussed below:

a. Conversion of Buses

SBSTC placed a proposal (September 2021) to the Transport Department, for placing funds of ₹ 6.00 crore at its disposal, for conversion of 100 old diesel driven buses to CNG. As the cost of CNG is less than HSD, Management estimated that there would be cost saving of ₹ 11.36 crore per annum. SBSTC placed (October 2021) an order on M/s Diya Automobiles LLP, for conversion of 72 buses, at the cost of ₹ 8.28 lakh per bus, to be completed within 90 days of placing the order. SBSTC had obtained fund sanction in October 2021. The warranty was two years from the date of delivery. SBSTC sent 11 buses to the firm, between November 2021 and January 2022. Thereafter, an inspection team was sent (January 2022) to oversee the work of the contractor and the report of the team stated that the mechanical attachment, cylinder *etc*, used in the conversion process, were faulty and defective, and, hence, were extremely unsafe. Following the team's report, the Board decided (March 2022) to stop the conversion process and these 11 buses were still lying with the contractor (as of July 2022). In July 2022, SBSTC's Board decided to shift the buses to Belghoria Divisional workshop. As SBSTC had kept the buses idle, there was a loss of 2,310²⁵² bus days from January 2022 to July 2022.

Management stated (December 2022) that the said work was in progress and the matter is being expedited, to put the buses on road, as early as possible.

b. Fuel efficiency

- The fuel efficiency²⁵³ of SBSTC was 4.25 km/litre of HSD, as against the AIA of 4.89²⁵⁴. Records showed that the Telangana State Road Transport Corporation (TSRTC), which had a similar age profile (8.46 years) of buses as that of SBSTC, had fuel efficiency of 5.12 Kmpl.

In case of CNG buses, the kilometres covered by SBSTC's buses per kg of CNG were 4.73 km in FY 2021-22, which was below the achievable norm of 5.30 km, as projected by SBSTC. This indicated that there was scope to improve the fuel efficiency for both-HSD, as well as CNG driven buses. Due to non-availability of fuel category-wise (HSD & CNG) records of gross km. run during the FYs 2017-18 to 2021-22, the impact of low fuel efficiency, on the cost of operations, could not be computed by Audit.

²⁵² 11 buses x 30 days x 7 months.

²⁵³ Kilometres covered by buses per litre of HSD Oil.

²⁵⁴ CIRT: October to December 2017.

Table 4.8 indicates the year-wise kmpl of HSD, achieved at the SBSTC level, as well as at the six test-checked depots, during FYs 2017-18 to 2021-22.

Table 4.8: Kilometres per litre at selected depots

Depot	Year					Average
	2017-18	2018-19	2019-20	2020-21	2021-22	
SBSTC	4.31	4.24	4.16	4.22	4.32	4.25
1. Durgapur	4.24	4.25	4.23	4.10	4.75	4.31
2. Belghoria	4.53	4.43	4.39	4.20	4.35	4.38
3. Asansol	4.24	4.17	4.12	4.02	4.19	4.15
4. Jhargram	-	4.80	4.66	4.59	4.57	4.66
5. Digha	4.08	4.04	4.06	4.12	4.07	4.07
6. Bandwan	-	-	-	-	4.21	4.21

It is evident from the above table that the fuel efficiency (kmpl), for the Digha and Asansol depots, was below the overall average fuel efficiency achieved by SBSTC. However, the average fuel efficiency, for the Jhargram, Belghoria and Durgapur depots, was above SBSTC's average.

Management stated (December 2022) that SBSTC is operating with overaged buses. With these overaged buses, it is not possible to achieve the desired KMPL and the lower KMPL of Digha depot is due to poor road condition and stoppages for the routes. The reply is not tenable, as, with a similar age profile of buses, the Telangana State Road Transport Corporation (TSRTC) had achieved better fuel efficiency (*i.e.*, 5.12 kmpl), as compared to SBSTC.

- In order to maximise fuel efficiency, the Central Institute of Road Transport (CIRT) had *inter-alia* suggested the following: (i) analysis of data and fixing of targets (ii) periodical training to low performing drivers (iii) display of fuel efficiency of drivers in depots and (iv) introducing reward techniques *etc.* The following deficiencies were noticed in this regard:
 - i) CIRT had observed²⁵⁵ that training to drivers would lead to improvement in fuel efficiency, ranging between 5 and 10 *per cent*, with the greatest benefit coming from on-road training (as compared to classroom instructions). Records showed that, although SBSTC had put in place a system to impart training to drivers, there was no system of feedback, for ascertaining the impact. Further, the training was imparted in a classroom environment, rather than on-road. While SBSTC maintained driver-wise fuel efficiency (km per unit) at depot level, the analysis did not show the fuel efficiency achieved by drivers according to the types of buses viz. standard, AC, Volvo, CNG or electric. Hence, Audit could not ascertain the number of drivers achieving low kmpl, to assess the need for training.
 - ii) SBSTC did not fix targets for kmpl to be achieved by each type of bus. Due to this, monitoring the performance of drivers, as well as the maintenance contractors engaged at various depots, was not feasible.

²⁵⁵ CIRT: Indian Journal of Transport Management, October-December 2016.

For payment of incentive to drivers SBSTC had fixed (May 2018) a target of 4.2 kmpl for each standard HSD bus, operating on long distance routes exceeding 100 Kms. Considering the fuel efficiency as per AIA and TSRTC (having similar age profile of fleet) being 4.89 and 5.12 Kmpl, respectively, the target had been fixed by SBSTC at lower side. Management stated (December 2022) that driver wise KMPL is monitored at depot and divisional level. However, the fact remains that in absence of target fixation, monitoring would not be effective.

- iii) Use of good quality lubricants assists in achieving better fuel efficiency. It came to the notice (January 2022) of the Tender Purchase Committee of SBSTC that, by using better lubricant than the conventional cheap lubricant, at *Durgapur* depot, during FY 2021-22, there had been an increase in kmpl, upto 3.47 *per cent*. Although the Committee had recommended (January 2022) carrying out a cost-benefit analysis, for considering extending its usage in other depots as well, no such analysis had been carried out (as of August 2022).

Management stated (December 2022) that considering the financial crunch, it has planned phase wise utility of such lubricants in other depots.

- iv) **Table 4.9** indicates the pattern of fuel (HSD) consumption by different age groups of standard buses, at the six selected depots of SBSTC, during FY 2021-22.

Table 4.9: Age-profile *vis-à-vis* consumption of HSD

Age-profile of buses (years)	Number of buses	Total km run	Total HSD (litres)	KMPL
(1)	(2)	(3)	(4)	(5)=3/4
0-4	41	26,63,789	6,16,298	4.32
4-8	130	87,97,517	20,45,913	4.30
8-10	8	2,49,210	55,186	4.52
10-12	24	14,50,683	3,31,778	4.37
12 and above	80	36,05,429	8,26,083	4.36
Total	283	1,67,66,628	38,75,258	4.33

It is evident that buses in the age-group of eight to 10 years had achieved better kmpl, as compared to newer buses. The kmpl achieved by other age-groups showed that the rate of fuel consumption did not vary significantly with the age of buses. However, reasons in this regard had not been analysed by the Management. Audit observed that the tenders issued for procurement of buses, between FYs 2017-18 and 2021-22, did not incorporate energy efficient criteria. As a result, SBSTC lost an opportunity to reduce its fuel costs.

Management stated (December 2022) that buses in the age group of 0-4 years were of BS-IV category. While these buses are less polluting, their KMPL is low. The older buses have better fuel efficiency but they lack pollution checking abilities.

However, in absence of detailed analysis by the Management and absence

of confirmation from the manufacturers, the contention of the Management cannot be accepted.

c. Dead Kilometres

Dead Kilometres is the distance that a bus travels from the bus depot to the bus stand and *vice-versa*, without carrying or accepting any passengers. Thus, depots being nearer to the bus stands, result in reduction of dead kilometres, as well as the time lost due to traffic congestion. During FYs 2017-18 to 2021-22, the value of fuel consumed to cover dead kilometres amounted to ₹ 2,843.43 lakh.²⁵⁶ Except in the case of Digha depot, the distance between depot to bus stand for the five selected depots varied between 4 km and 21 km.

Management stated (December 2022) that it was contemplating converting some of the dead kms. into revenue earning kms. by allowing passengers to board the buses between the depot to the bus stand and back. Moreover, breakdown of buses on route also contributed to dead kms, but SBSTC had not quantified the distance.

II) Maintenance of buses

In order to keep buses in good running condition and to reduce breakdown and other mechanical failures, repairs and periodic maintenance are required. During FYs 2017-18 to 2021-22, repair and maintenance costs²⁵⁷ constituted 15.80 *per cent* of the variable costs. SBSTC has a two-tier maintenance system, comprising the following: (i) Preventive Maintenance of Buses at Depots and (ii) Major Repairs/Overhauls at Divisional Workshops. Preventive maintenance is carried out in depot workshops, to keep the buses in good running condition and to reduce breakdowns/other mechanical failures. The Divisional Workshops of SBSTC at *Durgapur* and *Belghoria* are mandated to perform a check of mechanical and electrical components, as well as bus body renovation.

(a) Depot workshops

None of the six selected depot workshops had maintained a float of major assemblies²⁵⁸ and subassemblies to reduce the down-time of running buses. The work at depot workshops involved changing of five²⁵⁹ lubricants, as per schedule and checking of the mechanical and electrical systems of buses. Each of the depots had promulgated a schedule for replacement of different lubricants, which lacked uniformity, as mentioned in **Appendix-24**. Further, compared to the maintenance schedule adopted by the respective depots, there were 2,093 cases of shortfall and 112 cases of excess, in regard to the number of maintenance jobs undertaken by the selected depots, as compared to the scheduled number of maintenance jobs prescribed in the depot concerned.

Management stated (December 2022) that the process of unit exchange system (float of major and sub-assemblies), as mentioned by Audit, was being followed in the workshops of SBSTC since long. However, due to financial difficulties,

²⁵⁶ *Dead km (FYs 2017-18 to 2021-22) x Average HSD rate/Average KMPL = 1,71,90,013 x ₹ 70.30/4.25.*

²⁵⁷ *Spare parts, lubricants, batteries, repair and maintenance charges, tyre tubes (₹ 108.39 crore).*

²⁵⁸ *Engine, gear box, fuel injection pumps etc.*

²⁵⁹ *Engine oil, Gear oil, Differential oil, Greasing and Steering oil change.*

SBSTC cannot maintain the system. Further, the maintenance operation was being strictly followed and lubricants were being replaced according to schedule. However, the reply did not address the issue of prescribing different maintenance schedules for individual depots. Moreover, Audit had observed that depots had not complied with the requirements of their own schedules.

(b) Engagement of contractors for maintenance of buses

Maintenance of buses at various depots was done by engagement of maintenance contractors. The selection of these contractors was done through tendering in January 2017. SBSTC issued (March 2017) work orders to five²⁶⁰ contractors, for undertaking maintenance work for a period of three years, which was subsequently extended (April 2020) for another three years, up to March 2023. The contractor was to supply the required manpower (as stated in the tender for each depot) and to pay them minimum wages (as per the Circulars issued by the Labour Department, from time to time). The fixed cost of manpower was to be paid by SBSTC, to the contractor, as labour charges, on monthly basis. In addition, the contractor would receive variable maintenance charges, termed as 'commission', at the quoted rate per kilometre, based on the number of kilometres operated by the respective depots, on monthly basis. The spares, required for maintenance, were to be supplied by SBSTC.

The following deficiencies, in this regard, were noticed, during test-check of records:

- i) Payment bills of two contractors, in the six selected depots, for FY 2021-22, showed that SBSTC had paid ₹ 394.51 lakh towards labour charges, as the fixed component. This was not directly related to upkeep and maintenance of buses. In addition, it had paid ₹ 21.03 lakh as commission, based on the number of kilometres operated by these depots. Thus, the lump-sum payment towards labour payment, comprised 95 *per cent* of the payments made to the contractors, whereas the variable component comprised only five *per cent* of the total bills. Had SBSTC awarded preventive maintenance work, on job order basis, it could have paid the labour charges on the value of actual work done, instead of making consolidated monthly payments of labour. Audit noted that the West Bengal Transport Corporation Limited (WBTCL) had awarded (June 2019) maintenance work on job order basis for five years, wherein the rate had worked out to ₹ 8,660 *per bus per month*, whereas the rate, as paid by SBSTC, worked out to an average of ₹ 14,735 *per bus per month*, in FY 2021-22. This had resulted in additional financial outgo of ₹ 1.71 crore per annum (detailed in **Appendix-25**), for the six test-checked depots.

Management stated (December 2022) that job contract was not possible, as the nature of job was different, due to involvement of manpower inside the premises/ precincts of the depots, workshops and other establishments of SBSTC. Since manpower was involved, SBSTC was bound to pay statutory obligations like minimum wages. The contention of Management was not acceptable, since SBSTC had awarded (March 2021) bus body maintenance and overhauling jobs, at Divisional workshops, on job order basis.

²⁶⁰ M/s New Siamech Engineering, M/s Chandan Motor Repairing Works, M/s Lakshmi Priya Engineering Works, M/s R.S. Engineering and M/s Ma Manasha Engineering Works.

- ii) The work orders issued to the contractors did not specify the quantum of manpower (number of personnel) to be deployed in the depot, although the tenders had stated that this would be done. Further, the payment of labour charges was being made to contractors without certified attendance sheets being attached with the bills.

Management accepted (December 2022) the fact and stated that it would incorporate a suitable clause in this regard, in the next tender.

- iii) SBSTC did not have a system of seeking periodic reports from the Depots-in-charge (DIs) about the performance of contractors. However, it was only in July 2021, that the Works-in-charge of Durgapur Division sought (July 2021) reports from the respective DIs, about the performance of the contractors. Scrutiny of the reports of the DIs of 18 depots, under all three Divisions, showed (July 2021) that the performance of maintenance contractors had been reported as 'satisfactory' in case of only seven depots, while, for the balance 11 depots, it had been reported as 'unsatisfactory'.

Management stated (December 2022) that, for unsatisfactory performance, SBSTC had asked the contractors to show cause and accordingly penalized them, by suitably making deductions from their bills. However, the reply did not provide details of deductions, if any, made by SBSTC, from the bills, when releasing the payments.

- iv) During physical verification of serviceable buses²⁶¹ in the selected depots, it was observed that the indicator lights, brake lights, display boards *etc.*, were not functioning properly, in 55 out of the total of 89 buses. Although Management assured that these would be rectified by the time the buses were placed on route, this was indicative of the inefficiency of the contractor, as well as failure of the Management to effectively oversee the work executed by the contractor.

Management stated (December 2022) that depot-wise orders would be issued, for proper verification, before putting the buses on road.

III) Performance of Tyres

Tyre costs constituted 2.45 *per cent* of the operating costs and 0.97 *per cent* of the total costs of SBSTC, during FYs 2017-18 to 2021-22. SBSTC was using both nylon and radial tyres for its buses but was not maintaining tyre cards²⁶², for new and re-treaded tyres. As such, SBSTC was unable to ascertain the average new life²⁶³ re-treaded life²⁶⁴ and retreadability factor,²⁶⁵ of nylon and radial tyres individually.

²⁶¹ 'Serviceable buses' included buses available at the Traffic section for placement on routes, but excluded the buses held up for maintenance jobs.

²⁶² Tyre cards are maintained for each tyre, containing details such as its serial number, date, type, size, date on which it was put to use, date on which it was out for re-treading and km covered, date of condemnation, total km covered *etc.*

²⁶³ 'Average new life' means the average km covered by a new tyre, from the date when it was first put to use and the date when it was taken off for first re-treading.

²⁶⁴ 'Re-treaded life' means the average km covered by the re-treaded tyre from the date when it was put to use and the date when it was taken for condemnation.

²⁶⁵ 'Retreadability factor' means the number of times a tyre is re-treaded over its active life, before being scrapped.

SBSTC stated (December 2022) that it would take suitable steps to develop a software, for analysis of tyres.

Considering the numbers of new tyres purchased by SBSTC and the re-treaded tyres used, the average km, covered by new and re-treaded tyres, worked out as follows:

Table 4.10: Performance of Tyres

Average Life of:	2017-18	2018-19	2019-20	2020-21	2021-22
New Tyres (in km)	59,418	47,835	45,320	43,525	60,325
Re-treaded Tyres (in km)	55,738	61,609	59,341	47,296	45,558

The life of tyres depends on road conditions, driving habits, vehicle condition/maintenance & tyre maintenance practices. As per the tyre manufacturer's declaration, the average life of new tyres was approx. 50,000 KM. In comparison with the manufacturer's declaration about expected average life of new tyres, the shortfall ranged between 4.33 and 12.95 *per cent*, during FYs 2018-19 to 2020-21. These shortfalls had increased the operating costs (*i.e.*, expenditure on tyres) by ₹ 74.04 lakh, during the said period. Further, the average life of re-treaded tyres had gone down considerably, during the financial years 2020-21 and 2021-22, in comparison to the earlier years.

Management stated (December 2022) that life of the re-treaded tyres had reduced due to buses being off-road for a long-time, during the pandemic period. However, the contention of Management is to be viewed in light of the fact that life of re-treaded tyres in 2021-22 *i.e.*, even after the pandemic period, had fallen further.

IV) Avoidable payment of penalty on toll tax

FASTag is an electronic toll collection device, attached to the wind screen of a vehicle, to enable drivers to cross toll plazas, without stopping to make physical payments for the toll. It uses Radio frequency identification (RFID) technology, to enable direct toll payments from a moving vehicle. However, cash payment of toll charges attracts penalty of an amount equal to the toll charges. The toll fare is directly deducted from the Bank Account linked to *FASTag*.

SBSTC entered into an agreement (March 2018) with the State Bank of India (SBI), for availing the *FASTag* facility. Instances were noticed where toll charges were paid in cash, due to failure of *FASTag* readers of NHAI, resulting in double payment of Toll Tax, amounting to ₹ 22.14 lakh²⁶⁶, for the period from June 2020 to January 2022. SBSTC had brought (July 2021/ June and July 2022) the fact to the notice of SBI and claimed reimbursement of the penalty levied by NHAI. However, the matter remained unresolved.

Management had accepted (December 2022) the fact and stated that they had persuaded SBI for reimbursement of penalty. However, SBI was silent regarding reimbursement of the claim of SBSTC towards penalty on payment of toll tax in cash, due to failure of the *FASTag* facility.

²⁶⁶ Penalty on payment of Toll Tax in cash: ₹ 9,13,180, for the period from June 2020 to July 2021; ₹ 12,08,298, for the period from 22.01.2022 to 27.01.2022 and ₹ 0.93 lakh on 07.05.2022. Hence, the aggregate penalty worked out to ₹ 22.14 lakh (₹ 9.13 lakh + ₹ 12.08 lakh + ₹ 0.93 lakh).

V) Extra expenditure due to non-procurement of CNG Buses from Original Equipment Manufacturer (OEM)

SBSTC approached (July 2018) two OEMs, *i.e.* M/s Ashok Leyland Ltd. (ALL) and M/s Tata Motors Ltd (TML), to deliver 20 CNG buses, based on the rate (₹ 33.40 lakh) offered in August 2017, to which M/s Ashok Leyland agreed (July 2018). SBSTC invited (August 2018) tender for another 20 CNG buses, wherein *Bhandari Automobiles Pvt. Ltd.*, an authorised dealer of ALL, became the lowest bidder, by quoting ₹ 41.97 lakh per bus, for similar capacity of bus. The OEMs had not been approached for subsequent supply of the 20 additional CNG buses, which had led to additional outlay of ₹ 1.71 crore.

Management stated (December 2022) that the Department of Environment, Government of West Bengal, after due concurrence of the Finance Department, Government of West Bengal, had approved the rate and accorded sanction for the funds. Moreover, none of the OEMs had participated in the tender. Hence, SBSTC had procured the CNG buses after approval by the Transport Department and maintaining procurement norms.

However, the reply of the Management did not address the fact that, although in July 2018, an OEM (M/s ALL), had agreed to a lower rate, SBSTC did not approach it, thereby incurring additional outlay of ₹ 1.71 crore, on procurement of 20 buses.

RECOMMENDATIONS:

SBSTC should take –

3. *Steps to economise on the cost of fuel, reduce dead kilometres and ensure effective maintenance of buses, for effecting economy in its operations.*
4. *Action to eliminate the reasons and may determine and fix responsibility for payment of penalties on toll charges.*

4.8.9.2 Optimising Revenue

Revenue from bus operations, *inter-alia*, depends on passenger ticket fares, occupancy and extent of operation of buses through franchisees, while it is affected by un-economic services, revenue leakage, collection of outstanding dues *etc.* Study of yearwise data showed that, during the last five financial years ending 2021-22, the Earnings Per Kilometre (EPKM) had gradually decreased from ₹ 26.54 in FY 2017-18 to ₹ 24.07 in FY 2020-21 and had increased to ₹ 26.88 in FY 2021- 22. The following were observed in this regard:

I) Non-revision of bus fares

The State Government last revised the fare structure, applicable to all State Transport Corporations, as well as private stage carriers, in June 2018, and for air-conditioned services in July 2018, based upon the demand placed by the Bus Owners' Association. Although the average price of HSD had increased from ₹ 67.71 per litre in FY 2018-19 to ₹ 89.41 in FY 2021-22, the fare per km had remained static during this period. As a result, the gap²⁶⁷ between EPKM

²⁶⁷ Traffic Revenue per Km less Fuel cost per KM.

and fuel cost *per Km* gradually diminished from ₹ 9.67 *per Km* in 2018-19 to ₹ 2.73 *per km* in FY 2021-22.

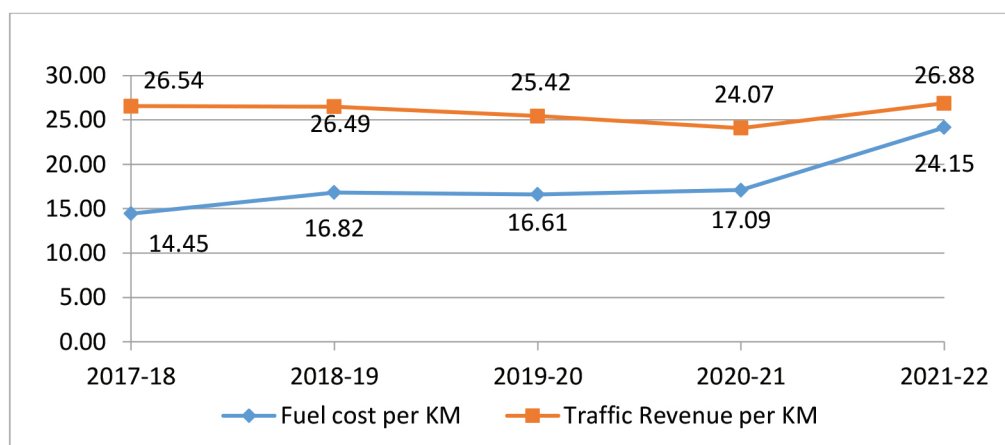
From records made available, there was no indication that SBSTC had approached the Transport Department, GoWB, seeking fare revision. Audit also noticed that the Transport Department had framed a dynamic fare pricing model for the public transport system in May 2018. The model had prescribed automatic fare revision, whenever there were changes in the fuel prices and the wholesale and consumer price indices. However, the fare had been fixed in June 2018, on an *ad-hoc* basis, without reference to the model, which had neither been notified, nor put to use.

Management stated (December 2022) that fare is administered by the State Government. Hence, there is no scope for SBSTC to approach the Transport Department. Further, GoWB had not invited suggestions for increase in fares.

However, since the matter relates to the sustained viability of the public transport system, it needed immediate attention of Government.

A comparison of fuel cost per km and EPKM, for the last five financial years ending 2021-22, is depicted in **Chart 4.3**.

Chart 4.3 Comparison of Fuel cost per km to Traffic Revenue per km



In comparison, after the last revision had been made in June 2018 by the Government of West Bengal, the Government of Orissa had revised its fares on 10 occasions. This apart, it was observed that the Government of Tamil Nadu had permitted STUs to seek reimbursement due to the increasing cost of HSD. As per the Revised Budget Estimates for FY 2021-22, the Government of Tamil Nadu had provided funds of ₹ 750 crore in this regard.

Due to significant increases in the cost of fuel and spares, private stage carriers in the State had, however, been charging higher fares from passengers, since December 2020.

Department stated (July 2022) that, after enhancement of fare in 2018, not much hike in fuel prices had been observed till March 2020 and a hike had been kept in abeyance, to avoid imposing extra financial burden to the commuters, on account of enhancement of fares. However, the reply is not tenable, as the price of fuel had increased by 61 *per cent*²⁶⁸ since March 2020. In regard to charging

²⁶⁸ HSD Price: (March 2020: ₹ 59.33 and March 2022: ₹ 95.27).

of higher fares by private stage carriers, the Department stated that no complaint had been received in this regard. However, the fact remains that the Department had not investigated the unauthorised charging of increased fares by private operators.

Both CIRT²⁶⁹ and C&AG²⁷⁰, in their reports on the performance of STUs, had recommended that State Governments may consider appointment of an independent regulator, for fixation of tariff, after considering normative costs, in addition to monitoring the availability of adequate transport facilities across the State.

II) Loss of operation on uneconomic routes

Route surveys²⁷¹ are necessary for assessing the economic viability of new, as well as existing routes. In this regard, Audit analysed the earnings of the routes of the six selected depots of SBSTC, during the period January-March, for FYs 2017-18 to 2021-22. The year-wise variable costs and total costs (excluding interest and subsidy being adjusted with employees cost), along with the year-wise viability of the routes of the selected depots, is given in **Table 4.11**.

Table 4.11: Viability of routes of selected depots

Financial Year	Total No. of routes	No. of routes not meeting the variable costs	No. of routes meeting the variable costs but not meeting the total costs	No. of routes earning more than the average total cost per km
2017-18	184	39 (21.20%)	121 (65.76%)	24 (13.04%)
2018-19	218	78 (35.78%)	125 (57.34%)	15 (6.88%)
2019-20	226	77 (34.07%)	145 (64.16%)	4 (1.77%)
2020-21	200	57 (28.50%)	104 (52.00%)	39 (19.50%)
2021-22	199	179 (89.95%)	15 (7.54%)	5 (2.51%)

(All percentages were computed in respect of total number of routes)

It is evident from **Table 4.11** that the number of routes, EPKM of which was more than the average total cost per km, had declined from 24 in FY 2017-18 to five in FY 2021-22. Similarly, the number of routes not meeting variable costs had increased from 39 to 179 during FYs 2017-18 to 2021-22. The main reason for the significant increase in the number of uneconomic routes in FY 2021-22 was the steep increase in HSD prices.

Management stated (December 2022) that it was the responsibility of SBSTC to provide transport infrastructure to commuters of all areas, including the remotest areas. Though many of them are not economically viable but they are still important to commuters, because a coordinated mode of transportation always helps other sectors to flourish and to gear up the social structure.

However, the reply did not address the fact that, despite the steep increase in number of uneconomic routes, due to steep increase in operating costs *vis-à-vis*

²⁶⁹ CIRT: Indian Journal of Transport Management, October-December 2018.

²⁷⁰ Performance Audit of State Transport Undertakings (STUs), conducted across the country, covering the period from FY 2004-05 to FY 2008-09.

²⁷¹ 'Route surveys' indicate the traffic demand, route length, timings, stoppages, expected revenue etc.

constant fare rates over the years, SBSTC had not chalked out plans in regard to the manner in which it would continue operations on these uneconomic routes.

III) Measures to improve revenue

SBSTC had taken measures for increasing revenue, such as appointing agents to enhance sale of tickets. However, lapses were noticed in this regard, as discussed below.

(a) *Loopholes in the software for online booking*

SBSTC developed (January 2015) a web-based application for ticketing, through M/s Webel Technology Ltd²⁷² (WTL). The software, which provides an online facility to passengers, for booking of tickets, was also used by the Principal Ticket Booking Agents (PTBA) of SBSTC, for selling tickets to passengers.

The online booking system by the principal agents envisaged that the agents would deposit sufficient money with SBSTC, in advance, on the basis of which SBSTC would issue virtual tickets to the principal agents, who, in turn, would allocate the funds to different counters operated by them. SBSTC specifically instructed the principal agents to deposit sufficient money with SBSTC beforehand, failing which the software would be locked. The instruction was conveyed (October 2014) to WTL also. However, there was absence of reconciliation between value of tickets sold by agents, *vis-à-vis* the advances deposited by them. The value of the advances deposited by the agents was treated as sales by SBSTC. Upon integration of the booking module with accounting module since July 2020, SBSTC asked WTL to furnish the current balances and system generated reports of all primary agents, as on 02 April 2021, wherein differences were detected between the accounting data and traffic data, mainly in case of sales made by one of the Principal Agents, M/s New Eureka Travels Club (NETC). It was noticed that the value of tickets sold by NETC was more than the advance deposited by them with SBSTC, which had resulted in negative balance (overdrawal beyond the refilled amount). WTL was asked (August 2021) to report regarding this discrepancy. In reply, WTL clarified that it had developed the booking system, but maintaining positive or negative balances had not been clarified before, until recently. The software did not provide checks to restrict the agents to overdraw beyond the refill amount. The software had been kept open since its inception and had not provided for checks to restrict agents from overdrawing beyond the refill amount. As a result, an agent had exploited the loophole and had sold tickets, in excess of the amount of deposit by ₹ 7.19 crore, from May 2016 to September 2021. SBSTC took initiatives to recover the amount, by deducting the advances deposited by them thereafter. At the request of the agent, an arbitrator had been appointed (May 2022). The matter is under arbitration²⁷³.

SBSTC admitted (December 2022) that there was failure of the software to lock excess allotment /distribution of tickets over and above the recharged value with

²⁷² WTL would provide a web-based application, which was to conform to the booking logic, as conveyed by SBSTC, for the ticketing system, along with hosting of application software, so that the SBSTC need not procure or install any server set up or data centre, for running the system.

²⁷³ Order sheet of Hon'ble High Court of Calcutta AP/244/2022 for appointment of arbitrator.

the sub agents. Further, the issue was now under investigation by the GoWB's Anti-Corruption Bureau.

(b) Payment of commission at different rates

Principal Ticket Booking Agents (PTBAs), were appointed by SBSTC, through tenders floated in June 2019. The rates of commission were fixed at the percentages quoted by the PTBAs against the tenders, which were mentioned in the Work Orders, issued from time to time. These rates varied between 3.5 to 4.2 per cent on sales made by them. The tenders and Work Orders provided that these agents would engage sub-agents, at different points. However, the terms and conditions in tenders and work orders issued by SBSTC provided that for tickets sold by their sub-agents, PTBAs were entitled to receive commission at ₹ 9/- per ticket. Out of ₹ 9/- per ticket, the sub-agents were entitled to get ₹ 7/-. Reasons for preset rates were not on record. Further, the SBSTC did not have a mechanism to assess/ monitor whether the PTBAs were paying the agreed commission to the sub-agents. SBSTC could not furnish specific reasons for payment of commission at a flat rate (₹ 9 per ticket), for tickets sold by sub-agents, instead of as a percentage (3.5 to 4.25 per cent) on the sales value. Payment of commission at a flat rate, instead of at a percentage rate, as quoted by the PTBAs, resulted in excess payment of commission of ₹ 50.63 lakh²⁷⁴ (**Appendix-26**) for sales made by sub-agents of PTBA, during April 2017 to March 2022.

Management replied (December 2022) that percentage commission is applicable against large quantum of deposits. In order to encourage employment generation, commission of ₹ 9/- per passenger was fixed for sub-agents. However, SBSTC did not have a mechanism to ascertain the quantum of employment generation in this regard. Further, in this situation, tendering was rendered unfruitful, as the rates were fixed by SBSTC.

IV) Collection of dues

a) Dues from franchisees

SBSTC operates some of its buses through franchisees, against monthly rent payable. As of 31 March 2022, SBSTC had seven franchisee operators, operating 55 buses²⁷⁵. As per agreement, the franchisees were required to bear the responsibility for proper upkeep of the buses and keep them in safe places, under their (franchisee) custody. Scrutiny showed that, as of 31 March 2022, the agreements made with six franchisees²⁷⁶ had lapsed, between 137 and 2,251 days before 31 March 2022. Although the franchisees were required to pay monthly rent in every succeeding month, there had been accumulation of dues of ₹ 32.14 lakh (as on 31 March 2022).

Management stated (December 2022) that many of the franchisee operators had not been able to ply buses during the pandemic period. The issue regarding waiver of rental charges had not been settled (as of March 2023).

²⁷⁴ M/s Eureka: ₹ 23.09 lakh, M/s Maa Tara: ₹ 24.14 lakh and M/s Sohini Travels: ₹ 3.40 lakh.

²⁷⁵ Shri Arun Kumar Sannigrihi (12), M/s S.B.S Travels (1), M/s Gopal Enterprises (1), M/s Maa Manasha Engineering Works (7), M/s K.S. Security Services (16), Shri Jaydeb Giri (2) and Tamanna Enterprises (16).

²⁷⁶ Except for the agreement with Shri Jaydeb Giri.

b) Other dues

- i) SBSTC facilitated workers of different departments, viz. Health Department, and High Court, in attending office during the Covid pandemic. Records showed that such services had been rendered in phases, commencing from June 2020 onwards. Although the services to the Health Department had stopped since October 2021, the services to the High Court staff were continuing (August 2022). The amount outstanding towards the services rendered to the employees of High Court upto March 2022 amounted to ₹ 214.56 Lakh (as of August 2022).

Management replied (December 2022) that it had received ₹ 21 Lakh from the Health Department, adding that a G.O had been issued, for allotting funds for the services provided to the employees of High Court.

However, the fact remains that Management is yet (March 2023) to receive the remaining funds.

- ii) During 2021-22, SBSTC had deployed buses to facilitate commuters, with 50 per cent of the sitting capacity, as per Government Orders issued from time to time. Due to restricted occupancy in FY 2021-22, SBSTC had suffered operational losses of ₹ 1,008.54 lakh²⁷⁷ and the same had been claimed from the GoWB. Against the said claim, SBSTC had received ₹ 600 lakh (up to July 2022) from GoWB. However, Management was silent in its reply about recovery of the balance amount of its claim towards operational losses, amounting to ₹ 408.54 lakh²⁷⁸, for deploying buses to facilitate commuters, with 50 per cent of the sitting capacity, as per Government Orders, which had not been received (as of March 2023).

RECOMMENDATIONS:**SBSTC may-**

5. *Take steps to enhance its revenues by undertaking revision of fares, enhancing its dues collection system and assessing the viability of any new routes, before opening them for operations.*
6. *Determine and fix responsibility for payment of commission at flat rate on tickets sold through sub-agents in violation of the tender conditions.*

4.8.10 Objective 3: Whether there was gainful utilization of infrastructure and manpower**4.8.10.1 Utilization of depot land**

To augment non-traffic revenue, SBSTC identified (January 2020) the following as sources of non-traffic revenue:

- Leasing unused/vacant quarters
- Identifying areas at depots and terminals for building stalls and ATM counters
- Displaying advertisements at the back side of computerized tickets

²⁷⁷ Operational Loss calculated: ₹ 1,173.90 lakh+ Amount received: ₹ 100 lakh- Due from High Court: ₹ 214.56 lakh- Due from Health Department: ₹ 50.80 lakh.

²⁷⁸ ₹ 1,008.54 lakh less ₹ 600 lakh.

- Installing towers of network service providers
- Displaying advertisements on the walls of kiosks, at important locations

Records revealed that SBSTC had 220 quarters at six locations of Durgapur, for the purpose of allotment to its employees, for residential purposes. 43 of these quarters were vacant, as of 31 March 2022. However, the periods of vacancy were not available on record. Further scrutiny revealed that there was unauthorised occupation of 14 quarters, by retired employees of SBSTC, for periods ranging from five months to 193 months, without payment of rental charges. This had resulted in loss of revenue of ₹ 11.12 lakh (upto 31 March 2022).

Management replied that, despite issue of several letters to vacate the quarters, the ex-employees had not vacated the same. However, the terminal dues of such retired employees had been withheld. The amount recoverable from these ex-employees, in the form of rent/penal rent, electricity charges *etc.*, will be adjusted from their terminal dues, as and when they vacate the quarters.

However, details of the terminal benefits retained by SBSTC, against each employee, were not furnished.

The Board, at its 161st meeting, decided (September 2021) to lease out vacant unused quarters, on as-is-where-is basis, for increasing its non-traffic revenues. This was, however, yet to materialize (as on 31 March 2022).

- i. SBSTC floated a tender (October 2020) for construction of kiosks, for providing facilities for information and booking, to passengers. It had appointed (October 2020) an agent to run these kiosks, who would receive commission at 4 *per cent* on the sales booked. 34 kiosks were, accordingly, constructed, at a cost of ₹ 27.60 lakh, in December 2020. The agent, however, failed to effectively run the kiosks *ab-initio* and the agreement was terminated (April 2022).

Management stated (December 2022) that it was exploring the possibilities of earning revenue, by displaying advertisements on the body of the kiosks.

- ii. As per records, SBSTC had 134.04 acres of land, at 45 locations, where it had constructed depots, workshops, buildings *etc.* In order to augment non-traffic revenue, the 161st Board Meeting of SBSTC (September 2021) had approved a proposal for identifying the areas/spaces at the depots & terminus of SBSTC, that could be used for building stalls & ATM Counters. However, steps were not taken to identify locations for construction of buildings, stalls, ATM counters *etc.*, for increasing non-traffic revenue.

Management, in its reply, stated (December 2022) that it had identified areas for construction of ATMs, ware houses, mobile towers and stalls, at different depots. It had also envisaged the possibilities of increasing non-traffic revenue, through advertisements on bus bodies, as well as hoardings at depots and terminal premises. However, a detailed action plan, in this regard, had not been submitted.

4.8.10.2 Tyre Re-treading Plant

SBSTC has two tyre retreading plants, situated at the Durgapur and Belghoria Divisions, having annual capacity of 3,120 and 2,496 tyres, respectively. Infrastructure for retreading Radial tyres was, however, available only at the

Durgapur Division. **Table 4.12** shows the year-wise utilization of the tyre re-treading plant capacity.

Table 4.12: Capacity *vis-à-vis* utilization of the re-treading plants

	Annual Capacity	No. of Tyres Re-treaded (Percentage to Annual Capacity utilised)				
		2017-18	2018-19	2019-20	2020-21	2021-22
Durgapur Division	3,120	2,154 (69.04)	2,406 (77.12)	2,655 (85.10)	2,808 (90.00)	2,994 (95.96)
Belghoria Division	2,496	1,786 (71.55)	2,029 (81.29)	2,326 (93.19)	1,497 (59.98)	1,720 (68.91)
SBSTC Total	5,616	3,940 (70.16)	4,435 (78.97)	4,981 (88.69)	4,305 (76.66)	4,714 (83.94)

It is evident from the above that the performance of the Durgapur Tyre Retreading plant had consistently improved, from 69.04 *per cent* in FY 2017-18, to 95.96 *per cent* in FY 2021-22. However, the utilization of the Retreading plant at Belghoria, against its capacity, had decreased from 93.19 *per cent* in FY 2019-20 to 68.91 *per cent* in FY 2021-22. Scrutiny revealed that the tyre retreading plant of the Belghoria Division had been installed in 1991 and was, thus, 31 years old. This retreading plant had suffered frequent breakdowns and was in need of replacement of some outdated components.

Management accepted (December 2022) the audit observations and stated that a proposal had been sent to GoWB, for releasing funds, in order to procure machinery for the plant at the Belghoria Division. However, funds had not been received (March 2023).

4.8.10.3 Manpower

Manpower costs constituted 38.12 *per cent* of the total costs of SBSTC during FYs 2017-18 to 2021-22. As of 31 March 2022, SBSTC had 3,127 staff, including regular and contractual staff supplied by various Agencies.

(a) High Staff-bus ratio

During FYs 2017-18 to 2019-20, staff per bus²⁷⁹ decreased from 4.94 in FY 2017-18 to 4.76 in FY 2019-20, which was lower than the AIA²⁸⁰ of 5.76. During the same period, staff productivity²⁸¹ per day per bus had increased from 62.31 km to 64.59 km, which was also higher than the AIA of 56.14 Km. However, due to fresh induction of contractual staff, as well as decrease in the average number of on-road buses, the staff per bus had increased to 5.75 during FY 2020-21 and to 5.81 during FY 2021-22. This also resulted in decrease in staff productivity, from 64.59 km (FY 2019-20) to 47.85 km (FY 2021-22) per day per bus. Despite the high bus-staff ratio, 23,127 trips had been cancelled during the last five financial years ending 2021-22, for want of crew. While

²⁷⁹ 'Bus' here refers to 'on-road bus'.

²⁸⁰ FY 2017-18.

²⁸¹ 'Staff productivity' refers to revenue earning kilometers performed per worker per day in a year.

assessing the crew requirement for daily out-shedding of buses²⁸² in selected depots, it was observed that there was shortage of 29 drivers and excess of 16 conductors. This indicates that the deployment of crew in these depots was not adequate for meeting the needs of the traffic department.

Management stated (December 2022) that, during the COVID period, very few buses had been put on road. Due to this fact, the ratio was high. Further, if the buses operated by the franchisees were included, the bus-staff ratio would be reduced.

However, the reply, in regard to computation of bus staff ratio considering the buses operated by franchisees was not acceptable, as the manpower of SBSTC is not engaged in the operation of franchisee-operated buses.

(b) Appointment of Contractual personnel

In terms of the Finance Department orders (July 2014), SBSTC was, henceforth, entitled to receive subsidy for payment of salary, pension and retirement benefits in regard to existing employees and also in regard to employees whose appointment would be made with the approval of Finance Department. Accordingly, SBSTC receives subsidy for staff costs, to the extent of 75 per cent, from the State Government. This subsidy was raised to 100 per cent since March 2020²⁸³, due to the Covid pandemic.

Examination of records showed that SBSTC had engaged 345 contractual employees, from time to time, through agencies, without prior approval of the Government, resulting in financial outgo of ₹ 10.15 crore during FYs 2020-21 and 2021-22. These contractual employees were posted at different depots and divisional offices of SBSTC. Although SBSTC had sought *post-facto* approval for this, the approval was pending.

Management stated (December 2022) that the Board of SBSTC had approved the induction of contractual employees. However, SBSTC is planning to discontinue the ticket booking agency system at a few places and deploy the above mentioned staff gainfully, to reduce the cost of commission paid to the Principal Booking Agents.

(c) Excess payment of incentive to drivers and conductors

In order to boost revenue, SBSTC had introduced (May 2018) an incentive scheme for drivers and conductors, based on Earnings per kilometre (EPKM). Records showed that, out of the total sales made by SBSTC during FYs 2018-19 to 2020-21, 50 per cent of the sales had been made through online booking, made by the agents of SBSTC for which commission was paid to them and the balance 50 per cent was earned through hand sale of tickets by conductors. The incentive for crew was, however, based on the total sales, instead of hand-sale made by conductors. As the figure for total sales (including online sales) was being considered for arriving at EPKM, there was excess payment of incentive to drivers and conductors on account of the online booking. However, the amount of extra payment could not be quantified, as incentive was paid at fixed rates, depending upon slabs of EPKM.

²⁸² 'Out-shedding of buses' means putting the buses on route.

²⁸³ Except for the month of January 2021, wherein 90 per cent subsidy had been provided.

Management stated (December 2022) that the incentive slab has been modified. The limit has been set in such a way that the incentive cost will be reduced considerably.

RECOMMENDATION 7:

SBSTC may improve its HR management system and ensure that payments of incentive for staff are properly scrutinised, before implementation.

4.8.11 Objective 4: Whether a mechanism existed for monitoring of various functions and activities of SBSTC and internal control/internal audit system

4.8.11.1 Monitoring

The following deficiencies were noticed in regard to monitoring:

- (i) SBSTC maintains a database of operational parameters, such as fleet utilization, fuel efficiency *etc.*, which is compiled at the division and head office levels. Audit noticed that: (i) these operational parameters were not being reviewed periodically by the Management (ii) targets in regard to operational parameters, were rarely being set by the Board or top Management and (iii) the available data on operational parameters was not being analyzed, for exercising better and more efficient management control over operations.

Management stated (December 2022) that: (i) analysis was being done constantly, at the divisional levels and (ii) with overaged buses, continuous hikes in fuel costs, as also the costs of spares and tyres, improvement in performance is cumbersome.

- (ii) **Intelligent Transport System (ITS):** To ensure the safety and security of passengers travelling in SBSTC's buses, the BoD felt (June 2018) the need for installation of CC cameras, panic buttons, GPS tracking systems and LED destination boards, in all buses, at a cost of ₹ 3.37 crore. The GPS tracking systems were expected to ensure real-time information on buses, with regard to punctuality of service, bus stop skips, over-speeding *etc.*, while the closed circuit (CC) cameras were expected to carry out video photography within the buses and to store the videography data so captured, in hard discs, with the help of mobile digital video recorders.

The project was implemented during April 2019 to February 2020. However, non-payment of software charges had affected the GPS tracking of buses. A survey (conducted in March 2022) showed that, out of 688 buses, the system was in operation in only 426 buses. Thus, SBSTC failed to derive the intended monitoring benefits from the investment.

Management replied (December 2022) that day-to-day monitoring was being done through CCTVs and other tracking systems, before the pandemic period. After the pandemic, the equipment had become inoperative, which was beyond its control.

However, the reply cannot be accepted, as SBSTC could not furnish records regarding videography data having been stored in buses, particularly on uneconomic and vulnerable routes, for arresting revenue leakages, better monitoring of passenger and staff activity *etc.*

- (iii) Despite continuing poor operating performance and cash crunch, the Board did not issue directives to the executives of SBSTC, to pursue revision of fares or to recover outstanding dues from Departments *etc.* Thus, monitoring of service parameters by the top Management was deficient.
- (iv) In terms of Section 56 of the Motor Vehicles Act, 1988, a vehicle shall not be deemed to be validly registered, unless it carries a certificate of fitness (CF), containing such particulars and information, as may be prescribed. Similarly, under Rule 115 (7) of the Central Motor Vehicles Rules 1989, after the expiry of a period of one year from the date on which a vehicle was first registered, every vehicle is required to obtain a 'pollution under control' (PuC) certificate, issued by an agency authorized for this purpose by the State Government. This certificate is to be produced on demand by the officers. While conducting test-check of records of 345 buses, it was noticed that the CFs and PuCs of 186 and 112 buses, respectively, had not been updated, as on 31 March 2022.

Management assured (December 2022) that, at present, SBSTC has updated the CFs and PuCs.

RECOMMENDATION 8:

SBSTC may fix written norms of operations, service standards and targets, while putting in place an effective Management Information System (MIS), to generate consolidated reports on achievement of targets and norms, for better monitoring.

4.8.11.2 Internal Audit

There is no separate internal audit wing in SBSTC. Officers of the Accounts section are acting as Internal Auditors. Further, no audit reports are being prepared on a periodic basis.

Management replied (December 2022) that : (i) internal checks are regularly being done through vouching and verification (ii) the depot management software enables to detect flaws in the financial and physical parameters and (iii) the SBSTC Board has approved the proposal of constituting central audit teams for conducting depot audit. Accordingly, two central audit teams have been constituted. The teams visit the depots and submit their reports, after conducting audit.

4.8.12 Conclusion

SBSTC sustained losses, mainly due to operational inefficiencies and non-revision of fares in tandem with the increase in fuel prices and rise in operational costs. Non-fixation of norms for achieving different operational parameters, coupled with dependency on an overaged fleet, were other impediments in this regard.

In addition, sub-optimal fuel efficiency and issues in maintenance of buses also had a detrimental effect. Further, there was a lack of diligent efforts to tap into non-traffic sources of revenue. Also, there was deficient utilization of SBSTC's database, which could have been utilised to achieve better and more efficient management control and monitoring.

KOLKATA

The 26 APRIL 2023

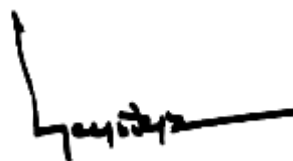


(ANADI MISRA)

Accountant General (Audit-II)

West Bengal

Countersigned



NEW DELHI

The 27 APRIL 2023

(GIRISH CHANDRA MURMU)

Comptroller and Auditor General of India

Appendices

Appendix –1
(Refer paragraph - 1.1, Page-1)
List of Departments as of 31 August 2022
{Under audit jurisdiction of O/o the Accountant General
(Audit-II), West Bengal}

Sl. No.	Name of the Department
1.	Chief Minister's Office
2.	Council of Ministers
3.	Disaster Management and Civil Defence
4.	Environment
5.	Fire & Emergency Services
6.	Forest
7.	Governor's Secretariat
8.	Housing
9.	Industry, Commerce and Enterprises
10.	Information & Cultural Affairs
11.	Information Technology & Electronics
12.	Land & Land Reforms and Refugee Relief & Rehabilitation
13.	Legislative Assembly Secretariat
14.	Micro, Small & Medium Enterprises and Textiles
15.	Non-Conventional and Renewable Energy Sources
16.	Parliamentary Affairs
17.	Personnel & Administrative Reforms and e-Governance
18.	Power
19.	Public Enterprises and Industrial Reconstruction
20.	Public Health Engineering
21.	Public Works
22.	Science and Technology and Biotechnology
23.	Tourism
24.	Transport
25.	Urban Development and Municipal affairs

Appendix –2

(Refer paragraph - 1.2, Page-1)

List of Autonomous Bodies as of 31 August 2022

{Under audit jurisdiction of O/o Accountant General (Audit-II),
West Bengal}

Sl. No.	Department	Name of the Autonomous Bodies
1.	Environment	(i) East Kolkata Wetland Management Authority
		(ii) Institute of Environmental Studies and Wetland Management
		(iii) West Bengal Pollution Control Board
		(iv) West Bengal Bio-Diversity Board
2.	Forest	(v) Compensatory Afforestation Fund Management and Planning Authority
		(vi) West Bengal State Forest Development Agency
3.	Housing	(vii) West Bengal Housing Board
		(viii) Real Estate Regulatory Authority*
4.	Information & Cultural Affairs	(ix) Paschimbanga Bangla Academy
		(x) Folk & Tribal Centre
		(xi) Roopkala Kendra
		(xii) Minerva Natya Sanskriti Charcha Kendra
		(xiii) Shishu Kishore Academy
		(xiv) West Bengal Heritage Commission
5.	Micro, Small & Medium Enterprises and Textiles	(xv) Centre for Archaeological Studies & Training, Eastern India
		(xvi) West Bengal State Export Promotion Society
6.	Non-Conventional and Renewable Energy Sources	(xvii) West Bengal Khadi & Village Industries Board
		(xviii) West Bengal Renewable Energy Development Agency
7.	Power	(xix) West Bengal Electricity Regulatory Commission*
8.	Public Works	(xx) Commissioners for the Rabindra Setu
9.	Science and Technology and Biotechnology	(xxi) West Bengal State Council of Science & Technology
10.	Tourism	(xxii) State Institute of Hotel Management, Durgapur (erstwhile Food & Craft Institute, Durgapur)
		(xxiii) Food & Craft Institute, Darjeeling
11.	Transport	(xxiv) Hooghly River Bridge Commissioners
12.	Urban Development and Municipal affairs	(xxv) Digha-Sankarpur Development Authority
		(xxvi) Midnapore Kharagpur Development Authority
		(xxvii) West Bengal State NGRBA (National Ganga River Basin Authority) Programme Management Group

Sl. No.	Department	Name of the Autonomous Bodies
		(xxviii) Haldia Development Authority
		(xxix) Jaigaon Development Officer Authority
		(xxx) Sriniketan-Santiniketan Development Authority
		(xxxi) New-Town Kolkata Development Authority
		(xxxii) Siliguri Jalpaiguri Development Authority
		(xxxiii) Kolkata Metropolitan Development Authority
		(xxxiv) Burdwan Development Authority
		(xxxv) Asansol Durgapur Development Authority
		(xxxvi) West Bengal State Urban Development Agency
		(xxxvii) Tarakeswar Development Authority
		(xxxviii) Changrabandha Development Authority
		(xxxix) Gangasagar Bakkhali Development Authority
		(xl) Bakreswar Development Authority
		(xli) Patharchapuri Development Authority
		(xlii) Gajoldoba Development Authority
		(xliii) Mukutmanipur Development Authority
		(xliv) Tarapith Rampurhat Development Authority
		(xlv) Furfura Sharif Development Authority
		(xlvi) Birsingha Development Authority

**Regulatory Authority*

Appendix –3

(Refer paragraph - 1.2, Page-1)

List of SPSEs as of 31 August 2022

{Under audit jurisdiction of O/o Accountant General (Audit-II),
West Bengal}

Sl. No.	Name of the Departments	Name of the Company
(1)	(2)	(3)
(i)	Bio-technology and Science & technology	West Bengal Biotech Development Corporation Limited
(ii)	Forest	West Bengal Forest Development Corporation Limited
(iii)	Information and Culture Affairs	Basumati Corporation Limited
(iv)		West Bengal Film Development Corporation Limited
(v)	Information Technology & Electronics	Webel Venture Capital Limited (Subsidiary of WBEIDC Limited)
(vi)		West Bengal Electronic Industry Development Corporation Limited (WBEIDC Limited)
(vii)		Webel Electronics Infrastructure Development Limited
(viii)		Webel Electronics Manufacturing Clusters Limited
(ix)	Industry, Commerce & Enterprises	Durgapur Chemicals Limited
(x)		West Bengal Mineral Development and Trading Corporation Limited
(xi)		West Bengal Pharmaceutical and Phytochemical Development Corporation Limited
(xii)		WEBFIL Limited
(xiii)		Greater Calcutta Gas Supply Corporation Limited
(xiv)		Saraswaty Press Limited
(xv)		West Bengal Text Book Corporation (P) Limited (subsidiary of Saraswaty Press Limited)
(xvi)		West Bengal Industrial Infrastructure Development Corporation
(xvii)		West Bengal Trade Promotion Organisation (Subsidiary of WBIDC Limited)
(xviii)		West Bengal Tea Development Corporation Limited
(xix)		The Infusions (India) Limited
(xx)		West Bengal Sugar Industries Development Corporation Limited
(xxi)		West Bengal Industrial Land Holding Private Limited (subsidiary of WBIDC Ltd)
(xxii)		West Bengal Industrial Development Corporation Limited (WBIDC Limited)
(xxiii)	Micro, Small & Medium Enterprises and Textiles	West Bengal Handicrafts Development Corporation Limited
(xxiv)		Biswa Bangla Marketing Corporation Limited
(xxv)		Mayurakshi Cotton Mills (1990) Limited
(xxvi)		Silpabarta Printing Press Limited (subsidiary of WBSIDC Limited)
(xxvii)		The West Bengal Small Industries Development Corporation Limited (WBSIDC Limited)

Sl. No.	Name of the Departments	Name of the Company
(1)	(2)	(3)
(xxviii)		The Kalyani Spinning Mills Limited
(xxix)		The West Dinajpur Spinning Mills Limited
(xxx)		West Bengal Ceramic Development Corporation Limited
(xxxi)		The West Bengal State Leather Industries Development Corporation Limited
(xxxii)		The West Bengal Projects Limited (subsidiary of WBSIDC Limited)
(xxxiii)		Pulver Ash Projects Limited (subsidiary of WBSIDC Limited)
(xxxiv)		West Bengal Handloom and Power loom Development Corporation Limited
(xxxv)	PAR & e-Governance	Webel Technology Limited
(xxxvi)	Power & Non-Conventional Energy Sources	The Durgapur Projects Limited
(xxxvii)		The West Bengal Power Development Corporation Limited
(xxxviii)		West Bengal State Electricity Distribution Company Limited
(xxxix)		West Bengal State Electricity Transmission Company Limited
(xl)		Bengal Birbhum Coalfields Limited
(xli)		West Bengal Green Energy Development Corporation Limited
(xlii)	Public Enterprises & Industrial Reconstruction Department	Neo Pipes and Tubes Company Limited
(xliii)		National Iron and Steel Company (1984) Limited
(xliv)		The Carter Pooler Engineering Company Limited
(xlv)		West Bengal Plywood and Allied Products Limited
(xlvi)		Krishna Silicates and Glass (1987) Limited
(xlvii)		Lily Products Limited
(xlviii)	Public Works	Westinghouse Saxby Farmer Limited
(xlix)		Britannia Engineering Limited
(l)		Mackintosh Burn Limited
(li)		West Bengal Highway Development Corporation Limited
(lii)	Transport	North Bengal State Transport Corporation
(liii)		Calcutta State Transport Corporation
(liv)		South Bengal State Transport Corporation
(lv)		The Shalimar Works (1980) Limited
(lvi)		West Bengal Transport Corporation limited (Formerly The Calcutta Tramways Company (1978) Limited)
(lvii)		West Bengal Surface Transport Corporation Limited
(lviii)		West Bengal Transport Infrastructure Development Corporation Limited
(lix)	Tourism	West Bengal Tourism Development Corporation Limited
(lx)		Great Eastern Hotel Authority
(lxi)	Urban Development & Municipal Affairs	West Bengal Housing Infrastructure Development Corporation Limited (WBHIDCO Limited)
(lxii)		New Town Telecom Infrastructure Development Company Limited (Subsidiary of WBHIDCO Limited)
(lxiii)		Newtown Kolkata Green Smart City Corporation Limited

Appendix – 4
(Refer paragraph - 1.5, Page-2)
Status of tabling of Audit Reports

Audit Report for the Year	Number of the Audit Report	Title of the Audit Report	Date on which the Audit Report was sent to the Government	Date on which the Audit Report was tabled in the State Assembly	Time taken for laying in the Assembly
2015-16	Report No. 5 of 2016	Audit Report on Revenue Sector for the year 2015-16	06 February 2017	07 March 2018	1 year and 2 Months
	Report No. 1 of 2017	Audit Report on Economic Sector for the year 2015-16	27 February 2017		1 Year and 1 Month
	Report No. 2 of 2017	Audit Report on Public Sector Undertakings for the year 2015-16	27 February 2017		
2016-17	Report No. 2 of 2018	Audit Report on Public Sector Undertakings for the year 2016-17	17 May 2018	11 July 2019	1 year and 2 Months
	Report No. 3 of 2018	Audit Report on Revenue Sector for the year 2016-17	29 May 2018		1 year and 2 Months
	Report No. 4 of 2018	Audit Report on Economic Sector for the year 2016-17	20 June 2018		1 year and 1 Month
	Report No. 5 of 2018	Performance Audit of Pollution by Industries, for the year 2016-17	20 June 2018		
2017-18	Report No. 3 of 2020	Audit Report on Public Sector Undertakings for the year 2017-18	13 August 2020	25 March 2022	1 year and 7 months
	Report No. 2 of 2019	Performance Audit of Flood Control Programme in West Bengal, for the year 2017-18	03 February 2020		2 years and 1 month
	Report No. 2 of 2020	Audit Report on Revenue Sector for the year 2017-18	11 August 2020		1 year and 7 months
	Report No. 1 of 2019	Audit Report on Economic Sector for the year 2017-18	20 December 2019		2 years and 3 months
2018-19	Report No. 2 of 2021	Audit Report on Economic Sector, Revenue Sector and Public Sector Undertakings for the year 2018-19	06 May 2021	25 March 2022	10 months
2019-20	Report No. 4 of 2021	Audit Report of the Comptroller & Auditor General of India (Performance and Compliance Audit) for the year 2019-20	15 December 2021	25 March 2022	3 months
2020-21	Report No.3 of 2022	Audit Report of the Comptroller & Auditor General of India (Performance and Compliance Audit) for the year 2020-21	11 January 2023	Not yet laid	-

Appendix – 5
(Refer paragraph - 1.5, Page-3)
Pending Replies to Audit paragraphs/ reviews

Sl. No.	Name of the Department	Number of paras/sub-paras/reviews involved in reports for the years														
		from 2006-07 to 2016-17			2017-18			2018-19			2019-20			Total		
		Para	Sub-para	Review	Para	Sub-para	Review	Para	Sub-para	Review	Para	Sub-para	Review	Para	Sub-para	Review
1.	Disaster Management & Civil Defence	1	-	1	-	-	-	-	-	-	-	-	-	1	-	1
2.	Environment	-	-	-	-	-	-	-	-	-	-	-	25	-	25	-
3.	Fire & Emergency Services	1	-	-	-	-	-	-	-	-	-	-	-	1	-	-
4.	Forest	1	-	2	-	-	-	-	-	-	-	-	-	1	-	2
5.	Housing	-	1	-	-	-	-	-	-	-	-	-	-	-	1	-
6.	Industry, Commerce and Enterprises	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1
7.	Information & Cultural Affairs	3	-	-	-	-	-	-	-	-	-	-	-	3	-	-
8.	Land & Land Reforms and Refugee Relief & Rehabilitation	68	68	1	3	-	-	2	-	-	1	-	-	74	68	1
9.	Micro, Small & Medium Enterprises and Textiles	-	-	1	1	-	-	1	-	-	2	-	-	4	-	1
10.	Power	3	-	1	-	-	-	-	-	-	-	-	-	3	-	1
11.	Public Enterprises & Industrial Reconstruction	2	-	-	-	-	-	-	-	-	-	-	-	2	-	-
12.	Public Health Engineering	4	-	1	-	-	-	-	-	-	-	-	-	4	-	1
13.	Public Works	17	1	1	1	-	-	-	-	-	-	-	-	18	1	1
14.	Transport	99	10	2	3	6	-	1	5	-	-	-	-	103	21	2
15.	Urban Development and Municipal affairs	4	-	1	11	-	-	1	-	-	-	-	-	16	-	1
	Total	203	80	12	19	6	0	5	5	0	3	25	0	230	116	12

Appendix – 6

(Refer paragraph 1.5, Page-3)

Department-wise outstanding Inspection Reports and Paragraphs

Sl. No.	Name of the Department	Number of IRs/ Paragraphs pending as of 31 August 2022	
		IRs	Paragraphs
1.	Disaster Management and Civil Defence	53	242
2.	Environment	3	10
3.	Fire & Emergency Services	7	43
4.	Forest	5	14
5.	Governor Secretariat	3	3
6.	Housing	18	89
7.	Industry, Commerce and Enterprises	6	18
8.	Information & Cultural Affairs	51	169
9.	Land & Land Reforms and Refugee Relief & Rehabilitation	318	2619
10.	Legislative Assembly	3	13
11.	Micro, Small & Medium Enterprises and Textiles	20	77
12.	Parliamentary Affairs	1	3
13.	Personnel & Administrative Reforms and e-Governance	8	27
14.	Power	15	63
15.	Public Enterprises & Industrial Reconstruction	1	5
16.	Public Health Engineering	52	159
17.	Public Works	82	268
18.	Science and Technology and Biotechnology	5	13
19.	Tourism	3	17
20.	Transport	38	276
21.	Urban Development and Municipal affairs	57	214
Total		749	4342

Appendix – 7

(Refer paragraph 1.6, Page-3)

Status of placement of Separate Audit Reports in Legislature as on
31 August 2022

Sl. No.	Name of Autonomous Body	Year up to which SARs placed in Legislature	Years for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government
Autonomous Bodies				
1.	Comissioners for Rabindra Setu (CRS)	2008-09	2009-10 2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17 2017-18 2018-19 2019-20	- 10.02.2012 14.02.2013 15.07.2014 20.02.2015 05.02.2016 17.05.2017 14.08.2018 02.07.2019 02.07.2020 04.05.2021
2.	Compensatory Afforestation Fund Management and Planning Authority (CAMPA)	Not yet placed	2010-11 to 2016-17 2017-18 2018-19 To 2019-20	25.06.2018 05.11.2019 24.06.2021
3.	Hooghly River Bridge Commissioners	2017-18	2018-19 2019-20 2020-21	10.02.2022 Not yet issued Not yet issued
4.	West Bengal Khadi & Village Industries Board (WBKVIB)	2015-16	2016-17 2017-18 2018-19	22.10.2021 03.11.2021 03.11.2021
State Public Sector Enterprises				
5.	Calcutta State Transport Corporation (CSTC)	2018-19	2019-20	Not yet issued
6.	South Bengal State Transport Corporation (SBSTC)	2017-18	2018-19 2019-20	12.08.2021 29.03.2022
7.	West Bengal Electricity Regulatory Commission* (WBERC)	2018-19	2019-20	21.01.2022

*It is a Regulatory Authority

Appendix – 8
(Refer paragraph 2.2.1, Page-13)
District-wise number of enlisted FAs

Sl. No.	District	No. of enlisted FAs
1	Purulia	21,677
2	Bankura	15,188
3	Uttar Dinajpur	13,849
4	Murshidabad	13,468
5	Jhargram	12,937
6	Burdwan (Purba Bardhaman)	12,571
7	Birbhum	12,188
8	Paschim Midnapore	11,867
9	Purba Midnapore	11,058
10	Hooghly	10,516
11	North 24 Parganas	9,468
12	Coochbehar	8,774
13	Nadia	8,699
14	South 24 Parganas	5,783
15	Malda	3,674
16	Dakshin Dinajpur	3,606
17	Alipurduar	3,266
18	Darjeeling	2,786
19	Jalpaiguri	2,653
20	Paschim Bardhaman	2,113
21	Howrah	1,681
22	Kalimpong	519
Total		1,88,341

Appendix-9

(Refer paragraph no. 2.8.6.2, Page-43)

**Violation in payment of advance to suppliers, in the CFC of the
Re-Rolling Mills Cluster, Jagatballavpur, Howrah**

Agency to which advance was paid (M/s)	Details of the work for which payment made	Total value of the work entrusted (₹ in lakh)	Amount of advance actually paid (₹ in lakh)	Amount of bank guarantee taken from the agency (₹ in lakh)
H.R. International Ltd.	Land filling & constn. of boundary wall of CFC	52.21	Records not made available	
H.R. International Ltd.	Machine Shop facility – P&M	240.44	182.48	72.13
H. R. International Ltd.	Raw material processing facility (Coreless induction furnace, supply, erection, commissioning of a complete Steel melting facility including complete material handling system, transportation, LT room installation, power supply unit, DM & Softening plant with cooling tower, moulding accessories, vibro – feeder, Slag crusher and Pollution Control Device)	412.37	250.97	NIL
H. R. Infracon Ltd.	Building & Civil Works – Raw Material Processing Facility of CFC	150.44	Records not produced	NIL
Alankar Commotrade Pvt. Ltd.	Building & Civil works for (i) Machine Shop Facility & (ii) Testing Facility of CFC	57.32	24.50	NIL
EMT Megatherm Pvt. Ltd.	Supply of equipment/machinery for Raw Material Processing Facility of CFC	251.00	179.01	35.40
Total		1,163.78	636.96	107.53

Appendix- 10

[Refer paragraph no. 2.8.6.4 (A), Page-44]

Status of conversion of land, in regard to CFCs

Sl. No.	CFC	Details of Land	Land measurement	Classification of the land	Present status of land	Present status shown in http:// banglarbhumii.gov.in on
1.	Plastic Products Cluster, Rajganj, Jalpaiguri	Mouza – Binnaguri, JL No. 3, Pargana – Baikunthapur, Sheet No. 18, Khatian No.1229, Plot No. 653 & 657	0.439 acre	SAHARI	Not converted to Industrial land	23.08.2022
2.	Lead Acid Battery Cluster, Siliguri	Mouza – Lambutary, JL No. 86, Khatian No. – 229, Plot No. 44	1.98 acre	DANGA	Not converted to Industrial land (only 1.28 acre has been shown as mutated to DANGA)	01.09.2022
3.	Refractory Bricks Cluster, Salanpur, Paschim Bardhaman	Mouza - Angaria, JL No. 77, P.O – 713 141, PS Salanpur	1.50 acre	DANGA	0.84 acre of land converted to Industrial and 0.66 acre of land still as DANGA	29.07.2022
4.	Kaliaganj Edible Oil Cluster, Raiganj	Mouza - Mustafanagar, J.L. No. 126, Khatian No. 1558	4.04 acre	DOLA, DANGA, VITA	Only 3.7163 acre of land was mutated and the stated land was not converted to Industrial land	08.09.2022

Appendix-11**[Refer paragraph no. 2.8.6.7 (a), Page-46]****Calculation of unspent GoI funds to be refunded in regard to the CFC of the Re-Rolling Mills Cluster, Jagatballavpur, Howrah**

1	Eligible expenditure made by the SPV	₹ 759.54 lakh, including cost of undelivered machines worth ₹ 175.83 lakh
2	Actual expenditure made for the project	₹ 583.71 lakh (₹ 759.54 – ₹ 175.83)
3.	Contribution of the SPV	₹ 206.31 lakh
4.	Eligible expenditure made from Govt. Funds (GoI + GoWB)	₹ 377.40 lakh (₹ 583.71 - ₹ 206.31)
5.	Approved GoI share	67.46%
6.	Eligible expenditure from GoI	₹ 254.60 lakh (67.46% of ₹ 377.40 lakh)
7.	Total Grant released by GoI	₹ 615 lakh
8.	Dept. needs to refund	₹ 360.40 lakh (₹ 615 – ₹ 254.60)

Appendix- 12

[Refer paragraph no. 2.8.7.2 and 2.8.7.5 (a), Pages-50 and 53]

Splitting of works to evade inviting open tenders and expenditure on prohibited works in the CFC of the Silver Filigree Cluster, Magrahat, South 24 Parganas

Sl. No.	Details of the NIQ	Agency to which the work was awarded (M/s)	Name of the split works/ supply	Details of the invoice	Amount paid (in ₹)
Procurement of equipment					
1.	MSFC/131 dt.	Progressive Concern	Ball Press (3 no.) - 3	13/2021-22 dt	38,411.00
2.	25.01.2022		Wire CI Dice – 3	19.02.2022	37,920.00
3.	MSFC/132 dt.		Ball Press (4 no.) - 1	17/2021-22 dt	45,160.00
4.	25.01.2022		Ball Press (5 no.) – 1	26.03.2022	70,224.00
5.	MSFC/134 dt.		Punching machine	08/22-23 dt	82,222.00
6.	25.01.2022			26.03.2022	
7.	MSFC/135 dt.		9” X 7” CI Dice – 3 nos.	11/2021-22 dt.	43,811.00
8.	25.01.2022		6” X 5” CI Dice – 3 nos.	19.02.2022	41,234.00
9.	MSFC/136 dt.		11” X 8” CI Dice	12/2021-22 dt.	41,234.00
	25.01.2022	10” X 10” CI Dice	19.02.2022	50,806.00	
Sub – total					4,51,022.00
Civil works					
10.	MSFC/144 dt.	Atreya Industrial Power Solutions LLP.	Roof Top Shed Eastside	AIPS/21-22/12 dt 08.02.2022	99,686.00
11.	MSFC/146 dt.		Electric Meter Room Shed &Surrounding shed.	AIPS/21-22/13 dt. 08.02.2022	99,233.00
12.	MSFC/147 dt.		Bye Lane Shed East side.	AIPS/21-22/14 dt. 08.02.2022	98,553.00
13.	MSFC/148 dt.		DG set Surrounding Shed	AIPS/21-22/15 dt. 08.02.2022	97,421.00
14.	MSFC/145 dt.		Staircase Room Shed &Surrounding Shed.	AIPS/21-22/16 dt. 08.02.2022	81,562.00
15.	MSFC/143 dt.		Roof Top Shed Westside	AIPS/21-22/17 dt. 08.02.2022	99,686.00
	01.02.2022				
Sub – total					5,76,141.00
Repair/Replacement of machinery					
16.	MSFC/Misc/ Notice/85 dt.	SIMECO	Repairing of Silver Melting Furnace, top opening model, temp upto 950°C, Cap 1 Kg.	06/P/20-21	56,050.00
17.	29.09.2020		Repairing of Silver Melting Furnace, top opening model, temp upto 950°C, Cap 2 Kg.	08/P/20-21	53,100.00
18.	MSFC/Misc/ Notice/87 dt.		Repair of Silver Melting Furnace, top open model, Temp upto 950°C, 2 Kg	07/P/20-21	53,100.00
	29.09.2020				

Sl. No.	Details of the NIQ	Agency to which the work was awarded (M/s)	Name of the split works/ supply	Details of the invoice	Amount paid (in ₹)
19.	MSFC/Misc/ Notice/88 dt. 29.09.2020		Repair of Silver Melting Furnace, top open model, Temp upto 950°C, 5 Kg	09/P/20-21	69,620.00
20.	MSFC/Misc/ Notice/91 dt. 29.09.2020		Repair of Silver Melting Furnace, top open model, Temp upto 950C, 10 Kg	10/P/20-21	82,600.00
21.	MSFC/Misc/ Notice/92 dt. 29.09.2020		Fitting of New Digital Temp Controller cum Indicator, dual display by changing of defective Digital Controller in Control Panel suitable for Silver Melting Furnace, 5 Kg.	15/P/20-21	5,900.00
22.	MSFC/Misc/ Notice/93 dt. 29.09.2020		Fitting of New Digital Temp Controller cum Indicator, dual display by changing of defective Digital Controller in Control Panel suitable for Silver Melting Furnace, 2 Kg.	14/P/20-21	5,900.00
Sub – total					3,26,270.00
Grand total					13,53,433.00

Appendix- 13

[Refer paragraph no. 2.8.7.3 (a) (i), Page-51]

Invitation of NITs for works/ supplies related to setting up of the CFCs in the Re-rolling Mills Cluster, Jagatballavpur, Howrah

Sl. No.	Work	Details of Work Order/Supply Order (W.O./S.O.)		
		No of the W.O./ S.O.	Issued to	Amount of the W.O/S.O. (in ₹)
1.	Land filling with local earth & construction of boundary wall <i>etc</i>	PUR/CFC/RM/1 dated 29.09.2011	H.R. Infracon Ltd.	52,21,232.00
2.	Machine Shop facility	PUR/CFC/RM/4 dated 18.11.2011 (supply of 20 machines – 32 pcs)	H.R. International Pvt. Ltd	2,40,43,500.00
3.	Raw material processing facility (Coreless induction furnace, supply, erection, commissioning of a complete Steel melting facility including complete material handling system, transportation, LT room installation, power supply unit, DM & Softening plant with cooling tower, moulding accessories, vibro – feeder, Slag crusher and Pollution Control Device)	PUR/CFC/RM/2(A) dated 10.02.2012 (Supply of equipment/ machinery for Raw Material Processing facility)	EMT Megatherm Pvt. Ltd.	2,51,00,000.00
		PUR/CFC/RM/2(B) dated 10.02.2012 (Supply of equipment/ machinery for Raw Material Processing facility)	H.R. International Pvt. Ltd.	4,12,37,000.00
4.	Building &/ Civil Works – Raw Material Processing Facility. Machine Shop facility, Testing facility & Administrative facility)	PUR/CFC/RM/3 dated 18.11.2011	H.R Infracon Ltd. (Raw Material Processing facility portion)	1,50,44,267.00
			Alankar Commotrade Pvt. Ltd (Machine shop & Testing facility portion)	57,31,842.00
TOTAL				11,63,77,841.00

Appendix-14

[(Refer paragraph no 2.8.7.4 (a), Page-52)]

List of machinery and equipment purchased for the CFC of Fan Manufacturing Cluster, Bansdroni, Kolkata, on the basis of only two bids having been received

Item Sl. no., as mentioned in the tender document	Item	Suppliers (M/s)	Total price including basic price, excise cess, VAT (in ₹)	Purchase price as provided by the SPV (in ₹)
5.	Cord Grip Tester for table fans	S. C. Dey & Co., Kolkata.	8,500.00	9,732.00
6.	Accessibility Test Probes for resistance to electric shock test (Consisting of flexible test finger, test pin and low voltage panel)		9,500.00	10,878.00
7.	Humidity Chamber for moisture resistance test, with heating, size 45 cm X 45 cm X 45 cm		89,310.00	89,310.00
8.	Mechanical Endurance Tester for Push Button type switch (Speed Regulators)		38,000.00	Not delivered
9.	Mechanical Endurance Tester for Rotary type speed regulators.		28,000.00	32,060.00
10.	Pendulum Impact Tester (for Mechanical Strength Test)		10,248.00	10,248.00
11.	Tensile Tester for Suspension Rods of Ceiling Fan – Digital Electric Operated Model		3,14,875.00	2,83,387.00
12.	Torsion Tester for Suspension Rods of Ceiling Fan – Digital Electric Operated Model		2,57,625.00	2,31,862.00
25.	CNC Turning center including attachments and accessories & Stabiliser	ACE Designers Ltd., Kolkata	20,09,045.00	19,69,960.00
50.	Atomic Absorption Spectrophotometer with integrated Flame and Graphite Furnace and Auto Sampler including Microwave Digestion System	Labindia, Kolkata	38,96,520.00	34,50,000.00
60.	Outside micrometer	T. H. Habib & Co., Kolkata.	4,778.00	4,778.00
73.	Digital pH Meter	S. C. Dey & Co., Kolkata	9,103.00	1,000.00
74, 75, 76, 77, 78 & 79	Dial type C Jet air Guage, 2 jets corner jet air ring, Double ended setting plug, Dial type C jet air Guage, 2 Jets corner jets air ring, Double ended setting plug	T. H. Habib & Co., Kolkata.	89,670.00	89,670.00
80, 81, 82, 83, 84, 85, 86, 87 & 88	Dial Type C – Jet Air Gauge unit, 2 jets air plug, Hi & Low Setting Rings, Dial Type C – Jet Air Gauge, 2 jets Air Plug, Hi & Low Setting Rings, Dial Type C – Jet Air Gauge, Air Ring 3 Jets, Middle Jets, Double ended setting plug	T. H. Habib & Co., Kolkata.	1,29,045.00	1,31,356.00
103.	AC/DC High Voltage Probe	Zeal Services, Pune	19,125.00	13,725.00
105.	Constant Voltage Constant Frequency	Microline India, Kolkata	35,700.00	31,500.00
107.	Isolation Transformer	Zeak Services, Pune	33,750.00	25,481.00
Total			69,82,794.00	63,84,947.00

Appendix – 15

[(refer paragraph no 2.8.7.4 (a), Page-52)]

List of machinery and equipment purchased for the CFC of the Fan Manufacturing Cluster, Bansdrani, Kolkata, on the basis of one bid having been received

Item Sl. no. as given in the tender document	Item	Supplier (M/s)	Total price, including basic price, excise, cess, VAT, forwarding (in ₹)
4.	Barometer with accessories	S. C. Dey & Co., Kolkata	13,470.00
71.	B ford cup		3,378.00
Total			17,118.00

Appendix – 16

[(Refer paragraph no 2.8.7.4 (c), Page-53)]

Acceptance of less than three bids, by the SPV of the Plastic Products Cluster, Rajganj, Jalpaiguri, without resorting to re-tendering

Sl. No.	Details of NIT	Item of Plant & Equipment purchased	Name of the L1 bidder upon whom the supply order was issued	Purchase value (in ₹)
TWO BIDS RECEIVED & PURCHASES MADE FROM THE LOWEST OUT OF THE TWO BIDS				
4.	JSPEC/ Tender/	Precision Lathe 2000 mm ABC	Parksons Engineering Corp. Mumbai.	10,49,580.00
7	P&M/02/2 nd Call dated 30.04.2014	Cylindrical Grinder	Parksons Engineering Corp. Mumbai.	24,76,460.00
8		Surface Grinder 36” X 16”	Bhavya Machine Tools	3,87,100.00
17		Bench Drill 25mm	Parksons Engineering Corp. Mumbai.	52,920.00
18		Pillar Drill 40 mm	Bhavya Machine Tools	84,280.00
19		Tool & Cutter Grinder	Parksons Engineering Corp. Mumbai.	2,41,080.00
Total value of P & E purchased against two bids				77,75,320.00
LONE BID RECEIVED & ACCEPTED				
5	JSPEC/ Tender/	PLC Controlled Screw Turning Lathe	Parksons Engineering Corp. Mumbai.	21,84,420.00
20	P&M/02/2 nd Call dated 30.04.2014	Portable Angle Grinder	Parksons Engineering Corp. Mumbai.	17,640.00
21		Flexible Shaft Grinder	Parksons Engineering Corp. Mumbai.	17,640.00
22		Portable Drill	Parksons Engineering Corp. Mumbai.	14,700.00
23		Bench Grinder	Parksons Engineering Corp. Mumbai.	11,760.00
24		Welding/ Gas Cutting Set	Bhavya Machine Tools	2,40,100.00
26		Electric Hoist 2 MT	Sumo Material Handling Systems & Services	1,55,000.00
27		Testing Machines	Bhavya Machine Tools	10,29,000.00
Total value of P & E purchased against single bid				36,52,620.00

Appendix – 17

[Refer paragraph no 2.8.7.4 (c), Page-53]

**Invitation of spot quotations by the CFC of the Plastic Products Cluster,
Rajganj, Jalpaiguri**

Sl. No.	Item of work/ supplies	Details of W.O./S.O.issued			Remarks, if any
		No. & date of W. O. / S.O.	Agency (M/s)	Amount of W.O./S.O. (in ₹)	
1.	Items for modification in existing Gas Nitriding plant to make it operation successfully	PUR/JSPEC-SQ-P&M-07/2018/QTE/180730/VDN/2018-19 dated 13.09.2018	Quartet Thermal Engineering (P) Ltd., Mumbai	8,00,000.00	NIQ not produced & mode of publicity of NIQ not found
2.	Electric Hoist – 3 MT	PUR/JSPEC-SQ-P&M-01/2017/SMHSS-125/2017-18 dated 31.05.2017	Sumo Material Handling Systems & Services, Ahmedabad	1,55,000.00	
3.	Knife Grinding/ Blade Sharpening Machine	PUR/JSPEC-SQ-P&M-02/2017/ASEI/3866/17 knife grinder/2017-18 dated 25.08.2017	Akar Shakti Engg. Industries	5,50,848.00	
4.	Hand operated Hydraulic Press	PUR/JSPEC-SQ-P&M-03/2017/hydraulic press/2017-18 dated 25.08.2017	Piara Singh & Sons	2,26,800.00	
5.	All Geared Precision Lathe, 1500 mm ABC	PUR/JSPEC-SQ-P&M-04/2017/9440/18/lathe/2017-18 dated 12.09.2017	Parksons Engineering Corp. Mumbai	6,50,000.00	
6.	Hard Chrome & Polishing Plant	PUR/JSPEC-SQ-P&M-05/2017/PCB/JSPEC/02/chrome/2017-18 dated 18.10.2017	PCB Technologies, Ahmedabad	18,92,000.00	
7.	Rubberising Plant	PUR/JSPEC-SQ-P&M-06/2017/ASEI/4002/17/rubber plant/2017-18 dated 30.12.2017	Akar Shakti Engg. Industries	20,70,000.00	
Total				63,60,648.00	

Appendix – 18

(Refer paragraph 2.15, Page-69)

Interest not recovered from the agency

RA Bill No.	Date of recovery	Recovery done (in ₹)	No of days from date 12.12.2017	Interest to be recovered (in ₹)
A	B	C	D	E=C*D*10/36500
15 th	17-01-2019	2,29,84,510.00	401.00	25,25,147.54
16 th	15-02-2019	2,47,60,468.65	430.00	29,16,986.72
17 th	20-03-2019	2,60,82,246.00	463.00	33,08,515.04
18 th	28-03-2020	5,33,20,207.65	837.00	1,22,27,127.07
19 th	15-07-2019	44,04,318.36	580.00	6,99,864.29
20 th	15-07-2019	93,11,156.05	580.00	14,79,580.96
21 st	18-07-2019	68,46,043.07	583.00	10,93,491.26
22 nd	27-08-2019	38,47,867.13	623.00	6,56,772.94
23 rd	21-10-2019	57,72,270.03	678.00	10,72,218.93
24 ^h	21-10-2019	54,51,614.44	678.00	10,12,656.05
25 th	19-11-2019	1,29,14,832.46	707.00	25,01,585.36
26 th	05-12-2019	65,79,267.96	723.00	13,03,235.82
27 th	16-01-2020	59,21,403.21	765.00	12,41,061.22
28 th	19-02-2020	1,21,42,324.25	799.00	26,58,004.68
29 th	—	—	—	—
30 th	07-07-2020	1,75,81,624.91	938.00	45,18,236.76
31 st	07-07-2020	98,69,102.79	938.00	25,36,224.22
32 nd	08-07-2020	64,34,819.79	939.00	16,55,423.50
33 rd	17-08-2020	60,05,105.70	979.00	16,10,684.52
34 th	25-08-2020	22,04,626.17	987.00	5,96,155.08
35 th	16-09-2020	19,62,458.30	1,009.00	5,42,498.75
36 th	06-01-2021	42,34,464.02	1,121.00	13,00,502.51
37 th	31-01-2021	34,48,586.23	1,146.00	10,82,761.59
38 th	31-01-2021	1,53,87,691.07	1,146.00	48,31,313.42
		26,74,67,008.00		5,33,70,048.21

Appendix – 19
(Refer paragraph 2.22, Page-75)
Non-realisation of taxes and penalties

Sl. No.	Name of RTO	Number of total transport vehicles	Number of transport vehicles	Non-realisation of tax and penalty (in ₹)
1	Alipore	87,540	2,934	2,48,96,322
2	Bangaon	4,675	299	32,56,882
3	Barrackpore	64,679	2,282	2,66,52,767
4	Baruipur	12,612	293	27,59,079
5	Basirhat	1,305	67	8,10,680
6	Behala	20,880	438	42,59,899
7	Hooghly	50,581	1,169	75,21,873
8	Howrah	66,544	3,392	2,69,89,817
9	Kasba	34,253	703	56,19,533
10	PVD	1,14,250	1,979	1,73,08,796
11	Saltlake	22,418	785	49,23,445
12	Uluberia	6,007	1,175	17,65,442
Total		4,85,744	15,516	12,67,64,535

Appendix – 20

(Refer paragraph 2.28, Page-85)

Details of revenue forgone due to delayed implementation of revised Development Charges for 2013-17

Sl. No.	FILE NO.	Mouza	Dt. Of inspection	NAME	Type of Development	Area (in Sq. metre)	Municipal/Rural	Rate claimed for change in Land use (₹ per sq.m)	Charges for change in Land Use (in ₹)	Rate for change in Land use as per Proposed Rate (₹ per sq.m in November 2012)	Charges for change in Land Use as per Proposed Rate (in ₹)	Loss of Revenue (in ₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10) = (7) x (9)	(11)	(12) = (7) x (11)	(13) = (12) - (10)
2013-14												
1	368	Srirampurjia - 97	14/5/13 KGP	Sweta Agarwal	Agricultural to Industrial	5,787.00	Rural	10	57,870.00	50	2,89,350.00	2,31,480.00
2	513	Amba - 115	16/6/13 KGP	Tata Metaliks	Agricultural to Industrial	61,188.50	Rural	10	6,11,884.70	50	30,59,423.50	24,47,538.80
3	678	Dewan Maro Ayma - 86	02/9/13 KGP	A.R. Stanchem Pvt Ltd	Agricultural to Industrial	7,203.40	Rural	10	72,034.00	50	3,60,170.00	2,88,136.00
4	805	Mobarak Chak - 210	18/9/13 KGP	Ramesh Agarwal	Agricultural to Industrial	5,139.51	Rural	10	51,395.10	50	2,56,975.50	2,05,580.40
5	540	Rajpur and Malancha	30-Jul-13	Prasant Saraswat	Agricultural to Industrial	32,779.50	Rural	10	3,27,795.40	50	16,38,977.00	13,11,181.60
2014-15												
6	339	Rupnarayanpur - 212	26/12/14 KGP	Raj Salt Pvt. Ltd.	Agricultural to Industrial	3,784.62	Rural	10	37,846.20	50	1,89,231.00	1,51,384.80
7	1071	Madan Mohan	17/7/14 MDN	Mousami sen (Secretary, Nirmal Hriday Ashram)	Agriculture to Residential	118.76	Rural	2	237.52	3	356.28	118.76

Sl. No.	FILE NO.	Mouza	Dt. Of inspection	NAME	Type of Development	Area (in Sq. metre)	Municipal/Rural	Rate claimed for change in Land use (₹ per sq.m)	Charges for change in Land Use (in ₹)	Rate for change in Land use as per Proposed Rate (₹ per sq.m in November 2012)	Charges for change in Land Use as per Proposed Rate (in ₹)	Loss of Revenue (in ₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10) = (7) x (9)	(11)	(12) = (7) x (11)	(13) = (12) - (10)
8	745	Hazichak - 204	21/1/15 KGP	Kangsabati Dev. Trust	Agriculture to Commerce	12,059.60	Rural	10	1,20,596.30	50	6,02,981.50	4,82,385.20
9	116	Mobarak Chak - 210	19/3/15 KGP	Ramesh agarwal	Agricultural to Industrial	5,706.07	Rural	10	57,060.70	50	2,85,303.50	2,28,242.80
10	124	Balihati - 216	20/3/15 KGP	sajal Kr Dey	Agriculture to Commercial	11,047.90	Rural	10	1,10,479.20	50	5,52,396.00	4,41,916.80
2015-16												
11	183	Sonamukhi - 188	10/7/15 KGP	Swarna Mahal Housing	Agricultural to Residential complex/ Commercial	8,958.93	Municipal	10	89,589.30	50	4,47,946.50	3,58,357.20
12	265	Daulatpur - 198	07-12-2015 KGP	Ashok Kr. Agarwal	Agricultural to Commercial	8,740.92	Rural	10	87,409.20	50	4,37,046.00	3,49,636.80
13	266	Balihati - 216	06-05-2015 KGP	Bhandari Automobiles & Ors	Agriculture to Commercial	25,980.80	Rural	10	2,59,808.20	50	12,99,041.00	10,39,232.80
14	463	Daimangchak - 209	29-07-2015 KGP	Rajat Kr. Sinha & Ors	Agriculture to Commercial	4,130.93	Rural	10	41,309.30	50	2,06,546.50	1,65,237.20
2016-17												
15	323	Rupnarayanpur - 212	22/6/16 MDN	Rajsalt Chemicals & Pvt Ltd.	Agricultural to Industrial	4,759.10	Rural	10	47,591.00	50	2,37,955.00	1,90,364.00

Sl. No.	FILE NO.	Mouza	Dt. Of inspection	NAME	Type of Development	Area (in Sq. metre)	Municipal/Rural	Rate claimed for change in Land use (₹ per sq.m)	Charges for change in Land Use (in ₹)	Rate for change in Land use as per Proposed Rate (₹ per sq.m in November 2012)	Charges for change in Land Use as per Proposed Rate (in ₹)	Loss of Revenue (in ₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10) = (7) x (9)	(11)	(12) = (7) x (11)	(13) = (12) - (10)
16	324	Rupnarayanpur - 212	22/6/16 MDN	Rajsalt Chemicals & Pvt Ltd.	Agricultural to Industrial	8,449.84	Rural	10	84,498.40	50	4,22,492.00	3,37,993.60
17	1102	Jafala	17-02-2017 KGP	Debashis Das (Gava Logistics Pvt. Ltd.)	Agriculture to Residential/Commercial	303.53	Rural	2	607.06	3	910.59	303.53
18	286	Dewanmaro - 86	12-08-2016 KGP	Mahesh flour mill	Agricultural to Industrial	33,103.30	Rural	10	3,31,032.90	50	16,55,164.50	13,24,131.60
19	364	Satkui - 205	20/7/16 KGP	Mirza Anees ahmad	Agriculture to Residential/Commercial	3,965.92	Rural	10	39,659.20	50	1,98,296.00	1,58,636.80
20	417	Ruisanda - 211	24-06-2016 KGP	Bajnath Mittal	Agriculture to Commercial	2,930.18	Rural	10	29,301.80	50	1,46,509.00	1,17,207.20
21	649	Dewanmaro Aima - 86	17-08-2016 KGP	Jatia Chemicals Pvt. Ltd.	Agricultural to industrial	15,944.60	Rural	10	1,59,446.10	50	7,97,230.50	6,37,784.40
22	642	Satkui - 205	17-10-2016 KGP	VTR Marketing Pvt Lts.	Agriculture to Commercial	7,874.37	Rural	10	78,743.70	50	3,93,718.50	3,14,974.80
23	764	Rupnarayanpur - 212	23-11-2016 KGP	Sunil & Ranjan Kr. Roy	Agriculture to Commercial	5,580.70	Rural	10	55,807.00	50	2,79,035.00	2,23,228.00
24	752	Kajla & Khatranga	11-11-2016 MDN	Kalkamata Infrastructure Pvt. Ltd.	Agriculture to Commercial	7,799.86	Rural	10	77,998.60	50	3,89,993.00	3,11,994.40
Total											28,30,000.88	1,13,17,047.49

Appendix 21
(Refer paragraph -4.2, Page-95)
Avoidable expenditure on procurement of solar energy in excess of
Contractually committed quantity

Sl. No.	Month	Solar Power (Units)	Amount (₹)	Cost per unit Solar (₹)	Contractually committed quantity of 6.5 MU per month of solar power (in Units)	Solar power purchased in excess of 6.5 MU per month (in Units)	Percentage of solar power purchased in excess of 6.5 MUs per month	Additional Cost of power in excess of 6.5 MU per month (₹)
(1)	(2)	(3)	(4)	(5) = (4)/(3)	(6)	(7) = (3)-(6)	(8) = {(7)/(6)}X100	(9) = (5)X(7)
1	March 2018	89,82,912	95,666,511.00	10.65	6,500,000	2,482,912	38.20	26,443,012.80
2	April 2018	10,049,119	109,546,089.00	10.90	6,500,000	3,549,119	54.60	38,685,397.10
3	May-2018	10,452,793	111,784,122.00	10.69	6,500,000	3,952,793	60.81	42,255,357.17
4	June 2018	9,276,724	99,070,081.00	10.68	6,500,000	2,776,724	42.72	29,655,412.32
5	July 2018	8,020,310	81,801,875.00	10.20	6,500,000	1,520,310	23.39	15,507,162.00
6	August 2018	7,881,135	81,926,103.00	10.40	6,500,000	1,381,135	21.25	14,363,804.00
7	September 2018	7,964,526	82,813,225.00	10.40	6,500,000	1,464,526	22.53	15,231,070.40
8	October 2018	7,792,404	84,876,540.00	10.89	6,500,000	1,292,404	19.88	14,074,279.56
9	March 2019	8,401,678	91,767,995.00	10.92	6,500,000	1,901,678	29.26	20,766,323.76
10	April 2019	8,860,948	95,409,990.00	10.77	6,500,000	2,360,948	36.32	25,427,409.96
11	May 2019	9,024,928	97,188,454.00	10.77	6,500,000	2,524,928	38.85	27,193,474.56
12	June 2019	8,173,143	87,195,584.00	10.67	6,500,000	1,673,143	25.74	17,852,435.81
13	July 2019	7,304,930	76,669,651.00	10.50	6,500,000	804,930	12.38	8,451,765.00
14	October 2019	6,591,124	70,182,019.00	10.65	6,500,000	91,124	1.40	970,470.60
15	March 2020	6,994,380	75,405,205.00	10.78	6,500,000	494,380	7.61	5,329,416.40
	Total	125,771,054	1,341,303,444.00		97,500,000	28,271,054		302,206,791.44

Appendix-22

(Refer paragraph -4.8.8.1, Page-114)

Fleet Position of SBSTC

Particular	2017-18	2018-19	2019-20	2020-21	2021-22
Total No. of buses at the beginning of the year	772	836	909	926	931
Additions during the year	84	91	79	Nil	Nil
Buses scrapped during the year	Nil	18	62	Nil	43
Buses transferred to (-)/ received from other STUs	(-)20	Nil	Nil	5 (electric)	5 (Volvo)
Buses held at the end of the year	836	909	926	931	893
Buses operated by corporation	750	845	862	868	838
Buses operated by franchisees	86	64	64	63	55

Appendix-23
[Refer paragraph -4.8.8.1 and 4.8.8.1(a), Page-115]
SBSTC: Operational Performance

Sl. No.	Particular	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
1	Average Serviceable fleet	579.50	671.08	744	752.50	799.27
2	Average No of buses on road	464.19	573.43	622.19	546.72	537.96
3	% Fleet utilisation {Sl.2/Sl.1 * 100}	80.10	85.45	83.63	72.65	67.31
4	Schedule kilometre	5,93,71,835	6,73,98,613	7,51,46,953	5,29,96,765	6,17,42,237
5	Effective km. operated	5,21,25,319	64,78,2350	6,99,93,241	4,74,82,988	5,01,23,631
6	Dead Kilometre	27,77,039	35,26,125	39,01,534	34,19,424	35,65,891
7	Gross km. operated {Sl.5 + Sl.6}	5,49,02,358	6,83,08,475	7,38,94,775	5,09,02,412	5,36,89,522
8	Avg. No. of routes (Local)	20	13	23	21	16
9	(Long)	287	243	382	258	396
10	Avg. Revenue per KM	26.54	26.49	25.42	24.07	26.88
11	Vehicle productivity (in km)	307.65	309.52	307.36	285.69	278.13
12	Avg. revenue earning per day per bus on Road	8,166.52	8,199.35	7,834.98	6,877.15	7,475.54
13	Fuel Consumption	1,27,31,953.84	1,61,20,240.88	1,77,59,361.60	1,20,72,467.92	1,19,89,176.14
14	Avg. KMPL	4.31	4.24	4.16	4.22	4.32
15	Avg. km per kg (CNG)	N/A	N/A	N/A	N/A	4.73
16	Breakdown	602	1,502	1,784	1,109	1,297
17	Held up for Crews	5,449	4,258	5,784	3,610	4,026
18	No. of Accident	63	38	68	36	54

Sl. No.	Particular	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
19	Accident rate per lakh/km	0.11	0.06	0.09	0.07	0.10
20	Total No. of staff (Regular, Contractual & Agency Contractual)	2,292	2,769	2,961	3,145	3,127
21	Staff per bus on road	4.94	4.83	4.76	5.75	5.81
22	No of operating Depots	14	15	16	20	20
23	No. of Drivers	N/A	N/A	N/A	N/A	1103*
24	No. of Conductors	N/A	N/A	N/A	N/A	1015*
25	Occupancy Ratio	70.40	70.42	68.51	68.27	69.84
26	Staff productivity/day/bus	62.31	64.10	64.59	49.66	47.85
27	No of days	365	365	366	304 [#]	335 [@]
28	Scheduled vehicle productivity on Serviceable Fleet	280.69	275.16	275.97	231.67	230.59
29	Scheduled vehicle productivity on-road bus	350.42	322.02	329.99	318.87	342.60
30	Passengers carried per day	50,848	62,729	64,772	61,501	54,130
31	Passenger Km offered (in lakh)	26,062.50	32,391.00	34,996.50	23,741.50	25,062.00
32	Passenger Km performed (in lakh)	18,348.00	22,809.74	23,976.10	16,208.32	17,503.30

* Includes regular, contractual & agency supplied Driver & Conductor

considering April 2020 and May 2020 as full lockdown

@ considering June 2021 as full lockdown

Appendix-24
[Refer paragraph -4.8.9.1(II)(a), Page-126]
Preventive maintenance of the six test-checked depots for the financial years 2017-18 to 2021-22

Depot	Different Oil/ lubricants which were required to be changed based on running km	Numbers of maintenance jobs undertaken					Total (2017-18 to 2021-22)	Schedule of change for oil and lubricants based on km covered	Total gross km (2017-18 to 2021-22)	Requirement = Gross km/ schedule change	Excess= Actual number of change – scheduled number of changes/ Shortfall ()=
		2017- 18	2018- 19	2019- 20	2020- 21	2021- 22					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Belghoria	Engine oil	129	128	130	90	101	578	40,000	2,55,36,247	638.41	(-)60.41
	Gear oil	65	62	67	40	50	284	80,000	2,55,36,247	319.20	(-)35.20
	Steering oil	63	57	61	42	50	273	1,00,000	2,55,36,247	255.36	17.64
	Greasing	-	-	-	-	-	0		2,55,36,247	-	-
	Differential oil	65	62	67	40	50	284	80,000	2,55,36,247	319.20	(-)35.20
Durgapur	Engine oil	84	84	84	84	84	420	60,000	3,59,66,688	599.44	(-)179.44
	Gear oil	76	76	76	76	76	380	80,000	3,59,66,688	449.58	(-)69.58
	Steering oil	-	-	-	-	-	0	60,000	3,59,66,688	599.44	(-)599.44
	Greasing	55	55	55	55	55	275	60,000	3,59,66,688	599.44	(-)324.44
	Differential oil	68	68	68	68	68	340	1,20,000	3,59,66,688	299.72	40.28
Asansol	Engine oil	105	167	167	88	103	630	40,000	2,37,51,605	593.79	36.21
	Gear oil	6	26	19	26	59	136	80,000	2,37,51,605	296.90	(-)160.90
	Steering oil	2	8	2	9	25	46	1,00,000	2,37,51,605	237.52	(-)191.52
	Greasing	42	39	39	33	61	214	60,000	2,37,51,605	395.86	(-)181.86
	Differential oil	15	9	19	25	50	118	80,000	2,37,51,605	296.90	(-)178.90

Depot	Different Oil/ lubricants which were required to be changed based on running km	2017- 18	2018- 19	2019- 20	2020- 21	2021- 22	Total (2017-18 to 2021-22)	Schedule of change for oil and lubricants based on km covered	Total gross km (2017-18 to 2021-22)	Requirement = Gross km/ schedule change	Excess= Actual number of change – scheduled number of changes/ Shortfall (=
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		Numbers of maintenance jobs undertaken						In km	In km	Numbers of maintenance jobs required	Shortfall (-)/ excess (+)
Jhargram	Engine oil		29	42	25	27	123	60,000	68,99,359	114.99	8.01
	Gear oil		9	9	17	8	43	1,20,000	68,99,359	57.49	(-)14.49
	Steering oil		12	6	5	4	27	1,20,000	68,99,359	57.49	(-)30.49
	Greasing		38	67	37	40	182	40,000	68,99,359	172.48	9.52
	Differential oil		10	8	16	8	42	1,20,000	68,99,359	57.49	(-)15.49
Bandwan	Engine oil					7	7	50,000	4,43,427	8.87	(-)1.87
	Gear oil					4	4	1,20,000	4,43,427	3.70	0.30
	Steering oil					2	2	1,20,000	4,43,427	3.70	(-)1.70
	Greasing					7	7	36,000	4,43,427	12.32	(-)5.32
Digha	Differential oil					4	4	1,20,000	4,43,427	3.70	0.30
	Engine oil	215	235	241	140	142	973	40,000	3,89,86,193	974.65	(-)1.65
	Gear oil	107	118	120	70	71	486	80,000	3,89,86,193	487.33	(-)1.33
	Steering oil	86	94	96	56	57	389	100000	3,89,86,193	389.86	(-)0.86
	Greasing	215	235	241	140	142	973	40,000	3,89,86,193	974.65	(-)1.65
	Differential oil	107	118	120	70	71	486	80,000	3,89,86,193	487.33	(-)1.33
								Total excess/shortfall / (-) 2,093.09 (being the aggregate of negative figures in Col. 12)			
								Total excess 112.26 (being the aggregate of positive figures in Col. 12)			

Appendix-25

[Refer paragraph -4.8.9.1(II)(b)(i), Page-127]

Computation of excess financial outgo on preventive maintenance of the six test-checked depots

Depot's name	Commission	Labour payment	Total	Percentage of Commission	Percentage of Labour payment	On-road buses No.	Maintenance cost/ bus/ month
	Amount in ₹						Amount in ₹
Belghoria	3,50,426	1,17,98,096	1,21,48,522	2.88%	97.12%	48	21,091
Durgapur	6,07,038	1,11,59,049	1,17,66,087	5.16%	94.84%	64	15,320
Asansol	4,09,910	49,06,611	53,16,521	7.71%	92.29%	42	10,549
Jhargram	1,26,675	35,09,604	36,36,279	3.48%	96.52%	15	20,202
Bandwan	46,156	9,70,382	10,16,538	4.54%	95.46%	8	10,589
Digha	5,62,687	71,07,215	76,69,902	7.34%	92.66%	58	11,020
Total	21,02,892	3,94,50,957	4,15,53,849	5.06%	94.94%	235	14,735
	Preventive labour charges to contractor of WBTC per bus per month (Amount in ₹)						8,660
	Excess expenditure per bus per month (Amount in ₹)						6,075
	Excess financial outgo per annum [6,075 x 235 buses x 12 months] (Amount in ₹)						1,71,35,000

Appendix-26

[Refer paragraph -4.8.9.2(III)(b), Page-134]

Computation of excess commission to paid to agents

Name of Agent	Period	Sales (₹ in Amount)	No. of Tickets sold	Rate/ Ticket	Commission paid on nos of tickets sold	Rate of Commission on Sales quoted by PTBA	Commission on	Excess
							Sales made on percentage basis	Commission Paid to Agents
(1)	(2)	(3)	(4)	(5)	(6)=(4) x (5)	(7)	Amount in ₹ (8)=(3) x (7)/(100)	Amount in ₹ (9)=(6) + (8)
N. EUREKA	April 2017 to March 2020	4,57,15,795	4,10,948	9	36,98,532	3.50	16,00,052.83	23,09,106
	April 2020 to March 2022	53,74,290	48,483	9	4,36,347	4.20	2,25,720.18	
	Sub-total (A)				41,34,879		18,25,773	
	April 2017 to March 2019	5,16,42,271	3,55,448	9	31,99,032	3.50	18,07,479.49	24,13,716
Maa Tara	April 2019 to March 2022	5,54,06,257	3,65,980	9	32,93,820	4.10	22,71,656.54	
	Sub-total (B)				64,92,852		40,79,136	
Sohini Travels	April 2017 to March 2019	93,68,424	62,616	9	5,63,544	3.50	3,27,894.84	3,39,710
	April 2019 to March 2022	86,70,416	52,506	9	4,72,554	4.25	3,68,492.68	
	Sub-total (C)				10,36,098		6,96,388	
	Total (A+B+C)							50,62,532

Glossary of Abbreviations

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Abbreviations	Full Forms
AAs	Administrative Approvals
ADDA	Asansol Durgapur Development Authority
ADMs	Additional District Magistrates
AEO	Assistant Executive officer
AGM	Annual General Meeting
AIA	All India Average
AICTE	All-India Council Of Technical Education
ALL	Ashok Leyland Ltd
ARTOs	Additional Regional Transport Offices
ATM	Automated Teller Machine
BADP	Border Area Development Programme
BEOL	Break-Even Occupancy Level
BG	Bank Guarantee
BHEL	Bharat Heavy Electricals Limited
BIFR	Board For Industrial And Financial Reconstruction
BL&LROs	Block Land and Land Reforms Officers
BM	Bituminous Macadam
BOD	Board Of Directors
BOQ	Bill of Quantities
BPNNL	Balaji Paper & Newsprint Private Limited
BS	Bengali Saka
CAG	Comptroller And Auditor General Of India
CBR	California Bearing Ratio
CDP	Cluster Development Programme
CF	Certificate Of Fitness
CFCs	Common Facility Centres
CFMSWTs	Completely Fabricated Mid-Size Water Tenders
CIRT	Central Institute of Road Transport
CNG	Compressed Natural Gas
COVID	Coronavirus Disease
CPDF	Component Plate Development Facility
CRZ	Coastal Regulation Zone
CSTC	Calcutta State Transport Corporation
CVC	Central Vigilance Commission
DBM	Dense Bituminous Macadam
DBT	Direct Benefit Transfer
DCA	Detailed Compliance Audit
DG	Director General

Abbreviations	Full Forms
DICOs	District Information & Culture Offices
DL&LROs	District Land and Land Reforms Officers
DLFICIC	District Level Folk Identity Card Issuance Committee
DLR&S	Director of Land Records and Surveys
DMC	Durgapur Municipal Corporation
DoCP	Date of Commencement of Commercial Production
DPC	Duties, Powers and Conditions of Service
DPL	Durgapur Projects Limited
DPR	Detailed Project Report
DTC	Delhi Transport Corporation
ECRC	Eligibility cum Registration Certificate
EHV	Extra High Voltage
EIA	Environmental Impact Assessment
e-NIT	e-Notice Inviting Tender
EO	Executive officer
EPC	Engineering, Procurement, Construction
EPiP	Export Promotion Industrial Park
EPKM	Earning Per Kilometre
F&O	Financial and Operational
FA	Final Approval
FAs	Folk Artistes
FLA	First Land Acquisition
FTCC	Folk & Tribal Cultural Centre
FYs	Financial Years
GFR	General Financial Rules
GM, DIC	General Manager, District Industries Centre
GoI	Government of India
GoWB	Government of West Bengal
GSDP	Gross State Domestic Product
GST	Goods and Service Tax
GWTWs	Ground Water Tube Wells
HIT	Haldia Institute of Technology
HSD	High Speed Diesel
I&CAD	Information and Cultural Affairs Department
IA	Implementing Agency
IAW	Internal Audit Wing
ICARE	Indian Centre for Advancement of Research and Education
IDEA	Interactive Data Extraction and Analysis
IRC	Indian Roads Congress
IS Code	Indian Standard Code

Abbreviations	Full Forms
ITJ	Indian Trade Journal
JDA	Jaigaon Development Authority
KMC	Kolkata Municipal Corporation
KMDA	Kolkata Metropolitan Development Authority
KMPL	Kilo Metre Per Litre
L&LR and RR&R	Land and Land Reforms and Refugee Relief and Rehabilitation
L&MV	Low & Medium Voltage
LA	Land Acquisition
LC	Letter of Credit
LoA	Letter of Award
LPP	Lok Prasar Prakaalpa
LPSC	Late Payment Surcharge
LRC	Land Reforms Commissioner
MA	Mobilisation Advance
MAMCL	Mining And Allied Machinery Corporation Limited
MFA	Monthly Financial Assistance
MICL	Modern India Concast Limited
MKDA	Midnapore Kharagpur Development Authority
MLD	Million Litres per day
MoC	Ministry of Culture
MoEFCC	Ministry of Environment, Forests and Climate Change
MoP	Ministry of Power
MoRTH	Ministry of Road Transport & Highways
MPFTs	Multi-Purpose Foam Tenders
msa	Million Standard Axles
MSE-CDP	Micro and Small Enterprises-Cluster Development Programme
MSEs	Micro and Small Enterprises
MSME	Ministry of Micro, Small and Medium Enterprises
MSME&T	Micro, Small and Medium Enterprises & Textiles
MSPL	Matangi Steels Private Limited
NBSTC	North Bengal State Transport Corporation
NHAI	National Highway Authority Of India
NleT	Notice Inviting e-Tender
NIFFT	National Institute of Foundry and Forge Technology
NIQs	Notice Inviting Quotations
NITs	Notice Inviting Tenders
NLSC	National Level Steering Committee
NSIC	National Small Industries Corporation Ltd.
NVVNL	NTPC Vidyut Vyapar Nigam Limited
OEM	Original Equipment Manufacturer

Abbreviations	Full Forms
OSSPL	Om Shakti Smelters Private Limited
P&M	Plant and Machinery
PC	Premix Carpet
PCs	Purchase Committees
PDC	Post-Dated Cheques
PHED	Public Health Engineering Department
PR	Performance Ratio
PS&PM	Planning, Statistics & Programme Monitoring
PSAs	Project Specific Accounts
PSU	Public Sector Undertakings
PVC	Polyvinyl Chloride
PVD	Public Vehicles Department
PWD	Public Works Department
PWRD	Public Works Roads Directorate
R&D	Research and Development
RA Bill	Running Accounts Bill
RAs	Registering Authorities
RBI	Reserve Bank of India
RBTWs	River Bed Tube Wells
RECS	Rural Electrification Corporation Limited
RFP	Request-for-Proposal
RFQ	Request-for-Qualification
RPO	Renewable Purchase Obligation
RTAs	Regional Transport Authorities
RTOs	Regional Transport Offices
SAR	Separate Audit Report
SBI	State Bank of India
SBSTC	South Bengal State Transport Corporation
SC	Seal Coat
SD	Security Deposit
SD&LROs	Sub-divisional Land and Land Reforms Officers
SDICO	Sub-District Information & Culture Offices
SE	Superintending Engineer
SIA	Secretariat for Industrial Approvals
SIDBI	Small Industries Development Bank of India
SLDC	State Load Despatch Centre
SLP	Special Leave Petition
SLSC	State Level Steering Committee
SoR	Schedule of Rates
SPB	State Planning Board

Abbreviations	Full Forms
SPGD	Solar Power Grid Department
SPL LAO	Special Land Acquisition Officer
SPSEs	State Public Sector Enterprises
SPVGP	Solar Photovoltaic Power Plant
SPVs	Special Purpose Vehicles
SSDA	Sriniketan Santiniketan Development Authority
STUs	State Transport Utilities
TEAs	Techno Economic Appraisals
UCs	Utilization Certificates
UD&MAD	Urban Development & Municipal Affairs Department
UPVC	Unplasticized Polyvinyl Chloride
VG	Viscous Grade
W&MAs	Ways & Means Advances
WBERC	West Bengal Electricity Regulatory Commission
WBFR	West Bengal Financial Rules
WBIS-2013	West Bengal Incentive Scheme-2013
WBL&LR	West Bengal Land and Land Reforms
WBLR	West Bengal Land Reforms
WBM	Water Bound Macadam
WBMVT Act, 1979	West Bengal Motor Vehicles Tax Act, 1979
WBSCBL	West Bengal State Cooperative Bank Limited
WBSCZMA	West Bengal State Coastal Zone Management Authority
WBSEDCL	West Bengal State Electricity Distribution Company Limited
WBSEPS	West Bengal State Export Promotion Society
WBSTCL	West Bengal Surface Transport Corporation Limited
WBT Rules, 2005	West Bengal Treasury Rules, 2005
WBTCL	West Bengal Transport Corporation Limited
WBTDCCL	West Bengal Tourism Development Corporation Limited
WC	Working Capital

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