CHAPTER-IV

Individual Observations of Compliance Audit

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FINANCE DEPARTMENT AND PUBLIC WORKS DEPARTMENT

4.1 Loss of revenue

Unnecessary delay in initiating the tendering process and imprudent decision of not accepting competitive rates, resulted in non-collection of tolls on the bridge over river *Ajay*, which led to loss of revenue of ₹ 6.36 crore.

The Indian Tolls Act, 1851 enables the State Government to levy tolls at such rates as it thinks fit, upon vehicles plying on roads and bridges under its jurisdiction.

Quotations were invited (September 2019), for the work "*Collection of toll tax on Ajay Bridge over river Ajay at Illambazar in the District of Birbhum*", by Superintending Engineer (SE), Public Works Department (PWD)[99]. As the highest rate offered (₹ 3,85,385 per day) by the bidder[100] was lower than the Reserve Price (₹ 3,96,444 per day), the matter was placed before the Finance Department (FD), Government of West Bengal (GoWB), for approval. The Finance Department, GoWB, accorded (November 2019) concurrence for acceptance of the aforesaid bid value, as an interim measure, with the conditions that: (i) the period under consideration may be reduced to "1 year", from "2 years" and (ii) fresh tender may be invited, after reviewing the eligibility criteria and Reserve Price (if required), to obtain better participation and higher rates, after the one year period was over. The work was awarded (04 December 2019) to the successful bidder and the work site was handed over (07 December 2019) to the contractor.

While recommending the rate, the PWD had categorically mentioned (03 December 2019) that for the next award, all related operations (review of reserve price and inviting fresh tender) should be completed before the expiry of the current contract period (*i.e.*, 06 December 2020).

Audit observed (December 2022) that the one-year contract period with the contractor, expired on 06 December 2020. However, in violation of the specific condition prescribed by PWD, for completion of all formalities within the contract period, the tendering process had not been initiated by the SE, Western Circle No.-I. Instead, the existing contractor had been allowed, by the Executive Engineer, Birbhum Division, PWD, to collect toll up to 21 June 2021, at the old rates.

Subsequently, e-quotation was invited (25 June 2021) by the SE, Western Circle No.-I, only after the existing contractor stopped collection of toll, from 21 June 2021, citing drastic fall in traffic. In response to the e-quotation, the highest rate of ₹ 2,22,222 per day was quoted (25 June 2021) by the bidder.

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[99] *Western Circle No-1 (Sl. No-1) vide e-NIB No. WBPWD/SE/WC-I/e-NIEB No-04 of 2019-20 (3rd Call) dated 11.09.2019.*

[100] *Ainul Hoque.*

Although the rate was lower than the reserve price (₹ 4,21,858 per day), PWD considered it justified, in wake of the abrupt reduction in traffic volume. The PWD recommended the lower rate to the FD, for acceptance, for a period of six months, in order to prevent further loss of revenue, as toll collection had stopped since 21 June 2021. However, the proposal was turned down (23 August 2021) by the FD.

As per instructions (27 August 2021) of the Chief Engineer, West Zone, PWD, the Reserve Price was revised (30 September 2021) to ₹3,81,515 per day, based on the traffic census conducted during 08-15 September 2021. Accordingly, fresh e-quotation was invited (08 October 2021) by the SE and the highest bid amount received was ₹ 3,51,351 per day (which was lower than the revised reserve price). The FD again set aside the bid price and directed (15 February 2022) that dynamic e-quotations[101] be invited. After completion of the dynamic e-quotation process, the highest rate of ₹ 3,81,221 per day, was finally accepted (22 February 2022). The work order was issued by the SE, Western Circle No.-I on 04 April 2022 and toll collection commenced from 05 April 2022.

Thus, toll was not collected, on the said bridge, for 286 days (from 21 June 2021 to 04 April 2022), due to PWD delaying the initiation of the tendering process for a new toll collection contract and the FD not accepting the rate obtained through competitive bidding (twice), despite the fact that toll was not being collected during the period. Further, FD being aware that the reserve price had not been received under the normal quotation system, delayed the decision to initiate dynamic e-quotations for four months. As a result, Government suffered loss of revenue, amounting to ₹ 6.36 crore (₹ 2,22,222 x 286 days).

In reply, the PWD stated (July 2023) that the selection of the new agency had been delayed due to the following reasons:

- lockdown/restriction on account of the Covid-19 pandemic,
- failure to obtain a rate higher than the reserve price, in spite of wide circulation,
- delayed approval of the reserve price by the competent authorities in PWD and
- non-acceptance of bid value by the FD, as it was lower than the reserve price.

The reply was not acceptable, as complete lockdown had been withdrawn from 08 June 2020 onwards and the Department was required to have completed all the tendering formalities within December 2020. Further, e-quotation was invited only in June 2021 and dynamic e-quotation was, subsequently, invited in February 2022, which should have been resorted to earlier.

[101] *As per FD, GoWB's order No. 3836-F(Y)/FA/0/2M/71/14 (Pt-II) dated 19.06.2017, different establishments of the State presently undertake dynamic e-Auction procedure for sale of materials owned by them. In this system, the technically qualified bidders submit an "Initial Price Offer" in the first round. In second round, the qualified bidders submit their "Final Price Offer", which may be revised till the conclusion of the e-auction. The qualified bidder who submits the highest "Final Price Offer" is to be declared as the "Preferred Bidder" immediately on the conclusion of the e-Auction.*

INDUSTRY, COMMERCE AND ENTERPRISES DEPARTMENT

4.2 Lack of timely action led to non-realisation of water rate from the lessees

Inordinate delay on part of the Department of Industry, Commerce and Enterprises, in deciding upon the authority for assessing and realising the water rate from the lessees of major minerals, resulted in loss of revenue of ₹ 15.02 crore.

In terms of Rule 27 (1) (d) of the Mineral Concession Rules, 1960 (MCR-1960), issued under the Mines and Minerals (Development and Regulation) Act, 1957, a lessee of any major mineral shall have to pay Water Rate[102], for the surface area used by him for the purpose of mining operations, at such rate as may be specified by the State Government. According to the provisions of the West Bengal Irrigation (Imposition of Water Rate) Act, 1974, the Water Rate was fixed at ₹ 54.00 per acre per annum.

Test-check of the records (April 2023 and June 2022) of the Department of Industry, Commerce and Enterprises (Department) and office of the Chief Mining Officer (CMO), Asansol, revealed that 38 years after MCR-1960 had come into effect, the Department realised (April 1998) that there had been loss of revenue, due to non-stipulation of the Water Rate on mines and minerals in West Bengal. However, no concrete action to implement the procedure for collection of water rate was taken. After a gap of another eight years, the Department opened (September 2006) a new sub-head for deposit of Water Rate, with regard to long-term mining leases of major minerals.

However, Audit observed that assessment/ realisation of Water Rate had not been put into effect, due to the inability of the Department in deciding on the authority responsible for assessment/ realisation of Water Rate. After a gap of another 17 years, the Department issued (January 2023) a notification to authorise the District Land & Land Reforms Officers of the concerned districts, to: (i) assess and realise the water rate @ of ₹ 54.00 per acre per annum, from the lessees of major minerals within their respective jurisdictions and (ii) deposit the same, under the sub-head that had been opened in 2006.

Audit further observed that long-term mining leases, pertaining to 1.95 lakh acres of major minerals, had been awarded to different entities, for different periods, in the State. However, due to the Authority for assessment and collection of the water rate not having been specified, water rate was not collected for the period 2007-08 to 2022-23, resulting in loss of Government revenue, amounting to ₹ 15.02 crore, during the said period, as detailed in ***Appendix 4.1***.

In reply, the Department stated (June 2023) that it has issued (January 2023) necessary notification authorising the concerned DL&LROs to collect water rate @ ₹ 54.00 per acre per year and the same shall be collected henceforth. However, the Department did not offer any explanation as to why it had not issued the necessary notification earlier, despite the water rate being effective

[102] *Water rate to be imposed in areas where water supplied from irrigation works executed, maintained or controlled by the State Government is available for irrigation and for certain matters ancillary thereto and connected therewith.*

from 1974 and a separate head for depositing the collected water rate having been opened in 2006. Thus, the lackadaisical attitude of the Department leading to inordinate delay in issuing the notification, led to loss of revenue for the Government.

IRRIGATION & WATERWAYS DEPARTMENT

4.3 Unfruitful Expenditure

Non-conduct of proper investigations before taking up renovation of a 70-year-old Minor Irrigation Scheme, resulted in damage to the project within three months of the work, and the entire expenditure of ₹ 1.56 crore remaining unfruitful.

Indian Standard 7720: 1991[103] on 'Criteria for Investigation, Planning and Layout for Barrages and Weirs', *inter-alia*[104] stipulates that preliminary investigations/ study, of available river run-off[105] and flood flow data, be carried out, before undertaking construction of any weir {Para 3.1(d)}.

The original *Sibkata* Irrigation Scheme[106] was implemented in the State, in 1950-51, by utilising the water from the river *Gadadhar*, with the objective of irrigating the *mouzas*[107]. The Scheme had not been functioning for a number of years, as the weir structure[108] had been washed away and the embankment of the river had been damaged in floods[109]. Subsequently, due to heavy floods (2016 and 2017), 100 m length of the right bank embankment, was also washed away.

In order to provide a boost to the agro-based economy of the area, Superintending Engineer, North-East Irrigation Circle-I, Cooch Behar, Irrigation and Waterways Department (I&WD), sanctioned (March 2018) works for the construction of a weir, after dismantling a portion of the existing dilapidated weir structure on the river *Gadadhar* and related works. The work *inter alia* consisted of renovation & improvement of the weir structure and construction of an earthen embankment, of 100 m length, to store water, in the upstream zone of the weir, for diverting it into the canal system.

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[103] *Adopted by the Bureau of Indian Standards.*

[104] *Viz. (i) study of Remote Sensing Maps, (ii) regional and site geology, (iii) study of available run-off and flood flow data, (iv) assessment of water requirement, (v) detail topographical survey, (vi) collection of hydrological and meteorological data, (vii) sediment studies, (viii) detailed river morphology, (ix) change in river regime due to construction of weir etc. Further, the banks of the location should, preferably, be high, well-defined & in-erodible (Para 4.2.2 of IS).*

[105] *'River run-off' refers to the entire water that comes into a river water system, from sources such as rainfall, snowfall and ground water etc.*

[106] *In Mouza-Bismile, G.P.- Rajabhatkhawa, Block-Kalchini, Alipurduar District.*

[107] *Mainly Uttar and Dakshin Sibkata, Mahabir colony, 9-Halia and Panbari.*

[108] *'Weir' is a diversion structure that raises the water level of the river slightly, not for creating storage, but for allowing the water to get diverted through a canal situated at one or either of its banks. Since a diversion structure does not have enough storage, it is called a run-of-the-river scheme. The diverted water, which passed through the canal, was to be used for irrigation.*

[109] *Wier during the floods of 1968 & 1993 and embankment during the flood of 1993.*

Executive Engineer, Alipurduar Irrigation Division, I&WD, awarded the work (June 2018) at a tendered cost of ₹1.68 crore[110]. The work was completed in May 2019, after incurring an expenditure of ₹ 1.56 crore[111].

Audit scrutiny (September 2021) revealed that the scheme could not be utilised (August 2019) within three months of completion of the work, as the earthen embankment on the right side, approximately 75 m upstream from the point where the protection work was done, had breached. As a result, the course of the river was diverted away from the renovated weir structure.

Fig. 4.1: Diverted River Course

It was observed that the weak earthen riverbank, upstream of the weir, had not been strengthened during the renovation works. Reconnaissance survey showed that due to the raised bed level of the adjoining river *Jayanti*[112], water had entered through the *Buxa* forest[113] into the *Panbari* forest, during floods. This, in conjunction with flood discharge of the river *Gadadhar,* caused breach of the weak embankment and changed the course of the river. As a result, the canal, along with the sluice gate through which water was to flow to the irrigation canal, was rendered non-functional.

Fig. 4.2: Constructed weir

Fig. 4.3: Non-functional canal

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[110] *To two contractors, in 50:50 ratio; M/s Kar Construction & Co.: ₹ 83,85,672.00 and Mrinal Kanti Bose: ₹ 83,92,945.00.*

[111] *M/s Kar Construction & Co.: ₹ 0.78 crore (Less @ 0.13% of ₹ 77,63,538.84) and Mrinal Kanti Bose: ₹ 0.78 crore (Less @ 0.13% of ₹ 78,30,379.52).*

[112] *Another neighboring river.*

[113] *Neighbouring forest.*

Audit observed the following lapses in execution of the scheme:

Executive Engineer (EE), Alipurduar Irrigation Division, I&WD, had not conducted any preliminary investigations, on the plea that this was an improvement and renovation work over the pre-existing dilapidated structure. EE, Alipurduar Irrigation Division, I&WD, stated (September 2021) that the original scheme had been prepared (1950-51) on the basis of a study on run-off and flood flow *etc*. As such, extensive survey works, in terms of latest remote sensing maps, sediment studies, river morphology *etc*. had not been taken into consideration for the present work. The EE further stated (September 2021) that strengthening of the weak earthen river embankment, upstream of the weir, had not been conducted, as there was no history of outflanking or change of course by the river. It was further stated that strengthening work for the embankment, upstream of the Weir proper, at the right bank of the river, required permission of the Forest Department, which had not been taken. The reply was not tenable as the Department should have prepared the scheme after study of present data without relying on 50 year old data.

Thus, execution of renovation work, without conducting proper preliminary studies regarding river runoff and flood flow, resulted in unfruitful expenditure of ₹1.56 crore. Consequently, the objective of providing irrigation to the targeted area, to boost the agro-based livelihood of the local inhabitants had not been achieved.

IRRIGATION & WATERTWAYS DEPARTMENT AND PUBLIC WORKS DEPARTMENT

4.4 Avoidable expenditure due to delayed payment of Service Tax

Due to the lackadaisical attitude of the Irrigation & Waterways Department and lack of action on part of the Hooghly River Bridge Commissioners with regard to ensuring timely deposit of Service Tax, the State had to bear avoidable financial burden of ₹ 10.24 crore, in the form of interest and penalty for delayed payment of Service Tax.

As per the Finance Act, 1994 (Section 68 of Chapter V), every person/ organization providing taxable service, to any person/organization, shall pay Service Tax (ST) at the prescribed rate, in such a manner and within such period, as may be prescribed. As per the Act, the service provider is to collect the ST from the recipient of the service and remit the same to the appropriate head of Government of India.

(A) The Superintending Engineer, Greater Calcutta Drainage Circle (SE, GCDC), Irrigation and Waterways Department (I&WD), invited (January 2005), tender for the work of "*Re-sectioning*[114] *of River Ichamati for better Drainage and Flood Protection* in the district of North 24 Parganas". The scope of work *inter alia* included dredging and annual excavation of the river. The work was awarded (February 2005), to Mackintosh Burn Ltd. (MBL), at a tendered

[114] *This involves dredging and/or widening the main channel to increase the discharge capacity. In addition, bed slope may be steepened to increase flow velocities and increase flood capacity.*

cost of ₹24.04 crore. The work was completed in July 2006, and an amount of ₹24.84 crore was paid to MBL, by I&WD, between August 2005 and March 2008, through running account bills.

Audit observed (March 2021) that, after commencement (11 February 2005) of the work, ST on Dredging[115] Services became leviable in terms of the Finance Act 2005 with effect from 16 June 2005. As the work order had been awarded prior to June 2005 *i.e.* before levy of ST on dredging works, ST had not been considered in the estimate. Accordingly, MBL raised (21 December 2006), a bill of ₹ 2.14 crore, on I&WD, for payment of ST but the same was not paid by the latter. In the absence of funds from I&WD, MBL started depositing ST from its own funds, from 08 March 2008, and completed the payment of ₹ 2.20 crore, as ST on 04 November 2011, in nine instalments. In addition, MBL had to pay ₹1.11 crore as interest and ₹ 4.33 crore, as penalty on this amount of ST. MBL then claimed (January 2011) ₹ 7.64 crore[116] as reimbursement of ST, along with interest and penalty from I&WD. Against this, payment of ₹ 7.46 crore (December 2019) was made by the Department to MBL.

Thus, consequent upon inclusion of the activity of 'dredging' under the ST regime, I&WD was obliged to pay ST, as and when running account bills were paid to MBL. Thus, due to inaction on the part of the I&WD in not depositing the required amount of ST timely, even after being reminded about the same by MBL, the State exchequer had to bear extra financial burden of ₹ 5.26 crore[117], as interest and penalty.

(B) As per notification (June 2012) of Finance Department, GoWB, the Hooghly River Bridge Commissioners (HRBC) under Public Works Department implemented civil works of various Departments of the State Government, against levy of an agency fee (up to 8.5 *per cent* of the estimated cost of the project).

Audit observed (December 2022) that HRBC had levied agency fee, against deposit works implemented during the period from FY 2013-14 to FY 2017-18 (up to June 2017)[118]. However, HRBC did not pay ST on the agency fee collected by it. The Director General of GST Intelligence, Kolkata, verified the records/ documents of HRBC, pertaining to FYs 2013-14 to 2017-18 (March-June 2018). Subsequently, a demand of ₹ 12.47 crore towards ST liability on agency fees levied by HRBC for the said period (up to June 2017), was raised (August 2018) by the ST Authorities. The amount was inclusive of ST (₹ 7.50 crore), interest (₹ 3.85 crore) on delayed payment and penalty (₹ 1.13 crore) for failure to pay ST on time. Accordingly, HRBC had to pay (September 2018) ₹ 12.47 crore, against the said demand notice.

In reply, the Department stated (September 2023) that HRBC was not aware about the imposition of ST on agency fees.

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[115] *As per clause (36a) under Chapter-V "dredging" includes removal of material including silt, sediments, rocks, sand, refuse, debris, plant or animal matter in any excavating, cleaning, deepening, widening or lengthening, either permanently or temporarily, of any river, port, harbour, backwater or estuary.*

[116] *Service Tax= ₹ 2.20 crore + interest = ₹ 1.11 crore and penalty= ₹ 4.33 crore.*

[117] *₹ 7.46 crore – ₹ 2.20 crore.*

[118] *After introduction of the Goods and Service Tax on 01 July 2017, ST was subsumed under GST.*

Thus, lack of action in regard to payment of ST on the services provided, led to delayed payment of ST liability and resulted in avoidable financial burden of ₹ 4.98 crore on HRBC, towards interest and penalty.

MICRO, SMALL & MEDIUM ENTERPRISES AND TEXTILES DEPARTMENT

4.5 Irregularity in procurement resulted in excess expenditure and undue favour to contractor

In violation of the West Bengal Financial Rules, the MSME&T Department cancelled the initial Notice Inviting Tender, and incurred excess expenditure of ₹ 3.81 crore towards procurement of Frame Looms and Accessories in the subsequent tender. Further, the Bidder was awarded the contract without submitting the requisite Small-Scale Industries (SSI) registration.

Rule 35 of the West Bengal Financial Rules (Volume I), 1979 specifies that 'every officer incurring or authorizing expenditure from public funds, should be guided by high standards of financial propriety. Further, the expenditure should not be *prima facie* more than the occasion demands'.

The Micro, Small & Medium Enterprises and Textile Department (MSME&T), Government of West Bengal, introduced a Scheme, "Supply of Looms and Accessories to loom less weavers" for providing them modern/ modified looms & accessories, for achievement of higher productivity and empowerment of poor and marginalized weavers.

Under the Scheme, the Development Officer (Handloom), *Kalna*, issued (January 2018), Notice Inviting Tender (NIT), for procurement of 9,340 Frame Looms[119] and Accessories, at an estimated cost of ₹ 17.75 crore, for distribution to weavers of the *Purba Bardhaman* district. The eligibility criteria, fixed for bidders for the said supply *inter-alia* included the following:

- The supplying agency should have minimum three (3) years' experience in manufacturing handlooms parts *etc*.
- average turnover of the bidder should be at least 50 *per cent* of the bidding amount during the last three years

In response to the NIT, four bidders submitted their bids, for the supply of Frame Looms and Accessories, as detailed in **Table 4.1**.

Table 4.1: Bid amounts submitted by bidders, for supply of Frame Looms and Accessories (first NIT)

(₹ in crore)

Work	Rate quoted by Bidders for 9,340 Looms and Accessories			
	B1	B2	B3	B4
Frame Looms	11.00	11.20	11.21	12.10
Accessories	1.45	1.28	1.29	1.46
Total	**12.45**	**12.48**	**12.50**	**13.56**

[119] *A loom is a mechanism or tool used for weaving yarn and thread into textiles. There are different types of weaving looms, like Pit loom, Frame loom etc.*

As evident from **Table 4.1**, the lowest amount (L1) was quoted by the Bidder B1[120]. Audit, however, observed (March 2022) that the NIT was cancelled (March 2018) by the Chairman of the Tender Committee as after examination of the SSI[121] certificate it was found that the L1 bidder (B1) was not eligible to supply looms and accessories.

Consequent to the disqualification of the L1 bidder on technical grounds, the Development Officer (Handloom), *Kalna*, was required[122] to offer the contract to the second lowest bidder, *i.e.* B2 (being the L1 bidder, after cancellation of the B1 bidder), out of the remaining three valid bidders. However, the NIT was cancelled (March 2018) without considering B2 bidder.

Audit further observed that a fresh NIT was invited in March 2018 by the Development Officer (Handloom), *Kalna* and the same four bidders again participated in the bid, for supply of 9,340 Frame Looms and Accessories. Details of the bids, submitted against the fresh NIT, are shown in **Table 4.2**.

Table 4.2: Details of bid amount submitted by bidders for supply of Frame Looms and Accessories (second NIT)

(₹ in crore)

Work	Rate quoted by Bidders for 9,340 looms and accessories			
	B1	B2	B3	B4
Frame Looms and Accessories	16.30	16.30	16.39	16.44
Total	**16.30**	**16.30**	**16.39**	**16.44**

Under this NIT, bidders B1 & B2 had quoted the same price and the tender committee distributed (June 2018) the order for supply of 9,340 Frame Looms and Accessories, between the two bidders (B1: 5,500 Frame Looms and Accessories and B2: 3,840 Frame Looms and Accessories). Audit further observed that the lowest bid value had increased by ₹ 3.85 crore (₹1,629.83 Lakh - ₹1,244.74 lakh), within a span of only two months.

It was noted that the Bidder B1 had been declared ineligible in the first NIT, as its SSI registration was for manufacturing of handloom cloth, instead of manufacturing/supplying of Looms and Accessories. However, the same bidder (MD Enterprises) was declared eligible after two months, even though he had not submitted the correct SSI registration under the Second NIT. Further, reasons for non-consideration of second lowest rate, offered by B2, in the first NIT, were not found available on records.

Thus, due to non-award of the supply order for procurement of Frame Looms and Accessories, to the eligible bidder (L2) under the first NIT, the Department had to incur excess expenditure of ₹ 3.81 crore[123]. Further, undue favour was shown to the Bidder B1 during re-tendering, by awarding the contract without the requisite SSI registration.

[120] *M D Enterprise.*

[121] *Small Scale Industries.*

[122] *Due to non-submission of the required registration certificate, the bidder B1 should have been rejected in the technical bid. After rejection of the bidder B1, the Tender Committee should have awarded the work to the L1 bidder, among the remaining three qualified bidders (this is as per Rule 47C of WBFR, as amended in June 2012).*

[123] *₹1,629.83 lakh (lowest bid amount of 2nd NIT) - ₹1,248.76 lakh (second lowest bid amount of 1st NIT).*

In reply, the Department stated (April 2023) that the initial tender was cancelled because both the rates quoted by L1/L2 were about 30 *per cent* below the estimated cost and seemed to be absurd. The bidders were asked (February 2018) to furnish component-wise rate analysis, which they did not. The Department further stated that the bidder B1 was also cancelled as in the Trade Registration Certificate of B1, a few words had been handwritten subsequently, without any counter signature.

The reply of the Department appears to be an afterthought as after verification of the SSI Registration Certificate of the Bidder B1, the Tender Committee had cancelled the bid due to ineligibility of the bidder to supply Looms and Accessories and subsequently Bidder B1 was awarded the contract on the same SSI Registration certificate. Further, the Department could not produce any records regarding communication with the bidders on abnormally low rates.

4.6 Unproductive expenditure

Inability of the Department in taking over a *Rural Haat*, as also in allotting stalls to the intended beneficiaries, even after five years of its completion, led to unproductive expenditure of ₹ 2.44 crore.

To provide direct marketing facilities to intended persons[124],without involving any middlemen/agencies, the *Rural Haat* Scheme was launched in 2012, for better exposure, display and purchase of art and crafts, in a congenial environment. Each *Rural Haat* was required to provide covered stalls & market space, godown, food court, administrative block, toilet blocks, dormitory, open area and other common facilities, in an organised manner, to minimise the gap between the producers, sellers and consumers. The Department of Micro, Small & Medium Enterprises and Textiles, Government of West Bengal, was the coordinating Department, for this purpose.

Government of West Bengal decided (May 2012) to construct *Rural Haats* under the Backward Region Grant Fund (BRGF), through the respective District Administrations. Accordingly, the Department allotted ₹ 2.55 crore[125], in favour of the District Magistrate, Paschim Medinipur, for setting up a *Rural Haat,* with 42 stalls, at Jhargram, under BRGF, during FYs 2012-13 and 2013-14.

The Paschim Medinipur Zilla Parishad (PMZP) awarded (November 2015) the work of construction of the *Rural Haat* at Jhargram to an agency, at a tendered cost of ₹ 2.59 crore, for completion by August 2016. The work was, however, completed in December 2017, at a cost of ₹ 2.44 crore.

The Sub-Divisional Officer, Jhargram Sub-Division, published an advertisement for allocation of 42 constructed stalls, to artisans in the *Rural Haat,* Jhargram (August 2017). Audit observed (April 2023) that since December 2017, the *Rural Haat* was under the possession of the PMZP but had not been utilised for the intended purposes. This was despite 21 applications for allotment of stalls having been received. The applications, along with relevant documents regarding the allotment of stalls, were sent (October 2019) to General Manager (GM), District Industries Centre (DIC), Jhargram for allotment and day to day maintenance of stalls.

[124] *Persons dependent on manufacturing and selling of arts and crafts.*

[125] *Allotments of ₹ 20.00 lakh, ₹ 23.66 lakh and ₹ 2.11crore, vide orders dated 8.10.2012, 20.02.2013 and 19.12.2013, respectively.*

In reply (April 2023), GM, DIC, Jhargram, stated that the stalls could not be allotted, as possession of the *Rural Haat* had not been handed over to them[126]. Audit, however, noticed that the Additional District Magistrate (ADM), PMZP, had requested (October 2018 and October 2019), GM DIC, to take over the *Rural Haat*. Reasons for not taking over the *Haat,* by GM, DIC, from PMZP, were not found available on records.

Audit observed that GM, DIC, had been directed (June 2012) by the Government, to closely liaison with the District Authorities and other respective agencies, in this regard. It was, however, evident that the GM, DIC, Jhargram, had failed to follow these directions and had not initiated any action for taking over possession of the *Haat* and allotting the stalls to intended artisans. As a result, even after incurring an expenditure of ₹ 2.44 crore, the intended artisans remained deprived of the facilities offered by the *Haat,* for more than five years. In addition to leading to blockage of government funds, prolonged non-use and non-maintenance also raises the risk of damage to the created infrastructure.

The matter was reported to the Department (January 2023); reply is awaited (February 2025).

4.7 Unfruitful expenditure and blockage of funds due to non-functioning of Common Facility Centres

Non-selection of suitable land and lack of timely action led to inordinate delay in completion/ operationalisation of a project and blockage of funds. Further, delay in operationalisation of another project led to unfruitful expenditure of ₹ 1.31 crore. Consequently, the industrial units remained deprived of the envisaged benefits from the project.

The Micro, Small and Medium Enterprises and Textiles (MSME&T) Department, Government of West Bengal, is responsible for the promotion of small and micro industries in the State. The Department implements several schemes funded by the Government of India (GoI) and other External agencies.

Audit scrutiny, in two districts (December 2021), revealed that due to poor planning and lack of timely action by the Department, funds released by the GoI/ United Nations Industrial Development Organisation (UNIDO) could not be utilised, and the expenditure incurred by the State Government on construction of two CFCs remained blocked, as these CFCs could not be operationalised. The detailed cases are discussed below:

4.7.1 Metal Casting Foundry Cluster, Howrah

The Ministry of Micro, Small and Medium Enterprises (MSME), GoI, adopted (2007) the cluster[127] development approach, for enhancing productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs), under the Cluster Development Programme (MSE-CDP). Development of these clusters was largely dependent on creation of tangible assets, like Common Facility Centres (CFCs), for use by individual units.

[126] *To GM, DIC, Jhargram and erstwhile Paschim Medinipur GM, DIC (Jhargram DIC was created in 2019).*

[127] *A cluster is a group of enterprises, located within an identifiable, contiguous area, producing same/similar products/services.*

The GoI grant was restricted to 70 *per cent* of the cost of the CFCs (subject to a ceiling of ₹ 15.00 crore). Special Purpose Vehicles (SPVs[128]) were to be formed prior to the setting up and running of the proposed CFCs. The State Government and SPVs were to contribute upfront the remaining amount of 30 *per cent* (in the ratio of 20 and 10 *per cent,* respectively) of the required cost of the CFC. Also, necessary infrastructure like land, building, water and power supply *etc.* was required to be in place before the release of GoI assistance. The CFCs were required to be operationalised by the concerned SPV within two years from the date of final approval by MSME, GoI.

MSME, GoI, accorded (March 2014) administrative approval for setting up of a CFC in the Metal Casting Foundry Cluster in Howrah, at a total cost of ₹ 4.96 crore, to be shared among GoI (₹ 2.90 crore), GoWB (₹ 1.56 crore) and the SPV (₹ 0.50 crore). The West Bengal Export Promotion Society (WBSEPS)[129]was designated as the implementing agency and the project was to be completed within two years, *i.e.*, by March 2016. GoWB's contribution of ₹ 1.56 crore was deposited in a project specific account[130], in June 2015. GoI, however, did not release funds, as the land for the CFC had not been finalised by the Department even after two years of the administrative approval.

As per the DPR, the CFC was to be set up on the Howrah Amta Road. However, during execution, Director (MSME), GoWB, observed (June 2016) that the proposed site was 30 kms away from the existing metal casting foundry cluster and setting up of the CFC at the distant proposed site would impair the operational viability of the project.

Citing unsatisfactory progress of work, GoI cancelled (April 2016) the cluster project and sought justification for the delay. Subsequently, in response to requests received from the implementing agency (WBSEPS), GoI accorded extension of the sanction of the project till October 2017, and thereafter till April 2018.

The purchase/ tender committee for the cluster, in a meeting, decided (June 2017) to shift the site nearer to an existing metallic road in order to make the project more economically viable.

Director (MSME) requested (December 2018) GoI to consider another extension for two years, as the new site selected was in low-lying land and development works thereon would take considerable time. As substantial time had already elapsed, it was decided (May 2019) by the Director, MSME, WB to recast the DPR and send it along with the technical viability report to GoI, for approval. As per the revised DPR finalised by GM, DIC, Howrah, the project cost was enhanced to ₹ 8.71 crore, from ₹4.96 crore, resulting in a higher GoWB share of ₹ 5.14 crore.

[128] *An SPV is a clear legal entity (Cooperative Society, Registered Society, Trust or a Company), with evidence of prior experience of positive collaboration among its members. The bylaws of each SPV are required to have a provision for one member of the SPV being a State Government official.*

[129] *The WBSEPS was formed to encourage and assist potential exporters in small scale sector for promoting export from the state. WBSEPS was registered under West Bengal Societies Registration Act 1961.*

[130] *The account was managed jointly by the SPV and the General Manager, District Industries Centre (GM, DIC).*

In view of the three-fold increase in the State share, the MSME&T Department sought (October 2019) certain clarifications in this regard, from the Director (MSME), GoWB before referring the matter to the Finance Department, GoWB. However, response received was not available on record.

In reply to a specific query, the Department stated (July 2022) that the project was proposed to be dropped from Micro and Small Enterprises - Cluster Development Programme.

Thus, the inability of the Department in finalising a suitable plot of land, resulted in funds of ₹ 1.56 crore, remaining parked in the Project Specific Account, for nine years (March 2014 to March 2023). The CFC project could not be implemented even after lapse of nine years from the receipt of approval of the GoI (as of March 2023).

4.7.2 Brass and Bell Metal Utensil Cluster, Murshidabad

The national programme for technology upgradation of the Brass and Bell Metal Industry, at Khagra, Murshidabad, was to be implemented through funding from UNIDO, New Delhi. WBSESPS[131] was selected as the implementing agency.

Accordingly, the State Government released (March 2010 to December 2013) ₹ 1.31 crore, for civil construction and other infrastructural facilities for the CFC, along with the land cost.

Scrutiny of records at GM, DIC, Murshidabad, revealed (December 2021) that the said amount of ₹ 1.31 crore was expended on purchase of land, construction of building, purchase of transformer for electricity connection and pollution clearance, till December 2013.

However, the SPV[132] refused to take over (September 2014) the CFC, due to lack of basic machinery (like a furnace for melting and a rolling mill for metal sheets). Five years after the construction of the building, the Department engaged (November 2018) the National Metallurgical Laboratory[133] (NML), to prepare a DPR, for operation of the CFC, proposing additional fund requirements of ₹ 2.24 crore.

NML prepared and submitted (December 2019) the DPR to the DIC, Murshidabad, and after validation from the SPV, the DPR was sent (January 2020) to the Director (MSME), seeking approval and guidance for further action. After 11 months, the Director advised the GM, DIC (23 November 2020) that: (i) the matter related to vetting of estimates for civil works and /or Plant & Machinery may be moved to the Public Works Department (PWD) immediately and (ii) the date of inviting tenders may be finalised by 02 December 2020. However, the estimates for civil and electrical works were submitted (August 2021), by GM, DIC, Murshidabad, to the PWD after a delay of another nine months and the estimate for mechanical work was submitted (October 2021) with a delay

[131] *West Bengal State Export Promotion Society.*

[132] *A society named Khagra Brass & Bell Metal Association Welfare Society constituted for running the cluster.*

[133] *It is an Indian research center that functions under the aegis of the Council of Scientific and Industrial Research (CSIR). CSIR-NML played a significant role in the industrial revolution of India starting from 1950 especially in the areas of mineral processing, iron and steel making.*

of eleven months. In response to a specific query, the Department intimated (August 2022) Audit that although the vetted estimates of civil/electrical/ mechanical work had been received recently, tenders for the works could not be invited due to non-availability of funds.

During joint physical verification (09 December 2021), of the CFC by Audit and the departmental staff, it was noted that: (i) the CFC building was accessible only through a narrow *kutcha*[134] pathway and was not accessible for trucks, (ii) the machines installed therein were lying unutilised for prolonged periods, (iii) the high tension power supply to the CFC, had been disconnected by the West Bengal State Electricity Distribution Company Limited, due to non-payment of electricity bills and (iv) the feeder transformer at the gate of the CFC was missing.


Fig. 4.4: Unutilised machines and earthen narrow approach road in the CFC

Thus, the project could not be operationalised and the industrial units in the cluster remained deprived of the envisaged benefits of the project, even after nine years of the funds being released by the State Government for the purpose, resulting in unfruitful expenditure of ₹1.31 crore.

Imprudent parking of funds, without ensuring completion/ operationalisation of these two CFC projects, led to blockage of funds of ₹ 2.87 crore (₹ 1.56 crore + ₹ 1.31 crore). The matter was referred to the Department (February 2022); reply is awaited (as of February 2025).

4.8 Irregularities in implementation of the Rural Craft Hub scheme

The West Bengal Khadi and Village Industries Board, while implementing the Rural Craft Hub scheme, released advances to a private agency but did not obtain utilisation certificates against expenditure incurred. Further, the agency incurred unauthorised expenditure, in violation of the agreement entered into with WBKVIB. The objectives of the scheme could not be achieved, even after six years from the date of signing of the agreement, resulting in unfruitful expenditure of ₹ 12.05 crore.

As per Rule 21 of the General Financial Rules 2017, every officer incurring or authorising expenditure from public money should be guided by high standards

[134] *A road made up of only earthen material.*

of financial propriety. Every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed by his own office and by subordinate disbursing officers. Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The West Bengal Khadi and Village Industries Board (WBKVIB), under the Micro, Small & Medium Enterprises and Textiles (MSME&T) Department, invited Expression of Interest (November 2015), for implementation of the Cluster Development Programme, under Rural Craft Hub (RCH)[135], to promote manufacturing of carpets and blankets *etc.* by rural artisans, in the districts of *Kalimpong* and *Darjeeling*. The Project aimed to develop a vibrant creative sector by safeguarding and developing traditional skills of West Bengal into viable enterprises, and ensuring socio-economic inclusion of the poor.

A Facilitating Agency (FA)[136] was selected (December 2015) by WBKVIB and an agreement was signed (September 2016) with the FA, to conduct a baseline survey for: (i) identifying beneficiaries, (ii)identifying land for a Common Facility Centre (CFC), and (iii) preparation of draft Detailed Project Report (DPR) for the RCH, at a cost of ₹10.00 lakh.

An agreement was signed (March 2017) with the selected FA for the implementation of the project at a cost of ₹ 10.19 crore[137] with an aim mainly to increase the *per capita* income of 1,920 artisans in *Darjeeling* and *Kalimpong* districts. The main features of this agreement were as follows:

i. The raw material used and the final products manufactured during training would be kept with the FA. They could, however, be sold by the FA with the prior approval of WBKVIB.

ii. The FA would identify land, for setting up of a CFC, for facilitating multi-purpose Centres, for the village artisans and weavers.

iii. WBKVIB would conduct project progress evaluation. The first evaluation would be conducted in the first month after initiation of the project. Thereafter, six monthly evaluations would be conducted, to assess the impact of the training program on skill development.

iv. The FA would ensure that the services (*professional trainings in handloom and handicraft production, design, use of tools, dyeing, packaging etc.)* were performed by qualified staff and met the highest professional standards.

Audit observed (September 2022) that the Department had failed to accomplish the objectives of the project, even after six years of signing of the agreement

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[135] *The rural craft hubs are also being developed aiming at evolving the craft villages as tourism destination offering authentic experience of indigenous life.*

[136] *M/s Mani Trust.*

[137] *Soft Intervention (₹ 4.11 crore): Organising Awareness Camps, Skill Building Workshops through professional trainings in handloom and handicraft production, design, use of tools, dyeing, packaging etc.and advances would be released in eight equal instalments @ ₹ 51.40 lakh each.*

Hard Intervention (₹ 6.08 crore): Setting up an Artisan CFC-cum-Marketing Hub, providing toolkits for the CFC and distributing tool kits at the household level.

(March 2017) and had incurred an expenditure of ₹ 12.05 crore[138]. Lapses in the implementation of the project, as observed in audit, are discussed below :

1. **Diversion of fund:** WBKVIB had paid ₹11.17 crore (during FYs 2016-17 to 2020-21) to the FA under the RCH project, against an amount of ₹ 8.42 crore received from the Department. The excess amount of ₹ 3.63 crore[139] was diverted by WBKVIB to the RCH project from another scheme[140], without obtaining permission/approval from the Department.

   Audit also observed that WBKVIB had released the subsequent advances without obtaining Utilisation Certificates (UCs) for the previous advances.

2. **Training Programme:** The FA reported that training had been imparted to 1,920 beneficiaries under the project, at an expenditure of ₹4.74 crore, against a sanctioned amount of ₹4.11 crore. Audit observed that neither periodical assessment, nor impact assessment had been conducted during or after the training, although this was envisaged under the agreement.

   Audit further observed that WBKVIB had approved (February 2018) an Extension Training Programme, based on a new pattern of weaving and computer-aided fabric designing, and a sum of ₹ 3.25 crore was incurred on this training. However, details of the artisans trained under this new training programme were not available with WBKVIB. During physical verification (May 2023) of three training-cum-production Centres[141], along with departmental officials, the beneficiaries stated that the Extension Training Programme had not been imparted to them.

Fig 4.5: Training-Cum-Production Centre at Mazua

Fig 4.6: Interaction with beneficiaries at Mazua

3. **Shortage in stock of wool**: Audit further observed that 26,500 kg of wool, valuing ₹1.45 crore, had been procured (during 2018-2020) by the FA, for use in training, as well as for post-production purposes. The FA had utilised 1,947 kg[142] of wool in the training and provided 631 kg to the Production Centers, out of which 303 kg of wool remained in stock. Details regarding balance wool, *i.e.* 23,922 kg (26,500-1,947-631) valuing ₹1.31 crore, were

[138] *₹ 11.17 crore paid to Mani Trust (FA) and looms worth ₹ 0.88 crore procured by the WBKVIB and supplied to FA.*

[139] *₹ 12.05 crore-₹8.42 crore.*

[140] *Mulberry Silk Processing, Reeling & Weaving Scheme to Rural Craft Hub.*

[141] *Mazua and Lodoma, under the Bijanbari Block and Kagey, under Kalimpong Block-II.*

[142] *1,876 kg + 71 kg (wastage).*

not found available on records. The justification for procurement of such a huge quantity of wool was also not found available on records. Audit also did not find the balance quantity of wool during the joint physical verification[143] of the godowns/production Centres in May 2023.

4. **Status of training-cum-production Centres:** The FA reported (May 2023) that all the 40 training-cum-production Centres, which were set up in rented accommodation were now closed. The remaining looms and accessories[144], installed in 29 training-cum-production Centres, valuing ₹ 1.14 crore, had been dismantled and dumped in godowns and in an open space at *Kalimpong*, with high probability of deterioration in time.

Fig. 4.7: Installed Looms at Kagey Centre

During joint physical verification in May 2023 with the officials of the WBKVIB and FA, the audit teams interacted with the beneficiaries (artisans who had been imparted training). It was observed that none of the beneficiaries were engaged in production, due to absence of infrastructure and funds.

Fig. 4.8: Dumped Looms in the Godown of Kalimpong

Fig. 4.9: Dumped Looms in an open yard at Kalimpong

5. **Identification of land for CFC:** As per the agreement, the major work under Hard Intervention (HI) was the construction of CFCs to facilitate the provision of a multi-purpose Centre for village artisans and weavers, where

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[143] *Audit team, along with District Officer of the WBKVIB and FA.*

[144] *₹ 88.51 lakh (Supplied by KVIB) + ₹ 25.31 lakh (Locally purchased by FA).*

they could get support in terms of training, hostel facility and marketing. The land for the construction of the CFC was to be identified by the FA and handed over to WBKVIB. However, Audit observed that the FA did not identify and hand over (as of May 2023) the land to WBKVIB, even after a lapse of more than six years of the agreement.

6. **Unauthorised expenditure on salary:** Another agreement had been entered into (March 2018) by WBKVIB with the FA, to set up six Arts and Handicrafts Centres, in Darjeeling and Kalimpong districts. The initial fund for establishment of the Centres, along with the salary/wages of the employees required for the Centres for the first six months, was to be provided by WBKVIB. Thereafter, the salary/wages were to be borne by the FA. Six Art and Craft Centres[145] had, accordingly, been established, at a total cost of ₹ 2.68 crore, including salary (for the first six months), rent, electricity charges *etc*. These six Centres had commenced operations from April 2018 onwards. It was noted during Audit that the FA had incurred an amount of ₹1.44 crore, towards salary/wages for the period April 2018 to March 2022, from WBKVIB funds. This was in violation of the agreement, as WBKVIB was required to pay the salary/wages of the employees for six months only, which amounted to ₹18.00 lakhs. Thus, WBKVIB had allowed unauthorised payment of ₹ 1.26 crore[146], from Government funds.
7. **Sale proceeds not deposited to WBKVIB:** According to the Agreement, the FA was to remit the cost price of the articles sold, along with their overhead charges, to WBKVIB and was to retain the remaining amount from the sale proceeds. As per the statement submitted by the FA, the total sales from the six Centres, during 2018–22, amounted to ₹ 50.43 lakh. In reply to an audit query, WBKVIB stated (April 2023) that the maximum profit margin, on sale of art and crafts items, was 10 *per cent.* Thus, WBKVIB was required to receive ₹ 45.39 lakh[147] as cost price and overhead charges on sale of the items. However, Audit observed that the FA had not deposited this amount with the WBKVIB.
8. **Status of Arts and Crafts Centre:** Audit observed (May 2023) that except for the Kurseong Art and Crafts Centre other Centres had been closed. The material of these five Centres, valuing ₹ 17.84 lakh, was dumped in godowns. Further, the FA had reported that material worth ₹ 20.13 lakh, lying in these six Centres was damaged. During physical verification (May 2023), Audit observed that the Mirik floating Art and Craft Centre was incomplete and was in a dilapidated condition.

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[145] *Kalimpong, Darjeeling, Kurseong, Sepoydhura, Simana and Mirik.*

[146] *₹ 144.00 lakh - ₹ 18.00 lakh (expenditure towards salary/wages for first six month of the FY 2018-19 = ₹* ***36****.00 lakh/2).*

[147] *₹ 50.43 lakh – ₹ 5.043 lakh (10% of` 50.43 lakh).*

Fig. 4.10: Deserted floating Craft Centre at Mirik

Fig. 4.11: Material from the Craft Centres dumped in a godown at Kalimpong

WBKVIB had not prepared periodical project progress evaluation reports to monitor the progress of the work, although this was envisaged under the terms of the agreement signed with the FA. In reply, WBKVIB accepted (March 2023) the audit comment regarding non-preparation of monitoring reports.

Thus, WBKVIB continued to release funds to the FA, without ensuring their proper utilisation. Soft Intervention activities were undertaken without proper planning and WBKVIB did not diligently supervise the implementation of the Rural Craft Hub Scheme. Thus, the objectives of the Scheme of socio-economic development of rural artisans had not been achieved, and rural artisans continued to be deprived of the intended benefits, resulting in expenditure of ₹12.05 crore being rendered unfruitful.

The matter was referred to the Department in October 2022; reply is awaited (as of February 2025).

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.9 Unfruitful Expenditure

Inability of the Public Health Engineering Department to operate a tube well, resulted in unfruitful expenditure of ₹ *0.81 crore.*

According to Rule 21 of General Financial Rules (GFR) 2005, every officer incurring or authorising expenditure from public money should be guided by high standards of financial propriety. Further, 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 Public Health Engineering Department (PHED) planned a piped drinking water supply scheme, covering about 832.42 hectares (with a projected population of 9,331 in 2037, considering two *per cent* growth per year), for the population of three mouzas[148] under the *Goalpokhar*-I Block of *Uttar Dinajpur* District. The estimated cost of the project was ₹ 2.38 crore[149] and it was to

[148] *Barapatna, Biprit and Khagar Mouza.*

[149] *₹197.21 lakh was for civil works and ₹ 40.62 lakh for electrical/mechanical component of works.*

be completed within two years from placement of funds. The scheme was approved in the 14th meeting (May 2012) of the State Level Scheme Sanctioning Committee of PHED. Administrative approval for the project was accorded (September 2012) and it was to be financed under the National Rural Drinking Water Program (NRDWP).

The scheme envisaged sinking of two deep tube wells (Tubewell-I and Tubewell-II), along with the construction of two Pump Houses (Pump House-I and Pump House-II) and one Over Head Reservoir (OHR). The OHR and Tubewell-I, alongwith Pump House-I, were to be located at the head work site in the *Biprit* mouza and Tubewell-II, along with Pump House-II, was to be located at the *Barapatna* mouza. The work, which included operation and maintenance at a total cost of ₹ 1.98 crore, was divided into 27 tenders and was awarded to 13 contractors. The work, including the trial run, was completed in March 2016, after incurring an expenditure of ₹ 1.97 crore.

Audit observed (June 2022) that the land for the construction of Tubewell-I and OHR in the Head Work Site, had been gifted by the landowner, but the Department had not taken any initiative for effecting the transfer of the land to the Government. During joint physical verification (June 2022 and May 2023), undertaken along with Departmental officials, Audit noticed that Tubewell-I, along with the OHR located at the Head Work Site, could not be put to operations, after the trial run in March 2016, as the landowner had locked the main gate. The landowner had demanded a government job, as compensation for the land (20 katha[150]) given by him, for construction of Tubewell-I and the OHR.

	
Fig. 4.12: Locked Head Work Site by the Landowner, dated 21.05.2023	***Fig. 4.13: Deserted Over Head Reservoir and Pump House-1, dated 21.05.2023***

As a result, Tubewell-I, along with the OHR, constructed at a cost of ₹ 80.92 lakh[151], remained idle since April 2016. Further, due to non-operation of Tubewell-I, drinking water could not be provided to the intended beneficiaries located at the tail end (far end) of the scheme.

Accepting the audit observation, PHED stated (September 2023) that the scheme could not be operated as the main gate of the Head works site including

[150] *'Katha' is a local land measurement unit, used widely in the eastern part of India (one katha=720 sq. ft).*

[151] *Cost of sinking Tubewell-I: ₹ 7.40 lakh, construction of boundary wall: ₹ 5.56 lakh, construction of Pump House-I: ₹ 4.43 lakh and construction of OHR: ₹ 63.53 lakh.*

tubewell-I was locked by the landowner. The PHED further stated that the issue had been taken up recently (May and July 2023) with the local administration, but till now no positive result has been achieved.

Thus, due to inaction on the part of the PHED, drinking water had not been provided to at least 40 *per cent* of the beneficiaries, for more than seven years. Resultantly, non-use of Tubewell-I, alongwith OHR, had resulted in unfruitful expenditure of ₹ 0.81 crore till date (May 2023). Furthermore, the possibility of significant damage occurring to the assets due to extensive period of non-operation, remains high.

4.10 Wasteful/unfruitful expenditure due to collapse of Over Head Reservoirs

Poor planning and inefficient project management led to the collapse of an Over Head Reservoir (OHR) and non-utilisation of six completed OHRs, resulting in wasteful /unfruitful expenditure of ₹ 7.79 crore. The objective of providing piped water to a population of three Arsenic affected blocks, was also not achieved.

The Public Health Engineering Department decided (FY 2006-07), to implement a scheme, namely "Survey, Planning, Designing, Delivery, Erection, Construction and Completion of all Civil, Electrical and Mechanical Works including all allied and related works for the Surface Water Based Piped Water Supply Schemes (PWSS) for Arsenic affected three blocks[152] of Murshidabad District". The command area of the scheme was 63,014 ha, divided in two parts (Part-I: 25,524 ha and Part-II: 37,490 ha), affecting a total population of 13.18 lakhs. The scheme was undertaken to supply safe drinking water to the locals of this region in order to achieve a long-term effective solution to the drinking water problems of the locals.

The work was awarded (February 2008) to an agency, on Engineering, Procurement and Construction (EPC) turnkey basis, at a tendered cost of ₹ 255.56 crore, for completion by February 2010. The scope of the work *inter-alia* included construction of a water intake system, water treatment plant, clear water pump house, 15 Reinforced Cement Concrete (RCC) Overhead Reservoirs[153] (OHRs), rising mains[154], distribution pipelines and other related and allied works. The Department also engaged (November 2006), a supervision consultant[155] for detailed investigation, design and supervision, as well as post-commissioning assistance for the project.

The progress of work was very slow from the beginning and the agency had repeatedly requested for extensions. The final extension was granted by the Superintending Engineer, Murshidabad Circle, PHE Directorate up to April 2016. However, since the work was not completed, the contract was terminated (November 2016) and ₹ 238.40 crore was paid to the agency for

[152] *Berhampore, Murshidabad-Jiaganj and Hariharpara.*

[153] *Part-I: Doulatabad, Ayeshbag, Rampur, Begumpur, Amaipara, Sashidharpur, Habipur; Part-II: Hatinagar, Purvanarayanpur, Bairgachi, Raipur, Lochanmati, Choa, Rukundpur and Pradipdanga.*

[154] *The delivery line carrying water from pump to storage tank (elevated).*

[155] *M. N. Dastur & Company Pvt. Ltd.*

the work done till then. Thus, the Department took more than six years after the scheduled date of completion of the work to terminate the tender, although the progress of the work was very slow, which was indicative of poor project management.

Audit observed (September 2022) that out of 15 OHRs, construction of five OHRs[156] (three in Part-I and two in Part-II) was stopped during March to August 2010, due to problems[157] with the concerned landowners. Pending completion of these OHRs and other allied works[158], the water supply commenced partially under Part-I and Part-II of the command area, in the years 2013 and 2017 respectively, by means of direct pumping of water. As a result, the Department could not provide water to the beneficiaries residing at the tail end (far end) of the scheme. The Department took up the work of construction of OHRs without ensuring availability of encumbrance-free land and further took seven years to resolve the issue related to land problems.

The Department requested **(**09 February 2017**)** the supervision consultant to examine the condition of the five incomplete OHRs. In response, the supervision consultant suggested (March 2017) conducting of Non-Destructive Tests (NDTs)[159] for assessing the health of the structures and taking necessary remedial measures as required.

Nine months after this recommendation was made by the supervision agency, the Department engaged (December 2017) an engineering consultant agency[160] to conduct the required NDTs. The agency conducted the NDTs in December 2017 and recommended (February 2018) certain corrective measures[161], before undertaking the balance work.

Scrutiny of records, however, revealed that the Executive Engineer, Murshidabad Division, without waiting for the report of the supervision consultant and before taking any corrective measures, awarded (during April 2017 to February 2018) the balance work of the five incomplete OHRs to five different agencies, rendering the exercise of assessment by the supervision and engineering consultants meaningless. An expenditure of ₹ 2.33 crore was incurred (up to February 2020) on the balance work on the five OHRs.

Audit observed (September 2022), that one of the OHRs[162] had collapsed (January 2021), during filling of water. As a result, expenditure of ₹ 1.18 crore (₹ 0.64 crore for initial construction and ₹ 0.54 crore on the balance work) incurred on this OHR, was rendered wasteful.

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[156] *Doulatabad, Rampur, Begumnagar, Lochanmati and, Choa.*

[157] *Agitation by landowners in regard to low valuation, partition deed disputes etc.*

[158] *Interconnection between raising main and OHRs, chlorination system, pump house building etc.*

[159] *'Non-destructive tests' are applications for detecting flaws in materials, without impairing their usefulness.*

[160] *Department of Construction Engineering, Jadavpur University, Salt Lake.*

[161] *Proper corrosion treatment to the shaft top reinforcement, insertion of dowel bars by chemical anchorage, proper surface preparation and subsequent application of bond coat on the existing concrete surface.*

[162] *Lochanmati-OHR.*

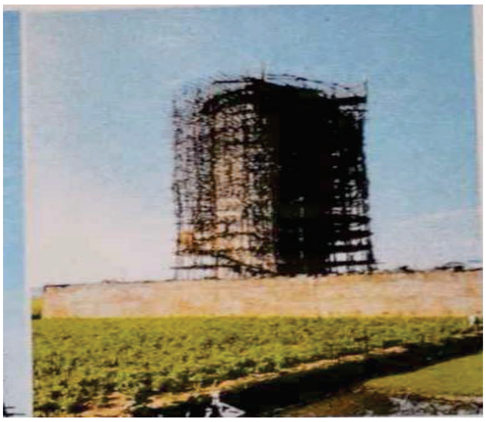
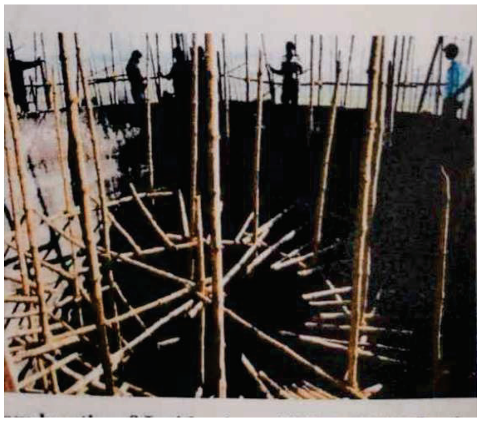

Fig. 4.14: Inside and outside view of the partially constructed Lochanmati OHR (left abandoned for more than six years), which collapsed after completion of the balance work

Consequent to the destruction of the OHR, the other four OHRs, constructed at a cost of ₹ 4.50 crore (₹ 2.71 crore for initial construction and ₹ 1.79 crore on balance work) were not commissioned till the date of Audit (September 2022). Further, two[163] out of the ten completed OHRs constructed at a cost of ₹ 2.11 crore had remained non-functional (as of September 2022) due to cracks and incomplete allied works.

Therefore, the amount of ₹ 6.61 crore (₹ 4.50 crore + ₹ 2.11 crore), incurred on these six OHRs remained unfruitful.

Thus, poor planning, coupled with inefficient project management and monitoring, as well as lack of coordination amongst field functionaries of the Department, resulted in wasteful/unfruitful expenditure of ₹ 7.79 crore[164].

Hence, the objective of providing potable water to all the intended beneficiaries could not be fulfilled, even after 15 years of commencement of the work.

In reply, the Department stated (June 2023) that, although the balance work had commenced earlier, the work of Reinforced Concrete had commenced in April 2018, after receipt of the recommendation (February 2018) by the Engineering Consultant. It further stated that an Investigation Committee had been formed (January 2021) but the report of the Committee has not yet been received (June 2023). Further, IIT Kharagpur, Civil Engineering Department, had been requested (July 2021) to carry out a health check-up of these six OHRs.

The reply of the Department that the work of Reinforced Concrete had commenced after receipt of the recommendation of the Engineering Consultant is not acceptable, as the balance work of the partially completed OHRs was done on the basis of estimates prepared prior to the engagement of the Engineering Consultant and supplementary works had not been undertaken for ensuring compliance with the recommendations of the Engineering Consultant. Further, the lackadaisical attitude of the Department is evident from the fact that, even after a lapse of more than two years, neither the investigation report, nor the health check-up of the OHRs, had been completed.

[163] *Pratapdanga-OHR and Ayeshbag-OHR.*

[164] *Wasteful expenditure of ₹ 1.18 crore on collapse of one OHR + unfruitful expenditure of ₹ 6.61 crore on six other OHRs not commissioned/non-functional.*

PUBLIC WORKS DEPARTMENT

4.11 Avoidable expenditure, due to non-incorporation of the reduced rate of concrete paver block

Public Works Department (PWD) did not consider the latest PWD Schedule of Rates (SoR), for construction of two roads with interlocking paver block pavement[162], and thereby, incurred avoidable expenditure of ₹ 3.04 crore.

Rule 21 of GFR 2017 stipulates that: (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.

The Superintendent Engineer, Eastern Circle, Public Works Department (PWD) and the Superintendent Engineer, Central Circle (PWD), awarded (January 2021 and August 2021, respectively) the construction works of two different roads[166] (Work-A and Work-B, respectively), to two contractors, at a tendered cost of ₹ 25.06 crore and ₹ 15.45 crore, respectively. Work A was due for completion by August 2022 while Work-B was to be completed by February 2023. Against this, it was noticed that Work-A was completed in June 2022 and an amount of ₹ 29.26 crore[167] was paid to the concerned contractor, while Work-B was completed in November 2022 and ₹ 15.44 crore had been paid to the contractor.

The estimates for both works had been framed, considering the Schedule of Rates (SoR) of PWD-2018 (Vol-III) and its updated *addenda* & *corrigend*a upto 14 October 2020, for all items, except concrete paver block. The estimate for the concrete paver block work was framed, considering the SoR of PWD-2017 (Volume-I), which was applicable with effect from 04 June 2018.

Audit observed (November 2022 and December 2022) that the rate of 100 mm thick concrete paver block had been reduced, *vide* the 12th *addenda* & *corrigenda* to SoR of PWD-2017 (Volume-I), w.e.f. 14 October 2020, before the approval (on 16 October 2020 and 13 January 2021, respectively) of technical sanctions for Work-A and Work-B, by the Chief Engineer (CE), South Zone, PWD. However, the CE did not consider the reduced rate for paver block while approving the estimate, which resulted in avoidable expenditure of ₹ 3.04 crore, as detailed in **Table 4.3**.

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[165] *Paver blocks are small blocks used in pavements. Available in variety of colours, sizes and patterns, these interlocking blocks are laid to form a pavement. As they seamlessly join each other, they are strong with less chances of breakage.*

[166] *Work-A: 'Widening and Strengthening of Hasnabad-Hingalganj road from 0.30 kmp to 15.00 kmp' and Work-B: 'Widening and Strengthening of Raghunathganj – Mitrapur road from 0.00 km to 7.50 km'.*

[167] *Reasons for excess amount included construction of additional 3,000 m paver block pavement in place of flexible pavement, additional protective works etc.*

Table 4.3: Avoidable expenditure, due to non-incorporation of the reduced rate of concrete paver block

	Rate of paver block considered[168] in the estimate (₹ per m²)	Reduced rate of paver block (₹ per m²)	Difference in rate of paver block (₹ per m²)	Total quantity executed (m²)	Contractual percentage[169]	Avoidable expenditure after contractual percentage	Add 12% GST and 1% Cess
	(1)	(2)	(3) = (1)-(2)	(4)	(5)	(6) = (3)x(4)-(5)%	(7) = (6)+13%
Work-A	2,058	1,433	625	16,665	14.36% less	89,19,941.25	1,00,79,533.61
Work-B	1,879	1,409	470	52,345.25	26.89% less	1,79,86,717.77	2,03,24,991.08
Total avoidable expenditure							**3,04,04,524.69**

In reply, the Department stated (March 2023) that due to inadvertent omission, the reduced rate of paver blocks effective from 14 October 2020 was not taken into consideration at the time of technical sanction (16 October 2020). It further stated that care would be taken in future to avoid recurrence of such mistakes.

Thus, due to non-incorporation of the reduced rate of concrete paver block, while approving the estimate, the Department had to incur avoidable expenditure of ₹ 3.04 crore.

4.12 Wasteful expenditure

Public Works Department (PWD) in contravention of MoRTH specifications and Departmental Guidelines, did not cover the executed road works with proper layering course for more than two years, which led to damage of the road costing ₹ 1.82 crore.

Clause-406.4 of Ministry of Road Transport and Highways (MoRTH) specifications' stipulates that preferably vehicular traffic of any kind should not be allowed on the finished Wet Mixed Macadam (WMM)[170] surface till it has dried and the wearing course laid. As per Public Works Department's (PWD) Memo dated 09 March 2015 the WMM {*including Granular Sub-Base (GSB)*} is categorised as unbound material and plying of vehicles over GSB and WMM bed are prohibited. This bed should be covered with subsequent upper layer, as early as possible after achieving desired degree of compaction and level. To avoid stripping of the materials from WMM bed, it should immediately be primed, and after the curing of the prime coat it should be covered with bituminous layer without delay.

Superintendent Engineer, North Bengal Construction Circle-II, Public Works Department (PWD), awarded (March 2018) the road work[171] to a contractor[172], at a tendered cost of ₹ 6.73 crore, for completion by November 2018. The scope

[168] *Vide 3rd addenda & corrigenda to SoR of PWD-2017 (Volume-I) w.e.f. 04.06.2018.*

[169] *Contractual percentage is the rate offered by the contractors on the estimated cost put to tender in percentages above or below the estimated cost.*

[170] *Wet Mix Macadam is an unbound granular base course layer wherein crushed graded aggregates and granular material, like graded coarse sand are mixed with water in mixing plant and rolled to a dense mass on a prepared surface.*

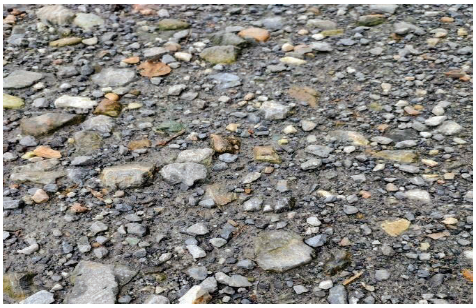
[171] *Construction of Road from Nonai Bridge (Gairkata-Ramsai Road) to Satyapada MSK at Salbari-I GP.*

[172] *M/s Dilip Kumar Das & Sons.*

of the work *inter alia* comprised construction of various protective and drainage works and construction of road pavement with 300 mm GSB[173], 200 mm WMM, 50 mm Bituminous Macadam (BM) and 20 mm Premixed Carpet (PC) & Seal Coat (SC).

Scrutiny of records of the Executive Engineer (EE), Jalpaiguri Division, PWD, revealed (June 2022) that the progress of the work was very slow since the beginning and the contractor failed to complete the work within the scheduled period (November 2018). The EE repeatedly instructed (December 2018, January 2019, May 2019, June 2019 and July 2019) the contractor to expedite the work. However, as the contractor failed to complete the work, the contract was terminated on 27 January 2020. A sum of ₹ 4.17 crore was paid to the contractor out of which ₹1.82 crore[174] was paid for construction of GSB and WMM layers.

During joint physical verification (June 2022) of the road, with the concerned departmental officers, Audit observed that in violation of the MoRTH's specification and the departmental guidelines, the road had been opened to vehicular traffic and exposed to rain for more than two years, without laying the overlay bituminous courses (BM, PC and SC) over the executed GSB and WMM layers. As a result, potholes had formed and stone aggregates used in WMM and GSB layers were exposed and were lying in scattered condition over the entire stretch of the road.

	
Fig. 4.15: Big size potholes filled with rainwater	***Fig. 4.16: GSB and WMM stones found in scattered condition over the entire road***

Thus, non-execution of overlay bituminous layers for more than two years over the already executed GSB and WMM layers in contravention of MoRTH specifications and Departmental Guidelines, led to damage of GSB and WMM layers costing ₹ 1.82 crore.

In reply, the Department stated (July 2023 and February 2025) that no GSB layer was damaged, only the existing WMM layer was worn out in some stretches and the repair of worn out stretches of WMM layer followed by laying of bituminous course was completed (November 2023) at a cost of ₹ 2.33 crore.

The reply of the Department is not acceptable as audit during joint site verification noticed that the existing WMM laid as well as GSB layers were worn out and even big ditches had formed in some stretches as shown in the photographs.

[173] *Granular Sub-Base is a layer in the road foundation just above the compacted sub-grade layer, it consists of crushed stone aggregate or natural river bed material having proper gradation, and it works like a drainage layer.*

[174] *For GSB (₹43,90,440.39 + ₹ 39,37,007.07) + for WMM (₹98,30,641.38) = ₹ 1,81,58,088.84 – contractual rebate (0.03%) = ₹1,81,52,641.41.*

4.13 Avoidable expenditure due to unjustified use of costlier binder and wearing course

The Public Works Department, in deviation from the IRC guidelines, laid bituminous layers of higher specification without justification resulting in avoidable expenditure of ₹ 1.16 crore.

The Public Works Department (PWD), Government of West Bengal, executes different road works, based on its Schedule of Rates (SOR), Ministry of Road Transport and Highways (MORTH) specifications, provisions of Indian Roads Congress (IRC) *etc*. Components of pavements are mainly designed following the above guidelines, on the basis of the strength of sub-grade[175] soil, which is expressed in terms of California Bearing Ratio[176] (CBR) and the projected traffic volume (expressed in *MSA*[177]*)*. For roads having msa two or above, the IRC guidelines[178] prescribe laying Dense Bituminous Macadam (DBM) and Semi Dense Bituminous Concrete (SDBC) as binder course[179] and wearing course[180] respectively. In case, where *MSA* is less than two, application of Bituminous Macadam (BM) and Open Grade Premix Carpet (OGPC) is recommended as per IRC guidelines[181].

Superintendent Engineer, Western Circle-I, Public Works Department (PWD), awarded (March 2019) the work of '*Widening and Strengthening with Re-sectioning of a road from Chinchuria to Bhuri (0.00 kmp to 12.70 kmp)'* in Asansol Division, in the district of Paschim Bardhaman, at a tendered cost of ₹ 23.22 crore, for completion by December 2019. The work was, however, completed in February 2020 at a cost of ₹ 24.48 crore[182].

Audit observed (March 2022) that the *msa* of the road was calculated as one for a design life of five years (for bituminous layers). Thus, as the *msa* of the bituminous layer of the road was less than two, the Division was required to lay 50 mm BM as binder course and OGPC as wearing course as per IRC guidelines[183]. However, the Department laid costlier layers of 50 mm DBM as binder course and 30 mm Bituminous Concrete (BC) as wearing course in violation of the guidelines, leading to an avoidable expenditure of ₹ 1.16 crore.

Initially, the Department stated (August 2022) that as per IRC guidelines[184], recommended combination of DBM and SDBC/BC provides an impermeable

[175] *The native material underneath a constructed road.*

[176] *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.*

[177] *Million Standard Axles.*

[178] *IRC-37–2012.*

[179] *The binder course is an intermediate, binder bound aggregate layer placed between the base layer and the wearing course layer of the pavement.*

[180] *The topmost layer of the pavement which is laid over the binder course.*

[181] *IRC: SP-72-2015, Fig.-4.*

[182] *The increase in cost was mainly due to construction of diversion road and laying of additional 125 mm thick Water Mix Macadam over the existing carriage width of the road.*

[183] *IRC: SP-72-2015, Fig.-4.*

[184] *IRC:37-2018; ANNE-VI-3.*

layer to the pavement and the combination was adopted in place of BM and OGPC, to prevent entry of water into the embankment during rainy season, as the embankment height was low.

The reply is not acceptable as per the relevant IRC code, since the said recommendation is applicable only for design traffic of five *msa* or higher. Further, to restrict water into the embankment, the Department should have raised the height of the embankment by providing a layer of sand as per provision of IRC[185], instead of using costlier items not provided in the IRC guidelines. Further, despite higher specification, the defect liability period has not been increased.

The Department further replied (June 2023) that as per notification[186] circulated by MoRTH, Light Commercial Vehicles (LCV) having Gross Vehicular Weight (GVW) more than three tonnes should be counted as traffic for determining the *msa* value. Taking this into account, Commercial Vehicles Per Day (CVPD) comes to 307 instead of 166 and *msa* value arrived at 2.85 instead of 01, after considering cumulative fatigue damage factor 1.67 for stage construction.

The above reply is also not tenable as the MoRTH notification had been published in July 2018, but traffic census (December 2017) and both Technical and Administrative Approval for the work (June 2018) were completed before the said notification was published.

Further, even after considering the LCV, the design traffic in terms of the cumulative number of standard axles would be 1.7 *msa i.e.* less than 2 *msa*, for which pavement composition should have been designed as per IRC: SP-72-2015[187], which also recommends laying of BM instead of DBM. Moreover, for traffic design, the department followed IRC:37-2012, whereas provision for cumulative fatigue damage factor for stage construction, as mentioned in the reply, is in IRC:37-2018[188], which comes into effect from November 2018 and could not have been anticipated while seeking Technical and Administrative Approval. Further, the fact about the low height of the embankment should have been factored into specifications and the cost at the initial stage itself.

Thus, considering the above facts, it is evident that the replies of the Department are an afterthought to justify the violation of the extant guidelines, which resulted in avoidable expenditure of ₹1.16 crore.

[185] *IRC:34-2011; Clause 4.2.*

[186] *MoRTH order No. RT11028/11/2017-MVL dated 18/07/2018.*

[187] *IRC: SP-72-2015, Page 22, Fig 4: Pavement design Catalogues for Gravels/Granular Bases and Sub-bases.*

[188] *Clause 4.3.2 of IRC:37-2018.*

TRANSPORT DEPARTMENT

West Bengal Transport Infrastructure Development Corporation Limited

4.14 Deficiencies in performance of West Bengal Transport Infrastructure Development Corporation Limited

Delays were noticed in planning and execution of projects undertaken by WBTIDCL. Moreover, WBTIDCL failed to deduct liquidated damages of ₹ 88 lakh from the contractors. There were also deficiencies in the implementation of JnNURM and GATIDHARA schemes, leading to non-recovery of ₹ 102.42 crore from private bus operators and ₹ 32.85 crore from the beneficiaries respectively. Joint Ventures entered into by the WBTIDCL did not fulfil desired objectives.

West Bengal Transport Infrastructure Development Corporation Limited (WBTIDCL) was set up[189] under the Companies Act, 1956, as a public sector entity to develop infrastructure like bus terminuses, truck terminals, passenger amenities centres *etc*. to collect service charges, levies and fees from users; to acquire bus stations/terminals, truck terminals, passenger amenities centres constructed by STUs/Government/Statutory authority, for the purpose of improvement or maintenance and to develop intermodal facilities in passenger transport operations. WBTIDCL was also responsible for overall augmentation of transport infrastructure in the State through the execution of Central/State schemes *viz*., Jawaharlal Nehru National Urban Renewal Mission (JnNURM)[190], GATIDHARA[191] and by entering into Joint Ventures (JVs) *etc*.

Further, WBTIDCL was also executing works under a World Bank funded project *i.e.* West Bengal Inland Water Transport, Logistics and Spatial Development Project (WBIWTLSDP) which aimed to construct pontoons and gangways in 29 jetties at 27 sites, build 22 new passenger ferries (vessels) and install electronic smart ticketing gates at 40 jetty locations. WBTIDCL also undertook 175 other works related to the construction of these gangway cum pontoon jetties, installation of traffic equipment on various roads, construction of vessels etc. Audit selected 17 works out of 23 works funded by the World Bank and 47 works out of 175 works funded by GoWB through random sampling, for detailed audit examination, for the period 2018-23.

Audit findings showed that there were deficiencies on the part of WBTIDCL in the execution of World Bank and GOI/GoWB projects & JVs. These deficiencies are detailed in the following paragraphs:

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[189] *10 September 1996. Refer Department's order Memo no.7330-T/TR/N/8B-49/95 dated 12 June 1997.*

[190] *Launched in December 2005 with the objective of providing financial assistance to various State Governments for replacement of Commercial vehicles which were plying on the road for a period of 15 years or more.*

[191] *Launched in August 2014 to generate self-employment in urban and rural areas through promotion of transport service.*

4.14.1 World Bank funded Project

4.14.1.1 Deficiencies in Planning

WBTIDCL undertook the World Bank financed project namely WBIWTLSDP in January 2020[192]. This project, with an estimated cost of ₹ 1,021 crore, aimed to (i) improve the efficiency and safety of passenger and freight movement across the Hooghly River; and (ii) establish a spatial planning framework to enhance accessibility within the Kolkata Metropolitan Area (KMA). WBTIDCL was to be the implementing agency for the project. This Project included construction of pontoons and gangways in 29 jetties at 27 sites, building of 22 new passenger ferries and installation of electronic smart ticketing gates at 40 jetty locations. The scheduled date of completion of the project is March 2026.

Department of Economic Affairs, GoI approved the proposal for obtaining funds for pre-project activity related to WBIWTLSDP, from the World Bank in April 2018. After accord of Administrative Approval (January 2020) by the Transport Department, GoWB, the agreement with the World Bank was concluded in January 2021. The first instalment of funds for the Project were received on 07 September 2021.

In the meanwhile, a Project Operations Manual for WBIWTLSDP projects was prepared and issued by WBTIDCL (13 February 2020). As per this Manual, six Plans/Studies were crucial for the implementation of the project. These Plans/ Studies were as follows:

1. Institutional Strengthening and Business Plan (ISBP)
2. Inland Water Transport Safety (IWTS) Study
3. Comprehensive Mobility Plan (CMP)
4. Spatial Development Strategy (SDS)
5. Logistics Management Plan (LMP)
6. Integrated Strategic Development Plan (ISDP)

Audit observed that:

- All these six plans/studies were critical towards implementation of the World Bank assisted project, but despite this, consultants were appointed in five out of six plans and one plan *viz*., Logistics Management Plan (LMP) was not taken up by WBTIDCL (February 2024). The LMP was subsequently dropped in concurrence with the World Bank.
- The Agreement with the World Bank was finalized in January 2021 but there was a delay of nearly 27 months on the part of WBTIDCL in tender processing and selection of a consultant for CMP. The concerned consultant was selected only in April 2023.

[192] *Administrative Approval.*

- Deliverables[193] under the remaining four plans were provided by the Consultants with delays ranging from one month to 38 months mainly due to Covid-19 pandemic and State Legislative Elections. Delays observed in four plans/studies are detailed in ***Appendix 4.2***.
- According to the Terms of Reference (ToR) of the consultancy contracts (signed between 17 February 2020 and 10 May 2023[194]), the main outputs and deliverables provided by the consultants were to be initially vetted by a Review Committee. The Review Committee was to monitor the work of consultants, carry out mid-term review and review the Final Draft Report prepared by the consultants. As of October 2023, the Review Committee was neither constituted by WBTIDCL nor by the Transport Department, for reasons not on record. Due to non-constitution of the Review Committee, crucial aspects like guidance and monitoring of consultants appointed and the vetting of Reports submitted by them, could not be carried out.

4.14.1.2 Delays in construction/reconstruction of gangways cum pontoon jetties under Phase I

During the period 2020-21, the World Bank funded the WBIWTLSDP project for improvement of water transport infrastructure in the State besides aiming to improve passenger and freight mobility. The project was to be implemented in two phases:

Phase I: - The first phase of the project was related to the construction of pontoons and gangways in 29 jetties (at 27 sites), building of 22 new passenger ferries and installation of electronic smart ticketing gates at 40 jetty locations.

Phase II: - The second phase of the project included construction of gangway cum Pontoon with passenger amenities at 15 jetties, development of 10 large medium sized terminals and four integrated terminals and other allied activities.

Under Phase I, WBTIDCL issued (17 December 2020) 13 Work Orders for the construction of 29 gangways-cum-pontoon jetties (jetty) at a total cost of ₹ 123.25 crore in the Hooghly River. These jetties were to be completed by April 2022, but none of them could be completed within the stipulated schedule of 15 months. WBTIDCL gave extensions to all the 29 jetty construction works with revised dates of completion being between February 2023 and October 2023.

As of February 2024, 28 out of 29 gangways-cum-pontoon jetties have been completed and one (Dhobi Ghat) is ongoing. However, it was noted that while 12 jetties[195] have been handed over to local bodies and municipalities for

[193] ISBP: - Inception Report with Approach and Methodology for the assignment, Final five-year ISBP on IWT; IWT Safety Study: - Inception Report with Approach and Methodology for the assignment, Final five-year WBIWTLSDP Safety Plan; SDS: - Inspection Report; ISDP:- West Bengal IWT Investment Plan, Feasibility Assessment draft final Report & Workshop with shareholders.

[194] ISBP-17 February 2020, IWTS-13 January 2021, CMP-10 May 2023, SDS-28 September 2022 and ISDP-February 2021.

[195] 1. Panihati Jetty, 2. Chandpal-3 Jetty, 3. Gadiara Jetty, 4. Armennian Jetty, 5. Ahiritola Jetty, 6. Gourhati Jetty, 7. Bansberia Jetty, 8. Debitala Jetty, 9. Rashmoni Jetty, 10. Kuttir Jetty, 11. Outrum Jetty and 12. Ratanbabu Jetty.

operation, 16 jetties[196] were yet to be handed over by WBTIDCL, despite lapse of five to 10 months[197] since their completion. The delay in handing over of these jetties was mainly due to lack of coordination between the Transport Department and Local bodies such as Municipalities/Panchayats.

Due to not handing over of these assets, despite lapse of five to 10 months (up to February 2024) from the date of completion, expenditure of ₹ 67.89 crore on these projects was rendered idle, besides affecting the objectives behind taking up the project. Passengers were unable to utilize the newly completed jetties, which deprived them of the intended benefits. This issue also highlighted procedural inefficiencies in transferring completed assets as also gaps in communication or coordination between the parties responsible for construction and those responsible for operationalizing the jetties.

The Government accepted (February 2024) the observations and stated that works were completed, but handing over of jetties depends on the decision of the Administrative Department.

4.14.2 Works funded by GoWB

4.14.2.1 Issue of NIT before Administrative Approval and Financial Sanction

Para 168 of the West Bengal Public Works Department (PWD) Code states that for every work (excluding repairs) initiated by, or connected with the requirements of another department, it is first necessary to obtain the concurrence or administrative approval of the department concerned to the proposals. This administrative approval of the work is in effect an order to execute certain specified works at a stated sum to meet the administrative needs of the department. Para 172 of the West Bengal PWD Code states that expenditure sanction means the concurrence of Government to the expenditure proposed in cases where this is necessary.

Audit scrutiny of records showed that 47 works funded by the GoWB were taken up during the period from 2018-19 to 2022-23. It was noted that out of 47, NITs for 11 works were issued by WBTIDCL between 60 and 1,230 days before the issue of administrative and financial approval from the concerned department. As per rule 129 of CPWD Works Manual, 2012, issue of NITs in advance can be resorted to only in cases of emergency. However, review of records did not indicate that these were emergent cases with a necessity for taking them up before approvals of the concerned department could be accorded. Hence, the issue of NITs before administrative and financial sanction in these 11 works, valued at ₹ 33.80 crore[198], lacked justification.

The Government stated (February 2024) that as per the decision[199] taken by WBTIDCL, advance planning for works to be executed is undertaken for

[196] *1. Chandpal Jetty, 2. Fulleswar Jetty, 3. Chandpal Ghat-2 Kolkata, 4. Noorpur Jetty in the District of South 24 Pargana, 5.Sovabazar Jetty, 6. Kharda Jetty, 7. Howrah-3 Jetty, 8. Konnagar in Howrah District, 9. Sheoraphuli Jetty, 10. Serampore Jetty, 11. Chinasura Jetty, 12. Naihati Jetty, 13. Halisahar jetty (Lakshmi Ghat), 14. Manirampur Jetty, 15. Cossipore Jetty and 16. Howrah Jetty no.3.*

[197] *Upto February 2024.*

[198] *Value of administrative approval.*

[199] *FD No. 222-F(Y) dated 10.01.2018.*

preparation of DPRs, completion of tendering formalities *etc.* to ensure timely execution of projects. Hence, NITs in respect of the concerned works were issued before issuance of administrative approval and financial sanction, but work order was issued after issuance of administrative approval.

The reply is not acceptable as this was contradictory to Para 168 and 172 of the West Bengal PWD Code and records pertaining to the respective works did not indicate the need for urgent execution of these works. Hence, the issue of NITs before administrative approval was not justified.

4.14.2.2 Delays in Project Completion by WBTIDCL

Clause 2 of the model NIT regarding Construction of Infrastructure Works by WBTIDCL *inter alia*, stated that the time allowed for carrying out the work as entered in the tender shall be strictly observed by the contractor. If the contractor fails to comply with the timelines, he shall be liable to pay compensation @ one *per cent* or less per day as decided by the Chief Engineer on the tendered amount subject to maximum of 10 *per cent* of the tendered amount. Audit observations regarding execution of 47 selected works are discussed below:

i. As of March 2023, of the 47 works, while 20 works (estimated value ₹ 112.09 crore) were completed on time, there were delays ranging from five to 1,043 days in the completion of 21 works valued at ₹ 55.09 crore. Further, the six remaining works, with an estimated cost of ₹15.03 crore, were still ongoing. Out of these six remaining works, there was delay in one work, of up to 20 months from the scheduled date of completion. The main reasons of delay in 21 works were Covid-19 (two works), delay in receiving engine/machinery (two works), delay in delivery of material (one work), handing over issues after completion (one work), material not being available (one work), rainy season (one work), late handing over of site (seven works) and other reasons (six works).

ii. Out of 21 delayed works, delays in five works were attributable to the contractors. Despite this, in contravention of the NIT, WBTIDCL did not deduct LD amounting to ₹ 0.88 crore from the contractors, for these delays ranging between five and 270 days, in case of these five works.

The Government accepted (February 2024) that due to some unavoidable circumstances (*i.e.* non availability of site, unauthorized occupation of the site, non-co-operation of Local Authority and COVID-19 pandemic) the concerned agency could not carry out/ complete the projects timely and asked for extension of time. The authority, being satisfied with the reasons cited by the agency, allowed for extension of time. The Government's response is not valid, as in five works the reasons were all attributable to contractors but despite this, applicable liquidated damages were not levied.

4.14.3 Centrally Sponsored Schemes/State Schemes/Joint Ventures

4.14.3.1 Deficiencies in the implementation of JnNURM scheme by WBTIDCL

Jawaharlal Nehru National Urban Renewal Mission (JnNURM) was launched (December 2005) by the Ministry of Urban Development (MoUD), GoI to encourage reforms and fast track planned development of urban areas. One of the components of JnNURM included provision of financial assistance to various State Governments for replacement of public transport commercial vehicles which were plying on the road for a period of 15 years or more.

Fig. 4.17: JnNURM Bus by WBTIDCL

Under this component of JnNURM, buses were to be procured by WBTIDCL at a price of ₹ 17.33 lakhs for each bus. Of this 35 *per cent* of funds required were to be provided by GoI, 15 *per cent* by the State Government and the balance 50 *per cent* was to be financed by WBTIDCL.

Central assistance of ₹ 31.60 crore through JnNURM was provided to WBTIDCL (February 2009), for purchase of 512 new buses for the improvement of the urban transport systems in Kolkata and Asansol cities. As of 31 March 2023, under this, 512 buses were procured at a total cost of ₹ 88.72 crore[200].

For financing the 50 *per cent* part of the Scheme, WBTIDCL availed (December 2009/ March 2010) term loans of ₹ 43.57 crore[201] from two banks for purchase of buses, repayable by WBTIDCL in 96 monthly instalments at an interest of 9.70 *per cent* per annum.

It was seen that out of 512 buses procured, 16 buses were handed over to the South Bengal State Transport Corporation and the remaining 496 buses were allotted (September 2009 to April 2010) under Public-Private-Partnership (PPP) mode to private bus operators for use. For the use of these buses, the private operators submitted a security deposit of ₹ two lakhs for each bus and an EMI for each bus was fixed at ₹ 22,000 for 96 months. WBTIDCL executed agreement (July 2011) with 273 Private Operators (PO) for the payment of monthly instalment of ₹ 22,000 per month while agreements were not executed with the remaining 223 POs.

In case of the 223 buses, as per Clause 13 (f) of the Agreement, these were owned by WBTIDCL, and the ownership was to be transferred to the bus owners only after timely payment of all installments. Further, in the event of default, WBTIDCL would take back the buses from private operators.

Audit observed that:

1. The payment of EMIs (₹ 22,000) by all 496[202] POs was unsatisfactory, resulting in financial burden on WBTIDCL. WBTIDCL decreased the

[200] *Central Government Subsidy ₹ 31.60 crore, State Government Subsidy ₹ 13.55 crore and Bank Loan ₹ 43.57 crore.*

[201] *Allahabad Bank (₹ 32.61 crore, loan period: eight years, 402 buses) and Bangiya Gramin Vikash Bank, Kolkata (₹ 10.96 crore, loan period: eight years, 110 buses).*

[202] *WBTIDCL handed over total 496 number of buses to POs, out of the total 273 were with agreement and 223 without agreement.*

EMI amount twice (June 2012 to October 2014) and finally fixed it at ₹ 12,000 per month. However, EMI collection from the bus operators did not improve and several demand notices were issued by WBTIDCL (February and March 2022) to the POs. Finally, WBTIDCL took custody of 321 buses (April 2022) and these were retained in different Government bus depots, with consequent deterioration in their value.

2. Audit observed that there were no records to indicate that inspections of the buses were carried out by WBTIDCL personnel at regular intervals as per Clause 4 of the agreement. Due to this, the condition of these buses could not be monitored by WBTIDCL and by the time they were surrendered back to the Company, they were beyond economic repair. These buses were eventually sold off at auction, at very cheap rates.
3. The company could not take any legal action for recovery of EMIs in case of the 223 buses since no agreements had been signed with WBTDICL for the operation of these JnNURM buses.
4. As per the 111th Board Meeting (September 2018) of WBTIDCL, the loans of both banks, including interest of ₹ 17.18 crore thereon were paid in full by WBTIDCL *i.e.*₹ 60.75 crore, of which, ₹ 11.30 crore was received as EMI from POs and ₹ 3.25 crore was recovered through sales of seized buses. Therefore, ₹ 46.20 crore was paid by WBTIDCL from its own resources.
5. As per the Board Meeting (28 March 2022) of WBTIDCL, the total amount of dues from the POs stood at ₹ 127.37 crore. As of July 2022, total amount due was ₹ 116.07 crore (₹ 127.37 crore - ₹ 11.30 crore).

The Government accepted (February 2024) that due to shortage of manpower, inspection of buses could not be carried out at regular intervals. As per orders of the Calcutta High Court to phasing out of vehicles more than 15 years of age, a good number of older buses, came off road. Due to the urgency of the situation and to solve the problem of off-road buses, WBTIDCL handed over the buses to POs but agreements could not be executed. The Government also stated that WBTIDCL had collected ₹ 48.02 lakh from POs as EMI and 20 abandoned buses which are stacked in different places, would be sold by auction. Beside this, security deposit amounting to ₹ 9.92 crore, was received from the franchise operators.

However, WBTIDCL did not sign any agreements with 223 out of 496 operators. As a result, the company could not take legal action for recovery of EMIs from the POs. As a result, the possibility of realizing ₹ 102.42 crore[203] from the bus operators is remote.

4.14.3.2 Deficiencies in implementation of GATIDHARA

The Labour Department, GoWB introduced (August 2014) a scheme *viz*., GATIDHARA to generate self-employment in urban and rural areas through promotion of transport service. The scheme was implemented based on revised guidelines issued (November 2015) by the Transport Department, GoWB.

[203] *Total due from the bus operator (₹ 116.07 crore) – Further collection of EMI from POs (₹ 0.48 crore) – Security deposit (₹ 9.92 crore) - ₹ 3.25 crore recovered from sale of buses= ₹102.42 crore.*

WBTIDCL was the executing agency for implementing and monitoring the scheme. Under GATIDHARA, a qualified beneficiary[204] would be provided subsidy or grant of 30 *per cent* of the project cost (cost of the vehicle) subject to a maximum of ₹ one lakh per case.

As on 31 March 2024, the subsidy disbursed to 46,419[205] beneficiaries was ₹ 407.23 crore, during the period 2015-16 to 2020-21[206]. The performance of WBTIDCL with respect to the GATIDHARA Scheme for the period 2018-19 to 2022-23 was scrutinized during Audit.

As per Clause 17(C) of the guidelines of the GATIDHARA Scheme, the entire sanctioned project cost of the Scheme was to be disbursed by the bank directly to the authorized dealers who would supply the vehicle to the applicant. This provision was revised by the Government (November 2015) *vide* resolution {Clause 9(d)}, whereby payment of subsidy amount could be made directly to beneficiaries. Further, as per the resolution (November 2015), WBTIDCL would monitor each case and verify that the subsidy amount was paid to the applicant from the declared bank within seven days from the disbursement of subsidy by WBTIDCL for purchasing the vehicle. WBTIDCL would also monitor that the vehicle was delivered and registered by the dealer within 30 days of payment of subsidy amount to the dealer by the applicant.

On the basis of this resolution, the subsidy amount was released directly to 12,649 beneficiaries during 2015-16 to 2016-17. Against this, 151 beneficiaries refunded a total subsidy amount of ₹ 1.42 crore but 3,203 beneficiaries had neither provided vehicle details to WBTIDCL nor had they refunded the subsidy amount of ₹ 30.80 crore (May 2024).

The GoWB further revised (July 2017) the process related to payment of subsidy amount. As per clause 12 (g) and 16 of revised guidelines of the GATIDHARA Scheme (July 2017), the subsidy amount was to be disbursed to a GATIDHARA Facilitator[207]. WBTIDCL would issue a provisional sanction letter for the subsidy amount allowable under the scheme to the applicant and keep necessary records. On receipt of the confirmation letter regarding booking of vehicle from the facilitator and duly forwarded by the concerned State Transport Authority (STA) /Regional Transport Authority (RTA), WBTIDCL would release the subsidy amount *via* the declared bank account of the facilitator, in favour of the beneficiaries.

WBTIDCL was also responsible for monitoring that subsidy amount sanctioned against any beneficiary and released to the concerned facilitator was utilized for

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[204] *A qualified beneficiary is the one who fulfils the following criterion: 1. Unemployed youth of the State enrolled with employment Bank, 2. Age between 20 and 45 years. The upper age limit could be relaxed by 5 years for SC/ST and 3 years for OBC beneficiaries, 3. Family income does not exceed ₹ 25,000 from all sources per month.*

[205] *Application received from 65,605 applicants, provisionally sanctioned for 58,590 applicants, out of 58,590, subsidy unpaid/cancelled for 12,171 applicants.*

[206] *The beneficiaries were not selected during 2021-22 and 2022-23 due to lack of funds.*

[207] *Private vehicle dealers who help registered unemployed youth in the State access employment in the transport sector by facilitating the purchase of vehicles under the scheme.*

the purpose of the Scheme within the stipulated time[208], and ensure that in case of non-utilization, refund of the subsidy was made along with interest.

Accordingly, during the period 2017-18 to 2020-21, subsidy amount of ₹ 280.05 crore was released to GATIDHARA facilitators in favour of 33,770 beneficiaries. Against this, 869 beneficiaries had refunded the subsidy amount of ₹ 7.64 crore. However, in case of 226 beneficiaries, the facilitator had neither registered the vehicles nor refunded the amount of ₹ 2.05 crore. As of 31 May 2024, ₹ 2.05 crore was still lying with the facilitators and the amount was yet to be realized.

The Government replied (May 2024) that WBTIDCL is very serious about realization of unutilized subsidy from both defaulter beneficiaries and facilitators and had already coordinated with the concerned RTA and District Magistrate for taking action against defaulter beneficiaries. WBTIDCL had also issued demand notice to the defaulter facilitators several times for refund of unutilized subsidy with accrued interest. Decision about taking legal action against defaulter beneficiaries and facilitators is under discussion.

Despite the reply of the Government, it was noted that as of May 2024, a total amount of ₹ 32.85 crore (₹ 30.80 crore + ₹ 2.05 crore) was still lying unutilized with 3,429[209] beneficiaries/ facilitators under the GATIDHARA Scheme for the period 2015-16 to 2020-21.

4.14.3.3 Deficiencies in Joint Ventures entered into by WBTIDCL

As per the Public Private Partnership (PPP) policy[210] issued by the GoWB, the State Government would take up infrastructure projects with the objective of enhancing the quality of life of the people by providing better and efficient public services. As per the PPP policy, Finance Department, GoWB was the Nodal Department for co-ordinating with different Departments, Authorities and Agencies, GoI & Financial/Technical Organizations involved in PPP projects.

WBTIDCL entered (August 2001 to February 2009) into 14 joint venture (JV) agreements, with private parties for implementing infrastructure projects[211] on PPP basis. These JVs were entered into with the consent of the State Government. Out of the 14 JV agreements, 13 were for infrastructural works and one for operation of weighbridges.

[208] *Resolution (July 2017) specified that the stipulated time will be 19 days, which is on production of the provisional sanction letter by the applicant [clause 11(b)]. The concerned Gatidhara Facilitator will issue a letter within two weeks confirming that the applicant has made initial down-payment to the facilitator (dealer).*

[209] *3,203+226.*

[210] *No.:5267-F(H) dated 21 June 2012 and 5266-F(H) dated 21 June 2012 superseding the Development Planning Department's Notification No. 2094/DP, dated 06 September 2006.*

[211] *Construction of truck terminals, development of township, transport infrastructure, bus terminus, warehousing facilities, weigh-bridges, commercial complex, housing facilities, logistic hubs and mass transit projects etc.*

As per annual accounts of WBTIDCL for 2022-23, a total investment of ₹ 2.71 crore was made in only six JVs. WBTIDCL exited from three[212] JVs and no amount was invested in the remaining five[213] JVs, as tabulated below: -

Table 4.4: Investment of WBTIDCL in JVs

SL No.	Name of Company	Number of Shares	Amount in ₹
1	West Bengal Sew Prasad Infrastructure Limited	16,56,000 equity shares of ₹ 10/- each (out of which 4,56,000 shares purchased at a premium of ₹ 15/- per shares)	2,34,00,000
2	Bengal Regent Infrastructure Limited	18,200 equity shares of ₹ 10/-	1,82,000
3	J.J. Rastriya Infrastructure Development Limited	26,000 equity shares of ₹ 10/-	2,60,000
4	Bengal Swastik Infra. Ltd	2,50,000 equity shares of ₹ 10/-	25,00,000
5	Kolkata Mass Rapid Transit Private Limited	50,000 equity shares of Rs 10/-	5,00,000
6	Bengal Paul Mech Infra. Private Limited	26,000 equity shares of Rs 10/-	2,60,000
	Total		**2,71,02,000**

(Source: Annual Accounts of WBTIDCL)

Audit observed the following regarding the JV projects: -

- Most of the JVs did not fulfil the objectives with which they were set up (based on agreements executed) as 13 out of 14 JV projects had not been completed as of February 2024. As a result, ₹ 2.71 crore was blocked as investment in six of these JVs.
  a. During a joint physical inspection (in September 2023), it was observed that Chuni Babu's market, developed through Bengal Swastik Infra. Ltd. (JV) in 2007, was in a dilapidated condition. The whole marketplace is encroached by local people. This indicated lack of monitoring on the part of the Management.
  b. In another case, during an inspection in October 2023, it was noted that the construction of the Truck Terminal (TT)-cum-Paribahan Nagar at New Town, Rajarhat area had not progressed due to unresolved land-related issues.
- Transport Department in-principle approved (November 2017) the exit of WBTIDCL from 10 JVs[214]. Of these 10 JVs, there was an investment of

[212] *(1) Lotus Space Built Tech Limited, (2) Bengal Orion Infra-logistics Limited and (3) Border Transport Infrastructure.*

[213] *(1)Bengal Dankuni Truck Terminal Limited, (2) Bengal Pailan Park Infrastructure Development Corporation Limited, (3) Bengal Bangaon Transport City & Infrastructure Private Limited, (4) Dhulagarh Truck Terminal Limited (DTTL) and (5) West Bengal Motor Vehicles Weighbridges Corporation Limited.*

[214] *Lotus Space Built Tech Limited, Bengal Orion Infra-logistics Limited, Border Transport Infrastructure, Bengal Dankuni Truck Terminal Limited, Bengal Pailan Surface Transport Corporation Limited, J.J. Rashtriya Infrastructure Development Limited, Bengal Regent Infrastructure Limited, Bengal Paulmech Infrastructure Limited, Kolkata Mass Rapid Transit Private Limited and Bengal Bangaon Transport City & Infrastructure Private Limited.*

₹ 12.02 lakh by WBTIDCL in four JVs. The valuation of shares for these four JVs[215] was done (October 2018) by a valuation agency to determine the transfer price of shares invested by WBTIDCL in those JV Companies, to complete the exit process.

- Review of Board minutes confirmed that WBTIDCL had exited from three JVs[216] out of 10 that had been approved for in-principle exit by the Transport Department. It is pertinent to mention that there was no investment of WBTIDCL in these JVs from where they exited.
- The legal advisor suggested winding up of three JVs[217] related to three projects[218]out of 10, since they had been unresponsive for the last 19 years (April 2004 to December 2023). The winding up petitions for two of these JVs were filed before the National Company Law Tribunal and the documents of one JV were under process in WBTIDCL.

The Management replied (October 2023) that WBTIDCL acted only as the implementing agency under the guidance and supervision of the Transport Department, which was the deciding authority for each infrastructure project, whether it was through tendering or through JV. The Management further replied (December 2023) that the fruitfulness of JV depends upon various parameters and each JV has different issues and hurdles. WBTIDCL is taking all possible actions and undertaking appropriate measures to make the JVs fruitful.

The reply of the Management was not acceptable because the main objectives of the JVs, which included the development of infrastructure facilities such as transport infrastructure, housing for various income groups, and other related social infrastructure (education, entertainment, and health), were not achieved.

4.14.4 Other issues

4.14.4.1 Ambiguity in levy of rent due to imprudent framing of clause in the Agreement

The Ministry of Road Transport & Highways issued a grant of ₹ 3.28 crore in March 2003 to WBTIDCL to construct a three-storied building for Transport & Traffic Management Training Institute at Jessore Road, Kolkata. The approved plan (of June 2005) allowed for the construction of four additional floors in the institute building. In November 2009, WBTIDCL invited bids from educational institutions to operate the institute under a PPP model, requiring an upfront royalty of ₹ 50 lakh and the option to build four additional floors at the bidder's cost which could be used by the bidder for educational and /or other purposes.

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[215] *Bengal Regent Infrastructure Limited (investment: ₹ 1,89,85,630), Bengal Paulmech Infrastructure Limited (investment: ₹ 1,31,040), Kolkata Mass Rapid Transit Private Limited (₹ 3,50,000) and J.J. Rashtriya Infrastructure Development Limited (₹ 73,54,100).*

[216] *Lotus Space Built Tech Limited, Bengal Orion Infra-logistics Limited and Border Transport Infrastructure.*

[217] *Bengal Dankuni Truck Terminal Limited, Bengal Pailan Park Infrastructure Development Corporation Limited and Bengal Bangaon Transport City & Infrastructure Private Limited to set up truck terminal, development of infrastructure like road, bus terminal etc.*

[218] *Bengal Dankuni Truck Terminal Limited, Bengal Pailan Park Infrastructure Development Corporation Limited and Bengal Bangaon Transport City & Infrastructure Private Limited.*

A pre-bid meeting[219] was convened (January 2010) where it was clarified that the payment of monthly rent for vertical extension of four additional floors by the successful bidder was to be made irrespective of its completion, whether fully or partly within 18 months. JIS Foundation (JIS) offered the highest rent at ₹ 5.50 per sq. ft for the additional floors. The three storeyed building was completed by WBTIDCL in March 2010 at a cost of ₹ 2.97 crore.

An Agreement between WBTIDCL and JIS was signed in February 2010 and the property was handed over to JIS in March 2010. According to the Exit Clause 9 of the Agreement, JIS had to construct an additional four floors of approximate area of 10,760 sq. feet on the existing three storeyed building.

It was noted that during the period from March 2010 to February 2013, JIS did not construct four floors as per the terms and conditions of the Agreement. However, they paid ₹ 46.87 lakh[220] as roof rent to WBTIDCL. In March 2014, WBTIDCL raised the roof rent bill for the period March 2013 to March 2014, amounting to ₹ 29.26 lakh but JIS claimed (April 2014) that the agreement did not stipulate that rent was payable even if the additional four floors were not constructed. In this context, Audit observed that in spite of clarification issued in the pre-bid meeting, that payment of the rent for the additional four floors was to be made irrespective of its completion fully or partly, WBTIDCL did not apply due diligence in incorporation of the clause while preparing the agreement.

No follow up action (after March 2014) was taken by WBTIDCL to recover dues. The institute remains functional on the premises as of 31 March 2023, and no rent has been paid by JIS for the period from March 2013 to March 2023. As of March 2023, the total rent due from JIS is ₹ 3.13 crore[221](as worked out by Audit).

The Government stated that (February 2024) that WBTIDCL is re-negotiating terms with JIS. The reply of the Government indicates delayed action by WBTIDCL which did not take timely and decisive steps in renegotiating terms with JIS for collection of the roof rent even after a lapse of more than eight years, resulting in loss of revenue to the company.

4.14.4.2 Modification in the terms of the NIT leading to undue benefit to the contractor

WBTIDCL issued (July 2019) NIT for supply, installation, commissioning, operation and maintenance of two weigh-in-motion devices mounted on mobile vans on Build-Operate-Transfer basis.

Clause V of the 'Other essential requirements' of the above said NIT specified that the Weigh-in-Motion (WIMs) devices set up should be available in working condition for a minimum of 20 days in a month and eight hours per day, failing which a penalty shall be levied. In case of availability for less than 20 days, pro-rata deduction of 1.1 times the daily proportionate value on the quoted rate shall be done.

[219] *As per Clause 2.4 of the bid document.*

[220] *including TDS ₹ 4.69 lakh.*

[221] *10,760 sq.ft x 4 floor x ₹ 5.50 per sq.ft x 12 months x 11 years.*

Clause VII of the NIT stipulated that the selected agency had to identify a minimum of 4,000 overloaded goods vehicles monthly, prepare notices in the prescribed format with vehicle photos and overloading data in triplicate, and submit them to the Transport Department, ensuring no repetition of vehicles.

A corrigendum was issued (August 2019) whereby the agency was required to identify overloaded goods vehicles on the roads and prepare subsequent notices on monthly basis. Audit observed that the target "Minimum of 4,000 overloaded goods vehicles to be identified" and of ₹ 20 per notice were removed.

M/s Heritage was issued LoA[222] (January 2020) for a consideration of ₹ 8.30 lakh per month (*i.e.*, ₹ 4.15 lakh × two WIMs) plus applicable taxes with the provision to increase by five *per cent* of the quoted rate per year. Audit observed that: -

WIM-I and WIM-II were available for use ranging for one to 19 days and one to 16 days per month, respectively during June 2020 to June 2023. However, pro-rata deduction, as provided for in the NIT, was not made, except for the month of June 2022. The contractor was thus paid ₹ 0.65 crore in excess ***(Appendix 4.3)*** due to non-deduction of charges, as per Clause V of the NIT.

During the Exit Conference (January 2024) the Government agreed that efforts will be made to utilize the Weigh-in-Motion devices. The Government further stated (February 2024) that the payment/penalty would be deducted when the WIM was not available. Further, that no payment was supposed to be deducted as per the NIT when WIM was made available but not used or made in-operational due to certain unavoidable circumstances.

The reply is not acceptable as WIMs were not available for use ranging for one to 19 days, during June 2020 to June 2023 but despite this, pro-rata deduction was not made leading to undue benefit for the contractor.

4.14.4.3 Non-recovery of expenses on feasibility studies of various projects

Para 186 on the Commencement of Work under Volume I of the West Bengal Financial Rules *inter alia* specifies that expenses are to be incurred with the administrative approval or sanction of expenditure from the GoWB. Further, Para 187 states that preliminary works should not be incurred without sending any requisition to the civil officer concerned for allotment of funds.

Audit observed that WBTIDCL had taken up feasibility studies on 24 transport infrastructure Projects, on the directions of the Transport Department. An expenditure of ₹ 102.76 lakh was incurred by WBTIDCL, on various components of these projects such as on feasibility studies. However, it was noted that as of March 2023 this amount of ₹ 102.76 lakh was outstanding since 1998 and had not been received from the Department ***(Appendix 4.4)***. The purpose of the feasibility study was neither clearly defined nor approved by the Transport Department nor did the Transport Department authorize the expenditure. The Management replied (December 2023) that this expenditure on feasibility studies was incurred under directions of the Transport Department. After conducting the feasibility study, WBTDICL was not considered as the implementing agency for projects leaving no scope for realisation of the expenditure.

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[222] *Vide LoA no.- 14/ T. Dte./WIM/ Work Order/ 2020 dated 15 January 2020.*

The reply of the Management is not acceptable as while WBTIDCL may have incurred this expenditure on the directions of the Transport Department, the Company did not raise any requisitions seeking funds for carrying out these studies or subsequently claim the amount incurred, from the Transport Department. The Government accepted (February 2024) that the expenditure was provisioned for 'Bad Debt' in the Books of Accounts of WBTIDCL and the Board of Directors of WBTIDCL approved (133rd Meeting held on 07 September 2023) the expenditure to be 'written off' from the Financial Statements of the Company.

Thus, the expenditure of ₹ 102.76 lakh incurred on feasibility studies and other preliminary works was deemed infructuous for WBTIDCL. This was due to a violation of the West Bengal Financial Rules on commencement of work.

4.14.4.4 Improper monitoring of Budge Budge Truck Terminal Project

Budge Budge Municipality (BBM) requested (January 1999) the Transport Department to build a truck terminal to reduce congestion and accidents in Budge Budge. In June 2000, BBM agreed to hand over the land to WBTIDCL, and the terminal was built with financial assistance from HUDCO (₹ 3.45 crore) and the Government of West Bengal (GoWB). WBTIDCL completed the construction of the Budge Budge Truck Terminal (BBTT), by November 2003 at a cost of ₹ 5.92[223] crore.

In March 2005, WBTIDCL entered into a 15 year agreement with S.G. City Link Private Limited (SGCLPL) for operation and maintenance of the BBTT, with a quarterly fee of ₹ 0.11 crore. SGCLPL paid the first fee in September 2010 but did not pay subsequent instalments. WBTIDCL issued a demand notice for ₹ 2.20 crore in arrears in September 2010, but no response was received from SGCLPL. WBTIDCL terminated the agreement in November 2010 and referred the matter to arbitration. An interim order of the Arbitrator (February 2014) required SGCLPL to pay the pending dues to WBTIDCL. However, no such dues were paid by the Agency and Audit observed that WBTIDCL had not initiated any steps to recover this outstanding amount from SGCLPL despite non-compliance with the interim order of the Arbitrator, till March 2023.

WBTIDCL carried out (November 2014) an inspection of the BBTT and noticed that 75 vehicles were parked inside the truck terminal against parking capacity for 226 vehicles. The inspecting official also noted various unauthorized people utilising the terminal facilities. It was thus decided by the Board of WBTIDCL that BBTT would now be operated by the Budge Budge Municipality (BBM) from March 2015. WBTIDCL, further decided (July 2016) that a discussion would be held with BBM on the modalities of revenue sharing and operation of BBTT.

Audit observed that WBTIDCL had the right[224] to impose duties or realize parking fees from each truck till loan taken from HUDCO and interest was fully realized. Despite this, it was seen that while the decision to hand over

[223] *HUDCO Loan: ₹ 3.45 crore + MP LAD: ₹ 0.15 crore + South 24 Pargana Zilla Parishad: ₹ 0.61 crore and Own fund: ₹ 1.71 crore.*

[224] *Clause 5 of the agreement between WBTIDCL and BBM, for handing over of BBTT.*

the operation of BBTT to the Budge Budge Municipality was taken in March 2015, it was only after more than one year *i.e.* in July 2016 that WBTIDCL took a decision to work out a revenue sharing agreement with the Municipality. A Joint Committee comprising members from BBM and WBTIDCL was to be constituted for working out the modalities for revenue sharing and operation of the BBTT. The Committee was formed only in July 2022, however, WBTIDCL could not reach an agreement with BBM on revenue sharing of BBTT (February 2024).

In reply (February 2024), the Government acknowledged the audit findings, confirming that WBTIDCL had the right to collect parking fees but had not concluded negotiations with BBM. A Committee was formed in July 2022 to discuss, negotiate and finalize the terms of modalities for sharing of revenue generated from BBTT and to suggest appropriate measures/take necessary steps regarding recovery of revenue share.

Thus, because of the inability of WBTIDCL in operating and maintaining the BBTT efficiently and in finalising workable norms for revenue-sharing with BBM, there was a loss of revenue from the investment made by WBTIDCL in BBTT.

KOLKATA **(MANISH KUMAR)**

The 15 OCT 2025 **Principal Accountant General**
(Audit-II) West Bengal

Countersigned

NEW DELHI **(K. SANJAY MURTHY)**

The 16 OCT 2025 **Comptroller and Auditor General of India**