

CHAPTER III

SECTION – A AUDIT REVIEW

➤ **GOVERNMENT's INVESTMENT IN
CO-OPERATIVE SECTOR DURING 1997-2002**

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CO-OPERATION / FISHERIES/ COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENTS

3.1 Government's investment in Co-operative sector during 1997-2002

HIGHLIGHTS

With a view to meeting common economic, social and cultural needs of the weaker sections of the population, Government extended financial assistance in the form of loan, share capital, grant-in-aid and subsidy to the Co-operative Societies to make the societies economically viable. Providing credits to farmers, weavers and fishermen, providing non-farm housing loan, creating storage capacity and marketing facility for agriculture/fisheries/ small scale Industrial products, etc. were among the objectives of the co-operative movement.

However, due to lack of proper guidance and monitoring by the Government the objective of making the co-operative societies viable and self-reliant remained unachieved. The number of loss making, defunct and liquidated societies was on the rise. There was huge outstanding Government loan as well as redemption of Government share capital with the societies. Majority of the societies needed further fund-flow from Government to stay afloat. Universal Membership Scheme was also a failure.

Against share capital investment of Rs 52.68 crore during 1997-2002, share scrip for Rs 36.16 crore (69 per cent) were not received by Government till April 2002. The actual amount redeemable up to March 2002 was not available with the Registrar of Co-operative Societies (RCS). However, in the test-checked offices, Rs 21.74 crore worth of redeemable shares (94 per cent of shares due for redemption) were not redeemed by the societies even after expiry of due dates.

(Paragraph 3.1.4.2 (I) and (iii))

During 1997-2002, only Rs 5.02 crore (5.46 per cent) were received by Government as dividend from Co-operative Societies against average paid up Government share capital of Rs 91.88 crore

(Paragraph 3.1.4.2 (iv))

Against cumulative Government loan of Rs 78.70 crore up to March 2002, the actual amount overdue for repayment from the Co-operative Societies was not furnished by the RCS. However, in the test-checked districts only

The abbreviations used in this review have been listed in the Glossary in Appendix 44 (page 192)

5 per cent (Rs 1.73 crore) of the amount overdue (Rs 34.90 crore) for repayment was recovered by Government during 1997-2002.

(Paragraph 3.1.4.3 (i) and (iii))

Growth of Primary Agricultural Credit Co-operative Societies (PACS) and Primary Consumers' Societies was negative during 1996-2001 both in terms of number of working societies and number of members

(Paragraph 3.1.5)

Only 2.83 lakh (35 per cent) new members could be enrolled during 1997-2002 against the targeted enrolment of 8 lakh new members under the Universal Membership Scheme

(Paragraph 3.1.5.1)

Out of 6729 Primary Agricultural Credit Societies and 1171 Fishermen's Co-operative Societies, 1443 (21 per cent) and 322 (27 per cent) respectively were defunct.

(Paragraph 3.1.5.2)

At the end of the year 2001-2002, the societies under liquidation numbered 5351. The Liquidators could not take over 55 per cent of these liquidated societies. Government assistance of Rs 2.29 crore in these societies was thus rendered infructuous.

(Paragraph 3.1.5.3)

Profitability of primary societies under short-term credit and marketing sector showed downward trend despite Government investment of Rs 27.14 crore in them. The loss sustained by West Bengal State Consumers Federation Limited (CONFED), an apex consumer society also rose by 73 per cent during 1997-2002, inspite of financial support of Rs 1.39 crore from Government.

(Paragraph 3.1.6)

Internal Audit of the Government was not effective. Accounts of 2566 out of 8926 societies of certain categories were not audited while audit fees outstanding at the end of 2001-2002 were Rs 1.23 crore.

(Paragraphs 3.1.9.1 and 3.1.9.2)

3.1.1 Introduction

Co-operation was adopted as an instrument for economic and social development particularly of the economically weaker sections of the society. Co-operative societies in West Bengal have been functioning encompassing varied fields namely agricultural credit, agricultural marketing, consumer credit, farm and non-farm activity, banking and urban credit, fishing, weaving, handicrafts, etc.

The basic aims of this sector were –

- i) To unite voluntarily persons of economically weaker sections of society to meet their common economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprises;
- ii) To assist the poor people of society through provision of financial aid (share, grants and loans) and infrastructural facilities to eliminate individual money lenders and middlemen; and
- iii) To strengthen the distribution system in the consumer sector in rural and urban areas.

3.1.2 Organisational Set up

Co-operative sector is controlled mainly by the Department of Co-operation, headed by a Secretary. However, there are Co-operative Societies under the Department of Fisheries, Department of Cottage and Small Scale Industries (C&SSI) and Department of Animal Resources Development (ARD), administered by Secretaries of the respective Department. The respective Directorates were to ensure the proper implementation of various plans and programmes enunciated by the Government at the State level.

The Co-operation department at the directorate level is headed by Registrar of Co-operative Societies (RCS) who is assisted by the three Deputy Registrars at zonal level and twenty-two Assistant Registrars of Co-operative Societies (ARCS) at the district level. The Inspectors of Co-operative Societies are the block level officers.

The Directorate of Handloom and textiles coming under the C&SSI conducts its activities through four Divisional Offices (Bardhaman, Kolkata, Presidency and North Bengal) headed by a Deputy Director and twenty one (21) Handloom Development Zones headed by Handloom Development Officers (HDOs) in handloom concentrated areas. Besides, Deputy Director (Enforcement), Assistant Director (Design), Assistant Director (Quality Control) oversee non-encroachment by power loom in the Handloom sector and assist the weavers' co-operatives in design development and ensuring production of quality fabrics respectively.

Under the Director of Fisheries, Assistant Director of Fisheries of the districts assisted by the Fisheries Extension Officers oversee the activities of the fishermen co-operative societies.

General Manager, District Industries Centres acts as the nodal agency for funding and monitoring the performance of Industrial Co-operatives at the district level.

The Director of Co-operative Audit has been entrusted by the Government with the audit of all categories of co-operative societies. The Director is assisted by the Assistant Director of Co-operative Audit.

3.1.3 Audit Coverage

Records pertaining to 1997-2002 of RCS, 6 ARCS (Bardhaman-I, Hooghly, Medinipur-II, North 24 Parganas, Birbhum and Cooch Behar), 6 Handloom Development Officers (Katwa, Kalna, Hooghly, Birbhum, North 24 Parganas and Medinipur) and 2 of its Divisional Offices (Bardhaman and Kolkata), 5 Assistant Directors of Fisheries (Bardhaman, Hooghly, Medinipur West, North 24 Parganas and Birbhum) and 5 District Industries Centres (Hooghly, Bardhaman, Medinipur, Birbhum and North 24 Parganas) and performance of the Co-operative Societies under their jurisdiction were test-checked.

3.1.4 Financial performance

3.1.4.1 Sources of funds

(i) Short spending by Rs 122.45 crore

During 1997-2002, the Government spent Rs 365.22 crore under Co-operation Sector as under:

Short spending of Rs 122.45 crore by Government of West Bengal

Name of the Department	Allotment	Expenditure	Excess(+)/ Savings(-)	Percentage of savings
Co-operation	346.85	260.35	(-) 86.50	25
ARD	6.85	5.91	(-) 0.94	14
Fisheries	77.15	62.41	(-) 14.74	19
C&SSI	56.82	36.55	(-) 20.27	36
Grand total	487.67	365.22	(-) 122.45	25

(Source: Appropriation Accounts)

There was shortfall of Rs 122.45 crore (25 per cent) in spending the funds against budget allotment of Rs 487.67 crore during 1997-2002.

The expenditure of Rs 365.22 crore included administrative expenditure (direction and administration, training and education, publicity) of Rs 117.79 crore and assistance to Co-operative Societies through grant/ subsidy (Rs 93.65 crore), share/debenture (Rs 104.62 crore) and loan (Rs 49.16 crore).

The department also availed of loan of Rs 119.16 crore and Rs 54.04 crore from National Co-operative Development Corporation (NCDC) and National Bank of Agricultural and Rural Development (NABARD) respectively for implementation of non-plan (Development) schemes namely, Integrated Co-operative Development Project (ICDP), Establishment of storage godowns, development of crop processing units and cold storages, etc. and State plan schemes of investment in shares of Co-operative organisations.

(ii) Short release of fund by the Government towards subscription of debentures of WBSCARDB

Short release of Rs 1.80 crore and Rs 0.38 crore by GOWB and GOI towards debentures to WBSCARDB

For financing various farms, non-farm and housing projects through 24 affiliated Primary Agriculture Rural Development Banks (PARDB) and 2 units of the West Bengal State Co-operative Agriculture Rural Development Bank (WBSCARDB), the WBSCARDB proposed to raise funds (Rs 320.88 crore) by way of floating debentures against secured mortgages. For financing the farm sector, special Development debentures for Rs 241.80 crore were floated (1997-2002) by the WBSCARDB. As per norms, 95 per cent debentures were to be subscribed by the NABARD. The Government of West Bengal and Government of India were to subscribe 2.5 per cent each. Debenture valuing Rs 79.08 crore for non-farm sector was fully contributed by NABARD.

Records of RCS disclosed that contribution of share by the Government of West Bengal (till April 2002) and Government of India fell short by Rs 1.80 crore and Rs 38.17 lakh respectively.

3.1.4.2 Government's contribution towards Share Capital

(i) Share Capital contribution by Co-operation Department

During 1997-2002, the Co-operation Department released Rs 52.68 crore to different Co-operative Societies through the field offices (offices of ARCS) as share capital contribution (Appendix 22 (i)).

Against the share capital investment of Rs 52.68 crore, share scrips for only Rs 16.52 crore (31 per cent) were received by the Government till April 2002.

No consolidated Registers showing the value of share scrips due, dates of retirement, scrips actually retired and value thereof etc. were maintained either in RCS or at the ARCS level.

Only Rs 5.79 crore was received as redemption of shares during 1997-2002

These shares were to be redeemed within a stipulated period (generally 10 years from the completion of moratorium period, if any). The information about total redeemable and unredeemed shares was not available with the RCS. However, only Rs 5.79 crore were received by the Government as redemption of shares from the Co-operative Societies during 1997-2002.

(ii) Share capital contribution by Other Departments

In 3 other departments, Government invested Rs 51.94 crore in Co-operative sector as share capital to Co-operative Societies during 1997-2002 (Fisheries: Rs 20.23 crore, ARD: Rs 2 crore and C&SSI: Rs 29.71 crore) (Appendix 22 (ii)).

During 1997-1998 to 2001-2002 nothing was received back by the Government as redemption of share from the Co-operative Societies under these departments.

(iii) Position of unredeemed shares in test-checked offices

94 per cent of redeemable shares not redeemed in test-checked offices

The Directorate offices also could not furnish the quantum of redeemable shares from the Co-operative Societies under their jurisdiction. However, test-check of records of the field offices revealed that Rs 21.74 crore worth of redeemable shares (94 per cent of total shares due for redemption) were not redeemed by the societies even after expiry of due dates as shown in Appendix 22 (iii).

(iv) Receipt of dividend from the societies

Only 5.46 per cent of invested amount received as dividend

During 1997-2002, Rs 5.02 crore were received by the Government as dividend from the Co-operative Societies which was only 5.46 per cent of average paid up Government share capital of Rs 91.88 crore. The Directorate could not furnish the number of societies declaring dividend during 1997-2002.

3.1.4.3 Government's Contribution towards loan

(i) Contribution of loan by Co-operation Department

During 1997-2002, Rs 20.77 crore were invested by the Co-operation Department as loan to different co-operative societies through the ARCSs (Appendix 23 (i)).

The RCS could not furnish the total position of repayment of loan and outstanding principal and interest amount due/overdue till March 2002 from the co-operative societies.

Government could recover only 12 per cent of its loan investment

However, from available records[▲] and replies furnished by RCS it was noticed that as of March 1997, Rs 57.93 crore (cumulative) of Government loan remained outstanding. Thereafter further loan of Rs 20.77 crore was released up to March 2002, raising the total loan to Rs 78.70 crore against which Government recovered Rs 9.49 crore (Rs 6.68 crore as principal and Rs 2.81 crore as interest) from the Co-operative Societies during 1997-2002 which was 12 per cent of the total loan investment of Government during that period. The actual amount overdue for repayment was not ascertainable.

(ii) Contribution of loan by Other Departments

Two other departments invested Rs 28.38 crore as loan (Fisheries: Rs 25.80 crore and Cottage and Small Scale Industries : Rs 2.58 crore) during 1997-2002 (Appendix 23 (ii)). The concerned Directorates could not furnish the details of outstanding/overdue loans invested in the societies.

The C&SSI and Fisheries departments received Rs 48.24 lakh and Rs 3.28 crore as principal and Rs 0.26 lakh and Rs 2.40 crore as interest respectively during 1997-2002 as detailed in Appendix 23 (iii).

[▲] (Sources: Compilation papers of Co-operation Movement at a Glance 1999, replies from RCS)

(iii) Poor repayment of loan in test-checked offices

Only 5 per cent of loan due for repayment had been repaid in test-checked offices

Records of the test-checked ranges/districts revealed that during 1997-2002 only 5 per cent (Rs 1.73 crore) of the due (Rs 34.90 crore) was repaid by the Co-operative Societies under different Directorates leaving overdue loan of Rs 13.78 crore and interest of Rs 19.39 crore as shown in Appendix 23 (iv).

The ARCS attributed such poor rate of recovery to poor performance and financial condition of the societies due to lack of infrastructure, poor management, political interference etc.

Scrutiny, however, revealed that the agreement executed with the loanees stipulated, *inter alia*, that the assets created out of Government's assistance were required to be mortgaged with the Government and that in the case of non-repayment of loan, Government would recover the same as public demand under Bengal Public Demand Recovery Act, 1913. No asset of the loanees was, however, mortgaged with the Government and in no case provision of the Recovery Act invoked. On the other hand, Government provided further loans/investments in shares to the defaulting societies as indicated below:

Name of the Directorate	Range/Zone	Number of Societies involved	Contribution made by Government during 1997-2002		Older outstanding amounts realisable from these societies	
			Loan	Share	Loan	Share
			(R u p e e s i n c r o r e)			
Co-operation Directorate	Hooghly	151	7.84	3.57	3.43	1.82
	Bardhaman	87	0.33	1.86	2.20	1.59
	Coochbehar	18	0.13	0.15	0.55	0.61
	Medinipur-II	11	0.09	Nil	0.03	Nil
Handloom and Textiles	Hooghly	08	0.10	Nil	0.13	0.08
	Katwa/Kalna	23	0.48	Nil	0.09	0.08
Total		298	8.97	5.58	6.43	4.18

Further assistance released pending realisation of older dues

Thus, due to non-consideration of financial credibility of the societies while taking decision of further investment and non-invocation of the stipulation of the agreement led to accumulation of Government dues of alarming magnitude.

3.1.4.4 Undisbursed interest subsidies lying with the Co-operative Banks

Rs 3.48 crore of undisbursed interest subsidy parked in Co-operative Banks

The scheme of interest subsidy was introduced for encouraging timely repayment of loans by the loanee (both in long term and short term credit sector) to the societies. Under this scheme Government provided funds for interest subsidy, on receipt of proposals from the Primary Agricultural Co-operative Credit Societies/Central Co-operative Bank/Primary Co-operative Agriculture and Rural Development Bank, against timely repayment of the loans by loanees.

Under short term credit sectors, the Central Co-operative Bank received funds from the Government and disbursed the same to the PACS, wherefrom the individual loanees were to receive their shares. Under long-term credit sector, the PARDB disbursed the subsidies directly to the individuals. Scrutiny of the audited

accounts of 14 banks (CCBS & PARDBS) disclosed that a sum of Rs 3.48 crore of undisbursed interest subsidies remained parked with the Banks instead of being credited to the beneficiaries' account or refunded to Government (Appendix 24).

The Department could not explain reasons for such huge undisbursed subsidy. The local offices attributed such non-disbursement to partial release of fund by Government, difficulties in fulfilling the necessary formalities etc. Such non-disbursement of subsidy indicated non-percolation of intended benefits to the lowest level of population with adverse effect on timely repayment of loan.

3.1.5 Growth of the Co-operative sector under Co-operation Department

The position of growth of the different types of co-operative societies under Co-operation Department as disclosed from the records of the RCS is shown in Appendix 25.

In terms of number of working societies, all types of societies (except the Primary Agricultural Credit Societies (PACS), Primary Consumers Co-operative Societies and Urban Co-operative Banks) either registered marginal growth or managed to sustain their position over the period from April 1996 to April 2001. The position as of March 2002 was not available with RCS till December 2002.

Erosion of working capital of two Apex societies BENFED and CONFED

There was erosion in working capital of the Apex level society namely, BENFED during 1996-1999. CONFED, however, showed upward trend during 1996-1999 and again a downward trend during 1999-2001.

Primary Consumers Co-operative Societies and Primary Agricultural Co-operative Credit Societies showed a fall in number of members.

3.1.5.1 Coverage under Universal Membership Scheme

Universal Membership Scheme failed, new members enrolled were only 35 per cent of target

With a view to expanding the ambit of Co-operation sector through coverage of more population belonging to weaker sections, the Universal Membership Scheme was taken up in 1977. Under this scheme the Government was to contribute at the rate of Rs 50 per member as share capital. During the Ninth Five Year Plan period (1997-2002), the Government allocated Rs 4 crore for enrolment of 8 lakh new members. Records of RCS revealed that only Rs 1.42 crore corresponding to enrolment of only 2.83 lakh (35 per cent) new members could be released as of March 2002.

3.1.5.2 Position of defunct Co-operative Societies

The consolidated position of the non-working Co-operative Societies in different sectors and consequential blockade of Government fund invested therein could not be furnished by the RCS or any other Directorate.

21 per cent PACS and
27 per cent FCS
became defunct

i) However, it was noticed that 21 per cent of the PACS (1443 out of total 6729) and 27 per cent of the Fishermen's Co-operative Societies (322 out of 1171) were lying defunct as of March 2002.

ii) According to "Co-operative movement at a glance 1997" there were 7173 PACS in the State as on 31 March 1996. The Census on PACS conducted in 2001 revealed that the number of existing PACS came down to 6729 indicating that 444 PACS ceased to exist over the period 1996-2001. During test-check it was noticed that in Birbhum range 36, out of 350, PACS (involving Government share capital of Rs 5.89 lakh, Government loan of Rs 3.31 lakh and subsidy of Rs 1.77 lakh) became non-existent as on 31 March 2002 rendering Government money of Rs 10.97 lakh as bad debt.

Government
investment of
Rs 1.86 crore
blocked in 638
defunct societies

iii) At District level offices, out of 7577 Co-operative Societies in 6 test-checked ranges (Hooghly, Bardhaman-I, North 24 Parganas, Birbhum, Medinipur-II and Coochbehar), 1939 (26 per cent) societies were found defunct. Government investment in 638 of these defunct societies amounted to Rs 1.86 crore inclusive of interest as on 31 March 2002 (Appendix 26), which was virtually bad debt. Investment in the remaining 1301 defunct societies were not furnished by the ARCSs.

iv) According to the information available with the RCS, 313 Societies became defunct during 1996-2002 as detailed below. Due to non-maintenance of any centralised records in RCS's office, investments in these societies were not ascertainable.

Type of Society	Area	Number	Period
Primary Weavers' Co-op. Societies	12 zones* in 9 districts	94	1997-2002
Primary Consumers' Co-op. Societies	Whole state	215	1996-1999
Urban Banks Co-op. Societies	Whole state	4	1996-2002

The district/range level authorities attributed such non-functioning of societies to the following factors:

- a) Handloom Sector : Marketing problems of traditional handloom products, high cost of yarn, working capital problem, delayed payment by apex marketing societies.
- b) Fisheries Sector: Dwindling availability of fish stock in the rivers, failure of Government/Panchayats in rehabilitating fishermen with culturable waterbodies, lack of marketing infrastructure, etc.
- c) Primary Credit/Consumer/ Marketing Societies: Lack of infrastructure, dearth of qualified and trained staff in the societies, lack of awareness among the members/Directors of societies, lack of monitoring by CCB/Departmental officials, failure in diversification of business, etc.

* Kalna, Katwa, Hooghly, Medinipur, Tamluk, Contai, Howrah, Bankura, Purulia, Birbhum, Baruipur, 24 Pgs(N).

Thus, Government's failure in providing infrastructural support, regular monitoring and constructive guidance, imparting training to Members and Directors of the societies, etc. was apparent.

3.1.5.3 Government Investment in Liquidated Co-operative Societies

Rs 2.29 crore of Government's assistance in 5351 liquidated Co-operative Societies rendered infructuous

Records of RCS revealed that as on 31 March 2002, total 5351 Co-operative Societies were identified for liquidation in the State of which only 2382 Societies (45 per cent) could be taken over for liquidation by the liquidators.

Government's assistance of Rs 2.29 crore (Share Capital of Rs 0.85 crore, Loans and Advances of Rs 1.37 crore and Grants and Subsidies of Rs 0.07 crore) invested in these 5351 Co-operative Societies was rendered infructuous.

3.1.5.4 Appointment of Administrators in Co-operative Societies

Under Section 29 (3) and 30 of West Bengal Co-operative Societies Act a society should be run by a body elected by its members. However, if any mismanagement is noticed in any Co-operative Society, Government may appoint Administrator on *ad-hoc* basis by dissolving the elected body for one year which may be extended to 3 years. The state-wide figures of appointment of Administrators were not available.

It was, however, noticed that in 30 Co-operative Societies of the 3 test-checked districts* Administrators were posted. Administrators of 6 societies of North 24 Parganas and Bardhaman districts were there for more than 3 years.

Posting of Administrators and their continuance for longer period indicated unabated mismanagement in the societies.

3.1.6 Performance of other Co-operative Societies in regard to profitability

The position of the profitability of the various levels and categories of societies in the State during 1997-2001 as revealed from the records of various Directorates disclosed the following:

(i) Co-operation Department

a) Both short term credit sector and marketing sector showed fall in the number of profitable primary societies rendering Government investment of Rs 27.14 crore unfruitful (Appendix 27 (i)).

b) Loss in apex consumer society (CONFED) rose from Rs 0.67 crore in 1997-1998 to Rs 1.16 crore in 2000-2001 (increase by 73 per cent) inspite of financial support of Rs 1.39 crore from Government.

* Bardhaman, North 24 parganas and Birbhum

c) Despite massive investment of Rs 23.75 crore in 53 Co-operative cold storage units, the number of profitable units were only 11 as of March 2001.

(ii) Cottage and Small Scale Industries Department (Handloom and Textile Directorate)

Government made an investment of Rs 21.47 crore during 1997-2002 in the Primary Weavers Co-operative Societies of 12 zones in 9 districts. Despite that, performance of Primary Weavers Co-operative Societies in these zones sharply declined over the period of last 5 years. Comparative position is given in Appendix 27 (ii).

Downward trend in business of PWCS in spite of Government investment of Rs 21.47 crore

It would be seen that the number of working societies came down from 518 to 424 over last 5 years period; proportion of active looms fell from 40.9 to 37.4 *per cent* indicating underutilisation of looms; and total production and sale decreased by 23 and 26 *per cent* respectively. One hundred and twelve (112) societies earning profit in 1997-1998 had gone into losses during 2001-2002.

The HDOs attributed the same to lack of demand of traditional handloom products in the market, high cost of yarn, fund crunch, blocking of funds with the apex marketing bodies, etc.

Capital of PWCS blocked in Apex Marketing Bodies

Test-check of records of the Handloom Development Offices of 4, out of 22, zones disclosed that the marketing apex bodies of the State (viz. Tantuja, Tantushree, etc.) purchased cloth on credit from Primary Weavers' Co-operative Societies (PWCS), but defaulted in making payments in time. Consequently, the PWCS had to face financial crunch and accumulated dues receivable by 40 PWCS in 4 test-checked zones were Rs 2.29 crore at the end of March 2002 as detailed below:

Name of the Handloom development zone	Number of primary societies supplying cloth to apex marketing Bodies ^φ	Amount outstanding from Apex Marketing Bodies (Rupees .in lakh)			Year from which outstanding
		Tantuja	Tantushree	Others	
North 24 Parganas	15	99.01	61.30	NA	NA
Birbhum	20	23.76	6.72	2.99	1997-2000
Katwa	03	14.37	0.26	NA	1997-2002
Hooghly	02	10.37	7.86	2.53	1999-2002
Total	40	147.51	76.14	5.52	

(iii) Fisheries Department

Total number of working societies in the State and the number of profitable societies were not furnished by the Directorate though called for. However, position that emerged from test-check of records of 5 out of 19 ADFs disclosed that most of the societies except in Birbhum and Bardhaman ranges were running in loss which was attributable to lack of communication facilities, reducing sale price, distance from local market, etc. Details are given in Appendix 27 (iii).

^φ HDOs (Hooghly, Katwa and North 24 Parganas) did not furnish complete information

3.1.7 Position of Utilisation Certificate

In course of test-check it was noticed that utilisation certificates were obtained at the time of disbursement of grant/subsidy itself. Thus, utilisation certificates were furnished as a matter of routine and not based on actual utilisation by the grantees.

3.1.8 Utilisation of godowns

With a view to enabling the Primary Co-operative Societies to store agricultural produces and agricultural inputs and to carry out trading business in consumer sector, Government took up the scheme of construction of godowns. During 1997-2002, additional storage capacity of 44520 MT was created with Government assistance of Rs 11.83 crore. Centralised position of storage capacity as well as utilisation of those godowns in the State was not furnished by the RCS.

16 per cent of godown capacity remaining unutilised in test-checked Ranges

In 4 test-checked Ranges (Hooghly, Bardhaman, Coochbehar and Medinipur-II) out of total available godown capacity of 150301 MT, 246 godowns with 24373 MT (16 per cent) capacity involving Government's assistance of Rs 42.30 lakh for construction and maintenance were lying unused as of April 2002.

The ARCS attributed the non-utilisation to locational disadvantage of the godowns, uncertainty of supply of fertiliser for which space was reserved and lack of working capital.

3.1.9 Audit of Co-operative Societies

3.1.9.1 Position of outstanding audit

As per West Bengal Co-operative Societies Act, Accounts of every Co-operative Society shall be audited at least once in a year, at the expense of the Co-operative Societies. Position of Audit as on 31 March 2002 was as under:

Year	Number of societies considered as auditable ¹	Number of societies actually audited	Number of audit pending
1997-1998	17536	15209	2327
1998-1999	17533	16061	1472
1999-2000	17645	16553	1092
2000-2001	17799	16847	952
2001-2002	17288	16460	828

Non-coverage of 29 per cent of certain categories of Co-operative Societies by State Audit

Test-check of audit coverage of certain categories of Co-operative societies for the accounting year 2000-2001 as shown in Appendix 28 (i) revealed that out of 8926 existing Societies, 2566 (29 per cent) were not audited of which 2280 (26 per cent) were not auditable as their accounts were not ready and

286 societies though auditable were not audited. Audit coverage of Primary Consumers Societies and Primary Fishermen Societies was only 32 and

¹ Societies submitting accounts within September of the year are considered as auditable.

42 *per cent* respectively. Thus, the internal audit arrangements of the Government were not adequate. Further, cases of frauds/defalcation/losses, etc. if any, detected by Co-operative Audit were not made available, though called for.

3.1.9.2 Outstanding Audit Fees

**Audit fees remained
outstanding –
Rs 1.23 crore**

During 1997-2002, Rs 9.76 crore (89 *per cent*) were collected as Audit Fees from the Co-operative Societies against the total demand of Rs 10.99 crore, leaving outstanding dues of Rs 1.23 crore (11 *per cent*) of which Rs 27.63 lakh (22 *per cent*) pertained to 2001-2002 and Rs 95.63 lakh (78 *per cent*) pertained to earlier years. Year-wise break-up of earlier years' outstanding amounts was not available.

3.1.9.3 Classification of Co-operative Societies in terms of financial discipline and performance

As per directives of NABARD, the performance of Co-operative Societies was to be assessed and graded by the Directorate of Co-operative Audit as A, B, C and D in descending order on the basis of level of Non Performing Assets, observance of discipline, non-overdue cover, capital adequacy, earning capacity, efficiency of management, etc. Whereas A and B grading indicated financially sound position and better financial management, C and D indicated poorer state of financial status.

Classification of the Co-operative Banks of the State and classification of all types of societies in the test-checked ranges (Appendix 28 (ii) and (iii)) revealed that

- (i) Co-operative audit categorised 63 *per cent* of the Co-operative Banks as A and B while a substantial number (37 *per cent*) fell under C and D category indicating that high proportion of Co-operative Banks were financially vulnerable.
- ii) In 3 test-checked ranges, out of 2326 societies audited, 2278 (98 *per cent*) fell under the categories of 'C' and 'D' and only 11 societies were graded as 'A' and 37 as 'B' indicating poor financial health of the Co-operative sector

3.1.10 Training

With a view to educating members of the Co-operative societies, the West Bengal State Co-operative Union (WBSCU) conduct courses of various duration (ranging between one day and 25 days) at the ranges through 34 Districts Co-operative Education Inspectors (DCEI). As per records made available by RCS the following was the coverage of training programme vis-à-vis the target:

Year	Target		Achievement			
	Number of classes	Participants	Number of classes	Percentage	Participants	Percentage
1997-1998	1406	44092	715	51	20631	47
1998-1999	1446	46454	759	52	22007	47
1999-2000	1474	48739	952	65	29650	61
2000-2001	1693	60080	1118	66	36295	60
2001-2002	2021	77792	1398	69	33757	43

Thus, only 51 to 69 *per cent* of classes could be organised during 1997-2002 covering 43 to 61 *per cent* of targeted members.

3.1.11 Monitoring and Evaluation

Lackadaisical monitoring by RCS, WB on the performance of Co-operative sector

Government or RCS failed to prescribe any monthly/quarterly/annual returns from the ARCS of Range Offices to the RCS, West Bengal. There was no system of monitoring the growth and financial stability of the Co-operative societies. No reports and returns of the activities of Co-operative Inspector, placed at the block level were sent to the ARCS of Range office. The activities of the co-operative societies and their impact on socio-economic conditions of the members of the Societies, and the State as a whole were never evaluated despite investment of Rs 247.43 crore in the co-operative sector.

3.1.12 Conclusion

There was huge outstanding of Government loan and redemption of Government share with the Societies. Due to lack of proper guidance and monitoring by the Government the number of defunct/non-working and loss making societies was on the rise.

Majority of Co-operative societies continued to suffer from factors like large outstanding loans, lack of infrastructure, dearth of trained staff, lack of monitoring by concerned Government officials, etc. and needed perpetual assistance from Government for sustenance. The basic aim of making co-operative societies viable and self-reliant remained unachieved and the co-operation movement failed to acquire the strength of its own and depended on Government's assistance for survival.

The matter was referred to Government in July 2002; reply had not been received (December 2002).

SECTION – B
AUDIT PARAGRAPHS

**BACKWARD CLASSES WELFARE/ MUNICIPAL
AFFAIRS/ URBAN DEVELOPMENT DEPARTMENTS**

**3.2 National Scheme for Liberation and Rehabilitation of
Scavengers and their Dependents**

3.2.1 Introduction

Government of India (GOI) launched a Centrally-sponsored Scheme under the Ministry of Welfare (now Ministry of Social Justice and Empowerment-MOSJE) in 1980-1981 to liberate scavengers from their existing hereditary occupation of manually removing night soil, by converting existing dry latrines to water-borne flush units and to ensure their rehabilitation in alternative gainful and dignified occupations. The scheme was bifurcated in March 1992 into (a) National Scheme for Liberation and Rehabilitation of Scavengers and their Dependents (NSLRS) covering identification, training and rehabilitation under MOSJE and (b) Integrated Low Cost Sanitation Scheme (ILCS) for conversion of dry latrines to water borne ones under Ministry of Urban Affairs.

NSLRS was modified in April 1996 and further revised in August 1998 giving special emphasis on rehabilitation of women scavengers, training and rehabilitation programmes following cluster approach, release of subsidy for conversion of dry latrines, construction of housing, sanitation, crèches and schools, etc. State Government appointed (September 1992) West Bengal Scheduled Caste and Scheduled Tribe Development and Finance Corporation (DFC) as chief agency to implement NSLRS, while State Urban Development Agency (SUDA) was appointed (March 1992) as nodal agency for implementing ILCS.

Two other parallel schemes *viz.* the Centrally sponsored Scheme of Pre-Matric Scholarships (PMS) to the children of those engaged in unclean occupations and a special programme of cleanliness in habitations of scheduled castes and scheduled tribes engaged in unclean occupations, under the Community Development Schemes (CDS), were in operation. PMS was executed by Backward Classes Welfare Directorate (BCWD) under BCW Department in Purulia and South 24 Parganas districts during 1997-2000 and extended to Coochbehar district in 2000-2002, while CDS programme was implemented during 1998-2000 with the assistance of District Welfare Officers and DFC in consultation with the District Sabadhipatis / Mayors, after obtaining approval from District Welfare Committees.

Even though the Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act, 1993 effective from January 1997, prohibits the employment of manual scavengers as well as continuance of dry latrines, the State Government was yet (December 2002) to issue the notification

prohibiting manual carriage of human excreta and construction/ maintenance of dry latrines, as required under Section 3(1) of the Act.

Implementation of these schemes during 1997-2002 was reviewed in audit between March and June 2002 through test-check of records maintained by DFC and the Government¹ at Kolkata and in the districts of Howrah, Hooghly, South 24-Parganas, North 24-Parganas, Malda, Uttar Dinajpur, Jalpaiguri and Darjeeling.

3.2.2 *Implementation of NSLRS*

Unutilised scheme fund retained in short term deposits

The DFC received Rs 5.74 crore between March 1989² and March 1994 as Central assistance towards training (Rs 0.72 crore) and rehabilitation (Rs 5.02 crore), of which it utilised Rs 6.06 lakh to train 273 scavengers and Rs 2.30 crore to rehabilitate 2130 scavengers and retained Rs 3.38 crore as of 31 March 2002. Although NSLRS did not envisage disbursement of special loan out of central assistance, DFC released special loan of Rs 67.26 lakh between November 1994 and March 2002 on the pretext that banks were reluctant to extend loans under NSLRS.

DFC parked the unutilised balance of Rs 3.38 crore to Rs 5.49 crore between 1994-1995 and 2001-2002 in short-term deposits in banks. The interest of Rs 2.32 crore earned in this period was not credited to NSLRS but retained by DFC.

3.2.2.1 *Survey*

Identification survey incomplete and perfunctory

The District Magistrates (DM) and District Managers, DFC were to complete identification surveys by 30 June 1992 as per NSLRS. In June 2001, MOSJE directed State Government to complete fresh survey by July 2001. However, DFC completed surveys in only 81 out of 122 Urban Local Bodies (ULBs) and 17 out of 341 Blocks/ Panchayat Samitis and reported 21189 scavengers to GOI in the entire State till March 2002. No survey was conducted in Kolkata Municipal Corporation (KMC) despite existence of scavengers as mentioned in paragraph 3.2.4 *infra*.

DFC was to maintain a macro register of identified scavengers, treating each scavenger and his dependents as individual units, along with their survey profiles to prepare a five year perspective plan for each town, district and the State. The survey profiles were incomplete and macro register was not maintained. It was observed that the actual number of scavengers was 32638 in the entire State, as worked out by Audit from district records, indicating that the survey was perfunctory.

¹ Backward Classes Welfare (BCW) Department, Backward Classes Directorate, Municipal Affairs (MA) Department Panchayat and Rural Development (P & R D) Department, SUDA

² Rs 12 lakh was received in March 1989 for providing training to liberated scavengers and their dependents under the Head of Account – 2225 – Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes

3.2.2.2 Training

Training was an important component of NSLRS and GOI had prescribed (May 1994) Training of Rural Youth for Self Employment (TRYSEM) norms for self-employment training, selection of beneficiaries and Training Institutes etc. The stipends during training were enhanced³ (August 1998) according to the class of town/ city.

Even lower target for training was not achieved

Against the requirement of training 31557⁴ scavengers awaiting rehabilitation as of March 1997, DFC set a target of training 3300 scavengers during 1997-2002. However, only 82 scavengers were trained in three⁵ districts of the State at a cost of Rs 1.56 lakh during the period. DFC attributed (January 2001) the shortfall in training to reluctance of scavengers and their dependents to participate in training programmes due to apprehension of losing their secured jobs in different ULBs. The fact, however, remains that the DFC responsible for arranging training, did not pursue with ULBs for sponsoring scavengers for training nor was any effort made to create awareness among scavengers.

No training was conducted in six of the eight districts inspected and only 63 were trained in Hooghly and Howrah during 1998-2002 against target of 863 in eight districts. Further, in Hooghly, stipends of Rs 150 per month were paid for six months against provision of Rs 800 per month, while in Howrah, stipend of Rs 1000 was paid for a month against entitlement of Rs 1200. This resulted in short payment of Rs 2.75 lakh to 63 trainees revealing that withholding of incentives for training could be one of the reasons for reluctance on the part of scavengers to enroll for training.

3.2.2.3 Rehabilitation

Rehabilitation aimed at securing employment as well as ensuring self employment in small scale industry/ business. The permissible maximum project cost was Rs 50000 with preference for group projects not exceeding Rs 5 lakh each. Assistance was by way of 50 per cent subsidy, 15 per cent margin money loan and the remainder through bank loans. Further, bank loans up to Rs 6500 would carry interest of four per cent per annum, the balance being on commercial terms. This was amended in August 1998 and assistance raised to maximum of Rs 50000 per beneficiary – subsidy : Rs 25000, loan : Rs 25000 at 4 per cent interest per annum. For projects exceeding Rs 50000, subsidy was limited to Rs 25000 and the balance being loan from the National Safai Karmcharies Finance and Development Corporation (NSKFDC) at 6 per cent interest per annum. The role of banks was eliminated.

Only 1049 (3 per cent) scavengers rehabilitated during 1997-2002

Originally, all scavengers were to be rehabilitated within the Eighth Plan period i.e. by March 1997, which was extended up to Ninth Five Year Plan i.e. March 2002 in view of the poor performance. Despite this, only 1049 (3.32 per cent) (including those outside survey) out of 31557 scavengers were rehabilitated during 1997-2002, indicating poor implementation of the scheme.

³ Rs 800 to Rs 1200 according to class of cities/ towns

⁴ 32638 less 1081 rehabilitated up to March 1997

⁵ Nadia, Howrah and Hooghly Districts

DFC attributed (November 1994) the slow pace of rehabilitation to non-cooperation by participating banks and decided to finance the projects granting 'Special Loan' with interest rate of four *per cent*. It was also decided that the 'Special Loan' would be extended out of the unspent Central assistance for the NSLRS. It was, however, noticed in audit that 263 cases were assisted by banks during 1998-2002 even after the role of banks in NSLRS was eliminated. This indicated that the observation of DFC that banks were reluctant to finance schemes was not tenable.

In the eight districts covered in audit, against 22562 scavengers identified, only 2437 (11 *per cent*) were proposed for rehabilitation during 1997-2002 of which 763 scavengers (male: 468, female: 295) were rehabilitated.

The following points were noticed in audit:

Financing of unviable projects

(i) During 1997-2002, 1049 scavengers were rehabilitated in the State against target of 5900, at an aggregate project cost of Rs 1.48 crore⁶ (average project cost: Rs 0.14 lakh) in trades such as pan-bidi shops, piggery, cane and bamboo and green grocery shops etc. Government of India observed (April 1996) that average cost per project of less than Rs 0.20 lakh led to preponderance of non-viable projects and failed to provide sustainable income to the beneficiaries. This indicated that the projects were not self-sustaining. Moreover, there was no post-rehabilitation monitoring to evaluate the success of the projects financed.

Absence of correlation between training and rehabilitation

(ii) During 1997-2002 in the eight test-checked districts, 27 scavengers trained in driving and tailoring were not rehabilitated for reasons not on record, whereas 727 were extended financial assistance for rehabilitation in piggery, poultry/ animal husbandry, small garment shops, basket-weaving, grocery/ hardware shops and pan bidi shops without imparting any training, as tabulated below:-

	District	Total Rehabilitated	No. of persons trained	Trained persons Rehabilitated	Un-Trained persons Rehabilitated	Trained but not rehabilitated
1	Hooghly	64	43	36	28	07
2	Howrah	59	20	NIL	59	20
3	24 Parganas (South)	53	NIL	NIL	53	Nil
4	24 Parganas (North)	60	NIL	NIL	60	Nil
5	Jalpaiguri	28	NIL	NIL	28	Nil
6	Malda	168	NIL	NIL	168	Nil
7	Uttar Dinajpur	197	NIL	NIL	197	Nil
8	Darjeeling	134	NIL	NIL	134	Nil
	Total	763	63	36	727	27

This indicated that there was no correlation between training and rehabilitation.

⁶ Subsidy Rs 0.73 crore, Margin Money Rs 0.21 crore, Special loan Rs 0.28 crore and Bank loan Rs 0.26 crore

**Rehabilitation
outside survey –
identified
beneficiaries awaited
rehabilitation**

(iii) It was further seen that in six of the eight districts, DFC had extended assistance of Rs 17.63 lakh to 98 individuals not identified during survey, even though a large number of identified scavengers (22562) awaited rehabilitation. In Howrah Municipal Corporation (HMC), the District Manager of Howrah office sought applications for financial assistance directly through newspaper advertisement and extended financial assistance of Rs 6.60 lakh to 33 candidates whose names did not appear in the survey/ re-survey lists.

(iv) In 28 out of 376 cases, the delay in sanction from the date of application ranged from one to two years and in 18 cases the delay in disbursement from the date of application ranged from one to three years, thereby discouraging the beneficiaries. Besides, 32 applications from Kaliachak (III) block were received in November 2000 but not a single person was rehabilitated as of December 2002 for no recorded reasons. Further, in Serampore municipality, training in tailoring was conducted in December 1999 while rehabilitation of 36 persons trained in tailoring was taken up in March 2001 thereby delaying rehabilitation by 15 months. There were no reasons on record for the delay.

(v) In the districts of Howrah, Jalpaiguri, Uttar Dinajpur, North 24 Parganas and at Siliguri office, banks recovered excess interest of Rs 1.37 lakh from 344 beneficiaries on the bank loan up to Rs 6500 at 11 to 12.5 *per cent* instead of 4 *per cent* in contravention of Reserve Bank of India's directive.

3.2.2.4 *Sanitary marts*

In West Bengal, the Panchayat and Rural Development (P&RD) Department had set up sanitary marts⁷ since 1993-94 under the Central Rural Sanitation Programme (CRSP)/ Total Sanitation Campaign (TSC). According to the P&RD Department, one sanitary mart was to be constructed in each block and 38 of the 341 blocks were yet to be covered till May 2002. Under CRSP/TSC, the clientele of these marts living Below Poverty Line were granted a State subsidy of Rs 200 per sanitation unit. Till March 2002, 14.48 lakh latrines were claimed to have been constructed under CRSP/ TSC against fund of Rs 12.33 crore allotted by GOI.

**Sanitary mart
projects were
unviable *ab initio***

Based on the West Bengal model, the GOI introduced (January 2000), an alternative method of rehabilitation of scavengers. This envisaged rehabilitation of 25 scavengers at each mart with subsidy of Rs 2.50 lakh, margin money loan of Rs 0.75 lakh and soft loan of Rs 1.75 lakh at 6 *per cent* interest. However, there was no provision for subsidising sanitary ware sold. Moreover, it was not mandatory for Government departments, undertakings and other bodies substantially financed by the Government to meet their needs from these sanitary marts.

⁷ Sanitary Marts are outlets to fulfil the need of all sanitary materials, both constructional and consumable, required by the common man

Against target of setting up 127 sanitary marts during 2000-2002, DFC set up only four in two⁸ districts through Non-government Organisations (NGOs) rehabilitating 100 scavengers.

Analysis in audit of two of these marts revealed that they were not successful, *ab initio*, since no subsidy was allowed on the sanitation units, unlike the units set up under the CRSP/TSP.

It was also observed that one NGO⁹ set up a sanitary mart under CRSP/TSC in 1996-1997 at Raypur, South 24-Parganas with subsidy of Rs 2.49 lakh. The same NGO was again selected in March 2001 to set up another sanitary mart at the same location under NSLRS with assistance of Rs 5 lakh¹⁰. The entire assistance of Rs 5 lakh was infructuous since the mart was unsuccessful in absence of subsidy on sanitation units.

3.2.2.5 Evaluation

To evaluate the impact of the programme of training and rehabilitation of scavengers in Medinipur and Purulia districts, GOI appointed (September 1998) Sulabh International Social Service Organisation (SISSO), New Delhi which highlighted (May 2000) that the scheme was treated as a routine activity of relief rather than as an exercise in permanent rehabilitation. Moreover, the procedure for selection of assistance was not transparent and not based on any reasonable criterion. Further, the banks had not financed some projects/ extended loans to individuals due to failure on the part of DFC to fulfil the requisite basic formalities.

SISSO also observed that training to the beneficiaries for the purpose of their rehabilitation in some trades was unsystematic and there was a time lag between training and financial assistance, while rehabilitation was also extended without training. In addition, there was no effort to create market to sell produce of self-employed rehabilitated scavengers. Government was yet to take remedial action (December 2002).

3.2.3 ILCS

GOI channelised funds through Housing and Urban Development Corporation Limited (HUDCO) to SUDA. SUDA, in turn, transferred the funds to the municipalities/ municipal corporations for implementation of ILCS and monitored the progress and implementation. The scheme was to be executed in eight phases from 1992-1993 to 2000-2001. SUDA received Rs 71.52 crore from HUDCO during 1992-1993 to 2002-2003 (September 2002) in eight phases towards subsidy (Rs 37.82 crore) and loan (Rs 33.70 crore) and Kolkata Metropolitan Development Authority (KMDA) received Rs 4.24 crore under Mega City Scheme. SUDA released Rs 61.58 crore (subsidy : Rs 29.05 crore and loan : Rs 32.53 crore) to 111 out of 122 municipalities leaving an unspent balance of Rs 9.94 crore as on 30 September 2002. Reasons for not covering 11¹¹ municipalities were not on record.

⁸ South 24-Parganas -3, North 24-Parganas - 1

⁹ Sahara Health & Education Society, Raypur-Mahestala, South 24-Parganas

¹⁰ Subsidy : Rs 2.50 lakh, margin money loan : Rs 0.75 lakh and soft loan : Rs 1.75 lakh

¹¹ Uttarpara, Barakpore, Titagarh, Khardah, Madhyamgram, South Dum Dum, Bidhannagar, Bolpur, Jhargram, Bardhaman & Kalna

Prior to 1992-1993, 111 Municipalities identified 3.03 lakh latrines for construction/ conversion within March 2001 of which 2.38 lakh (79 per cent) were proposed for conversion / construction, while only 1.66 lakh latrines (55 per cent of requirement) were converted/ constructed till September 2002. Moreover, Phase VI covering nine ULBs scheduled to be completed by March 2001 had not yet been taken up (December 2002).

3.2.4 *Pre-Matric Scholarship Scheme*

**Negligible
expenditure on
scholarships**

The scheme envisaged payment of Pre-Matric Scholarship to the children of those engaged in unclean occupation. The expenditure over and above Rs 16600 per annum during 1997-2002 was to be equally borne by the GOI and the Government of West Bengal (GOWB). As of March 1997, Rs 5.12 lakh assistance received from GOI remained unspent, while a further amount of Rs 2.81 lakh was received in 2001-2002. Against aggregate budgeted estimates of Rs 1.10 crore and revised estimates of Rs 1.12 crore for 1997-2002, GOWB released Rs 15.47 lakh against which actual expenditure was even lower at Rs 14.69 lakh. Thus, GOWB failed to spend 87 per cent of the amount budgeted. This reflected the lack of commitment on the part of State Government.

The number of day scholars in receipt of scholarships rose from 35 in 1997-1998 to 391 while number of hostellers fell from 58 to 29 in the same period. In 1997-1998 and 1999-2000, another four¹² and five districts respectively sought Rs 14.09 lakh for 1577 students and Rs 3.49 lakh for 414 students but no fund was released due to shortage of allotment. Despite the claim of the State Government that manual scavenging was eliminated in the Kolkata Metropolitan area, in March, July and August 2002, Kolkata Municipal Corporation and two¹³ municipalities under North 24-Parganas district forwarded proposals to BCW Directorate for scholarships to 560, 48 and 93 students respectively for students whose parents were engaged in unclean occupations.

Thus, Government failed to implement the scheme despite budgetary allocations.

3.2.5 *Community Development Scheme (CDS)*

The CDS programme was to be funded by diverting Rs 60 lakh per annum from Special Central Assistance (SCA) for the Special Component Plan (SCP). State Government allotted Rs 6 lakh each to Howrah and Kolkata Municipal Corporations, while Rs 3 lakh each for the remaining 16 districts was to be released by the District Magistrates to a single habitation/ municipality only in a particular year.

**Belated release of
CDS fund**

It was observed in audit that the State Government released Rs 1.80 crore between March 1998 and April 2000 to DFC. DFC claimed (September 2002) to have remitted Rs 1.62 crore after delays of three days to 31 months to its District Offices.

¹² Uttar Dinajpur, Murshidabad, Darjeeling & North 24 Parganas in 1997-98 and Uttar Dinajpur, Maldah, Dakshin Dinajpur, Coochbehar & North 24 Parganas in 1999-2000

¹³ Basirhat (non-KMA area) and Panihati (KMA area)

The District offices of DFC disbursed Rs 0.58 crore to nine District Welfare Officers of BCW department and unauthorisedly retained the balance (Rs 0.44 crore) in its bank account earning interest of Rs 7.57 lakh as of September 2002. No assistance was extended by DFC to the districts of Howrah, Purulia and South 24-Parganas.

Moreover, District Magistrate, Hooghly equally distributed (June 1998) Rs 3 lakh to all 12 municipalities in the district and distributed (July 2000) Rs 1.50 lakh each to two¹⁴ municipalities in violation of the provision of the programme.

As all municipalities except Garulia, North 24 Parganas failed to submit utilisation certificates, State Government stopped budgeting fund under this programme since 2001-2002.

3.2.6 Conclusion

The State failed to implement the Centrally Sponsored schemes for liberation of scavengers due to failure to take up identification surveys throughout the State, underestimating the number of scavengers by more than a third, fixing low targets which did not aim at rehabilitating all scavengers, not correlating training and rehabilitation, selecting low-cost un-viable projects and failing to ensure regular disbursement of funds. Thus, State Government displayed an appalling absence of intent by its indifference to the implementation of these schemes and failed to arrest the continuance of manual scavenging by enforcing the Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act, 1993.

The matters were referred to Government in July/ October 2002, reply had not been received (December 2002).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.3 Unfruitful expenditure on introduction of MBBS Course

Government failed to introduce MBBS course in the Institute of Post Graduate Medical Education and Research frustrating the objective of augmenting the strength of Physicians in the State. Expenditure of Rs 2.08 crore incurred for the purpose remained unfruitful.

(a) In view of the increasing demand of health care Government of West Bengal decided to augment the strength of medical graduates in the State by introducing undergraduate Medical Education Course (MBBS) at Institute of Post Graduate Medical Education and Research (IPGMER), Kolkata, with an annual intake capacity of 50 students. The Director, IPGMER procured equipment, furniture, Library books, model, charts, skeleton, etc.

¹⁴ *Rishra & Bhadreswar*

(Rs 114 lakh), executed civil and electrical works (Rs 90.17 lakh) and paid inspection fees (Rs 3.50 lakh) totalling Rs 2.08 crore (inclusive of unpaid liability of Rs 1.91 crore as of March 2002) for newly created six departments and upgradation of fourteen other existing departments for introduction of MBBS course. The Medical Council of India (MCI) conducted inspection at IPGMER in August 2000 and in its Report (September 2000) pointed out non-provisioning of fund in the budget by the State Government, absence of teaching/demonstration rooms in the out patients department (OPD) of various speciality treatments, absence of laboratory rooms in the departments of Histology, Physiology, Haematology etc., absence of Animal House, Central Incineration plant, Staff Quarters, Dissection Hall etc. and non-appointment of staff including teaching faculty in the Biophysics and Dentistry Departments. In view of such deficiencies, MCI recommended (September 2000) to the Central Government not to issue letter of intent for starting of MBBS Course at IPGMER, Kolkata.

The State Government, however, did not initiate any action to rectify these deficiencies till March 2002.

Thus, due to half hearted attempt of the Government to introduce undergraduate medical education course, Rs 2.08 crore spent on additional infrastructure was rendered unfruitful besides frustrating the objective of the Government to augment the strength of physicians for providing health care services to the people of the State.

(b) In violation of the codal provisions, the Director procured (upto March 2002) chemicals, kits, books, machinery and equipment and conducted civil and electrical works in excess of allotment in anticipation of meeting the same from the grant of the subsequent year. As a result of such unauthorised procurement of materials for years together liabilities of the Government had accumulated up to Rs 2.93 crore (for introduction of undergraduate Medical Education Course (MBBS) : Rs 1.91 crore and for existing Post Graduate Medical Education and Research : Rs 1.02 crore) as of March 2002.

Incurring of such liabilities not only violated the codal provisions but also subverted the legislative control over finance.

The matter was referred to Government in June 2002; reply had not been received (December 2002).

3.4 Unauthorised issue of medicines

CMOH, Uttar Dinajpur unauthorisedly issued medicines, etc. valuing Rs 54.23 lakh to private parties such as Clubs, Samitis, Associations, Autonomous Bodies and to BSF.

District Reserve Stores (DRS) under the control of Chief Medical Officer of Health (CMOH) of a district is responsible for procurement and supply of medicines, medical stores, etc. The DRS was not authorised to supply medicines, etc. to any organisation not run by the State Government.

Audit scrutiny (June 2001) revealed that during August 1999 and May 2001 medicines and medical stores valuing Rs 34.41 lakh were issued by the CMOH, Uttar Dinajpur free of cost to private parties such as Clubs, Samitis, Associations, etc. and to BSF battalion and autonomous bodies simply on the basis of their requisition without any written order/recommendation from appropriate authority.

On this being pointed out by audit, the CMOH, Uttar Dinajpur assured (June 2001) to stop such irregular practice in future. Despite this, the irregular practice continued unabated and medicines valuing Rs 19.82 lakh were further issued between June 2001 and December 2002.

Thus, unauthorised issue of medicines, etc. caused loss of Rs 54.23 lakh to Government which needs to be recovered from the parties concerned.

The matter was referred to Government in March 2002; reply had not been received (December 2002).

3.5 Injudicious procurement and undue favour to suppliers

Project Director, State Health System Development Project-II split up the quantities of purchase of bedsteads, tables and chairs of identical specification into several groups and paid at varying rates resulting in undue favour of Rs 1.20 crore to the suppliers.

(a) With a view to providing infrastructure support to hospitals/health centres, the Project Director, State Health System Development Project-II, a World Bank aided Project invited bids in August 2000 through a Consultant (Rail India Technical and Economic Services – RITES) for purchase of 16681 bedsteads (iron cots for patients). Though the bedsteads were of identical specification, the quantity was split into 6 groups and rates were invited for each group separately under a single bid, reasons for which were not on records. Supply orders were issued to 4 suppliers at varying lowest rates in February 2001 for delivery of 5495 bedsteads : Rs 2635 each, 5164 bedsteads : Rs 2970 each, 3189 bedsteads : Rs 3177 each and 2833 bedsteads : Rs 3260 each within 5 months at the total cost of

Rs 5.12 crore. Reasons for wide variation in rates of bedsteads were not explained in Bid Evaluation Report. Further, no effort was taken to negotiate with the bidders for bringing down the quantum of rates at the rate of lowest bidder.

Delivery schedule of the materials was abnormally delayed as civil constructions of hospitals were incomplete in many cases. As of November 2002, the suppliers had delivered 16476 bedsteads (99 *per cent*) and were paid Rs 4.62 crore.

Splitting of purchase quantity and failure to negotiate the rates with the higher bidder to the level of the lowest bid of Rs 2635 per bedstead resulted in an extra avoidable expenditure of Rs 52.28 lakh.

b) In January 2001, the Project Director also issued supply orders for delivery of 6995 steel tables and 19629 steel chairs within 5 months at a cost of Rs 3.78 crore. Before inviting tenders the purchase Committee split the quantities of tables in 4 groups and chairs in 5 groups (1700 tables and 4000 chairs for each group on an average) without any recorded reason. Three tenderers became lowest for four groups at rates ranging between Rs 2489 and Rs 4046.25 for each table while four tenderers were lowest for five groups at rates ranging between Rs 625 and Rs 887.50 for each chair. Without negotiating with the tenderers for the lowest rate of Rs 2489 for each table and Rs 625 for each chair, supply orders were issued to these tenderers at their lowest prices for tables and chairs of identical specification which resulted in an undue benefit of Rs 67.72 lakh to the suppliers.

Procurement was also made without ascertaining the requirement from the user hospitals. While some of the hospitals refused to accept the materials, others who received them, dumped these into stock. Test-check of five hospitals revealed that they utilised only 72 tables and 98 chairs out of 300 tables and 500 chairs received and that too after 5 to 8 months of receipt indicating that the procurement of tables and chairs was much in excess of the requirement. As of November 2002 the suppliers had delivered 6838 tables (98 *per cent*) and 11700 chairs (60 *per cent*) and were paid Rs 2.42 crore.

Thus, injudicious procurement of bedsteads, tables and chairs without ascertaining user hospitals' requirement and acceptance of different rates for materials of identical specification during the same period led to extra avoidable expenditure of Rs 1.20 crore resulting in undue favour to the suppliers.

The matters were referred to Government in July and August 2002; reply had not been received (December 2002).

3.6 Avoidable expenditure on maintenance of uninstalled medical equipment

Project Director, State Health System Development Project-II incurred avoidable expenditure of Rs 33.88 lakh towards maintenance charge of medical equipment not installed in hospitals

In July 2001, Project Director, State Health System Development Project-II (a World Bank aided project) entered into two separate agreements with West Bengal Electronic Industry Development Corporation Limited (WEBEL) and Electro Medical Allied Industries Limited (EMAIL), both State Government undertaking, for annual maintenance of 30 types of medical equipment (costing Rs 22.03 crore) supplied to different hospitals under the Project. As per agreement, WEBEL was to be paid Rs 1.31 crore for maintenance of 22 types of equipment while EMAIL was to be paid Rs 1.30 crore for 8 types of equipment annually with effect from July 2001. The annual maintenance charge was fixed at the rate of 12 *per cent* of the cost of equipment. Till July 2002, these firms were paid Rs 65.45 lakh and Rs 65.06 lakh respectively for first six months' charges (50 *per cent*).

Scrutiny of relevant records in the office of the Project Director revealed the following:

Out of 30 types of equipment only 10 types (number 1463, cost Rs 4.17 crore) of equipment had been fully installed in hospitals while 1520 items of balance 20 types valuing Rs 5.65 crore (Appendix 29) remained in packed condition. Although there was no question of rendering any maintenance services by WEBEL or EMAIL in respect of the uninstalled/packed equipment, the Project Director allowed payment of maintenance charges towards equipment not installed as well rendering avoidable expenditure of Rs 33.88 lakh during the period of six months (July to December 2001).

The matter was referred to Government in August 2002; reply had not been received (December 2002).

**HOME (CONSTITUTION AND ELECTION)
DEPARTMENT**

3.7 Excess expenditure over prescribed ceiling limit for Assembly Election held in May 2001

District Magistrates of 17 districts incurred expenditure of Rs 8.71 crore in excess of the ceiling limit fixed by the Government for conducting Assembly Election held in May 2001

Mention was made in para 3.21 of Audit Report (Civil) Vol I for the year ended March 2001 about mis-utilisation and diversion of election funds. In order to restrict the election expenditure, Home (Constitution and Election) Department, Government of West Bengal laid down (March 2001) ceiling of expenditure of Rs 13.25 lakh per constituency.

Scrutiny in audit revealed that against the prescribed limit of Rs 38.96 crore (at the rate of Rs 13.25 lakh per constituency), an expenditure of Rs 47.63 crore was incurred for the 294 Assembly Constituencies of the State for conducting the Assembly Elections in May 2001. In the districts, the average cost of holding election per Constituency ranged between Rs 0.14 crore (North 24 Parganas, Medinipur and Uttar Dinajpur) and Rs 0.30 crore (Darjeeling) as shown below excepting the 6 Constituencies in Dakshin Dinajpur where the expenditure was within the ceiling limit.

Name of the District/ Election Officer under which Assembly constituencies fall	Number of Assembly constituency	Prescribed ceiling	Total expenditure incurred	Excess	Average expenditure per constituency
DEO, Kolkata	21	2.78	4.05	1.27	0.19
DM, South 24 Parganas	28	3.71	4.61	0.90	0.16
DM, North 24 Parganas	28	3.71	3.83	0.12	0.14
DM, Howrah	16	2.12	2.71	0.59	0.17
DM, Hooghly	19	2.52	3.23	0.71	0.17
DM, Medinipur	37	4.90	5.12	0.22	0.14
DM, Bardhaman	26	3.45	4.16	0.71	0.16
DM, Birbhum	12	1.59	1.82	0.23	0.15
DM, Purulia	10	1.33	1.51	0.18	0.15
DM, Bankura	14	1.85	2.25	0.40	0.16
DM, Nadia	15	1.99	2.36	0.37	0.16
DM, Murshidabad	19	2.52	3.69	1.17	0.19
DM, Malda	10	1.33	1.63	0.30	0.16
DM, Uttar Dinajpur	8	1.06	1.09	0.03	0.14
DM, Darjeeling	5	0.66	1.51	0.85	0.30

DM, Jalpaiguri	11	1.46	1.74	0.28	0.16
DM, Coochbehar	9	1.19	1.57	0.38	0.17
DM, Dakshin Dinajpur	6	0.79	0.75	(-) 0.04	0.13
Total	294	38.96	47.63	8.67	

DM, Darjeeling expended Rs 4.14 lakh on refreshment, contingencies and other items defying the guidelines on poll expenses.

Election Fund of Rs 28.79 lakh was also diverted by the DM, Darjeeling (Rs 28.51 lakh) and DM, Howrah (Rs 0.28 lakh) for meeting expenditure on account of cash card of cellular telephones, godrej steel almirahs, photo copier machine, improvement of telecommunication system, purchase of computer parts and repairing, etc. which were not connected with holding election.

Thus, the object of restricting election expenditure imposing a ceiling remained unachieved as the district administration flouted the Government order resulting in an excess burden of Rs 8.71 crore on Government exchequer.

The Home (Constitution and Election) Department, Government of West Bengal stated (October 2002) that the prescribed ceiling of expenditure was meant for a check and to bring a moderate level of uniformity in election expenditure. But the department's endeavour to control the expenditure became futile owing to excess expenditure over ceiling limit by all the DMs except of Dakshin Dinajpur.

LAND AND LAND REFORMS DEPARTMENT

3.8 Avoidable extra expenditure on acquisition of land

De-requisition of 12.94 acres of land after 19 years of taking possession and belated placement of fund led to extra expenditure of Rs 33.01 lakh

For construction of National Highway – 31 from Domohini to Maynaguri and connection to Jarda Bridge approach at Jalpaiguri District, Special Land Acquisition Officer (LAO) Jalpaiguri, took possession of 42.56 acres of land on 5 April 1976 under Section 4 (1 a) of West Bengal Land (Requisition and Acquisition) Act. II, 1948. Under the Section *ibid*, payment of interest on the value of land determined at the time of taking over the possession was to be made at the rate of 6 per cent per annum from the date of possession of land and at 9 per cent per annum from the date of Gazette Notification for one year and thereafter at 15 per cent per annum till the date of payment. Audit scrutiny revealed that after lapse of 19 years from the date of taking possession of the land, the Public Works (Roads) Department (Requiring Body) proposed derequisition of 12.94 acres of land out of 42.56 acres of land without

assigning any reason. Accordingly Gazette Notification was published on 30 December 1994. However, the final award of Rs 55.41 lakh, after adjustment of advance of Rs 0.99 lakh, was approved on 31 March 1997.

Due to abnormal delay of almost 19 years in publication of Gazette Notification without any recorded reasons, unnecessary holding of 12.94 acres of land during the above period, delay in placement of funds for more than two years from the date of Gazette Notification, Government had to bear additional compensation of Rs 29.31 lakh along with interest of Rs 3.70 lakh.

The Department confirmed the facts and stated (November 2002) that the time lag was attributable to revision of original plan by the Requiring Body and delay in placement of fund. The department assured that adequate steps had been taken to reduce the time lag by monitoring through computerisation of LAO offices.

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

3.9 SWARNJAYANTI GRAM SWAROZGAR YOJANA

3.9.1 *Introduction*

Swarnjayanti Gram Swarozgar Yojana (SGSY), a Centrally sponsored scheme, launched by the Government of India (GOI) from April 1999 was taken up by the State with the available balance of Rs 111.67 crore from the existing 6 poverty alleviation programmes since merged with SGSY aiming at raising 30 *per cent* of the BPL (below poverty line) families of rural areas above the poverty line within 5 years through loan and subsidy by generating a monthly income of Rs 2000. The scheme emphasised organisation of the poor through process of social mobilisation to build their own organisation known as Self Help Groups (SHGs). The Scheme was funded by the Central and the State Government in the ratio of 75 : 25. During 1999-2002, Rs 54.19 crore (GOI – Rs 40.31 crore, State Government – Rs 13.88 crore*) were released for the programme.

Implementation of the SGSY (1999-2002) was reviewed between February and May 2002 in five districts (Cooch Behar, Purba Medinipur, Paschim Medinipur, Purulia and South 24-Parganas) and results of test-check are narrated in the succeeding paragraphs.

3.9.2 *Funds remained unutilised*

During 1999-2002 State Government spent Rs 101.94 crore inclusive of subsidy of Rs 48.64 crore out of available fund of Rs 183.85 crore including miscellaneous receipts of Rs 17.99 crore. Even the balance of Rs 111.67 crore

Poor utilisation of fund led to denial of Central assistance of Rs 81.69 crore

* Rupees 13.88 crore included matching share of Rs 0.70 crore of IRDP relating to 1998-99

carried over from the erstwhile schemes was not spent. Due to poor utilisation of fund the State Government was deprived of Central assistance of Rs 81.69 crore during 2000-2002.

In the 5 test-checked districts Rs 37.64 crore (67 per cent of available balance of Rs 56.39 crore) were spent in 1999-2002. Besides, Rs 4.01 crore advanced and awaiting adjustment was treated as final expenditure. Rupees 3.27 crore were diverted towards ineligible items of infrastructure, Rs 2.59 crore for administrative expenses and Rs 0.41 crore on ineligible items like refund of security deposits, printing and stationery, study tour, mela, survey etc. from SGSY funds in violation of GOI norms

3.9.3 Physical Performance

(i) Poor coverage of Swarozgaris

(a) During 1999-2002, against the target of 8.85 lakh families (one member from each family) only 1.26 lakh families as detailed below, were covered by the State leading to a shortfall of 86 per cent.

Year	Number of families financially assisted		Total families financially assisted under SGSY
	In Group (Number of SHG involved)	Individual	
1999-2000	12925 (1002)	75977	88902
2000-2001	14507 (1235)	6723	21230
2001-2002	2008 (196)	13472	15480
Total	29440 (2433)	96172	125612

(Source : Progress Reports of the State Government)

Information regarding income generated by Swarozgaris was not furnished by the State Government

(b) In 5 test-checked districts against the target of 2.88 lakh BPL families only 0.40 lakh families (35667 individuals and 4788 in groups) (14 per cent) were covered due to (a) non-identification of swarozgaris and poor performance in formation, development and strengthening of groups, (b) selection of Key Activities (KAs) without market survey and analysis of infrastructural gaps, (c) non-preparation of project reports to assess the potential of the KAs and (d) poor coordination among the implementing agencies.

In five districts only 0.40 lakh BPL families were covered against 2.88 lakh targeted

(ii) Assistance to Self Help Groups (SHGs)

(a) Evaluation of SHGs

SGSY emphasised organisation of the poor through a process of social mobilisation to build their own organisation known as Self Help Groups (SHGs) consisting of 5-20 persons. For a group of Swarozgaris, the subsidy under the scheme would be 50 per cent of the project cost subject to maximum of Rs 1.25 lakh. The formation stage (Grade-I) of SHG was for 6 months. After 6 months the group was to be tested for eligibility for the second stage (Grade-II) to receive Revolving Fund to develop credit discipline and financial

management skills. After six months from the date of receipt of Revolving Fund the Groups were required to be tested further for a second time and successful groups were to enter the third stage for credit linkage for starting income generating activities.

In the State, up to March 2002, only 679 out of 0.37 lakh SHGs passed Grade II test and became eligible for financial assistance for starting income-generating activities as shown below:

Year	Total formation of SHG required to be made	Total number of SHGs formed ¹⁵	Number passed Grade-I	Number passed Grade-II	Number of groups started economic activities
1999-2000	Scheme did not specify any target	3314	418	49	1002 *
2000-2001		4480	2052	358	1235 *
2001-2002		29385	6615	272	196
Total		37179	9085	679	2433

(Source : Progress Reports of the State Government)

Out of 0.25 lakh SHGs formed, only 153 passed Grade II test

In the five test-checked districts out of 0.25 lakh SHGs formed, only 153 could pass Grade II test for starting income-generating activities at the end of third year of programme as shown below:

Year	Number of SHGs formed	Number passed Grade I	Number passed Grade II	Number starting economic activities (Number of Swarozgaris involved)
1999-2000	1343	4	Nil	4 (60)
2000-2001	2714	1589	59	384 (4682)
2001-2002	20831	4906	94	4 (46)
Total	24888	6499	153	392 (4788)

(Source : Reports/returns of the DRDCs)

Of 392 SHGs starting economic activities only 4 Groups were credit linked for income generating activities (2001-2002) against eligible groups of 153 passing Grade II.

Lack of initiative on the part of DRDCs caused shortfall in credit linkage with the banks for starting income-generating activities.

(b) Revolving Fund

As envisaged in the guidelines each SHG after passing Grade I was entitled to receive Revolving Fund (RF) at the rate of Rs 10000 each for opening Cash Credit Account (CCA) with the disbursing/link bank to start preparatory works for taking up income generating activities.

The Statewide position of Revolving Fund released and utilisation of cash credit was as below :

¹⁵ Composition of groups was 10-15 members

* During 1999-2000 and 2000-2001, no SHGs under SGSY took up any economic activity and above figure included the numbers covered under DWCRAs groups only.

(Rupees in crore)

Year	Total number of SHG formed	Number of SHG passed Grade I	Amount of		Cash Credit due	Cash Credit sanctioned	Cash Credit utilised
			Revolving Fund due	Revolving Fund released/ (Number of SHG)			
1999-2000	3314	418	0.42	1.43 (1078)	2.70	0.04	Nil
2000-2001	4480	2052	2.05	2.65 (2651)	6.63	1.18	0.39
2001-2002	29385	6615	6.62	4.53 (4529)	11.32	9.52	3.70
Total	37179	9085	9.09	8.61 (8258)	20.65	10.74	4.09

(Source : Progress reports of the State Government)

The following points emerged during test-check:

Irregular payment of revolving fund – Rs 1.61 crore paid to 1259 ineligible SHGs

During 1999-2001, against Rs 2.47 crore RF due for 2470 SHGs, Rs 4.08 crore were disbursed to 3729 SHGs resulting in irregular payment of RF of Rs 1.61 crore to 1259 ineligible SHGs. In 2001-2002 there was short release of Rs 2.09 crore. Reasons for short and excess release were not stated by the Department.

In Paschim and Purba Medinipur districts test checked, RF of Rs 0.58 crore was paid in advance to 577 SHGs irregularly before taking up grading exercise.

There was shortfall of 48 per cent (Rs 10.74 crore sanctioned against Rs 20.65 crore) in sanctioning and 62 per cent (Rs 4.09 crore utilised against sanction of Rs 10.74 crore) in utilisation of Cash Credit facility during 1999-2002 in the State.

In 5 test-checked districts shortfall in sanctioning cash credit and utilisation thereof was 35 per cent and 60 per cent respectively. Reasons for these shortfall were not stated by the Department.

It was noticed that in Paschim Medinipur one bank deposited Rs 0.80 lakh to the Savings Bank Accounts of the groups without opening CCAs and in 5 test-checked blocks CCA was opened for 134 SHGs against 230 due to delay at bankers' end. In Cooch Behar, Purulia and South 24-Parganas only 6 CCAs were opened against 174 due to delay at the bankers' end.

(c) Group Financing

In test-checked districts no loan/subsidy was sanctioned or released during 1999-2001 as no SHGs could be credit linked.

Reasons for shortfall as well as target and achievement were not stated.

(iii) Assistance to Individuals

Subsidy under the scheme was 30 per cent of the Project cost subject to a maximum of Rs 7500; for SC/ST it was 50 per cent not exceeding Rs 10000. There was shortfall of 31 per cent in rendering financial assistance to Individual Swarozgaris in the State as shown below :

Shortfall in release of financial assistance to Swarozgaris

Year	Number of loan cases sanctioned by Bank	Amount of loan		Amount of subsidy disbursed	Number of Swarozgaris assisted	Shortfall in respect of Number assisted (Percentage)
		Sanctioned	Disbursed			
1999-2000	105310	73.50	71.63	34.64	75977	29333 (28)
2000-2001	8688	17.15	9.98	3.21	6723	1965 (23)
2001-2002	26241	57.49	27.91	9.04	13472	12769 (49)
Total	140239	148.14	109.52	46.89	96172	44067 (31)

(Source : Progress Reports of the State Government)

The reasons for shortfall were not stated by the Department.

In 5 test-checked districts out of 44652 loan cases sanctioned, 35667 cases (Rs 35.75 crore) stood disbursed resulting in shortfall of 20 per cent.

Payment of loans was made to only 43 individual beneficiaries out of 138 sanctioned in 3 blocks of Paschim Medinipur district. Scrutiny of the sanctioned cases brought out following irregularities:

(a) In 46 cases (Rs 11.38 lakh) Project Report was not prepared. In 15 cases (Rs 3.75 lakh) analysis of Project viability was not done. In 76 cases (Rs 17.18 lakh) monthly profit estimated was much below Rs 2000 and ranged between Rs 531 and Rs 1650.

(b) As envisaged in the guidelines, Bank should not take more than 15 days in sanctioning loans. In 46 cases (Rs 9.63 lakh) delay in sanctioning/ disbursing of loans by 2 banks ranged from 65 days to 9 months.

(c) In Narayangarh and Jhargram blocks out of Rs 8.86 lakh disbursed as loan by three Banks, Rs 5.52 lakh were kept in Deposit/ Savings bank Accounts frustrating the very purpose of the scheme.

(d) No officer of any level made visits to verify the assets created, if any, by the Swarozgaris.

Of 280 beneficiaries test-checked in 56 Gram Panchayats of 5 test-checked districts, 69 Swarozgaris had earning of Rs 20 to Rs 700 per month only which was insignificant for livelihood.

(iv) Training

For developing project profiles for the identified key activities, Minimum Skill Requirement (MSR) of Swarozgaris was required to be assessed by the District SGSY Committee. As the Project Report for each identified key activity was yet to be prepared, MSR had remained unassessed.

Excess expenditure on training – Rs 9.36 lakh

While imparting training to 0.50 lakh swarozgaris in Groups for sensitization/awareness programme of one day's duration (Cooch Behar and Paschim Medinipur) and 2 days' session (South 24-Parganas) an expenditure of Rs 18.17 lakh was incurred against the normative provision of Rs 8.81 lakh

(at the rate of Rs 15 per trainee per day) resulting in excess expenditure of Rs 9.36 lakh.

In Purulia no training was imparted during 1999-2002.

As of March 2002 no training was imparted to the Individual Swarozgaris in the districts test-checked.

(v) Infrastructure

Proper infrastructure was essential for successful implementation of the Yojana. In the districts test-checked no Project Report was prepared for any of the identified Key Activities and as such the infrastructure needs remained unassessed.

Expenditure on ineligible items – Rs 3.27 crore

Out of expenditure of Rs 6.14 crore (1999-2002) incurred by the 5 test-checked districts towards infrastructure, Rs 3.27 crore were spent on ineligible items.

3.9.4 Other points of interest

(i) Identification of Families below poverty line

The State Government prepared an operational list of BPL families on the basis of survey of socio-economic condition of the rural families. Though, poverty line cut off was fixed at Rs 274.35 per capita expenditure per month by GOI (1997-1998), the operational list of BPL families remained unrevised leaving out a large number of families eligible for assistance under the Yojana.

Reasons for non-revision of the BPL lists were not stated though called for.

(ii) Selection of Key Activities (KAs)

Selection of key activities without survey

The Block SGSY committee was to select 8-10 key activities (KAs) having potential for generation of net monthly income of more than Rs 2000 per Swarozgari within 3 years through a participative process of interaction with the rural poor, survey of banks/technical organisations and forward the same to District SGSY Committees along with Project Reports indicating needs for training, credit, technology, infrastructure, marketing and number of beneficiaries to be covered for approval of 4-5 KAs per block.

In 28 test-checked Blocks the BDOs identified the Key Activities as a matter of routine without any market survey, without ascertaining potentials to generate monthly income of Rs 2000 and without the approval of Block SGSY Committee. Project Reports were also not prepared by any of the Blocks.

(iii) Identification of Swarozgaris/Formation of Groups

Of 2378 Swarozgaris names of 838 not included in the operational list of 6 blocks

(a) As per guidelines, Swarozgaris should belong to families below poverty line and SHGs should not consist of more than one member of the same family. Further, a person should not be a member of more than one group. Of 2378 Swarozgaris (2316 in 222 groups and 62 Individuals)

test-checked in 6 Blocks of Paschim Medinipur district, names of 838 (35 *per cent*) beneficiaries of the Yojana were not found in the operational list and 65 SHGs included more than one member of the same family and in 6 cases one person was also member of other groups in violation of guidelines. In Jhargram Block, 2 Swarozgaris being the members of SHG availed both the benefit of Revolving Fund and GOI loan as individual Swarozgaris.

(b) The 3-member team comprising Village Sarpanch, representative of the Bank and the Block Development Officer for selecting individual swarozgaris was not formed and the list of selected swarozgaris was not placed before any Gram Sabha for approval as noticed in 6 out of 28 test-checked Blocks/GPs.

(c) No separate list of identified individual Swarozgaris was maintained at any level of the five districts test-checked. Instead it was prepared on receipt of loan applications from the Gram Panchayats and sponsored cases from the concerned Block Development Officers (BDOs).

3.9.5 Conclusion

The State Government could not spend 45 *per cent* of programme funds. In the State only 1.26 lakh swarozgaris were assisted against the target of 8.85 lakh while of the targeted 2.88 lakh in five test-checked districts, only 0.40 lakh were assisted.

Thus, after 3 years of implementation, the prospect of achievement of the objective of the yojana to alleviate poverty of 30 *per cent* of rural people living below poverty line within five years appeared to be bleak.

The matter was referred to Government in August 2002; reply was not received (December 2002).

RELIEF DEPARTMENT

3.10 Constitution and Administration of the Calamity Relief Fund and Investment therefrom for the period 2000-2002

3.10.1 Introduction

Under the recommendation of the Eleventh Finance Commission, the Government of India (GOI) constituted a scheme with effect from April 2000 for creation of "Calamity Relief Fund 2000-2005" in each State to finance the relief operations connected with calamities like floods, cyclones, earthquake, etc. The mode of contribution to the fund was 75 *per cent* by GOI with States share of 25 *per cent*, being payable in two instalments in May and November each year. The fund so created was to be invested by the State Government in Government Securities/ Treasury Bills/Deposit Schemes of scheduled Commercial or Co-operative Banks for accrual of interest. In case of failure to

invest in the above manner the State Government was to pay interest to the fund at one and half times the rate applicable to overdrafts under Overdraft Regulation Scheme of the Reserve Bank of India. To meet the expenditure from the fund the State was to make a separate budget provision under the head “Calamity Relief Fund” (CRF). Only the items of expenditure directly related to Calamity relief activities as contained in the norms fixed by the GOI and State Government from time to time could be met from the fund. Administrative expenses like restoration of infrastructure and purchase of capital assets, equipment, etc. from the fund were not permissible.

3.10.2 Organisations set up

The Relief Department was the ‘Nodal’ Agency for implementation of flood relief works during 2000-2001. The Director of Relief, West Bengal (DRWB) was entrusted with procurement and distribution of food, clothings, tarpaulins, etc. Operation of relief was organised by the District Magistrates, Sub-Divisional Officers, Block Development Officers and Gram Panchayats. A State level Committee (SLC) under the Chairmanship of the Chief Secretary of the State and consisting of officials of various departments normally connected with relief works administered the fund. The State Government released the fund through Relief Department in favour of DRWB and DMs to meet the expenditure for relief operations.

3.10.3 Audit coverage

Test-check (April-May 2002) of records in Government Departments, Director of Relief West Bengal (DRWB), 22 Block Development Offices (BDO) under 6 Sub-Divisional Officers (SDO) of 3 Districts Magistrates (Nadia, Murshidabad and North 24 Parganas) relating to relief operations during flood 2000-2001 revealed the following irregularities.

3.10.4 Delay in receipt of fund from Government of India

Contribution to the fund, expenditure incurred and balance during 2000-2001 and 2001-2002 is shown in the table below.

Year	Opening balance	Deposit	Expenditure	Closing balance
		(R u p e e s i n	c r o r e)	
2000-2001	Nil	105.11 [∞]	444.87	(-) 339.76
2001-2002	Nil	53.08 [▲]	19.74	33.34

The excess expenditure of Rs 339.76 crore during 2000-2001 was met out of State budget. For the year 2001-2002, first instalment of Rs 53.08 crore (including state share) which was to be received in May 2001, was received in November 2001 due to late-submission of utilisation certificate to the GOI. Similarly the second instalment due in November 2001 was received in May 2002 thereby affecting the financial preparedness of the Government to meet natural calamities.

[∞] Central Share Rs.75.83 crore, State's Share Rs.25.28 crore, Interest paid by State Rs.4.00 crore

[▲] Central Share : Rs 39.81 crore; State Share : Rs 13.27 crore

The Government stated *inter alia* that utilisation certificate was sent only after receipt of final accounts of the expenditure made out of CRF from the Accountant General (A&E)'s office.

The reply was not tenable, as the department was to furnish the utilisation certificate based on its own records.

3.10.5 Loss due to non-refund of tarpaulins

2.12 lakh tarpaulins were not taken back from the flood victims – resultant loss Rs 8.15 crore

As per Government orders the tarpaulins distributed to the flood victims were to be returned to the BDO/Panchayat Samitis for future use. Out of 213353 pieces of tarpaulins distributed (September-October 2000) among the victims in 205 Gram Panchayats under 22 test-checked BDOs, only 1662 tarpaulins were received back (as of March 2001). 211691 tarpaulins not returned cost the Government Rs 8.15 crore (211691 X Rs 385 each).

3.10.6 Doubtful distribution of blankets

Muster rolls for distribution of blankets valuing Rs 1.41 crore not produced to audit

In 22 test-checked blocks (in 205 GPs) though 357472 blankets were stated to have been distributed (January-February 2001), muster rolls for distribution of 167787 blankets were not produced to audit. The distribution of blankets worth Rs 1.41 crore (167787 numbers x Rs 84 each) was doubtful.

Muster rolls produced to audit revealed that the blankets were distributed after mid January 2001 i.e. after a delay of seven to ten weeks from the onset of winter. The distribution of blankets was therefore delayed.

3.10.7 Undue retention of unspent fund

In three test-checked districts the Government had released (September-November 2000) Rs 215.80 crore towards house building grants, *ex gratia* payment, special gratuitous relief, etc. The districts could spend only Rs 180.57 crore and surrendered the unspent amount of Rs 34.64 crore. Rupees 0.59 crore of house building grant remained to be surrendered (December 2002).

3.10.8 Diversion of fund

Rupees 87.59 lakh was diverted from relief fund

In the three districts out of Rs 11.37 crore spent towards relief contingencies, Rs 87.59 lakh were diverted for purchase of computers, photocopiers, office equipment/furniture, etc. not related to relief works, as shown in Appendix 30.

3.10.9 Doubtful Purchase of rice

Procurement of rice valuing Rs 4.66 lakh remained unaccounted for

Sub-Divisional Officer, Bongaon purchased 443.6 quintal of rice in September 2000 from open market at a cost of Rs 4.66 lakh for distribution among the flood affected people. Neither was there entry in the stock register for the purchase nor were documents for its distribution to the BDOs produced to audit. Absence of records made it a doubtful procurement.

Non-utilisation/
under utilisation of
helicopters –
inflictuous
expenditure of
Rs 9.39 lakh

3.10.10 *Inflictuous expenditure on hiring of helicopter*

The Government hired two helicopters “Dauphin” and “Bell” between 23 September 2000 and 31 October 2000 for aerial survey of flood affected areas by the Chief Minister as well as for relief operations. Scrutiny of records revealed that expenditure Rs 6.85 lakh was incurred towards hiring charges of “Dauphin” for 30 October and 31 October 2000 but it was not utilised for the purpose during the period. Similarly, hiring charge of “Bell” was paid for 28.55 hours against its utilisation for 22.55 hours only. Thus, expenditure of Rs 6.85 lakh for “Dauphin” and Rs 2.54 lakh for “Bell” was inflictuous.

3.10.11 *Other topics of interest*

Rice valuing
Rs 3.26 crore was
neither procured for
flood victims nor was
the fund surrendered

a) During 2000-2001 DM, Murshidabad did not draw Rs 3.26 crore though it was sanctioned by the State Government at his request for procurement of special gratuitous relief rice for distribution among the flood affected people. Consequently, the amount lapsed thereby depriving the calamity affected people of the relief. In reply, it was stated that they had to depend on the reports of the BDOs and SDOs and retained the allotted fund in anticipation of need for further food.

b) Utilisation certificates for Rs 14.77 crore (house building grant – Rs 1.69 crore, ex-gratia – Rs 0.08 crore, relief contingency – Rs 13 crore) in respect of 22 BDOs test-checked were awaited as of December 2002.

The matter was referred to Government in July 2002; final reply was not received (December 2002).

SCHOOL EDUCATION DEPARTMENT

3.11 Free Distribution of Text Books

In order to achieve the goal of Universalisation of Primary Education (PE), Government of West Bengal launched (1984) the State funded scheme of free distribution of text books to all students studying in Class I to V in all Government schools as well as Government aided private schools.

Implementation of the scheme during 1997-2002 was reviewed in audit during the period from February to May 2002 through test-check of records of offices of the Assistant Director of Primary Education (Text Book) [ADPE (TB)], District Inspector of Schools, 166 schools of 4 districts (Purulia, Birbhum, North 24 Parganas and Uttar Dinajpur).

The details of funding for the scheme were as under:

Year	Appropriation/grants received	Expenditure incurred	Excess (+) Savings (-)
	(R u p e e s i n c r o r e)		
1997-1998	12.90	27.15	(+) 14.25
1998-1999	16.06	15.71	(-) 0.35
1999-2000	16.24	12.18	(-) 4.06
2000-2001	17.10	15.74	(-) 1.36
2001-2002	15.50	10.64	(-) 4.86

(Source: Appropriation Account)

Reasons for excess expenditure of Rs 14.25 crore in 1997-98 were not stated.

(I) Performance in regard to distribution of books to students

Printing and distribution of text books and the number of students in the State was as follows:

Academic year	Class, number of books required to be given per student and number of students in schools (Figures in lakh)						Number of books required to be given (f i g u r e s i n l a k h)	Number of books required to be printed as assessed by the Department	Number of books printed and distributed to district godown
	Class I 3	Class II 3 (4 from 1999-2000)	Class III 4 (5 from 1999-2000)	Class IV 4 (5 from 2000-01)	Class V 6 (60% new books to be given)	Total			
1997-1998	36.52	26.80	26.34	21.95	26.68	138.29	479	362	305
1998-1999	27.70	22.19	18.74	16.57	16.80	102.00	351	333	337
1999-2000	28.62	22.78	17.65	17.14	17.66	103.85	397	343	354
2000-2001	27.23	20.96	18.74	17.22	17.83	101.98	410	438	436
2001-2002	29.61	22.11	19.62	18.15	18.85	108.34	434	438	466
Total	149.68	114.84	101.09	91.03	97.82	554.46	2071	1914	1898

Short printing of 2.31 crore books deprived the students of books during 1997-2000

The basis of assessment of requirement of books by the department was not available. Requirement of number of books as per student strength and as assessed by the department were always at variance in all the years. For 1997-2000 sessions, 2.31 crore books were short printed and supplied depriving a good number of students the benefit of the scheme. For 2000-2002 academic years 0.58 crore books were printed in excess though the students of the test-checked schools did not receive full set of books. The reasons for short/excess printing of books were not stated by the department.

(II) Delay in distribution of books to schools

Supply of books to students delayed by 1 to 11 months

The department emphasised distribution of books among the students before the commencement of academic year (May). In 166 schools, physically verified by audit in four districts (Purulia, Birbhum, North 24 Parganas and Uttar Dinajpur), there was delay in supplying books to schools ranging from 1 to 11 months as is evident from the table given below :

Academic year	Total books supplied	Due date/ month of supply	Number of Books received by schools - in the month of								
			May	June	July and August	September October and November.	December	January.	February	March	April
1997-1998	80,409	Within 30 th April	52,326	5,328	17,414	5,341	X	X	X	X	X
1998-1999	87,771		43,513	17,383	20,871	5,712	292	X	X	X	X
1999-2000	91,496		48,658	11,969	25,750	3,965	680	252	X	X	222
2000-2001	92,899		50,065	13,127	24,583	4,328	274	X	X	522	X
2001-2002	96,135		42,288	16,424	28,828	8,251	315	29	X	X	X

Delay in supply of books from godown to schools

Despite availability of sufficient stock of books (13.51 lakh books) at Barasat Zonal Godown at Chhotojagulia in North 24 Parganas district, supply of 4.02 lakh books (30 per cent) was delayed ranging from 2 to 5 months after commencement of the academic year.

District Inspector of Schools (North 24 Parganas) stated (May 2002) that the delay in distribution was due to non-availability of transport and spare time of the Sub-Inspector in charge of Zonal godown. The reply indicated the apathetic approach of the department towards the basic need of supply of text books to the students in time.

(III) Short supply/Non-distribution of books

Out of 166 schools test-checked in four districts, short supply of books ranged between 3 and 45 per cent in 47 schools (Purulia – 4, Birbhum – 8, North 24 Parganas – 23 and Uttar Dinajpur – 12). In three schools* the short supply was 76 per cent of the requisition. In 27 schools certain subject books were not supplied at all depriving the students of the benefit of the scheme.

(IV) Supply of books in excess of requisitions

In four test-checked districts ADPE (TB) supplied 15.50 lakh books to DIs in excess of their requisitions resulting in blocking up of Rs 32.15 lakh. Of these 3.65 lakh books valuing Rs 18.96 lakh were damaged due to improper storing and 2.63 lakh books valuing Rs 13.65 lakh became obsolete due to change in syllabus in the subsequent years.

(V) Non-maintenance of stock of Books

Test-check of 166 schools (Purulia – 34, Birbhum – 34, North 24 Parganas – 55 and Uttar Dinajpur – 43) revealed that 106 schools did not maintain stock account of books, only distribution being shown in a register without quoting serial numbers printed on the books in violation of the order of the School Education Department (Primary Branch).

At Headquarters level (ADPE-TB), DIS office (North 24 Parganas), 2 Sub Inspectors of schools (Rural-II and Neturia of Purulia district), 36 GPs and 5 Municipalities test-checked, stock of books was also not maintained for reasons not on record.

(VI) Unnecessary hiring of godowns for obsolete books

Unnecessary hiring of godown – nugatory expenditure of Rs 12.07 lakh

Since July 1989, 2.88 lakh obsolete books valuing Rs 2.88 lakh were stored in a rented godown as of May 2002 incurring an expenditure of Rs 12.07 lakh as rent during April 1997 to March 2002. The necessity for preservation of obsolete books in rented godown instead of disposal remained unexplained.

The ADPE (TB) stated that the Department was moved for disposal of obsolete books though no such document could be shown to audit.

* Md.Bazar Hemchandra J.B.School, Birbhum, Jamalpur F.P.School, North 24 Parganas & Uludanga Sadhanpur J.B.School, North 24 Parganas.

(VII) Monitoring and Evaluation

In four test-checked districts inspite of existence of Committees at District, Block, Municipal and Gram Panchayat level, the actual distribution of books to the students was not monitored and evaluated by any committee.

The scheme of free distribution of books was mal-administered at all levels depriving students of the benefit of the scheme.

These points were referred to Government in July 2002; reply had not been received (December 2002).

**TECHNICAL EDUCATION AND TRAINING
DEPARTMENT (POLYTECHNIC BRANCH)**

3.12 Short Term Vocational Training (STVT) Programme**3.12.1 Introduction**

Short Term Vocational Training (STVT) Scheme was introduced in the State in 1998-1999 in lieu of Short Term Vocational Courses of (STVC) launched in 1997-1998. The scheme aimed at capacitating a section Madhyamik/Higher Secondary passed students for self-employment by developing their skills and aptitude through Government institutions and Non-Government Organisations (NGOs).

3.12.2 Organisational set up

The STVC programme was implemented (1997-1998) by the Directorate of Technical Education and Training up to March 1998, thereafter STVT was implemented in place of STVC by West Bengal State Council of Technical Education (WBSCTE) headed by Chairman, Ex-officio Minister-in-charge through different Government Institutions and NGOs.

3.12.3 Audit coverage

Implementation of the STVC/STVT programme during 1997-2002 was reviewed through test-check of records of the Directorate of Technical Education, WBSCTE and 24 out of 82 Institutions of 5 districts during February to May 2002.

3.12.4 Financial performance

(i) During 1998-2002, of Rs 8.69 crore, only Rs 4.83 crore were spent in the State resulting in savings of Rs 3.86 crore (44 per cent), due to non-conducting/partial conducting of the prescribed training courses by some institutions. Besides, Rs 1.50 crore were released to 8 DMs during 1997-98 for conducting STVC course, the details of expenditure thereagainst not being available centrally. In 1997-1998 and 1999-2000, Rs 68.60 lakh were given to

3 (three) DMs* for conducting STVC/STVT programme out of which Rs 37.88 lakh remained unutilised in PL Account for 2 to 4 years. In addition out of Rs 2.44 crore advanced to 13 implementing agencies during 1998-2002, Rs 34.95 lakh could not be spent by all 13 implementing agencies depriving the students from the intended benefits as detailed in Appendix 31.

(ii) *Diversion of Fund*

Government provided funds to various training institutions for meeting the expenditure (recurring and non-recurring) in connection with conducting specified courses under STVT scheme. Scrutiny revealed that during 1997-2002, 12, out of 24, test-checked institutions (Government/NGOs) spent Rs 38.20 lakh for purposes not related to the courses and diverted the programme fund mainly to Infrastructural works, renovation and electrification as detailed in Appendix 32.

(iii) *Land not mortgaged*

The immovable properties valuing Rs 52.73 lakh created out of Government money, by 3 NGOs were not mortgaged in violation of Government order.

3.12.5 *Programme performance*

Trade/district-wise target for imparting training courses were not fixed during 1997-2002.

Test-check of 24 institutions of 5 districts revealed the following deficiencies:

No target was fixed for training in the State. 5 institutions did not conduct any training. In 19 Institutions, 634 dropped out of 3900 enrolled

In 19 institutions, out of 3900 trainees enrolled, 634 dropped out during 1998-2002 (Appendix 33). Though 10 trade courses were to be conducted by 7 institutions, they did not conduct any course at all as the selection of trades was not made according to local demands, thus, depriving the targeted groups of the intended benefits of training programme as detailed in Appendix 34.

Bardhaman Academy at Bardhaman conducted four courses each of three months duration against the prescribed norm of 6 months at a cost of Rs 1.55 lakh.

Though the task of conducting examinations and issuing certificates was entrusted to WBSCTE, two NGOs in Bardhaman were unauthorisedly conducting examinations and issuing certificates by themselves, thereby jeopardising the uniformity and quality in standard of education.

Out of Rs 2.44 crore available with 24 test-checked institutions, Rs 1.71 crore were spent on the programme. All courses were not covered depriving 285 students per year on an average of the benefits of the programme; besides 634 students dropped out of the courses.

* DM, Medinipur : Rs 30 lakh, DM Murshidabad : Rs 4.68 lakh and DM UttarDinajpur : Rs 3.20 lakh

3.12.6 *Irregularities in collection of course fees/examination fees in disregard of norms*

Course fees collected in excess in disregard of norms – Rs 41.53 lakh

As per norms, course fee at the rate of Rs 100 per month per trainee for six months and examination fee of Rs 100 per trainee were required to be collected from students and deposited with the WBSCTE for conducting examination and issuing certificates. Vidyasagar Vocational Training Institute in Haldia collected (1998-1999 to 2001-2002) course fee at the rate of Rs 500 per month per trainee while Regional Training Centre, Bardhaman University, Bardhaman collected course fee at the rate of Rs 1000 to Rs 2500 per trainee resulting in excess realisation of Rs 41.53 lakh by these two institutions.

Twelve institutions did not deposit course fees of Rs 61.80 lakh

In all, fee of Rs 61.80 lakh collected by 12 Institutions were not deposited with the WBSCTE as of March 2002 and was kept in their respective bank accounts. There was no evidence of any action taken by WBSCTE.

3.12.7 *Utilisation Certificates outstanding*

As of May 2002, utilisation certificates for Rs 1.62 crore, out of total expenditure of Rs 4.83 crore, incurred under STVT were not furnished by the respective institutions to the Government. No register to monitor the receipt of utilisation certificates was also maintained by the department.

3.12.8 *Conclusion*

Neither the Department nor the WBSCTE assessed the impact of the scheme in achieving the ultimate objective of enabling the trainees to take up self-employment even after spending Rs 4.83 crore.

The matter was referred to Government in August 2002; reply had not been received (December 2002).

WOMEN AND CHILD DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT

3.13 Working of Juvenile Homes

3.13.1 *Introduction*

To give greater attention to welfare of the children who are subjects of social maladjustment, delinquency or neglect, the Juvenile Justice Act, 1986 was promulgated from 2 October 1987 in the State. The Act provided for taking care, protection, treatment, development and rehabilitation of the child victims for their social reintegration. The Act also empowered the State Government to establish (i) Observation Homes (for temporary retention during pendency of any enquiry), (ii) Juvenile Homes for neglected children, (iii) Special Homes for the children conflicting with law and (iv) After care Homes (for

accommodating children over 18 years of age till their rehabilitation) for boys and girls separately. All Homes were to provide accommodation, education and vocational training, as well as facilities for development of character, personality and abilities and also training for protection from any moral danger and exploitation.

The Relief and Welfare Department of the State enacted Juvenile Justice (West Bengal) Rules 1988 and upgraded (May 1988 to September 2000), 16 Homes under the control of Director of Social Welfare into Homes under Juvenile Justice Act (JJ Act).

To make the Juvenile Justice System, more child friendly, the Juvenile Justice (Care and Protection of Children) Act 2000 was introduced in April 2001 by Government of India repealing Juvenile Justice Act, 1986. But the necessary Rules in conformity with the Act were yet to be framed by the State as of July 2002.

Test-check of records of six* out of 16 homes in four districts in the State revealed the following:

3.13.2 Financial Outlay

3.13.2.1 High administrative cost for running the Juvenile Homes

Of the total expenditure of Rs 13.76 crore incurred during 1997-2002 for running 6 homes having 1071 inmates (annual average) only Rs 2.94 crore were incurred for maintenance (food, clothing and medical expenses) of the inmates as shown in the table below:

Name of the Home	Number of Annual Average inmates	Number of staff	Total expenditure (1997-02)	Cost of maintenance (fooding, clothing and medical)	Administrative cost	Percentage of admn. cost	Ratio of staff to inmates
			(R u p e e s i n c r o r e)				
Shilayan	90	50	2.52	0.24	2.28	90	1:2
Ananda Ashram	97	18	0.91	0.27	0.64	69	1:5
Kishalay	220	32	2.02	0.61	1.41	70	1:7
SMM Homes	362	70	4.19	0.99	3.20	76	1:5
Dhrubashram	100	38	1.77	0.27	1.50	85	1:3
Vidyasagar Balika Bhavan	202	50	2.35	0.56	1.79	76	1:4
Total	1071	258	13.76	2.94	10.82	79	1:4

The administrative cost of Rs 10.82 crore constituted 79 per cent of the total cost of running these homes.

3.13.2.2 Inmate-Staff ratio

In the test-checked homes it was seen that the ratio of staff to inmates varied between 1:2 (Shilayan Home) and 1:7 (Kishalay Home). No uniform policy was framed to determine the staff strength required to run a home. For 90 inmates, the Shilayan Home, Berhampore maintained 7 Office Assistants,

* Ananda Ashram, Shilayan (Murshidabad), SMM Home (Howrah), Vidyasagar Balika Bhavan (Medinipur), Dhrubashram and Kishalay ((North 24 Parganas)

8 Teachers, 11 Technical Instructors and 20 Group 'D' staff but for 220 inmates, the Kishalaya Home, Barasat maintained only 4 Office Assistants, 5 teachers and 6 Technical Instructors and 15 Group 'D' staff. Thus, there was an urgent need to rationalise staff-inmate ratio.

3.13.3 *Implementation*

3.13.3.1 *Juveniles of different categories accommodated within a home*

Juveniles of different categories accommodated within a home

Government was to set up separate observation homes for neglected and delinquent Juveniles as per rules and separate homes for Juveniles below and above the age of 12 years. No separate homes for Juveniles below and above the age of 12 years were established. All the homes accommodated all categories of Juveniles irrespective of their age or categories as would be evident from the following :

Name of the Home	Month	Neglected child	Delinquent child	Child above 18 years
Shilayan (Girls)	March 2002	60	17	53
Ananda Ashram(Boys)	March 2002	99	03	--
Kishalay (Boys)	March 2002	57	91	41
SMM Homes (Girls)	March 2002	--	68	16
Dhrubashram (Boys)	March 2002	06	66	--
Vidyasagar Balika Bhavan(Girls)	March 2002	160	--	40

Thus accommodating different categories of Juveniles together was fraught with the risk of delinquent children influencing adversely the neglected Juveniles and abuse of younger children by the elder ones.

3.13.3.2 *Accommodating inmates suffering from infectious disease with other juveniles*

Inmates suffering from infectious diseases were accommodated with other juveniles

Inmates known or suspected to be suffering from infectious diseases should be isolated from others. But in After Care Home for girls at Shilayan, 52 prostitutes were sheltered (January 2002) along with other Juveniles. On subsequent pathological examination, VDRL test was found positive and most of the prostitutes were found suffering from infectious Sexually Transmitted Diseases (STD). Accommodating prostitutes with other Juveniles was detrimental to mental development of other inmates besides being un-healthy.

3.13.3.3 *Poor quality of medical facilities*

Inadequate medical facilities in the homes

Each home was to maintain a health chart of each inmate on the basis of quarterly medical check up. But none of the homes maintained any health chart. The Ananda Ashram, (Berhampore), Vidyasagar Balika Bhavan (Medinipur), Kishalaya (Barasat) and Dhrubashram (North 24 Parganas) were running without any Medical Officer for the last 5 years. The new inmates were admitted without any medical check up and services of the Compounders of these homes remained unutilised.

3.13.3.4 Insufficient diet to juveniles

Diet scale provided by the homes was not adequate as it failed to achieve the minimum daily requirement of 2500 Calorie value for boys and 2000 Calorie for girls as calculated below:

A	Carbohydrate		Provided
(i)	Cereal	375-400 gm	1500 Calorie
(ii)	Vegetables	200-300 gms.	
(iii)	Sugar	10-15 gms.	
B.	Protein		
(i)	Pulses	40 gms	177 Calorie
(ii)	Fish/Meat/Egg	40 gms	
C.	Fat		
(i)	Oil	10 gms	79 Calorie
D.	Miscellaneous		44 Calorie
	T O T A L		1800 Calorie

The diet scale as well as sum of Rs 400 fixed by Government in February 1999 for the purpose of diet per inmate per month therefore needs to be reviewed.

3.13.3.5 Ineffective Vocational Training

Each home was to have arrangement for vocational training with reference to the employment opportunities available in the community to facilitate rehabilitation. Out of six Homes test-checked, two Homes viz. Ananda Ashram (Murshidabad) and Dhruvashram (North 24 Parganas) had no arrangement for vocational training. The remaining four Homes could not effectively utilise the available facilities of vocational training for different trades like tailoring, weaving, printing, poultry farming, sheet metalling, etc. due to deficient planning. Only 7 to 33 *per cent* of the inmates in these Homes were imparted training during the period 1997-2002.

3.13.3.6 Perfunctory Educational arrangement

The education facilities provided to the inmates of the Homes test-checked were as follows :

Name of the Home	Total number of inmates (average) - per year	Number of inmates brought under educational facilities	Percentage of non-coverage
Shilayan	90	45	50
Kishalay	220	106	52
Dhruvashram	100	37	63
Vidyasagar Valika Bhawan	202	122	40
Ananda Ashram	102	92	10
SMM Home, Howrah	Not available		

The above table indicates that excepting Ananda Ashram, 40 to 63 *per cent* of the total inmates of the test-checked homes were not provided with adequate educational facilities.

Scrutiny also revealed that in Shilayan Home 35 *per cent* of the students were not promoted to higher classes although there were six teachers for only 45 students. The matter was never investigated either by the home authorities or by the Directorate. In Dhruvashram, no formal system of education existed. Informal education system followed in this home was guided by the teacher having no expertise. Instead of imparting any training to the teachers the Director, Social Welfare approved (September 1986) temporary engagement of a magician for entertainment of inmates. The services of the magician were discontinued from March 2001. The Director of Public Instructions did not visit any of the homes to apprise himself of the arrangements made for the inmates.

3.13.3.7 *Retention in Observation Home for more than 3 months – justice delayed*

Juveniles in conflict with law are temporarily retained in Observation Homes pending completion of any enquiry. According to the Act, enquiry should be completed within 90 days. It was, however, found that juveniles inclusive of 16 Bangladeshis were retained in the Observation Homes for more than 5 years, due to delay in obtaining order of the Hon'ble Court violating all norms as detailed below:

Name of the Home	Number of juveniles retained			
	Up to 6 months	Up to 1 year	Up to 2 years	More than 5 years
Shilayan	12	6	17	47
Ananda Ashram	30	10	8	-
Kishalay	-	-	-	-
SMM Homes	33	37	26	89
Dhruvashram	27	22	42	3
Vidyasagar Balika Bhavan	-	-	-	2

3.13.3.8 *Inadequate arrangement of counselling*

Homes had no staff for counselling

'Case Workers' and 'Caretakers' were to be employed in each Home for welfare of the inmates. The Case Worker was to make social study of the Juvenile through personal interview and from information collected from their family and other sources, resolve their problems and deal with their difficulties in institutional life. The Caretaker was to handle the Juvenile with love and affection and take proper care of their welfare. But none of the homes provided any Case worker or Caretaker and as such no counselling was conducted to determine the aptitude, deficiencies, moral character and difficulties of inmates. In Shilayan Home at Berhampur, 9 (Nine) inmates were engaged in activities like Tailoring, Sewing, Goat-keeping etc. but the assessment by an NGO in December 2001 indicated that no satisfactory result could be achieved. On further counselling by the NGO in March 2002 it was found that these inmates were not interested in such type of work as they had not adjusted themselves mentally with the Home environment. This indicated that the staff pattern of the Home needed re-organisation and services of educated citizen with special knowledge in child psychology, sociology, home science etc. were required to be inducted for welfare of the inmates.

3.13.3.9 *Failure to uphold the rights of the children*

The primary principle of the Juvenile Justice System was to uphold the rights of the children and to adopt a child friendly approach in adjudication and disposition of matters. But one of the Homes (Ananda Ashram) failed to uphold the rights of the children as they confined (2001-2002) six children aged about 6 to 13 years in a separate dormitory under lock and key for two to seventeen months. No records regarding nature of crime committed were available. This tantamounted to an inhuman case of mental torture particularly when other juveniles of the Homes had free movement. This requires investigation.

3.13.3.10 *Insecurity of children*

One of the primary aims of the Juvenile Justice System was to protect the children from any kind of exploitation. But the SMM Home at Liluah in the district of Howrah failed to protect their children as 4 girls were sexually abused and one of them had developed pregnancy. The case was detected in May 2001 through a medical test conducted by the Medical Officer of the Home. Based on primary investigation report conducted by the District Social Welfare Officer, Howrah in August 2001 a Sweeper of the Home was suspended. No further action was taken (May 2002). There was no record indicating lodging of FIR for the criminal act.

There was lack of adequate security for the juveniles in the Homes. In Dhrubashram whereabouts of 15 inmates admitted during 1994 to 1999 were not known. Lock-up Register showed (28 April 1999) presence of 161 inmates whereas the number of inmates was to be 176 as per Admission Register. The Superintendent of the Home instead of ordering proper inquiry into the matter opened a new Admission Register in July 1999 and incorporated all the names except those not found in Lock-up Register. This needs to be investigated.

**Whereabouts of
15 inmates not
known**

3.13.3.11 *Non-maintenance of individual case files*

Every Home is to maintain case files for each inmate containing various information, reports and documents like commitment papers, court documents and other relevant materials, probationary officers' report, information collected from family members and relatives etc. Except Ananda Ashram, none of the Homes test-checked maintained any case file of inmates.

3.13.3.12 *Non-maintenance of Photo Identity Card*

Every Juvenile on admission was to be photographed and three copies of the photograph were to be obtained. Each inmate was to be provided with a photo identity card. None of the Homes test-checked had yet introduced the system except Ananda Ashram.

3.13.3.13 *Exploitation of inmates at Kishalaya Training Centre*

As per guideline each training course was to be of six months to one year duration with a remuneration of Rs 9 per trainee per day after which a

certificate regarding successful completion of the course was to be issued to the trainees.

Trainees made to work as full-fledged labourer leading to gross exploitation

In the Training Cum Production Centre (TCPC), located at Kishalay, Barasat 18 to 20 inmate-trainees were attached to the Sheet Metal Trade (only trade in the Home) for a long time, ranging from 2 to 8 years, though no specific training was ever imparted to them.

Scrutiny revealed that the trainees worked as full-fledged skilled labourers in manufacturing of steel furniture in the workshop of the TCPC and were paid Rs 9 only per day for years together leading to gross exploitation of the helpless inmate-trainees.

3.13.3.14 *Poor rehabilitation of juveniles*

15 to 24 per cent juveniles were rehabilitated during 1997-2002

Primary objective of the Home was to restore/rehabilitate juveniles to their own parents. In case, where service of own parents was not available or inappropriate, rehabilitation was to be carried out alternatively by adoption or by foster care.

Test-check of six Homes revealed poor trend of rehabilitation as shown below:

Year	Number of inmates	Rehabilitation				Percentage
		Restored to mother/ kinship	Restored to adopted family	Economic rehabilitation	Total	
1997-1998	1141	218	6	16	240	21
1998-1999	1120	212	11	21	244	22
1999-2000	1178	261	9	11	281	24
2000-2001	1011	125	12	10	147	15
2001-2002	960	162	15	13	190	20
Total	5410	978	53	71	1102	20

The Shilayan Home, Murshidabad rehabilitated only 16 girls during April 1997 to March 2002. Poor performance of rehabilitation had never been reviewed by the Directorate. The Department did not fix any annual programme/target for rehabilitation.

3.13.4 *Conclusion*

Even after 16 years of implementation of the JJ Act the Government failed to provide adequate care and protection to the children admitted in different Juvenile Homes. The role of the Director of Social Welfare in ensuring this was inadequate. Infrastructure of all the Homes needed to be further developed to implement child friendly approach. Particularly it needs to be ensured that different categories of juveniles are accommodated separately as envisaged in the rules so as to protect them from undesirable influence. Services of Child Psychologists, Sociologists are to be obtained for the welfare of the inmates. There was no system for monitoring and evaluation of the activities of the Homes.

The matter was referred to Government in July 2002; reply had not been received (December 2002).

GENERAL

3.14 Lack of responsiveness of Government to audit

Principal Accountant General (Audit) (PAG) arranges to conduct periodical inspection of the Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). When important irregularities, etc. detected during inspection are not settled on the spot, these find place in IRs and are issued to the Heads of offices inspected with a copy to the next higher authorities. Government of West Bengal, Finance Department Memo No 5703(72)/FB dated 29 August 1972 provides for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance of the prescribed rules and procedures and secure accountability for the deficiencies, lapses, etc. noticed during his inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the PAG. Serious irregularities are also brought to the notice of the Head of the Department by the Office of the Principal Accountant General (Audit). A half yearly report of pending reports is sent to the Principal Secretary/Secretary of the Department in respect of pending IRs to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued up to June 2002 relating to 551 offices of Technical Education, Home (Jails), Relief, Land and Land Reforms, Health and Family Welfare, Public Works (Construction) and Public Health Engineering departments including 10 Commercial Undertakings^β disclosed that 4521 paragraphs relating to 1110 IRs remained outstanding at the end of December 2002. Of these, 208 IRs containing 558 paragraphs had not been settled for more than 10 years. Year-wise position of the outstanding IRs and Paragraphs are detailed in Appendix 35. Even the initial replies, which were required to be received from the Heads of Offices within six weeks from the date of issue were not received from 1969-1970 in respect of 823 IRs of 447 offices. As a result the following serious irregularities commented upon in these IRs had not been settled as of December 2002. Department-wise break up of these irregularities is furnished in Appendix 36.

	Nature of Irregularities	Grand Total	
		Total Para	Amount (Rupees in crore)
1	Non-recovery of loans and other dues	144	16.97
2	Non-adjustment of advances drawn by department/field offices	156	38.58
3	Excess/irregular/avoidable/infructuous/unauthorised expenditure	971	193.12

^β under Commerce and Industries, Cottage and Small Scale Industries, Animal Resources Development, Public Enterprises and Housing Departments

4.	Overdrawal of pay and allowances	41	0.73
5	Non-realisation of loans	03	*
6	Non-adherence to prescribed procedure relating to Cash Book	249	0.36
7	Utilisation Certificate wanting	123	12.02
8	Theft/defalcation/misappropriation of Government money	212	3.71
9	Diversion of Fund	64	7.37
10	Loss of revenue	170	12.00
11	Outstanding decretal amount and certificate cases	04	0.40
12	Security deposit not furnished	15	0.02
13	Excess expenditure due to non-acceptance of lowest tender	79	13.49
14	Shortage/Losses not recovered/written off	228	21.99
15	Non-maintenance/non-production of records	236	2.28
16	Miscellaneous	1826	211.89
Total		4521	534.93

A review of the IRs which were pending due to non receipt of replies, in respect of Technical Education, Home (Jails), Relief, Land and Land Reforms, Health and Family Welfare, Public Works (Construction) and Public Health Engineering departments and commercial undertakings revealed that the Head of the offices and the Head of the Department (Principal Secretaries/ Secretaries to the Government) failed to discharge due responsibilities as they did not send any reply to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs. Though the position was informed to them through half yearly reports, they failed to ensure that their subordinate officers took prompt and timely action.

Audit Committees, comprising the Principal Secretary/Secretary of the Administrative Department and representatives of the Finance Department and the Principal Accountant General were formed in 44 out of 51 Departments of Government for expeditious settlement of the Outstanding Inspection Reports. Of the 44 Departments where Audit Committees were formed, meetings were held by 13 Departments on 20 occasions from July 2001 to June 2002. As a result of the meetings of these Committees, it was possible to settle 181 paragraphs and 40 Inspection Reports. No meetings were held by 31 other departments. Matter was taken up with the Government to form Audit Committees in the remaining Departments.

No information on follow up action if any, taken by the Finance Department to settle the paras/ IRs was available. The above was also indicative of lack of effort by Government to ensure accountability.

It is recommended that Government should ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/paras as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayments in a time bound manner.

The matter was referred to Government in September 2002; reply had not been received (December 2002).

* Rupees 21000

3.15 Misappropriation, losses, etc.

Cases of misappropriation, losses, etc. of Government money reported up to 31 March 2002 and on which final action was pending as of March 2002 were as under :

	Number of cases	Amount (Rupees in lakh)
Cases outstanding as on 31 March 2001	763	599.08
Cases reported during 2001-2002	26	71.82
Cases disposed of till March 2002	5	6.43
Cases outstanding as on 31 March 2002	784	664.47

Appendix 37 contains department-wise details of the outstanding cases. Of the 784 cases outstanding as of March 2002, 750 cases (amount involved : Rs 557.32 lakh) were pending for more than two years. Fifty *per cent* of these cases related to the Land and Land Reforms Department.

A review again revealed that, Heads of Departments as shown in Appendix 37 failed to discharge due responsibility as they did not send replies and were reluctant to initiate action for recovery of losses or initiate investigation of the cases which was indicative of the failure of Senior Officials to enforce accountability and safeguard the interest of Government.

The matter was referred to Government in September 2002; reply had not been received (December 2002).

3.16 Misappropriation and Misutilisation of Cash

Non-adherence to the Provision of Treasury and Financial Rules by 25 DDOs in 11 districts and Kolkata led to shortage of cash of Rs 1.72 crore.

As per Treasury Rules of the Government of West Bengal, no money is to be drawn from the Treasury unless it is required for immediate disbursement. All financial transactions are to be recorded in the Cash Book as soon as they occur under proper attestation by the Drawing and Disbursing Officer (DDO). Cash Book is required to be closed every day and the Head of the Office is required to physically verify the cash balance depicted in the Cash Book at the end of each month and record a certificate to that effect. Bill and date-wise analysis in respect of closing cash balance are also required to be recorded.

Scrutiny (May 2001 to April 2002) of records pertaining to 25 DDOs in 11 districts and Kolkata revealed serious financial irregularities due to non-compliance of the provisions of the above rules resulting in misutilisation of the undisbursed cash, theft and suspected misappropriation of huge sum of Government money (Rs 1.72 crore) as detailed in Appendix 38.

i) Shortage of cash

Physical verification of cash conducted at the instance of audit by 25 DDOs during May 2001 to April 2002 disclosed that against the total closing cash balance of Rs 11.31 crore as per Cash Books only Rs 9.59 crore was physically available, indicating a shortage of Rs. 1.72 crore in 25 offices. Out of Rs 1.72 crore, shortage of Rs 13.92 lakh remained unexplained indicating possibility of misappropriation and Rs 158.07 lakh was shown as advance to different staff from undisbursed cash. This included Rs 44.36 lakh for which vouchers were submitted but remained unadjusted. As the amount remained outside the cash book, this amount also tantamounts to temporary misappropriation.

a) Suspected misappropriation of cash

Physical Verification of cash of nine (9) DDOs (Sl. Nos. 2, 3, 4, 6, 10, 11, 16, 18 and 24 of Appendix 38) brought out shortage of cash of Rs 13.92 lakh the details of which are shown in column 9 of Appendix 38. DDOs concerned failed to explain these cases of suspected misappropriation of cash. These matters require investigation.

b) Unauthorised advances from undisbursed cash

Eleven (11) DDOs (Sl. No. 4, 5, 7, 9, 13, 14, 16, 18, 19, 22 and 25 of Appendix 38) (Column 8) paid Rs 113.71 lakh during various periods since 1981 out of undisbursed cash irregularly as advance to different officials. There was no provision under the Rules for making such advances, which were to be made against regular budget provisions and through bills drawn from Treasury. None of the DDOs, including Accounts Officer (Finance) West Bengal Secretariat maintained any advance register to watch the recovery of such advances. As such, necessity of such advance payment could not be verified. The possibility of misappropriation of these funds could not be ruled out. Government needs to take immediate action to recover the amounts to prevent misuse of such unauthorised advances.

c) Misutilisation of Undisbursed Cash balance

Rupees 44.36 lakh was paid against hand/kutchha receipt for various purposes such as purchase of POL, Tiffin, Rickshaw fare, TV set, Diary, etc. and these receipts were treated as vouchers by 19 DDOs (Sl. Nos. 1 to 6, 8, 12 to 18, 20 to 23 and 25 of Appendix 38). These disbursements were made unauthorisedly out of undisbursed cash balance. As these vouchers did not constitute cash balance, these amounts could be construed as temporary misappropriation. The details are shown in Column 7 of Appendix 38.

ii) Absence of Physical Verification of Cash

Twelve (12), out of 25 DDOs, did not conduct physical verification of closing cash balance at the end of each month for 9 to 56 months as indicated in Appendix 39. Even the DDO of Finance Department (Sl. No. 12) did not conduct such verification for 14 months at a stretch, which indicated utter

disregard to the financial rules by the controlling department itself. The monthly closing balance of the DDOs ranged between Rs 5.13 crore and Rs 0.48 lakh which was also irregular.

Thus, huge amount of cash was being handled by the cashiers for months together without any physical verification of cash indicating total absence of financial control by the DDOs. This lapse provides opportunity for misappropriation, misuse and diversion of funds.

iii) Action taken by the Government

Cases of misappropriation and misutilisation of cash due to non-adherence to the provisions of the Financial Rules by the DDOs were mentioned in the Reports of the Comptroller and Auditor General of India repeatedly for the years ended March 1997 to 2001. Nevertheless such irregularities were persisting due to inaction on the part of the Government departments. Even the Accounts Officer (Finance) of West Bengal Secretariat resorted to payment of indiscriminate advances and incurring expenditure on different counts unauthorisedly out of undisbursed cash balance.

Thus, inadequate control over drawal and disbursement of cash by the Government and non-observance of the statutory rules by the DDOs led to serious financial irregularities including suspected misappropriation of cash.

The matter was referred to Government in August 2002; reply had not been received (December 2002).

3.17 Follow up action on earlier Audit Reports

(a) Review of outstanding Action Taken Notes (ATNs) on paragraphs included in the Reports from 1992-1993 to 2000-2001 of the Comptroller and Auditor General of India, Government of West Bengal revealed that Action Taken Notes on 296 paragraphs (selected : 106 from 1992-93 to 2000-2001, not selected: 190 from 1981-1982 to 2000-2001) involving 39 departments¹⁶ remained outstanding as of August 2002. A list of selected paragraphs involving 31 departments is furnished in Appendix 40. Out of the said 106 selected paragraphs, system deficiency had been pointed out by Audit in 29 paragraphs involving 18 departments.

The administrative departments were required to take suitable action on the recommendations made in the Report of the Public Accounts Committee (PAC) presented to the State Legislature. Following the circulation of the

¹⁶ *Agriculture, Animal Resources Development, Backward Classes and Welfare, Cottage and Small Scale Industries, Development and Planning, Environment, Excise, Fisheries, Food process and Horticulture, Food and Supplies, Forest, Health and Family Welfare, Higher Education, Home (Const. and Elec.), Home (PAR), Home (Political), Home (Police), Industrial Reconstruction, Irrigation and Waterways, Labour, Land and Land Reforms, Law, Mass Education Extension, Municipal Affairs, Panchayats and Rural Development, Power, Public Health Engineering, Public Works, Public Works (Roads), Relief, School Education, Social Welfare, Sports and Youth Services, Sundarban Affairs, Technical Education and Training, Transport, Tourism, Urban Development and Finance*

Reports of the PAC, heads of Departments were to prepare comments on action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat.

Out of 14 Reports (involving 11 departments) of the PAC¹⁷ 5 were presented to the Legislature between March 1987 and February 1994 and 9 between March 1998 and July 2001. None of the 11 departments¹⁸ sent the Action Taken Notes to the Assembly Secretariat as of August 2002. Thus, the fate of the valuable recommendations contained in the said reports of the PAC and whether they were being acted upon by the Administrative Departments could not be ascertained in audit.

The matter was referred to Government in July and August 2002; reply had not been received (December 2002).

b) Non-implementation of PAC Recommendation

Mention was made in para 4.1 of the Report of the Comptroller and Auditor General of India for the year 1994-1995 (Civil) No 3 regarding the construction of 150 one-roomed residential flats in the Asansol Satellite Township area for sale to the economically weaker section of the society. Construction of flats without assessing the demand from the intended beneficiaries, rendered the expenditure of Rs 65.29 lakh unfruitful as also the expenditure of Rs 3.67 lakh on watch-and-ward arrangements up to September 1995. The Committee (1998-1999) in the Twenty-sixth Report recommended (July 1999) that the officials responsible for non-fulfilment of the objectives should be brought to book and duly condemned and awarded exemplary punishment. The Department in its ATNs (June 2000) stated that the officials responsible for the lapses had only been cautioned. Thus the department grossly failed to implement the specific recommendation of the PAC.

In reply Government further stated (October 2002) that for failure of proper prior demand survey towards implementation of this scheme, perhaps the then Secretary, Chief Engineer and other officers of the Department might have been responsible. However, those officers holding these posts during 1988-1995 have already retired, there was no scope/chance to give 'exemplary punishment' to these officers now.

The reply was not tenable as Government did not take any penal action against the erring officers while in service in spite of the fact that lapses were pointed out in Audit Report (Civil) 1994-1995.

¹⁷ 1987: two Reports, 1988: one Report, 1992: one Report, 1994: one Report, 1998: two Reports, 1999: four Reports, 2000: three Reports

¹⁸ Agriculture, Fisheries, Health and Family Welfare, Industrial Reconstruction, Labour, Municipal Affairs, Panchayats and Rural Development, Public Works (Roads), Social Welfare, Technical Education and Training, and Transport