

REPORT
OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR
1985-86
(CIVIL)

GOVERNMENT OF WEST BENGAL

VOLUME II

IX
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TABLE OF CONTENTS

					Reference to	
					Paragraph	Page
PREFATORY REMARKS						V
CHAPTER I						
General	..	—	—	—	1.1	1—4
CHAPTER II						
Section I	..	—	—	—	2	5—10
EDUCATION DEPARTMENT						
Burdwan University		—	—	..	2.1	11—18
Kalyani University		—	—	..	2.2	18—25
District School Boards	..	—		..	2.3	25—31
LOCAL GOVERNMENT AND URBAN DEVELOPMENT DEPARTMENT						
Municipalities	..	..	...	...	2.4	32—35
PANCHAYATS AND COMMUNITY DEVELOPMENT DEPARTMENT						
Zilla Parishads	..	...	—	..	2.5	26—89
Section II	..	...	—	—	3	40
CO-OPERATION DEPARTMENT						
Financial Assistance to Co-operative Societies	..			..	3.1	40—46
Section III	..	...	...	...	4	46
Delay in submission of accounts by autonomous bodies					4.1	46—47
METROPOLITAN DEVELOPMENT DEPARTMENT						
Calcutta Metropolitan Development Authority						
Manufacture and supply of PSC (Pre-stressed concrete) Pressure pipes					4.2	48—51
Gas Distribution Net Work System	..			..	4.3	51—54
Sealdah Flyover		...	—	...	4.4	55—56
Non-utilisation of assets created		...		..	4.5	56—60
Rajarhat Fringe Area Water Supply Scheme				...	4.6	60—62
Avoidable expenditure on compensation claim	..			..	4.7	62—63
Non-utilisation of assets	—	—	—	—	4.8	63—64

				Reference to	
				Paragraph	Page
Wasteful expenditure	..	..	..	4.9	64—65
Wasteful expenditure	..	..	..	4.10	65—66
Excess payment of Rs. 4.90 lakhs to a contractor for work not done				4.11	66—67
Excess payment to the contractor	—	—	—	4.12	67—68
Loss of cement	—	—	—	4.13	69
Undue favour to the contractors	—	..	..	4.14	69—70
Loss due to non-utilisation of equipment			—	4.15	70—71
Excess payment to a consultancy firm			..	4.16	71—72
Wasteful expenditure of Rs. 2.78 lakhs			—	4.17	72—73
Avoidable extra expenditure	—	..	..	4.18	73
Wasteful expenditure on construction of hawkers' stall				4.19	74
Avoidable expenditure in construction of Cattle Resettlement Project, Howrah				4.20	74—75
Loss on sinking of tubewells	..	..	..	4.21	75—76
Hooghly River Bridge Commissioners					
Acceptance of higher rates proved infructuous	—	—	—	4.22	77—78
Rehabilitation scheme at Howrah	..	..	..	4.23	78—79
Agency charges paid in excess to implementing agents				4.24	79—80
Loss on direct purchase of non-levy cement	—	—	—	4.25	81
HOUSING DEPARTMENT					
West Bengal Housing Board					
Undue financial aid to contractor	—	—	—	4.26	82—83
Loss on sale of flats	..	—	—	4.27	83
Non-recovery of expenditure	..	..	..	4.28	83—84
AGRICULTURE DEPARTMENT					
Comprehensive Area Development Corporation			—	4.29	85—98
COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENT					
West Bengal Khadi and Village Industries Board	—	—	—	4.30	99—115

Reference to	
Paragraph	Page

**DEVELOPMENT AND PLANNING (TOWN AND
COUNTRY PLANNING) DEPARTMENT**

Haldia Development Authority

Infructuous expenditure	--	--	--	4.31	115—116
-------------------------	----	----	----	------	---------

APPENDICES

Appendix	1.1	Utilisation certificates awaited in September 1986 for grants paid by Government up to March 1985	118—119
Appendix	2.1	Statement showing financial assistance received by Municipalities from Government and their total expenditure in years under audit	120

PREFATORY REMARKS

As mentioned in the Prefatory Remarks of Volume I of the Report of the Comptroller and Auditor General of India for the year 1985-86 (Civil)—Government of West Bengal, the results of test audit under the various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 in respect of financial assistance given to local bodies and other autonomous authorities are set out separately in this Volume.

2. The report includes reviews|paragraphs on West Bengal Khadi and Village Industries Board, Comprehensive Area Development Corporation, Calcutta Metropolitan Development Authority and the Hooghly River Bridge Commissioners.

CHAPTER I

1.1. General

(a) (i) Grants

During 1985-86, Rs.378.22 crores were paid as grants to local bodies and others which formed 16.73 *per cent* of Government's total expenditure on revenue account.

The grants were paid mainly for maintenance of educational institutions, hospitals and charitable institutions, construction and maintenance of school and hospital buildings, improvement of roads and communications under municipalities and local bodies as under :

	Capital grants	Maintenance grants	Developmental grants	Other grants	Total
	(Rupees in crores)				
Universities and Educational Institutions	1.73	144.73	...	53.74	200.20
Municipal Corporations and Municipalities	—	27.27	7.09	42.13	76.49
Government Sponsored Development Agencies	12.12	0.12	13.73	28.13	54.10
Zilla Parishads and Panchayati Raj Institutions	—	20.09	—	1.73	21.82
Co-operative Societies ...	—	—	—	2.03	2.03
Hospitals and Charitable Institutions	—	0.47	—	1.54	2.01
Others ...	—	0.19	..	21.38	21.57
Total	13.85	192.87	20.82	150.68	378.22

(a) (ii) Utilisation Certificates of grants

Departmental officers sanctioning grants are required to certify to Audit proper utilisation of the grants. Utilisation certificates for grants aggregating Rs.249.72 crores were received during 1985-86, those for Rs.20.91 crores (in 810 cases) paid as grants up to March 1985 have not been received despite repeated reminders (September 1986). The department-wise details are given in Appendix 1.1. Of these, 374 certificates for Rs.7.19 crores were pending for more than three years.

Utilisation certificates of over Rs.25 lakhs were outstanding for more than three years against each of the departments mentioned below :

Department	Number of certificates	Amount (Rupees in lakhs)
Cottage and Small Scale Industries ..	84	325.68
Fisheries ..	33	118.65
Finance ..	20	107.01
Commerce and Industries ..	114	58.20
Animal Husbandry ..	11	35.47
Public Works (Roads) ..	2	31.50
Total ..	264	676.51

(b) *Utilisation certificates of loans and advances*

Out of 1,084 utilisation certificates (Rs.54.02 crores) due to be received by Audit for loans given by Government up to 31st March 1985, 25 certificates (Rs.6.10 crores) were received leaving 1,059 certificates (Rs.47.92 crores) to be received (September 1986).

Department-wise break-up of wanting utilisation certificates is given below :

Department	Number of outstanding utilisation certificates	Amount (Rupees in crores)	Year to which the earliest outstanding certificates relate
Co-operation ..	433	29.38	1960-61
Cottage and Small Scale Industries ..	398	9.81	1957-58
Development and Planning ...	32	3.37	1981-82
Local Government and Urban Development ..	43	3.21	1981-82
Development and Planning (T & C P) ..	2	0.88	1984-85
Panchayat and Community Development (Panchayats)	112	0.42	1968-69
Panchayat and Community Development (Community Development)	13	0.22	1983-84
Health and Family Welfare ..	3	0.30	1983-84
Animal Husbandry ..	8	0.18	1975-76
Fisheries ..	15	0.15	1975-76
Total ..	1059	47.92	

In the absence of these certificates it is not possible to state that the recipients had spent the grants and loans for the purpose or purposes for which these were given.

(c) According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the accounts of bodies and authorities substantially financed by grants or and loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General of India. For this purpose, a body or an authority is deemed to be substantially financed in a year if the total amount of grants and loans received by it during the year, including the unutilised balance, if any, of grants or and loans of the previous year(s), is not less than Rs.5 lakhs (Rs.25 lakhs from the year 1983-84 accounts) and is also not less than 75 *per cent* of the total expenditure of the body or authority in that year. As in the previous years, for identification of such bodies and authorities, all administrative departments of the State Government were requested in April 1986 to furnish information about grants and loans given by them and their subordinate offices to bodies and authorities during 1985-86 and the total expenditure for the year of such bodies and authorities. This requirement of Audit was also brought to the notice of the Finance Department with the request to make available the relevant information for the previous years from the defaulting departments or offices as well. However, no information for 1985-86 was received (October 1986) from several departments, including the Departments of Education, Health and Family Welfare, Co-operation, Agriculture, Panchayats and Community Development, Relief and Welfare, Cottage and Small Scale Industries, Development and Planning (except Additional Employment Programme, Jhargram Affairs Branch), Commerce and Industries, etc. which normally release large grants or loans. Of these, the Departments of Agriculture and Commerce and Industries (except Planning Branch) did not furnish similar information from 1984-85, the Department of Education from 1978-79, the Department of Relief and Welfare (Welfare Branch) from 1977-78, the Departments of Cottage and Small Scale Industries and Panchayats and Community Development from 1983-84 and the Department of Health and Family Welfare since 1971-72.

Where any grant and loan is given to any body or authority for any specific purpose from the Consolidated Fund, Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 requires that the Comptroller and Auditor General shall scrutinise the procedure by which the sanctioning authorities had satisfied themselves as to the fulfilment of the conditions, subject to which such grants or loans were given.

Besides audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Comptroller and Auditor General of India also conducts audit of the accounts of certain autonomous bodies|authorities, the regular audit of which has been entrusted to him under Section 19(3)|20(1) of the Act *ibid*.

CHAPTER II

Section I

2. Important points noticed during audit under section 14 are given in the succeeding paragraphs.

2.0.1. Number of Audit under the Local Audit Branch

There are 486 autonomous bodies under the audit control of the Local Audit Branch. Of the 486 autonomous bodies, 78 attracted audit under section 14(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 during the year 1983-84 (as ascertained from accounts wherever compiled by the bodies or information otherwise made available to Audit). Details in respect of different categories of autonomous bodies are given below :

Sl. No.	Different categories of autonomous bodies			Total number of autonomous bodies under the audit control of Local Audit Branch	Number attracting section 14(1) of the C. & A.G.'s D.P.C. Act.
(1)	(2)			(3)	(4)
1. District School Boards	15	15
2. Zilla Parishads	—	—	—	15	15
3. Universities	—	—	—	7	6
4. Municipalities, Town Area Authorities Committees and Notified				110	42
5. Panchayat Samitis	—	—	—	328	Nil
6. Improvement Trusts	..	—	—	2	Nil
7. Municipal Corporations	—	—	..	2	Nil
8. Miscellaneous	—	..	—	7	Nil
				<hr/> 486	<hr/> 78

Reports in respect of all the above mentioned autonomous bodies are submitted to the Government as per provisions of the respective Acts under which the bodies were set up.

2.0.2. Delay in preparation of Accounts by the Bodies

It would be noticed from the table given below that there had been persistent delay in compilation of annual accounts by the different autonomous bodies [table includes only bodies attracting section 14 of the C. & A.G.'s (D.P.C.) Act, 1971] as on 31-3-86.

Sl. No.	Autonomous Bodies	Number of Autonomous Bodies involved	Account in arrears ranging from/to	Number of year's accounts in arrears.
(1)	(2)	(3)	(4)	(5)
1.	District School Board ..	14	1977-78 to 1985-86	49
2.	Zilla Parishad ..	5	1983-84 to 1985-86	10
3.	Municipality .	42	1980-81 to 1985-86	99
4.	University ..	5	1981-82 to 1985-86	25

The matter was last reported to the Government in May 1986.

2.0.3. Arrangement of audit

Accountant General, West Bengal and/or Examiner of Local Accounts in the Office of the Accountant General, West Bengal, are the Statutory Auditors appointed under the provision of the different State Acts.

Audit arrangements in respect of audit under section 14(1) of C. & A.G.'s D.P.C. Act as well as audit of Local Fund Accounts are adequate.

2.0.4. Audit notes and paras outstanding

Audit notes on the autonomous bodies are submitted to the bodies concerned and copies thereof endorsed to the Government so that appropriate action is taken to remedy matters within a reasonable time.

The table as below would indicate the number of audit notes and observations which were outstanding at the end of September 1986.

Sl. No.	Local Bodies	Number of audit notes outstanding in bodies coming under sec. 14(1) of C. & A.G.'s Act.	Number of audit paras outstanding.	Earliest year from which outstanding.
(1)	(2)	(3)	(4)	(5)
1.	District School Boards ...	226	6,785	1956-57
2.	Zilla Parishads ..	166	4,157	1954-55
3.	Municipalities, Town Committees and Notified Area Authorities	878	26,329	1957-58
4.	Universities ..	45	1,640	1960-61

2.0.5. Common Irregularities Noticed in Audit of the Authorities| Bodies

Common points noticed in audit during the year 1985-86 for autonomous bodies coming under Section 14|14(1) of C. & A.G.'s Act, 1971 are mentioned below :

- (a) *Budget Estimate not prepared* : Three District School Boards did not prepare any Budget Estimate for the years detailed below :

District	Year	Expenditure incurred without any Budget provision
(1)	(2)	(3)
		(Rupees in lakhs)
1. Maldah —	1977-78	208.84
2. Burdwan — — — —	1978-79	558.15
3. Bankura —	1980-81	469.36
	1981-82	573.04
		<hr/> 1809.39

- (b) *Internal audit not conducted* : Internal audit as prescribed under relevant Act and Rules framed thereunder was not conducted as detailed below :

Nature of Body	Number of annual accounts for which Internal audit not conducted
(1)	(2)
1. District School Board	7 accounts from 1977-78
2. Zilla Parishad	8 accounts from 1965-66

- (c) Grants released for specific purposes in District School Boards remaining unspent for over 5 years are indicated below :

Purpose of Grant (Period of Accounts and No. of districts involved)	Amount lying unutilised for		
	5—10 Yrs	Above 10—15 Yrs	Above 15 Yrs
(1)	(2)	(3)	(4)
	(Rupees in lakhs)		
1. Construction and repair of School buildings (1977-78 to 1982-83 : 7)	21.58	2.67	2.52
2. Amenities to students (1977-78 to 1982-83 : 4) ..	19.48	1.97	..
3. Nutritional programme (1979-80 to 1982-83 : 2) ..	0.44	..	—
4. Furniture and Equipment (1977-78 to 1981-82 : 6)	6.96	0.61	0.74
5. Miscellaneous (1977-78 to 1982-83 : 7) —	7.68	6.51	0.20
	<hr/> 56.14	<hr/> 11.76	<hr/> 3.46
	Total — Rs. 71.36 lakhs.		

(d) *Diversion of Government Grants* : Diversion of grants as noticed during audit (1985-86) are mentioned below :

Unit				Position at the end of the year	Amount diverted (Rupees in lakhs)
(1)				(2)	(3)
(i) Burdwan District School Board	-	-	-	1978-79	72.07
(ii) West Dinajpur School Board	-	-	-	1981-82	15.43
(iii) Jalpaiguri School Board	-	-	-	1977-78	3.10
(iv) Bankura School Board	-	-	-	1981-82	1.99
(v) Howrah School Board	-	-	-	1983-84	1.20
(vi) Santipur Municipality	-	-	-	1981-82	6.35
(vii) Katwa Municipality	-	-	-	1983-84	17.70
(viii) Raniganj Municipality	-	-	-	1981-82	7.70
(ix) Baruipur Municipality	-	-	-	1982-83	5.49
(x) Murshidabad Municipality	-	-	-	1980-81	4.52
Total				-	135.55

It was noticed in audit that the diversions were made for general establishment and contingent purposes. The diversions were not subsequently (August 1986) regularised.

(e) Sizable advances were found outstanding on the dates mentioned against each in respect of ten districts as below:

Sl. No.	District					District School Board Amount	Zilla Parishad Amount
(Rupees in lakhs)							
(1)	(2)					(3)	(4)
1.	Jalpaiguri	—	—	—	—	1.09 (31-3-78)	18.51 (31-3-81)
2.	Maldah	—	—	—	—	5.57 (31-3-78)	...
3.	Hooghly	—	—	—	—	7.08 (31-3-83)	...
4.	West Dinajpur		—	—	—	2.39 (31-3-81)	1.86 (31-3-82)
5.	Murshidabad		—	—	—	6.39 (31-3-81)	52.43 (31-3-83)
6.	24 Parganas		—	—	—	—	52.21 (31-3-81)
7.	Midnapore	..	—	—	—	—	55.44 (31-3-81)
8.	Darjeeling	—	—	—	—	—	31.32 (31-3-84)
9.	Burdwan	..	—	—	—	—	17.95 (31-3-81)
10.	Birbhum	—	—	—	—	—	27.14 (31-3-81)

(f) *Provident Fund* : Abstract of Provident Fund balances of Primary School teachers was not prepared in respect of seven District School Boards (Jalpaiguri, Maldah, Hooghly, Nadia, Bankura, Murshidabad and Burdwan).

(g) *Arrears in collection of rates and taxes* (Municipalities) : The outstanding rates and taxes in the 14 municipalities as shown below amounted to Rs.152.79 lakhs in total :

Sl. No.	Municipality	Year of accounts	Amount of rates and taxes in arrears.
(Rupees in lakhs)			
(1)	(2)	(3)	(4)
1.	Baruipur	1982-83	5.23
2.	Bongaon	1983-84	11.43
3.	Burdwan	1978-79	38.33
4.	Jaynagar-Majilpur — — —	1979-80	2.57
5.	Jhargram — — —	1983-84	9.16
6.	Katwa — — —	1983-84	3.84
7.	Midnapore — — —	1981-82	16.69
8.	Murshidabad	1980-81	4.11
9.	North Barrackpore	1983-84	15.02
10.	Rajpur	1980-81	11.11
11.	Raniganj	1980-81	14.07
12.	Santipur	1981-82	9.25
13.	Sonamukhi	1981-82	3.95
14.	Tarakeshwar	1978-79	8.03
Total			152.79

(h) *Overdue Loans* : The following bodies defaulted in repayment of loan instalments. The position of arrears is detailed below :

Municipality	Year of accounts	Amount unpaid
(Rupees in lakhs)		
(1)	(2)	(3)
Santipur	1981-82	6.09
Katwa	1983-84	0.39
Tarakeshwar	1980-81	1.87
Raniganj	1980-82	2.95
Bongaon	1982-84	0.60

- (i) *Utilisation certificates (Zilla Parishads)* : Utilisation certificates|statement of expenditure on Government grants for development activities in rural West Bengal sub-allotted to the lower tier (Panchayat Samitis) were found wanting (Position as on 31-12-85) in respect of the following amounts :

District						Amount involved (Rupees in lakhs)
24-Parganas	..	..	..	..	..	281.40
Midnapore	..	..	..	..	..	243.24
Jalpaiguri	..	..	..	..	..	26.73
Burdwan	..	..	..	..	..	32.87
Murshidabad	..	..	..	..	..	245.53
Birbhum	..	..	..	..	..	59.46
West Dinajpur	..	..	..	..	..	166.54
Total						1055.77

- (j) The accounts of Zilla Parishads detailed below closed with accumulation of large sums of unutilised Government grants meant for specific purposes :

District				Year of account	Amount (Rupees in lakhs)
24-Parganas	..	..	..	1980-81	73.86
Midnapore	..	..	..	1980-81	290.53
Darjeeling	..	..	..	1983-84	68.72
Jalpaiguri	..	..	..	1980-81	85.75
Burdwan	..	..	..	1980-81	120.20
Murshidabad	..	..	..	1982-83	208.95
Birbhum	..	..	..	1980-81	107.04
West Dinajpur	..	..	..	1981-82	57.64
Total					1012.51

The matter was reported to Government in November 1986; reply was awaited (December 1986).

EDUCATION DEPARTMENT

2.1. Burdwan University

2.1.1. The Burdwan University was established in June 1960 as a teaching and affiliating University at Burdwan in terms of the provision of the Burdwan University Act, 1959. The main object of the University is to provide instruction and training in such branches of learning as it may deem fit and to make provisions for research and for the advancement and dissemination of knowledge.

The points noticed in course of a general review conducted by audit during 1985-86 of the activities of the University are given in the succeeding paragraphs.

2.1.2. Finance, Accounts and Audit

The University is mainly financed by grants from the State Government and the University Grants Commission (UGC). A summary of receipts and payments of the University from 1978-79 to 1980-81 is given below :

				1978-79	1979-80	1980-81
				(Rupees in lakhs)		
Receipts						
1.	Opening balance	..	--	36.55	25.70	33.33
2.	Grants from State Government—					
	(i) Revenue account	..	..	114.88	174.53	183.36
	(ii) Capital and Development account		--	22.44	19.03	21.47
3.	Grants from UGC—					
	(i) Revenue account	..	--	1.75	5.40	20.70
	(ii) Capital and Development account		..	36.62	15.65	24.91
4.	Grants for specific schemes from Government of India			1.97	9.06	5.38
5.	Own income	..	--	34.26	39.22	55.41
6.	Deposit and suspense transactions	..	✓	79.51	108.84	154.91
	Total	..		327.98	397.43	499.47
Payments						
1.	Expenditure on revenue account	..	--	155.61	201.98	214.83
2.	Expenditure on capital and development account			55.04	56.26	77.87
3.	Deposit and suspense transactions	..	..	91.63	105.86	156.49
4.	Closing balance	..	..	25.70	33.33	50.28
	Total	..		327.98	397.43	499.47

Note : Accounts for the year up-to 1986-81 only have been compiled so far (August 1986).

The Act and the statutes framed thereunder required that the annual accounts of the University shall be prepared not later than six months after the close of every year and the University shall consider the audited annual accounts at a meeting and take such action thereon as it thinks fit. The University had so far (August 1986) compiled annual accounts up to the year 1980-81 only while the audit reports on the accounts for the years 1975-76 to 1977-78 issued between December 1980 and April 1984 had not yet been considered (August 1986). No reasons were adduced by the University for the arrears in compilation of accounts and for not considering the audited annual accounts at a meeting (August 1986).

2.1.3. *Cash balance not reconciled*

The University funds are lodged with two different branches of the State Bank of India (Calcutta Branch and Burdwan Branch) for which two separate cash books are maintained. Although, bank statements were received in respect of Calcutta Branch up to March 1986 and in respect of Burdwan Branch up to June 1984, reconciliation of cash book balance was done only up to March 1984 in both the cases (August 1986). Reasons for heavy arrears in reconciliation in respect of Calcutta Main Branch had not been intimated (August 1986).

2.1.4. *Internal Audit*

The statutes framed under the Act provide for continuous internal audit of the accounts of the University under the direction of its Finance Officer. It was, however, noticed that the University had not so far (August 1986) introduced any system of internal audit although one Internal Auditor and two Stock Verifiers had been appointed as far back as in January 1974. No reasons were adduced by the University for non-introduction of internal audit in spite of maintaining staff for the purpose.

2.1.5. *Academic programme*

The University offers post-graduate teaching programme of two years' duration in its Faculties of Arts, Commerce and Science while under-graduate teaching is done in affiliated colleges. The intake

capacity of the post-graduate courses, the number of students admitted to those courses and the number of students finally appearing at the respective examinations on completion of the courses relating to the years 1978-79 to 1982-83 are given in the table below :

Year		Course	Intake capacity	Number of students admitted	Number of students appearing at the examination on completion of the course
1978-79	—	M.A.	365	349	337
		M.Com.	70	69	60
		M.Sc.	203	197	171
1979-80	...	M.A.	365	408	398
		M.Com.	70	66	60
		M.Sc.	203	200	174
1980-81	...	M.A.	365	271	} (not available)
		M.Com.	70	62	
		M.Sc.	203	167	
1981-82	..	M.A.	365	265	256
		M.Com.	70	69	55
		M.Sc.	203	200	155
1982-83	—	M.A.	365	348	192
		M.Com.	84	84	65
		M.Sc.	203	206	192

It would be seen that out of 2,461 students admitted to the courses during 1978-79 to 1979-80 and from 1981-82 to 1982-83, only 2,070 students finally appeared at the respective examinations held after completion of the courses. No review was conducted by the University to probe the reasons for the large number of drop-outs (August 1986).

2.1.6. *Faculty Improvement Programmes in affiliated Colleges*

UGC allocated Rs.4 lakhs for the University during the Fifth Plan period for undertaking faculty improvement programmes pertaining to teachers in affiliated colleges and released two instalments of grants totalling Rs.1.60 lakhs during 1976-77 and 1977-78 against the allocation. Till the end of 1983-84, the University spent out of the above grant a total amount of Rs.1.33 lakhs of which Rs.0.67 lakh only was utilised within the Plan period (up to 1979-80). For non-utilisation of the grant in full during the plan period, the balance

allocation of Rs.2.40 lakhs earmarked by UGC for faculty improvement programmes of the University lapsed. No reasons were adduced by the University for non-utilisation of the grant in full resulting in lapse of allocation (Rs.2.40 lakhs).

2.1.7. *Research service centre*

For extending facilities like compilation and tabulation of data and making out duplicate copies of articles and research papers needed by the teachers of the various departments, UGC approved (January 1976) establishment of a Research Centre in the Library Building of the University and sanctioned the following staff and financial assistance for the purpose :

- (i) Staff ... 1 Programmer (Scale Rs. 700—1,600)
 2 Statistical/Technical Assistants (Scale Rs. 500—1,100)
- (ii) Equipment Rs. 1 lakh

The University purchased four items of equipment worth Rs.0.95 lakh between 1976-77 and 1980-81 out of the equipment grant of Rs.1 lakh sanctioned for the Centre and filled up the posts of Programmer (December 1977) and two Statistical/Technical Assistants (October 1978 and January 1977). The Research Centre could not, however, be made operational as the Programmer appointed in December 1977 left his job in May 1978 and another Programmer appointed in his place in January 1980 had not yet (August 1986) returned from study leave granted from October 1982. Of the four items of equipment one, viz., Electronic Micro Duplicating machine (Rs.0.41 lakh) was kept in the Mathematics Department of the University while no records showing utilisation of the remaining three equipment (Electro-Static Copier, Electronic Cutting Machine and another small equipment) were available for scrutiny by audit (August 1986). The University stated that in the absence of the Programmer who was the Officer-in-Charge of the Centre, the services of the Statistical/Technical Assistants were being utilised for various works of non-technical nature not connected with the Research Service Centre (August 1986).

2.1.8. *Research activities*

During the years 1980-81 to 1984-85, the University spent a total amount of Rs.43.02 lakhs for maintaining 94 scholars who were appointed for durations ranging from 3 to 4½ years for research work under various schemes sponsored by the UGC, State Government and the University. The expenditure of Rs.43.02 lakhs included payment of scholarship and contingencies amounting to Rs.6.61 lakhs to 47 research scholars who left before completing their tenure or the research work assigned to them (August 1986).

2.1.9. Crop Research Farm

The University established a Crop Research Farm in 1965 comprising a net cultivable area of 23.5 acres for carrying out research-cum-high yielding seed development programmes with the stipulation that the recurring expenses should be commensurate with the return from the farm. The Farm is under the charge of the Head of the Botany Department of the University and its staff consists of 2 Assistants, 1 Pump Attendant and 32 permanent labourers including 3 Night Guards. The following points were noticed in course of review of the working of the farm from 1978-79 to 1982-83.

- (i) No research programmes were undertaken by the Farm management during any of the years under review. Instead, Paddy (aman and boro) was grown on commercial basis by utilising only a part of the total cultivable land available in the farm (23.5 acres), as shown below :

Year				Average area put under cultivation during the year	Average area cultiva- ted during the year as percentage of total cultivable area
				(Acres)	
1978-79	..	..	..	13.50	57.4
1979-80	..	..	..	14.00	59.6
1980-81	..	..	..	14.75	62.8
1981-82	..	..	..	13.00	55.3
1982-83	..	..	..	9.75	41.5

It would be seen that the area brought under cultivation during the years 1978-79 to 1982-83 ranged from 41.5 *per cent* to 62.8 *per cent* only of the total cultivable area of the Farm.

- (ii) Yield of Aman and Boro varieties of paddy were not separately available from the records of the Farm. However, total quantities of both the varieties produced per year vis-a-vis the land (in acres) utilised on rotational basis for growing them were as under :

Year	Land utilised				Total	Total pro- duce of Aman and Boro	Yield per acre
	Aman		Boro				
	(In acre)							(Kilogram)	(Kilogram)
1978-79	14.50	12.50	27.00	43,869	1625
1979-80	15.50	12.50	28.00	36,038	1287
1980-81	16.00	13.50	29.50	25,040	849
1981-82	17.50	8.50	26.00	10,938	421
1982-83	12.00	7.50	19.50	18,368	942

Although the total area utilised for cultivating Aman and Boro varieties of paddy remained more or less the same during 1978-79 to 1981-82, the total produce and the yield per acre gradually declined during those years. Yield during 1982-83 was proportionately less than the yield for the year 1979-80.

- (iii) The total operating expenses of the Farm (wages, seeds, manures and other inputs) during the years 1978-79 to 1982-83 worked out to Rs.9.99 lakhs while the total amount earned by way of sale proceeds of farm produce (paddy) during the above period was only Rs.2.22 lakhs resulting in net deficit of Rs.7.77 lakhs. The return on the investments made on the farm was, therefore, far from satisfactory.

No reply was furnished by the University authorities (August 1986) explaining the reasons for poor cultivation in the Farm.

2.1.10. *Irregularities in pay fixation of teachers*

Government approved (July 1981) Merit Promotion Scheme for University teachers with effect from 1st April 1981 on the recommendations of the University Grants Commission. The scheme envisaged promotion of existing teachers to the next higher level subject to objective evaluation of their work. The University started the scheme from March 1982 and granted merit promotion to 65 teachers till the end of March 1984. The terms and conditions governing the scheme, *inter alia*, provided that rules for pay fixation on promotion| selection to higher posts obtaining in the Universities were not to be made applicable to merit promotions under the scheme and only marginal adjustments would be required to be made within the next higher scale nearest to the salary already drawn by the promotees. It was, however, noticed that for the purpose of fixation of pay under the merit promotion scheme, the University deviated from the mode of fixation of pay on promotions i.e., the pay of the promotees were fixed in the higher scale at a stage next above the pay notionally arrived at by granting one increment in the existing scale. Such irregular fixation of pay in violation of the principle of pay fixation prescribed by Government resulted in excess payment of Rs.1.13 lakhs up to February 1986 to 65 teachers of the University brought under the merit promotion scheme.

2.1.11. *University Library*

The Central Library of the University had a stock of 1,30,000 books and 3,000 manuscripts as on 31st March 1986 (total value Rs.97.52 lakhs). No physical verification of library books was conducted (August 1986) after 1971 though the Library Committee emphasised the need of verification of stock in the library in April 1976.

The number of journals, both Indian and foreign, subscribed by the library increased from 806 in 1978-79 (cost of subscription Rs.1.76 lakhs) to 945 in 1985-86 (cost of subscription Rs.12.79 lakhs) but the number of students availing of reading facilities of journals gradually declined from 4,881 to 493 during the corresponding period. The University had not so far (August 1986) initiated any steps to encourage the students to make greater use of library facilities in spite of a recommendation made in this regard by the 6th Plan Visiting Committee of UGC.

The University received a gift of 10,000 rare books from the Raj Library (library of the Maharaja of Burdwan) in 1960. Of these, only 3,725 books had so far (August 1986) been entered in the accession register of the University library. Reasons for non-entry in accession register and non-preparation of descriptive catalogue in respect of the books were not intimated (August 1986).

Summing up

—Burdwan University had not so far compiled its annual accounts from 1981-82 onwards. Besides, the Audit Reports on the accounts for the years 1975-76 to 1977-78 issued between December 1980 and April 1984 had not yet been considered.

—Bank statement in respect of Calcutta Branch of State Bank of India had been received by the University up to March 1986 but the reconciliation of the cash book balances had been done only up to March 1984.

—The University had not so far (August 1986) introduced any system of Internal Audit although the statutes framed under the Act provided for continuous internal audit of the accounts of the University.

—Out of 2,461 students admitted by the University to its post-graduate courses during 1978-79 to 1979-80 and 1981-82 to 1982-83, only 2,070 students finally appeared at the respective examinations held after completion of the courses.

—Forty-seven research scholars who had been paid scholarship amounting to Rs.6.61 lakhs left before completing their tenure or the research work assigned to them.

—A crop research farm was established by the University in 1965 for carrying out research-cum-high yielding seed development programmes. No research programme was, however, undertaken by the farm since its inception.

—The University utilised the farm land for cultivation of paddy. During the years 1978-79 to 1982-83, the University spent Rs.9.99 lakhs for paddy cultivation, whereas sale proceeds of the produce during the above period was only Rs.2.22 lakhs.

—Irregular fixation of pay for teachers granted merit promotions in violation of the principle of pay fixation prescribed by the Government resulted in excess payment of Rs.1.13 lakhs.

The matter was reported to Government in September 1986; reply was awaited (December 1986).

2.2. Kalyani University

2.2.1. The Kalyani University was established in November 1960 as a teaching and affiliating University at Kalyani in terms of the provisions of the Kalyani University Act, 1960 to provide instruction and training in humanities and sciences generally and the agricultural, veterinary and allied sciences in particular. With the establishment of the Bidhan Chandra Krishi Viswavidyalaya at Haringhata from 1st September 1974, the Faculty of Agriculture of the Kalyani University was transferred to the Viswavidyalaya.

The points noticed in course of a general review conducted by audit during 1985-86 of the activities of the University are given in the succeeding paragraphs.

2.2.2. Finance, Accounts and Audit

The University is mainly financed by grants from State Government and the University Grants Commission (UGC). A summary of receipts and payments of the University for the years 1976-77 to 1980-81 as ascertained from the annual accounts is given below :

		1976-77	1977-78	1978-79	1979-80	1980-81
		(Rupees in lakhs)				
Receipts						
Opening balance	—	21.18	24.20	19.54	10.25	5.59
Grants from State Government—						
(a) Revenue account	—	67.71	78.55	83.36	120.07	132.85
(b) Capital and Development account		5.12	14.35	14.44	5.91	4.86
Grants from UGC—						
(a) Revenue account	—	—	—	—	—	0.06
(b) Capital and Development account		24.97	30.64	9.09	7.40	18.24
4. Own Income	—	7.21	5.14	5.80	9.23	7.92
5. Deposit and suspense transactions		12.11	13.90	21.07	23.70	23.28
	Total	138.30	166.78	153.30	176.56	192.80
Payments						
1. Expenditure on Revenue account		74.25	86.89	96.59	114.18	142.50
2. Expenditure on Capital and Development account		27.70	48.74	22.96	34.17	20.47
3. Deposit and suspense transactions		12.15	11.61	23.50	22.62	20.40
4. Closing balance	—	24.20	19.54	10.25	5.59	9.43
	Total	138.30	166.78	153.30	176.56	192.80

N.B. : Accounts for the year up to 1980-81 only have so far been compiled (August 1986).

The Act requires that as soon as may be after the close of a year the accounts for the year shall be audited and the University shall consider the audited accounts at a meeting and take such action thereon as it thinks fit. The University had so far (August 1986) compiled annual accounts only up to the year 1980-81 while none of the audited annual accounts for the years 1960-61 to 1978-79 and the audit reports thereon issued between August 1962 and October 1985 had been considered as yet (August 1986).

The absence of final accounts of the University from 1981-82 can have serious implications in terms of funds being utilised for purposes other than for which they were earmarked. However, since no accounts have been prepared since 1981-82, it has not been possible to verify in audit as to whether there are instances of diversion of earmarked funds or other cases of mis-utilisation of funds.

Reasons for accumulation of arrears in compilation of accounts and for not considering the audited annual accounts at a meeting were not intimated by the University (August 1986).

2.2.3. *Cash balance not reconciled*

The University funds are lodged with three different branches of nationalised banks for which five cash books are maintained. The position of totalling of cash books and reconciliation of cash balances with corresponding bank statements so far received by the University (August 1986) is indicated below :

Particulars of Cash book	Totalling of cash book done up to	Period up to which bank statements received	Reconciliation of cash balance completed up to
1. Cash Book (General)	April 1983	April 1986	April 1983
2. Cash book (Development account)	February 1986	April 1986	March 1984.
3. Cash book (Ganga Project account)	April 1984	April 1986	April 1984.
4. Cash book (Ford Foundation account)	Totalling not done since opening of cash book in July 1985	March 1986	Reconciliation not taken up
5. Cash book (Convocation account)	Totalling not done since opening of cash book in April 1986.	Information not available	Do.

The above table would indicate that totalling of cash book and reconciliation of cash balance with bank statement is heavily in arrears. No reasons were adduced by the University for the unsatisfactory position of totalling and reconciliation of cash books (August 1986).

2.2.4. *Academic Programme*

(i) The University conducts undergraduate courses of three years' duration and post graduate courses of two years' duration in its faculties of Arts, Science and Education. The intake capacity of the undergraduate and post-graduate courses, the number of students admitted to those courses and the number of students finally appearing

at the respective examination on completion of the course relating to the years 1979-80 to 1983-84 are given below :—

(Information in this regard for the years 1984-85 and 1985-86 was not forthcoming).

Year	Course	Total intake capacity	Number of students admitted	Number of students appearing at the examination on completion of course	Number of dropouts
(1)	(2)	(3)	(4)	(5)	(6)
1979-80	3 years undergraduate course	414	404	357	47
	2 years post-graduate course	507	505	375	130
1980-81	3 years undergraduate course	454	502	376	126
	2 years post-graduate course	513	447	353	94
1981-82	3 years undergraduate course	479	608	389	219
	2 years post-graduate course	513	388	282	106
1982-83	3 years undergraduate course	515	520	388	132
	2 years post-graduate course	546	457	333	124
1983-84	3 years undergraduate course	610	534	Examination yet to be held (August 1986)	
	2 years post-graduate course	560	505	Do.	

It may be seen from the above table that the intake capacity of post graduate courses remained generally under-utilised during each of the years from 1979-80 to 1983-84. The total number of students admitted to the post-graduate courses during 1979-80 to 1983-84 was only 2,302 as against 2,639 seats available for those courses during the corresponding period. The University did not maintain any data to indicate the number of under-graduate and post graduate students who left their studies during the duration of the courses but out of 3,831 students admitted during 1979-80 to 1982-83 only 2,853 students finally appeared at the respective examinations held after completion of the courses. No review was conducted by the University to investigate the reasons for the large number of drop outs.

69887

2.2.5. *Department of Environmental Science not opened in spite of grants and teaching posts sanctioned by UGC*

The Sixth Plan Visiting Committee of UGC recommended (December 1982) setting up of a new department of Environmental Science for development of inter-departmental courses and co-ordination of academic activities by the University in allied disciplines. UGC accepted (September 1983) the above recommendations and sanctioned 7 additional teaching posts and a grant of Rs.4 lakhs for purchase of necessary books and equipment for setting up the new department. The approval of UGC was, however, subject to the stipulation that teaching programmes in Bio Physics and Bio Chemistry which had been started (July 1982) by the University without adequate staff and facilities should be discontinued and the staff attached to those departments should be transferred to the proposed department of Environmental Science. The University fully utilised the grant of Rs.4 lakhs for purchase of books and equipment and filled up (March 1985) all the additional teaching posts and incurred an expenditure of Rs.1.44 lakhs on their salaries up to March 1986. It was however noticed in audit that the department of Environmental Science had not yet (August 1986) been started and, on the other hand, teaching programmes in Bio Physics and Bio Chemistry were still being continued (August 1986) by utilising the services of teachers meant for the department of Environmental Science. Reasons for which the University did not start the department of Environmental Science and diverted the staff and funds therefor were not intimated (August 1986).

2.2.6. *Study and research in Folklore not conducted although posts sanctioned for the purpose duly filled up*

Considering the recommendations of the Visiting Committee on the 6th Plan development proposals of the University, the UGC sanctioned 3 new posts (1 Reader, 1 Lecturer and 1 Technical Assistant) for providing facilities for study and research in Folklore within the framework of the Bengali department. Government also agreed (March 1988) to bear the financial liability for maintenance of the posts after the expiry of the 6th Plan period. The University filled up the posts during February/March 1985 and incurred a total expenditure of Rs.0.66 lakh on their salaries up to March 1986 but had not so far (August 1986) taken any steps to initiate studies in Folklore within the framework of the Bengali Department or formulated any research programme on the subject. Instead, the incumbents of the above posts specifically sanctioned for study and research in Folklore were still (August 1986) being utilised as additional staff of the Bengali department although the Visiting Committee

of UGC did not find any justification for increasing the staff strength of the department. Reasons for not conducting study and research in Folklore by utilising the staff sanctioned for the purpose were not stated (August 1986).

2.2.7. *Research activities*

For providing facilities for research work UGC sanctioned (July 1977) on "at any given time basis" 20 Junior Research Fellowships tenable for a period of 4 years from the dates of appointment of the Fellows. As against the above 20 Fellowships sanctioned by UGC, the maximum number of Fellows entertained by the University at any given point of time was only 13 during the period from 1980-81 to 1985-86, and of them 12 UGC Fellows who were paid Fellowship grants of Rs.1.92 lakhs up to November 1985 left before completing their tenure or the research work assigned to them (August 1986). Reasons for leaving the institution before completion of Fellowship tenure by the 12 UGC Fellows were not on record.

2.2.8. *Irregularities in implementation of Merit Promotion Scheme*

Government approved (July 1981) a Merit Promotion Scheme for teachers of State-aided Universities with effect from 1st April 1981 in order to recognise outstanding work done by them in the areas of teaching and research. The scheme envisaged promotion of existing teachers to the next higher level subject to certain conditions which, *inter alia*, provided that the number of teachers holding such promotion in a particular teaching department at any given point of time should not exceed one-third of the total number of permanent posts of Lecturers or Readers within that department. It was, however, noticed in audit that during the period from April 1981 to March 1986, as many as 15 Lecturers and 7 Readers in nine teaching departments were granted merit promotion by the University to the next higher level in excess of the admissible limit of one-third of permanent posts of Lecturers and Readers of those departments. Such excess promotions irregularly granted by the University in deviation from the norm prescribed by Government resulted in an unauthorised expenditure of Rs.2.45 lakhs (March 1986), and continued additional expenditure of Rs.0.49 lakh per annum. No reasons were adduced by the University for grant of merit promotions in excess of the admissible limit (August 1986).

2.2.9. *Avoidable payment of House Rent Allowance and loss of rental income due to non-allotment of flats and staff quarters*

The University constructed between May 1966 and November 1969, 40 flats and 14 units of staff quarters for accommodation of its teaching staff (Lecturers and Readers) at a total cost of Rs.10.77 lakhs with financial assistance from UGC and the State Government. There was nothing on record to indicate that any steps had been taken by the University for prompt allotment of those flats and quarters to the University teachers immediately after completion of their construction. The Allotment Register of Quarters maintained by the University indicated that only 20 flats were allotted to the teachers as late as between July 1982 and August 1985 while it was seen from the minutes of the meeting of the University council (held in February 1984) that the remaining flats and quarters (20 flats and 14 units of Quarters) had been lying under unauthorised occupation of its subordinate staff and outsiders. The University Council desired (February 1984) that suitable steps should be taken for eviction of unauthorised occupants from University quarters but no effective steps in this regard had yet been taken (August 1986). Thus, for delayed allotment of 20 flats and non-allotment of the rest due to their continued occupation by unauthorised persons, the University had so far incurred an avoidable expenditure of Rs.8.76 lakhs on payment of house rent allowance to the teachers entitled to the flats and quarters and suffered a loss of rental income of Rs.8.22 lakhs (August 1986).

2.2.10. *Non-disbursement of scholarships|stipends*

The University received from the State Government and other sources a total amount of Rs.15.19 lakhs during the period from 1974-75 to 1982-83 for payment of scholarships|stipends to students prosecuting studies under the university. Of the amount of Rs.15.19 lakhs a net amount of Rs.14.03 lakhs was disbursed to the students up to the end of March 1983 leaving behind an undisbursed amount of Rs.1.16 lakhs which was still (August 1986) lying merged with the University fund. The reasons for non-disbursement of the balance amount of Rs.1.16 lakhs (including Rs.0.34 lakh on account of Scheduled Caste scholarship) were not stated. The amount had not yet been refunded to the State Government (August 1986).

2.2.11. *University Library*

The University Library had a stock of 67,559 books at the beginning of the year 1982-83. Another 11,992 books were added to the library at a total cost of Rs.13.87 lakhs bringing the total number of books to 79,551 at the end of March 1986. No physical verification of library books was conducted after 1971 on the ground that the number of professional staff available in the library was inadequate for the purpose (August 1986).

2.2.12. *Equipment for Health Centre lying idle*

On the recommendation of its Visiting Committee that the University required a financial assistance of Rs.1 lakh for setting up an 'X-Ray Unit in its Health Centre, UGC released its share of Rs.0.50 lakh in February 1985. For release of the matching share of Rs.0.50 lakh as requested by the University, the State Government called for (April 1985) certain information including particulars of staff (medical and non-medical) available at the Health Centre but no reply had yet (August 1986) been sent by the University. Meanwhile, the University purchased a portable X-Ray machine (cost Rs.0.31 lakh), a portable E.C.G. machine (cost Rs.0.12 lakh) and a photo electric calorimeter (cost Rs.0.06 lakh) in August 1985 for its Health Centre out of the grant of Rs.0.50 lakh received from UGC. All the above equipment worth Rs.0.49 lakh had been lying unutilised in the Central Stores of the University for want of technicians in the Health Centre (August 1986). The reasons for the purchase of the above equipment without ensuring availability of technicians required for their operation were not stated (August 1986).

The matter was referred to Government in October 1986; reply was awaited (December 1986).

2.3. **District School Boards**

2.3.1. *Introductory*

For progressive expansion, management and control of primary education in rural areas, District School Boards (DSBs) were set up, one in each district, under the Bengal (Rural) Primary Education Act, 1930. Such Boards are functioning in 15 (fifteen) districts of West Bengal

The principal sources of revenue of the District School Boards are :

- (i) Education cess and tax imposed under the provisions of the Education Act, 1930.
- (ii) Government grants and contributions.

The main items of expenditure of the District School Boards are salaries of teachers and office establishment and contribution to the provident fund, teaching equipment, office and school contingencies, construction/re-construction of the school buildings and grants-in-aid to primary/junior basic schools run by voluntary organisation.

As mentioned below, 9 District School Boards were found to be substantially financed by grants from Government and attracted the provision of Section 14 of the C & AG's Act, 1971. These 9 District School Boards were audited during the year 1985-86. Important points noticed in audit are given below :

Sl. No.	Name of DSB and year of account audited				Total amount of grant	Expenditure during the year
(1)	(2)				(3)	(4)
(In lakhs of rupees)						
1.	Bankura (1981-82)	..	..	..	684.24	570.03
2.	Burdwan (1978-79)	..	..	..	622.17	550.10
3.	Howrah (1982-83)	..	..	..	730.52	656.89
4.	Hooghly (1982-83)	..	..	..	956.86	847.77
5.	Jalpaiguri (1977-78)	..	..	..	245.20	185.75
6.	Maldah (1977-78)	..	..	..	209.21	201.27
7.	Midnapore (1979-80)	..	..	..	1022.06	853.94
8.	Murshidabad (1980-81)	..	..	..	713.84	511.18
9.	West Dinajpur (1980-81)	..	..	..	480.02	438.80

2.3.2. Irregularities in implementation of Nutrition Programme

Bankura District School Board received Government grant of Rs.64.69 lakhs during the years from 1978-79 to 1981-82 under the 'Nutrition Programme' for supply of bread to feed the students of the Primary Schools under the District School Board. The table below would indicate that the DSB could not utilise the grants received and the-unspent balances during 1978-79 to 1981-82 ranged from Rs.12.02 lakhs to Rs.45.51 lakhs.

Year			Opening balance (1st April)	Receipt during the year	Total receipt (columns 2 and 3)	Expenditure during the year	Closing balance (31st March)]
(1)			(2)	(3)	(4)	(5)	(6)
(Rupees in lakhs)							
1978-79	..	..	..	29.72	29.72	5.49	24.23
1979-80	..	..	24.23	24.97	49.20	3.69	45.51
1980-81	..	..	45.51	..	45.51	21.96	23.55
1981-82	..	..	23.55	10.00	33.55	21.53	12.02

Reasons for failure of the DSB to implement the programme to the extent of grants received from time to time had not been intimated (August 1986).

In audit, the following points were also noticed :

- (i) Government, by an order issued in July 1978, fixed the number of feeding days for supply of bread in a year at 114 days. But the actual number of feeding days in the Schools under 32 to 36 circles where the District School Board operated the 'Nutrition Programme' during the years 1979, 1980 and 1981 were only 19, 80 and 49 days respectively. The performance of the DSB towards implementation of the programme was, therefore, far less than anticipated in the programme leading to failure to provide nutrition, as envisaged in the scheme.
- (ii) The DSB spent a total amount of Rs.43.49 lakhs during 1980-81 and 1981-82 out of the grants received for the purpose. As per the instructions of Government issued in July 1978, supply of bread was to be obtained by the DSB on the basis of average attendance of students in schools. But in respect of a large number of schools (578 under 8 circles in 1980-81 and 559 under 7 circles in 1981-82) supply was obtained on the basis of the enrolled strength of students, instead of the average strength, which resulted in avoidable expenditure of Rs.1.51 lakhs during the period from 1980-81 to 1981-82, as detailed below :

Year of payment	Number of feeding days	Aggregate of enrolled students per day	Aggregate of average students per day	Expenditure on supply made (on enrolled strength)	Quantum of expenditure on average strength basis	Extra expenditure (column 5 minus 6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In lakhs of rupees)						
1980-81	80	50,812	42,652	5.07	4.15	0.92
1981-82	49	63,462	53,421	3.55	2.96	0.59
						1.51

Reasons for incurring expenditure in excess of the requirement had not been intimated (October 1986).

2.3.3. *Loss of interest to the subscribers of Teachers' Provident Fund*

As per the Provident Fund Rules, the amount of monthly deductions made from the salaries of teachers and office staff of the District School Boards in the State are required to be deposited to Post Office Savings Bank along with employer's contributions within the 4th of the following month. Further, according to the provisions of the West Bengal Non-Government Educational Institutions and Local

Authorities (Control of Provident Fund of Employees) Act, 1983 and the Rules made thereunder which came into force, in the case of the DSBs in the State, from the 15th March 1984, any sum received by the DSBs on account of Provident Fund of their employees on or after the 15th March 1984 and the balances standing on their provident fund account on the said date should be deposited/transferred to the Treasury for which the subscribers would be entitled to interest at the rates admissible to the State Government employees for their provident fund deposits. Bankura DSB did not deposit a total sum of Rs.150.69 lakhs representing teachers' subscriptions along with the Board's contribution for the years from 1982-83 to 1985-86 to the Post Office Savings Bank up to March 1984 and thereafter to the Treasury till August 1986, which resulted in loss of interest of Rs.29.27 lakhs to the subscribers to the Provident Fund up to March 1986.

Reasons for non-deposit of the amounts continuously for such extended periods had not been intimated (October 1986).

2.3.4. *Grants remaining unutilised for long period*

Bankura District School Board could not utilise up to July 1986, either wholly or partly, grants or unutilised balances thereof aggregating Rs.10.35 lakhs under seventeen different accounts received during the years from 1954-55 to 1980-81. The District School Board could not explain to Audit (August 1986) the reason for retention of the above un-utilised balances of grants for such a long period nor could it explain the reason for non-refund of the grants.

2.3.5. *Dues to the employees under the Additional Emoluments (Compulsory Deposit) Act, 1974 lying undischursed*

Midnapore District School Board received from the Director of Treasuries, West Bengal during the period from October 1977 to May 1981 Rs.19.38 lakhs on account of refund of compulsory deposits (with interest) deducted from the salaries of the teachers under the provisions of the Additional Emoluments (Compulsory Deposit) Act 1974 for disbursement to them. Out of this, a sum of Rs.13.05 lakhs was only disbursed, the balance of Rs.6.33 lakhs remaining undischursed, (Rs.0.02 lakh since January 1978 and Rs.6.31 lakhs since March 1979) and lying in the DSB fund (July 1986) contrary to the provisions of the Act which provided that the amount should be disbursed within 15 days of receipt and the undischursed amount refunded to the Reserve Bank of India within 3 days thereafter.

The advice regarding action taken for disbursement of the remaining balance of Rs.6.33 lakhs was awaited (October 1986).

2.3.6. *Loss of interest to the subscribers to the Provident Fund*

The Murshidabad District School Board invested in September 1968 Rs.8.82 lakhs out of the Contributory Provident Fund balance of the teachers in 5½ per cent Government of West Bengal Loan Bond, 1980 (issued at a discount of 2 per cent) for a total face-value of Rs.9.00 lakhs. The DSB neither realised the annual interest due for the entire period (2nd September 1968 to the 1st September 1980), nor redeemed the value of the Bond (Rs.9.00 lakhs) on maturity (2nd September 1980) up to December 1985. As per the provisions of the West Bengal Non-Government Educational Institutions and Local Authorities (Control of Provident Fund of Employees) Act, 1983 and the Rules made thereunder the amount of annual interest and the value of the Bond were transferable|required to be deposited, after the 15th March 1984 to the Treasury. Non-realisation of the annual interests and the value of the Bond resulted in loss of interest to the subscribers to the Teachers' Provident Fund Account of a total sum of Rs.5.07 lakhs (Rs.4.27 lakhs upto March 1984 calculated at the Savings Bank rate of interest and Rs.0.80 lakh from April 1984 to December 1985 calculated at the rate of interest admissible to the Provident Fund of Government employees). Reasons for not realising the moneys were not intimated (October 1986).

2.3.7. *Excess appointment of teachers*

Between March 1982 and August 1983, the Government sanctioned 138 posts of teachers for the existing schools and 292 posts of teachers for appointment in 146 new schools, to be set up, for the West Dinajpur District School Board. In August 1984, the Government, however, instructed the DSB that sanction for appointment of 292 posts of teachers for new schools to be set up should be kept in abeyance. Although the sanction of posts of teachers for the new schools was kept in abeyance and the new schools were also not set up, the DSB had appointed 430 teachers, including 292 sanctioned for new schools, during the period from September 1984 to November 1984. This resulted in unauthorised appointment of 292 teachers involving irregular expenditure of Rs.43.75 lakhs out of the DSB Fund upto August 1986 and in addition, the liability of monthly recurring expenditure of Rs.2.17 lakhs from September 1986 onwards.

It was also noticed in audit that in 136 schools under 12 circles where new appointments had been made, the teachers entertained were in excess varying from 1 to 7 teachers against the approved ratio of 1 : 40. The DSB could not give reasons for such excess appointment of teachers without sanction of the Government as well as in the absence of new schools. The DSB, however, stated (September 1986) that the excess teachers would be adjusted against future vacancies.

2.3.8. *Unauthorised payment of House Building Advance*

The District School Board Account Rules as well as the direction of Government issued in February 1961 forbid the DSBs to incur any expenditure on unapproved items. House Building advance to the employees of the DSBs in particular, being not an approved item of expenditure, Government expressed (September 1975) their inability to, undertake any liability on this account for the DSBs. West Dinajpur DSB nevertheless, advanced a total amount of Rs.15.90 lakhs to 57 employees during the period from January 1982 to July 1986 as House Building Advance. Out of this, Rs.12.30 lakhs remained outstanding at the end of July 1986, excluding interest payable thereon. Reasons for incurring expenditure on this unapproved item had not been intimated (August 1986).

2.3.9. *Unauthorised diversion of Government grants*

West Dinajpur District School Board incurred a total expenditure of Rs.11.23 lakhs on two unapproved items namely, construction of 'Office Building' (Rs.10.24 lakhs) and 'Children's Park' (Rs.0.99 lakh) and a further expenditure of Rs.4.20 lakhs towards construction of a 'Ashram Type Hostel' (grant of Rs.0.42 lakh only was released by the Government during 1978-79 to 1981-82 for the 'Ashram Type Hostel'), by diverting maintenance (Rs.3.84 lakhs) and other specific grants (Rs.9.67 lakhs) as well as utilising money from the 'Dead Account' of ex-teachers' Provident Fund Account (Rs.1.92 lakhs) during the period from 1978-79 to 1981-82 only.

Reasons for the unauthorised diversion of total grants of Rs.15.43 lakhs had not been intimated (October 1986).

2.3.10. *Loss of Interest*

West Dinajpur and Howrah District School Boards did not encash, on maturity (matured between August 1977 and July 1985), 7-year National Savings Certificates amounting to Rs.6.06 lakhs (Rs.4.22 lakhs plus Rs.1.84 lakhs) which resulted in loss of interest of Rs.1.01 lakhs (Rs.0.33 lakh in respect of West Dinajpur and Rs.0.68 lakh in respect of Howrah District School Board) upto May 1986.

2.3.11. *Loss of Fund*

Howrah District School Board purchased between 1981-82 and 1982-83, 2,28,900 slates for distribution to the students of classes I and II of Primary and Junior Basic Schools at a cost of Rs.2.23 lakhs. It was noticed in audit (May 1986) that 36,591 slates (value Rs.0.45 lakh) were not distributed to the students. The District School Board stated (May 1986) that the slates which had not been distributed were damaged|lost due to non-availability of proper storing places in the Circle Offices. This resulted in loss of Rs.0.45 lakh to the Board.

The points mentioned above were reported to Government in November 1986. Reply was awaited (December 1986).

LOCAL GOVERNMENT AND URBAN DEVELOPMENT DEPARTMENT

2.4. Municipalities

2.4.1. The accounts of sixteen Municipalities established under the Bengal Municipal Act, 1932 for different years attracting audit under section 14 (prior to Amendment Act, 1984) and section 14(1) of the Comptroller and Auditor General's (Duties, Power and Conditions of Service) Act, 1971, as indicated in Appendix 2.1, were audited during 1985-86. Important points noticed in audit are mentioned below :

2.4.2. Midnapur Municipality

2.4.2.1. *Non-utilisation of advance*

The Government released (July 1980) advance of Rs.2 lakhs to the Midnapore Municipality for the purpose of installation of a generator at the Rangamati Pumping Station for maintaining the water supply to the rate payers during the hours of load-shedding. It was noticed in audit (March 1986) that tenders for supply of generator were invited (June 1980); but orders for supply of the generator was not placed (August 1986). The Municipality, thus, failed to maintain water supply to the rate payers during the periods of load-shedding. Reasons for non-utilisation of advance for purchase of the generator had not been intimated (August 1986).

2.4.3 Sonamukhi and Bankura Municipalities

2.4.3.1. *Unauthorised remission of municipal rates*

The Bengal Municipal Act, 1932 empowers municipalities to remit rates on holdings, both in the cases of excessive hardship to the persons liable to pay them and, in cases where the rates appear to them to be irrecoverable. Under the provisions of the Act and Rules, remission on the ground of excessive hardship is not admissible with retrospective effect, while the remission of irrecoverable rates cannot be granted without taking recourse to the prescribed coercive measures viz., issue of demand notice, issue and execution of warrant of distress and sale, institution of certificate cases, etc.

Sanamukhi and Bankura Municipalities granted remissions totalling Rs.2.71 lakhs between 1977-78 and 1983-84 in cases where the prescribed conditions for grant of remission on grounds of excessive hardship or irrecoverable rates were not fulfilled.

2.4.4. Baruipur Municipality

2.4.4.1. *Defective construction of 'Community Hall'*

For the construction of a 'Community Hall' within Baruipur Municipality, the Calcutta Metropolitan Development Authority (CMDA), sanctioned an estimate of Rs.1.75 lakhs initially in February 1974, which was subsequently revised to Rs.4.54 lakhs in May 1976. The Municipality received financial assistance of Rs.3.50 lakhs between 1974-75 and 1978-79 from the CMDA and the Government. Rupees 9.46 lakhs were, however, spent by the Municipality for the construction of the 'Community Hall'. In October, 1981, the Municipality reported to the Engineering Directorate of State Government that the construction and sound system of the hall had been defective. The Municipality thereafter engaged one stage and sound expert who had submitted (March 1983) an estimate of Rs.5.50 lakhs of which Rs.4.58 lakhs were for renovation and remodelling of the false ceiling, sight panelling and stage. The work of rectification of defects was taken up by the Municipality and an expenditure of Rs.0.50 lakh was incurred till June 1986.

The Municipality has not so far fixed responsibility for the defective construction requiring extra expenditure of Rs.0.50 lakh. Reasons for incurring excess expenditure of Rs.4.92 lakhs over the revised estimate had not, so far, been intimated (June 1986).

2.4.4.2. *Construction of Harijan Quarters*

Baruipur Municipality completed (January 1984) construction of twenty two units of Harijan Quarters for the purpose of providing residential accommodation to its conservancy staff, at a total cost of Rs.2.90 lakhs, which included financial assistance of Rs.0.40 lakh received from the State Government in March 1978. But the quarters remained unallotted (July 1986) to the conservancy staff, as they demanded permanent title to them to which the Municipality did not agree. The Municipality decided (January 1984) to settle the issue after discussing with the representatives of the conservancy staff. The matter, however, remained unsettled (July 1986). Owing to non-allotment of the quarters to the conservancy staff, the municipality incurred an avoidable expenditure of Rs.0.30 lakh up to July 1986 towards payment of house rent allowance to the twenty two conservancy staff and the expenditure of Rs.2.90 lakhs on the construction of the quarters remained unproductive (July 1986).

2.4.5. Murshidabad Municipality

2.4.5.1. *Loss of revenue due to delay in revision of valuation of holdings*

Under the provisions of the Bengal Municipal Act, 1932, the Municipalities were required to revise the annual valuation of holdings, once in five years, by appointing an assessor with the approval of Government. Murshidabad Municipality moved the Government (June 1976) for according approval to the appointment of an assessor selected by it for revision of valuation which was to take effect from April 1977. The Government, however, did not approve the proposal of the Municipality on the ground of unsatisfactory record of the assessor. Thereafter, the Government rejected two more proposals of the Municipality and ultimately, approved (March 1979) the appointment of the same assessor initially selected by the Municipality in June 1976. The revised valuation made by him came into effect from April 1980. Thus, owing to delay in appointment of an assessor and consequent delay in completion of valuation, the Municipality suffered a loss of revenue of Rs.1.20 lakhs pertaining to the period from 1977-78 to 1979-80 at the rate of Rs.0.40 lakh per year.

2.4.5.2. *Unauthorised payment of ad-hoc pay to the Municipal employees*

Government of West Bengal, by an order issued in April 1977, sanctioned ad-hoc pay of Rs.15 per month to its employees with effect from April 1977. Such benefit, unless specifically extended to the local bodies, are not automatically applicable to the employees of the Local Bodies.

It was noticed in audit (December 1985) that Murshidabad Municipality, by a resolution adopted in April 1979, allowed the said benefit of ad-hoc pay of Rs.15 per month to its employees with retrospective effect from April 1977, on the basis of the Government order, dated April 1977, and paid a total amount of Rs.0.68 lakh up to March 1981. As this benefit of ad-hoc pay was not extended by Government to the Municipal employees in the State, payment of Rs.0.68 lakh made to the municipal employees from 1st April 1977 to 31st March 1981 was unauthorised and constituted overpayment. In reply to an audit query (December 1985) the municipality stated that the payment was made in order to avoid a strike threatened by the municipal employees. The fact, however, remains that the payment was irregular. Moreover, the payment had not been regularised (August 1986).

2.4.5.3. *Excess payment of additional dearness allowance*

Government of West Bengal sanctions from time to time dearness allowance (including additional dearness allowance) to the municipal employees. It was noticed in audit (December 1985) that Murshidabad Municipality paid to its employees an instalment of additional dearness allowance of Rs.16 per month with effect from the 1st August 1977, which was not sanctioned by the Government. This irregular payment resulted in excess payment of Rs.0.67 lakh to the staff for the period from August 1977 to March 1981.

The municipality stated (December 1985) that the payment was made due to inadvertence. No action had been taken to recover the amount (August 1986).

2.4.6. **Tarakeswar Municipality**

2.4.6.1. *Unauthorised utilisation of Government grant and Municipal fund*

Tarakeswar Municipality received a Government grant of Rs.0.88 lakh during 1978-79 (Rs.0.43 lakh) and 1979-80 (Rs.0.45 lakh) for utilisation on development schemes. The terms and conditions, provided, *inter alia*, that the scheme to be taken up should be got approved by the District Magistrate, Hooghly and the Government share should be restricted to two-third of the total cost of the scheme. It was noticed in Audit (February 1986) that the municipality did not submit any proposal for utilisation of the grant on development schemes to the District Magistrate and instead, spent the entire amount of grant during 1979-80 to 1981-82 for development of the school ground of the Tarakeswar High School which is not a municipal property.

The grant of Rs.0.88 lakh was, thus, spent outside the sanctioned purpose which was unauthorised and irregular.

The points mentioned above were reported to Government (October 1986); reply was awaited (December 1986),

PANCHAYATS AND COMMUNITY DEVELOPMENT DEPARTMENT

2.5. Zilla Parishads

2.5.1. West Dinajpur Zilla Parishad

2.5.1.1. Irregularities in cement transactions

(i) West Dinajpur Zilla Parishad deposited between November 1980 and February 1986 a total amount of Rs.18.95 lakhs with the West Bengal Essential Commodities Supply Corporation for procurement of a total quantity of 2,190 MT cement for execution of its development works. The Corporation issued Delivery Orders (valid for 60 days) from time to time between December 1980 and February 1986 authorising the Parishad to collect the full quantity of cement (2,190 MT) from specified cement factories and authorised agents. The Parishad engaged transport contractors for lifting of the above quantity of cement as per Delivery Orders issued by the Corporation. Scrutiny of challans showing supply of cement by the factories and authorised agents through the Parishad's transport contractors, however, indicated that as against Delivery Orders for 2,190 MT only 1,787.95 MT of cement had been received by the Parishad (August 1986). Of the 402.05 MT cement received short by the Parishad, 236 MT related to Delivery Orders issued during December 1980 and March 1985 and the balance related to those issued between April 1985 and February 1986. However, the Parishad had not so far (August 1986) taken any steps for the recovery of the cost (Rs.3.41 lakhs) of cement not delivered. The Parishad stated (August 1986) that the matter of short delivery of cement would be looked into.

(ii) The Stores-in-charge of the Parishad's godown acknowledged receipt of 120 MT cement from Durganur Cement Works in March 1986 against Delivery Order dated 10th February 1986 but entered (March 1986) only 84 MT cement in the stock register. Physical verification of stock conducted in August 1986 did not reveal any excess cement in stock. Thus, the balance quantity of 36 MT cement valued at Rs.0.35 lakh remained unaccounted for. The Parishad had not yet initiated any steps for fixing responsibility for the loss of the above quantity of cement (August 1986).

2.5.1.2. Loss of interest to subscribers of Provident Fund

As per Provident Fund Rules applicable to the Parishad employees, provident fund deductions made from their monthly salaries and employer's contributions thereon are required to be credited by the Parishad to a Post Office Savings Bank account to be maintained for

the purpose by the 4th of every month in order that interest may accrue to the subscribers for the month of deposit. A review of the position of deposit of Provident Fund moneys indicated that the Parishad had made delay ranging from 18 to 45 months in depositing the monthly deductions and contributions relating to the period April 1979 to December 1984 and had not so far (August 1986) credited Rs.2.95 lakhs representing deductions and contributions relating to the period January 1985 to July 1986. Such delay and default on the part of the Parishad in crediting provident fund moneys to the Post Office Savings Bank account resulted in a loss of interest of Rs.1.06 lakhs to the subscribers of the Provident Fund (August 1986). The Parishad did not adduce any reasons for the delay and non-credit of Provident Fund moneys to the Savings Bank account (August 1986).

2.5.2. Birbhum Zilla Parishad

2.5.2.1. *Avoidable expenditure*

Construction of a causeway was completed by the Parishad at a cost of Rs.4.32 lakhs in November 1982. About 90 ft. of the causeway was washed away in July 1983 which was attributed by the Parishad (September 1986) to defective preparation of design and estimates by its Engineer-in-charge. For restoration of the damaged portion of the causeway an estimate for its special repairs (Rs.0.72 lakh) was prepared by the Parishad in April 1984 but the contractor entrusted with the job (May 1984) backed out. Thereupon, a fresh estimate (Rs.0.98 lakh) was prepared (August 1984) and the restoration work was got completed (December 1984) by the Parishad by engaging another contractor at a cost of Rs.0.98 lakh. Thus, due to defective preparation of designs and estimates on the basis of which the work was originally executed, the Parishad had to incur an avoidable additional expenditure of Rs.0.98 lakh. The Parishad had not so far (September 1986) conducted any enquiry to fix responsibility for preparation of the defective design and estimates.

2.5.2.2. *Non-recovery of cost of materials from contractors*

The Parishad issued from time to time materials out of its stock to contractors for execution of works on condition that recovery of cost thereof would be made as per issue rate fixed for the purpose. It was noticed that in three cases, unutilised materials had not been received back. Nor was the cost thereof (Rs.0.29 lakh) recovered by the Parishad from contractors who had either abandoned the works entrusted to them or not taken up at all.

The Parishad held security deposits and unpaid bills of Rs.0.07 lakh only against the amount of Rs.0.29 lakh recoverable from the contractors. No steps had yet (August 1986) been taken by the Parishad to recover the balance amount of Rs.0.22 lakh from the contractors concerned.

2.5.3. Hooghly Zilla Parishad

2.5.3.1. *Irregularities in execution of scheme for payment of House Building Loan*

Government formulated (June 1980) a scheme for payment of House Building Loan to persons affected by the floods of 1978 and allocated Rs.82.30 lakhs to the Hooghly Zilla Parishad for implementation of the scheme within its local limits as per prescribed guidelines. The following points were noticed in the course of a general review of implementation of the scheme by the Parishad :

- (i) Against amount of Rs.82.30 lakhs allocated by Government, the Parishad received a net amount of Rs.75.14 lakhs between September 1980 and February 1986. The Parishad moved the Government (March 1986) for release of the balance amount of Rs.7.16 lakhs which was still awaited (August 1986).

As per account of the Parishad, a total amount of Rs.70.06 lakhs was disbursed between 1980-81 to 1986-87 (up to June 1986) as house building loans to the affected persons but the corresponding figure as per Loan Register maintained for the purpose was Rs.68.56 lakhs. The discrepancy of Rs.1.50 lakhs between the two sets of figures had not yet been reconciled by the Parishad (August 1986).

- (ii) Out of 1,130 cases in which both the instalments of loan (Rs.61.53 lakhs) had been paid, 1,088 cases (Rs.60.45 lakhs) related to disbursements made up to December 1985 but the Parishad had so far (August 1986) received completion certificates of repair|reconstruction of houses in 126 cases only.
- (iii) The loan with interest thereon (8 *per cent* per annum) was repayable by the borrowers (beneficiaries) in fifteen equal annual instalments, the first of such instalments being repayable after one year from the date of drawal of the first instalment of the loan. Accordingly, instalments of principal (Rs.13.16 lakhs) and interest (Rs.16.31 lakhs) was due to be realised from the borrowers up to June 1986 against which the borrowers had paid only Rs.1.72 lakhs and Rs.1.27 lakhs respectively (June

1986). The Parishad could not produce any record indicating whether extension of time had been granted to any of the defaulters. Nor were any steps taken (August 1986) by the Parishad for institution of certificate proceedings for recovery of unpaid loan and interest from the defaulters as prescribed by Government.

2.5.3.2. *Non recovery of cost of cement*

(i) The Parishad deposited between April 1979 and March 1983, Rs.75.48 lakhs with three agencies (West Bengal Essential Commodities Supply Corporation, Durgapur Cement Works and Associated Cement Companies) for procurement of 12,051 MT cement inclusive of freight charges for execution of development works and lifted up to March 1985 11,024.05 MT cement as per Delivery Orders issued by the above agencies. For non-receipt of 1,026.95 MT cement and excess deposit of freight charges, a net amount of Rs.4.96 lakhs was recoverable from the agencies concerned against which the Parishad had so far received Rs.2.73 lakhs (August 1986). No effective steps had yet (August 1986) been taken by the Parishad for realisation of the balance amount of Rs.2.23 lakhs including Rs.2.17 lakhs due from West Bengal Essential Commodities Supply Corporation.

(ii) Between April 1980 and December 1983 the Parishad issued out of its stock 3,748.30 MT cement to 17 Panchayat Samities for execution of development schemes. A net amount of Rs.28.45 lakhs was payable by the Samities towards cost of the above quantity of cement but the Parishad had so far (August 1986) realised only Rs.23.53 lakhs on this account. Reasons for non-recovery of the balance amount of Rs.4.92 lakhs were not stated (August 1986).

The matter was reported to Government in November 1986; reply was awaited (December 1986).

SECTION II

3. Important points noticed during scrutiny conducted under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are given in paragraph 3.1.

CO-OPERATION DEPARTMENT

3.1. Financial assistance to Co-operative Societies

3.1.1. General

A test check of the records maintained by the Registrar of Co-operative Societies (RCS), West Bengal under the Department of Co-operation, Government of West Bengal in respect of financial assistance to Co-operative Societies|Institutions in the shape of (i) Investment in Share Capital, (ii) Loans, (iii) Grants and subsidies, (iv) Guarantees and other allied matters for the years 1980-81 to 1984-85 was conducted between April 1986 and July 1986 under Section 15(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 with a view to scrutinising the procedure by which the sanctioning authorities satisfied themselves as to the fulfilment of the conditions subject to which such financial assistance was rendered. Important points noticed during test check are discussed in succeeding paragraphs.

The number of Co-operative institutions as at the close of the Co-operative years 1980-81 and 1983-84 and their salient particulars were as under :

		At the close of the Co-operative years			
		1980 81	1981-82	1982-83	1983-84
Total number of Societies					
Working	. ..	21065	21429	21918	21545
Under liquidation	.. .	7937	8252	8087	NA
	Total ..	29002	29681	30005	NA
Total membership (in lakhs)	.. ..	55.24	60.46	61.62	59.02
Total paid-up share capital (<i>Rupees in lakhs</i>)	.. ..	6988	7276	8596	NA
Contribution of Government to paid-up share capital (<i>Rupees in lakhs</i>)		3779.71	4040.11	4244.10	4281.31
Percentage of Government contribution to total share capital		54.09	55.53	49.37	NA
Total Working Capital (<i>Rupees in lakhs</i>)	.. ..	874.71	886.77	1072.67	1129.78
Percentage of population covered by the Co-operatives in the State		50	53	54	NA
Percentage of agricultural population covered by the agricultural societies		28	29	30	NA

Information for the years 1983-84 and 1984-85 was not furnished by the Department (August 1986). Information for the year 1983-84 as available in Economic Review 1985-86 (Government of West Bengal document) has been adopted.

Financial Assistance

3.1.2. Government have been providing financial assistance to the Co-operative institutions in the form of (a) investment in share capital, (b) loans, (c) grants-in-aid/subsidies, and (d) guarantees, the particulars of which for the years 1980-81 to 1984-85 are given below :

(a) (i) Investment

Year			Investment made during the year	Number of Societies	Progressive investment	Amount of dividend received during the year (Rupees in lakhs)	Percentage of dividend to capital invested
1980-81	..	..	327.67	NA	3779.71	19.46	0.51
1981-82	..	..	260.40	668	4040.11	26.86	0.66
1982-83	..	..	203.99	593	4244.10	32.49	0.77
1983-84	..	..	37.21	NA	4281.31	NA	..
1984-85	..	..	113.68	NA	4394.99	16.12	0.37

Information as to the amount of dividend declared but not received for the years 1980-81 to 1983-84 was not furnished (August 1986). In 1984-85, out of dividend of Rs.17.56 lakhs declared, Rs.1.44 lakhs (8 per cent) were not received. No register of dividend incorporating the amount of dividend due and receivable, amount actually received thereagainst and amount of dividend in arrear was, however, maintained (August 1986).

(ii) Receipt of Share Scrips

The total value of share scrips yet to be received in respect of investment made is as under :

As on				Total investment	Value of share scrip yet to be received	Percentage of value of share scrip yet to be received to total investment
				(Rupees in lakhs)		
31st March 1981	..	..	..	3779.71	1360	35.98
31st March 1982	..	..	..	4040.11	1369	33.88
31st March 1983	..	..	..	4244.10	1385	32.68
31st March 1984	..	..	..	4281.31	NA	..
31st March 1985	..	..	..	4394.99	1308.32	29.77

Reasons for non-receipt of Share Scrips as also action taken for obtaining the same were not furnished by the Department (August 1986).

The registers of the Directorate showing value of Share Scrips, due date of retirement thereof, Scrips actually retired and value thereon, etc. were not made up to date (August 1986). According to information furnished (November 1985) by the RCS, West Bengal, shares valuing Rs.46.41 lakhs were retired up to March 1985, the basis and details of which were, however, not on record.

(b) *Loans*

The position of loans paid by Government to co-operative institutions in respect of 13 out of 21 Range Offices where information were available is as detailed below :

Loans outstanding on 1st April 1979	Loans paid between 1st April 1979 and 31st March 1986	Loans repaid between 1st April 1979 and 31st March 1986	Balance outstanding as on 31st March 1986
(Rupees in lakhs)			
806.28	128.32	8.24	926.36

In five (out of thirteen) ranges, out of loans aggregating Rs.319.08 lakhs disbursed up to March 1986, Rs.249.67 lakhs became due for recovery out of which Rs.2.42 lakhs were recovered, leaving a balance of Rs.247.25 lakhs (99.03 *per cent*) unrealised. In respect of the remaining 8 (Eight) Ranges, out of loans, aggregating Rs.615.52 lakhs disbursed up to March 1986, the amount which fell due for recovery was not stated (August 1986). However, Rs.5.82 lakhs were recovered between April 1979 and March 1986.

(c) *Grants/Subsidies*

Grants and subsidies amounting to Rs.2,099.69 lakhs were paid to different Co-operative Societies (Number not specified) during 1980-81 to 1984-85 for the purpose of toning up management, purchase of furniture and fixtures, implementation of development schemes, training and education programme, etc.

Of Rs. 2,099.69 lakhs released between 1980-81 and 1984-85, utilisation certificates for Rs.188.83 lakhs were received between 1980-81 and 1982-83 and certificates for remaining Rs.1,910.86 lakhs were awaited (August 1986). The extent of utilisation certificates actually scrutinised and accepted by the RCS was not stated (August 1986). The up to date position of the wanting utilisation certificates indicating the earliest year from which those were pending was not furnished (August 1986).

(d) *Guarantees*

As per information furnished (August 1986) by the RCS, the maximum amount guaranteed up to 1984-85 was Rs.23,282.51 lakhs against which the sum guaranteed outstanding was Rs.8,496.53 lakhs.

Information about interest due on sums guaranteed outstanding as on 31st March 1985, amount due and received in respect of guarantee commission during the years 1980-81 to 1984-85 and revocation of any guarantee was not furnished (August 1986).

3.1.3. As on 30th June 1981, 1982 and 1983 there were 7,595, 7,620 and 7,626 Agricultural Credit Societies (excluding Grain Banks) respectively comprising 2 State Level Banks and 44 District and Sub-Divisional Level Banks and 7,549, 7,574 and 7,580 Primary Credit Societies at the village level during each of the aforesaid years respectively for providing short and medium term loans to the agriculturists for seasonal agricultural operations as well as medium and long-term loans for irrigation projects, cattle purchase, mechanisation of agriculture, etc. for boosting production of crops. The total number of members of these Banks and credit societies at the end of June 1981, 1982 and 1983 was 23 lakhs, 23.91 lakhs and 24.28 lakhs respectively, and during the aforesaid years, the total share capital was Rs.1,773 lakhs, Rs.1,779 lakhs and Rs.1,934 lakhs of which Government's contribution was Rs.478 lakhs (26.37 *per cent*), Rs.483 lakhs (27.15 *per cent*) and Rs.559 lakhs (28.90 *per cent*) respectively.

Information for the years 1983-84 and 1984-85 was not furnished (August 1986).

3.1.4. *Liquidated Societies*

Approximately 27.37 *per cent* (7,937), 28 *per cent* (8,252), 26.95 *per cent* (8,087) of the total number of co-operative societies 29,002, 29,681 and 30,005 as on 30th June 1981, 1982 and 1983 respectively were reported (August 1986) by the RCS to be in the process of liquidation as shown below :

Year			Number of Societies under liquidation at the begin- ning of the year	Societies brought under liquidation during the year	Societies wound up during the year	Number of Societies under liquidation at the end of the year	Societies under liquidation for two years or more
1980-81	...	..	7855	265	183	7937	7108
1981-82	..	..	7937	472	157	8252	7418
1982-83	..	.	8252	107	272	8087	7400

Information for the years 1983-84 and 1984-85 was not furnished (August 1986). Particulars regarding total financial assistance provided by Government by way of participation in share capital and

as loans, grants and subsidies to the Societies liquidated during 1980-81, 1981-82 and 1982-83 could not be furnished (August 1986) by the RCS nor was any information about societies brought under liquidation during 1983-84 and 1984-85 furnished (August 1986).

The value of the total assets and liabilities of the liquidated societies along with category-wise break-up of the liquidated societies as well as the reasons for placing the societies under liquidation were also not furnished (August 1986).

3.1.5. Working results of active Co-operative Societies

The number of active co-operative societies running (i) at profit, (ii) at a loss, and (iii) at no loss no profit; together with the percentage involved in relation to the total number of active societies during the years 1980-81, 1981-82 and 1982-83 is given below :

Year	Total No. of socie- ties	Societies earning profit			Societies incurring loss			No. of Societies with no profit loss with per- centage	
		Number	Amount of aggre- gate profit	Percen- tage	Number	Amount of aggre- gate loss	Percen- tage	Number	Percen- tago
			(Rupees in lakhs)			(Rupees in lakhs)			
1980-81 ..	21065	9205	983	43.70	5572	636	26.45	6288	29.85
1981-82 ..	21429	9008	847	42.04	6710	781	31.31	5711	26.65
1982-83 ..	21918	8443	1034	38.52	6537	1046	29.83	6938	31.65

Information for the years 1983-84 and 1984-85 was not furnished (August 1986).

Reasons for which 5,572 to 6,710 societies sustained losses amounting to Rs.2,463 lakhs and 5,711 to 6,938 societies barely sustaining were not furnished nor were the steps taken for revitalisation of those societies indicated by the RCS (August 1986).

3.1.6. Audit of Co-operative Societies

Under the provision of the Co-operative Societies Act, the RCS is responsible for the audit of the accounts of the Co-operative institutions every year by auditors authorised by him. The position of arrears in audit as on 30th June 1985 is given below :

		Total number of societies as on 1st July 1984	Number of societies audited during the Co-operative year 1984-85	Number of societies audit of which remained pending as on 30th June 1985
Working societies ..		16708	12952	3756
Auditable societies under liquidation		8475	2659	5816
Total ..		25183	15611	9572

The arrears in audit were attributed by the RCS (August 1986) mainly to deliberate non-production of statement of accounts together with the relevant schedules before the auditor, want of adequate staff, seizure of records of the societies by police, incomplete accounts of the societies, etc.

3.1.7. *Audit Fee*

The arrears in realisation of audit fees as on 31st March of the years 1981 to 1985 as reported (August 1986) by the RCS are indicated below :

	1980-81	1981-82	1982-83	1983-84	1984-85	Total
	<i>(Rupees in lakhs)</i>					
(i) Amount of audit fees assessed	68.80	76.85	86.36	98.31	112.21	442.53
(ii) Amount of audit fees collected	16.40	21.20	22.09	26.88	29.30	115.87
(iii) Amount of audit fees outstanding at the end of the year	52.40	55.65	64.27	71.43	82.91	326.66
(iv) Percentage of audit fees in arrears	76.16	72.41	74.42	72.66	73.89	..

The position of audit fees in respect of societies under liquidation and amount of outstanding audit fees for the years prior to 1980-81 was not furnished (August 1986).

3.1.8. *Monitoring and evaluation*

The activities of the co-operative societies vis-a-vis their impact on socio-economic conditions of the members of the societies and the State as a whole were never evaluated. The system of monitoring the progress of the development of the Co-operative movement was not also followed so as to consolidate the activities of the societies. No information/records in regard to any of the above aspects as well as the position of employment generated in the co-operative sector vis-a-vis total investment in the societies and the ratio between total investment in societies and total employment generated, could be furnished (August 1986) by the RCS.

The Range Offices of Malda, Nadia and Midnapore I stated (June-July 1986) that there was no system of monitoring and evaluation and the figures relating to employment generated vis-a-vis total investment in the societies could also not be furnished (June-July 1986).

3.1.9. *To sum up*

(a) 26.95 *per cent* of the total number of co-operative societies as on 30th June 1983 were reported to be in the process of liquidation.

(b) 38.52 *per cent* of the societies worked at profit, 29.83 *per cent* of the societies ran at losses while 31.65 *per cent* of the societies just broke even during 1982-83.

(c) 'Audit of 9,572 auditable societies remained pending as on 30th June 1985.

(d) The amount of outstanding audit fees during 1980-81 to 1984-85 was Rs.326.66 lakhs. The department could not indicate the position of outstanding audit fees for the years prior to 1980-81.

(e) 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.

The matter was reported to Government (October 1986); reply was awaited (December 1986).

SECTION III

4. Important points noticed during audit of some more bodies| authorities under Sections 19(3)|20(1) of the Act are given in paragraphs 4.1. to 4.31.

4.1. **Delay in submission of accounts by autonomous bodies**

According to the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the reports on the accounts of an autonomous body the audit of which is entrusted to the Comptroller and Auditor General of India under Section 19(3) of the Act *ibid* are required to be submitted, with effect from 1983-84, to the State Government for laying before Legislature of the State. Out of 5 autonomous bodies (non-Commercial) which were under audit of the Comptroller and Auditor General of India in terms of provisions of Section 19(3) of the Act, accounts of 3 autonomous bodies (West Bengal Housing Board from 1983-84 to 1985-86, West Bengal Comprehensive Area Development Corporation for 1984-85 and 1985-86 and Calcutta Metropolitan Development Authority for 1985-86) were not submitted (September 1986) while there was delay in submission of accounts for 1983-84 by one autonomous body (Commissioners for Rabindra Setu) for over 7 months. Decision of Government on a suggestion made (August 1985) about submission of accounts by these

autonomous bodies within a period of 3 months after the close of the accounting year with a view to expediting eventual submission of the reports thereof to the State Legislature was, however, awaited (December 1986).

In respect of 5 other autonomous bodies (non-Commercial) the audit of accounts of which was entrusted to the Comptroller and Auditor General of India under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and the reports of which were to be submitted to Government and autonomous bodies, year-wise separate accounts of one autonomous body (Durgapur Development Authority) from 1971-72 to 1979-80 were not submitted even after a lapse of more than 6 years. The accounts of 2 autonomous bodies (Asansol-Durgapur Development Authority and Siliguri-Jalpaiguri Development Authority) from 1980-81 to 1984-85 were not submitted since inception while two other autonomous bodies, viz., West Bengal Khadi and Village Industries Board (1983-84 to 1985-86) and Haldia Development Authority (1983-84 and 1984-85) did not also submit (September 1986) accounts. The reasons for non-submission of accounts were mainly due to non-compilation of accounts by the organisations.

METROPOLITAN DEVELOPMENT DEPARTMENT

Calcutta Metropolitan Development Authority

4.2. Manufacture and supply of PSC (Pre-stressed Concrete) Pressure Pipes

In December 1970, the State Government took a decision to use Pre-stressed Concrete Pressure Pipes instead of cast iron and steel pipes in the major water supply schemes in Calcutta Metropolitan District. The requirement of pipes was estimated to be 1.83 lakh metres during the Fifth Plan Period (till 1978-79). The scheme to manufacture pipes was executed without proper planning and investigation with the result that there was a large cost overrun on the pipes and long delay in the manufacture and supply of pipes. The actual cost of concrete pipes manufactured under the scheme was substantially higher than superior steel pipes. The pipelines laid using concrete pipes developed leaks when water was flown through them and large amounts had to be spent for rectifying the defects and in some cases concrete pipelines had to be removed and fresh lines using steel pipes were laid.

A contract to manufacture and supply of 96,365 metres of pipes costing Rs.5.25 crores was finalised by CMDA in 1974-75. The following points were noticed about the work done under this contract :

- (1) The pipes were manufactured in a plant set up in a plot of land provided by the CMDA on rental basis. The land had been taken on lease by CMDA from the State Government by payment of 'Salami' of Rs.1 crore and annual rental of Rs.14 lakhs. CMDA was charging a token rent of Re.1 per month from the firm. Rent payable to the Government up to June 1986 worked out to about Rs.1.65 crores.

The land was handed over to the firm in November 1974 but the manufacture of pipes commenced only from August 1976. The period of the contract was 3 years from January 1976. But it was extended up to December 1984. The land had not yet been returned by the firm and CMDA was incurring a liability of Rs.21.50 lakhs per annum by way of interest on capital outlay at 7.5 per cent in addition to rental charges.

- (2) The contract was for manufacture and supply of 96,365 metres of pipes. In May 1976, the requirement of pipes was assessed as 49,330 metres. In March 1978 the requirement was again assessed as 41,694 metres valued at Rs.2.32 crores. When the suppliers were asked to restrict the production of pipes they claimed Rs.2 crores as compensation for curtailment of orders. Therefore, in August 1980 the supplier was ordered to supply 88,514 metres of pipes costing Rs.5.20 crores. The quantity was reduced to 74,736 metres costing Rs.4.02 crores in December 1982. It was increased to 76,470 metres costing Rs.4.11 crores later on. After the firm was ordered to stop further manufacture of the pipes in 1984, they submitted a claim of Rs.68.97 lakhs as compensation for cancellation of part of the order. CMDA's decision on the claim was still awaited.

Total supply made under the contract was 68,358 metres costing Rs.3.67 crores. Out of this, pipes costing Rs.84.40 lakhs had become surplus and were being offered to other agencies.

Production of pipes in excess of requirement led to unplanned transport of pipes from the factory stackyards to other sites and subsequent shifting of pipes from one site to another. In three cases of such shifting, transport charges of Rs.6 lakhs was incurred which was infructuous.

- (3) The extension of the contract period from January 1979 to December 1984 resulted in the following items of cost overrun :

- (a) Rs.47.28 lakhs on account of labour escalation charges and increase in pay scales of salaried staff,
- (b) Increase in cost of materials Rs.15.18 lakhs,
- (c) Central Excise duty of Rs.26.94 lakhs,
- (d) Rs.107.50 lakhs as interest on capital and rental charges for land.

- (4) The rates for supply of pipes were inclusive of Central Excise duty and the firm was paying the duty up to March 1981. In April 1981, the firm contended that in terms of new rule 56C of the Central Excise Rules introduced in the Budget proposals for 1981, CMDA was considered to be the primary manufacturer and, therefore, Central Excise duty was payable by them. The claim was not

accepted by CMDA and the matter was referred to arbitration. The umpire in the arbitration case decreed payment of a sum of Rs.6.92 lakhs to the contractors towards Central Excise duty in September 1984. CMDA reimbursed a total amount of Rs.26.94 lakhs to the supplier towards Central Excise duty including Central Excise duty on the pipes manufactured before April 1981 amounting to Rs.10.53 lakhs even though the new rule 56C of the Central Excise Rules became effective only from April 1981.

(5) The agreement with the manufacturers provided only for payment of labour escalation charges due to increase in the Consumers Price Index for Industrial Workers (General Index) 197. CMDA, however, paid an amount of Rs.19.09 lakhs to the contractors on account of increase in wages of daily rated labourers and revision of pay scales of salaried staff. Thus, an unauthorised aid to the contractors beyond the scope of the agreement was given.

(6) In the following table the unit cost of various types of pipes as per agreement, final cost of pipes based on actual expenditure and liabilities incurred (cost overrun 261 per cent) and unit cost of spiral weld steel pipes procured by CMDA from Rourkela Steel Plant during 1980-81 are given. As may be seen from the table, the final unit cost of the pipes was much in excess of the unit cost as per agreement and substantially higher than the unit cost of steel pipes which are superior to pre-stressed concrete pressure pipes.

Diameter of pipes	PSC pipes finally produced	Rates of PSC pipes as per agreement	Final rates of PSC pipes (261 per cent of column 3)	Rate (per metre) of spiral weld steel thickness 0.375 inches (maximum thickness) FOR Rourkela Steel Plant (inclusive of CE duty)
(1) (In mm)	(2) (In metres)	(3)	(4) (Rupees per metre)	(5)
600	25,224	376	981.36	648.75
750	13,242	464	1,211.04	795.11
900	19,086	542	1,414.62	934.03
1100	954	731	1,907.91	1,116.73
1200	6,792	833	2,174.13	1,219.12
1500	3,060	1433	3,740.13	1,489.27

- (7) Water mains using pre-stressed concrete pressure pipes started leaking in many places when water was flown through the pipes. The leaks were due to unsuitability of the pipes above 900 mm diameter for the soil condition in which they were laid, ineffective joining method, circumferential cracks developed in the pipes laid under the carriageway and manufacturing defects in respect of 600 mm diameter pipes.

The defects had to be rectified by incurring extra expenditure and some pipelines had to be removed and fresh lines using steel pipes had to be laid. In one division (of CMDA (South Central of Water Supply Sector) in respect of only 2,426 metres of 1,500 mm diameter concrete pipes in primary grid laid at a cost of Rs.14.14 lakhs a further expenditure of Rs.9.28 lakhs was incurred in repairing leakages and replacing concrete pipes with steel pipes. Similar expenditure was incurred by Calcutta Metropolitan Water and Sanitation Authority after the pipeline was taken over by them from CMDA. Details of such expenditure were not available.

- (8) There was a difference of 1,418 metres of pipes costing Rs.43.28 lakhs between the quantities supplied by the contractors and the quantities received by the Director of Water Supply Sector of CMDA till June 1984. The difference had not been reconciled.

The matter was reported to Government (September 1986); reply was awaited (December 1986).

4.3. Gas Distribution Net Work System

4.3.1. *Introductory*

Consequent on the Government of India's decision to set up a Low Temperature Carbonisation (LTC) Plant at Dankuni which was scheduled to produce 20 million cft. of gas per day by March 1984, the State Government had decided to undertake the work of distribution of the gas in the greater Calcutta area, through the Oriental Gas Company's undertaking, which could do the work of repairing, renovation and installation of new pipelines for distribution of an extra load of 5 million cft. of gas per day in Calcutta. Later on, in October 1981, it was decided that Calcutta Metropolitan Development Authority (CMDA) would execute the scheme as "deposit work" on behalf of the Government (C & I Department), in connection with

distribution of 30 million cft. of gas per day to be obtained from (a) LTC Plant at Dankuni—20 million cft. (b) The Durgapur Project Ltd.—10 million cft. The decision to involve CMDA with the work was taken as the Oriental Gas Company's undertaking had no expertise in the matter.

4.3.2. Objectives vis-a-vis progress

The execution of the gas distribution system was to keep close pace with the progress of work of the Dankuni Coal Complex which was to start supply of gas by March 1984. As per latest available information, they would be in a position to supply 2 million cft. of gas from March 1987 and by September/October 1987 the supply would reach 16/17 million cft. Though CMDA took up the work of the scheme from the year 1982-83, the progress made till end of March 1986 was very negligible. Besides advance procurement of some materials mentioned hereinafter, in the area of pipeline laying, only 48 KM had been executed against the projection of 335 KM.

Against part Administrative approval for Rs.1,609 lakhs in December 1981 and for Rs.1,397.31 lakhs in January 1982, the position of release of funds by the State Government and their application by CMDA was as under :

Year	Fund released by Government	Fund allotted to the sector office by CMDA	Amount spent by the sector office for the Project including cost of materials used on the project	Value of closing stock of materials at the end of each year
(1)	(2)	(3)	(4)	(5)
<i>(Rupees in lakhs)</i>				
1981-82	100.00	Nil	Nil	Nil
1982-83	105.64	178.90	0.87	2.45
1983-84	200.00	201.32	22.67	61.86
1984-85	200.00	75.16	53.66	189.61
1985-86	118.49	150.89	128.69	274.83
	<hr/> 724.13	<hr/> 606.27	<hr/> 205.89	

At the end of the year 1985-86, total expenditure on the project including value of unused materials stood at Rs.480.72 lakhs.

Out of Rs.480.72 lakhs spent on the project Rs.473.99 lakhs was spent only on procurement of material. As may be seen from the above table the release of Rs.118.49 lakhs in 1985-86 by Government was unnecessary as the total expenditure incurred up to the end of 1985-86 was less than the amount released up to 1984-85.

4.3.3. *Short-comings noticed*

4.3.3.1. *Irregular advance payment of Rs.1.5 lakhs*

A firm of consultants for augmentation of town gas supply and its distribution within the Calcutta Metropolitan Area, was selected for appointment, at a fee of Rs.28.98 lakhs and an advance payment of Rs.1.5 lakhs was made on 1st September 1983 without any Bank Guarantee and before finalisation of the contract. The consultants did not enter into any formal agreement and finally backed out. They, however, did some work most of which not being in proper final form and the scope of work not being fully covered, no payment became due to them. Thus, the advance payment of Rs.1.50 lakhs before finalisation of the contract proved to be infructuous.

4.3.3.2. *Advance procurement of materials*

With a view to avoiding effects of price escalation steps were taken since August 1981 for procurement of materials likely to be required for the project and the following items of materials were procured :

(i) Domestic Gas Meters	..	20,000 Nos. for Rs. 143.38 lakhs
(ii) ERW Pipes	..	30,000 M for Rs. 130.38 lakhs
(iii) Pig Lead	..	62 M/T for Rs. 11.25 lakhs
(iv) CI Pipes	..	75,410 M for Rs. 188.98 lakhs
Total	..	Rs. 473.99 lakhs

Of the materials so procured at a cost of Rs.473.99 lakhs utilisation of some of the items had been either nil or very slow. Consequently, bulk of those items valued at Rs.274.83 lakhs remained unutilised at the end of March 1986 as indicated below :

Materials			Quantity	Value (Rupees in lakhs)
(a) Domestic Gas Meters	..	..	20,000 Nos.	143.38
(b) ERW Pipes	..	..	29,619 M	128.73
(c) Pig Lead	..	..	15 M/T	2.72
Total			..	274.83

Thus, advance procurement resulted in blocking up of considerable amount of money with attendant risks of loss through pilferage of the materials and their deterioration in quality.

4.3.3.3. *Irregular Procurement of Gas Meters*

On the basis that 38.9 *per cent* of the total gas supply would go to domestic consumers CMDA assessed the requirements of domestic gas meters as 20,000 Nos. The Government authorised them to procure the required number of gas meters from National Instrument Ltd. (A Government of India Enterprise) at the prices to be offered by them. The supplier quoted in December 1981 a price of Rs.500 each + duty and taxes leviable at the time of supply for supply of 20,000 meters between January 1982 and December 1984. The rate was valid if firm orders for the supply of entire quantity was placed with them within 30 days from 31st December 1981. But CMDA initially placed an order only for 2,000 meters at the above rate in December 1982. The supply was completed in March 1983. After completing the supply the supplier quoted rate of Rs.610 each + duty and taxes for the supply of remaining quantity of 18,000 Nos. The rate was accepted by the CMDA and the supply was completed between March 1984 and November 1985. Failure to place firm orders for the entire quantity of the gas meters in the initial stage itself involved an extra expenditure of Rs.19.80 lakhs (at the rate of Rs.110 for each meter).

Subsequently, in November 1985, in view of the anticipated disturbances in the Calcutta roads the quantity of gas supply to domestic consumers was re-assessed from 38.9 *per cent* to 11.2 *per cent*. This resulted in excess procurement of 14,200 gas meters costing Rs.103.96 lakhs.

4.3.3.4. *Heavy overhead expenses*

CMDA's supervision charge for the deposit work was 10 *per cent* of total works expenditure before charging such supervision charge. The Gas Distribution Net Work System Sector was solely engaged for execution of the deposit work. Therefore its entire establishment expenses were chargeable to the account of the deposit work and the same should have been limited to the amount of supervision charge due for the work. Till end of 1985-86 expenditure on the deposit work in progress excluding overhead charges was Rs.435.52 lakhs and as such a sum of Rs.43.55 lakhs became due to CMDA as supervision charge whereas actual expenditure of the unit amounted to Rs.100.74 lakhs. This meant a loss of Rs.57.19 lakhs.

The matter was reported to Government (June 1986); reply was awaited (December 1986).

4.4. Sealdah Flyover

4.4.1. *Introductory*

In connection with the construction of a flyover near Sealdah Station in Calcutta, an agreement was made in June 1979 with a contractor for construction of the viaduct, retaining wall and approach roads with footpaths including construction of permanent stalls below the viaduct. The agreement was made in two parts—Part I related to construction of the viaduct at a lump sum amount of Rs.181.88 lakhs and Part II related to construction of retaining wall and approach roads, etc., at a tendered value of Rs.80.29 lakhs (45 per cent above the estimated amount of Rs.55.37 lakhs).

4.4.2. A review of the works done under the above mentioned tender agreement revealed instances of overpayments aggregating Rs.12.84 lakhs to the contractors as detailed below :

(i) Part I of the agreement

(a) In connection with the construction of the viaduct for which a lump sum payment of Rs.181.88 lakhs was agreed upon, the contractors offered to do empty boring for driving piles at the rate of 2.82 metres per pile on the average. During execution, the empty boring was done to the extent of 2.65 metres per pile and as such no extra payment on this account was due to them. But payment of Rs.1.74 lakhs was made to them for execution of 1,089.15 metres of empty boring done for 411 numbers of piles as additional item of work. As the item of work was covered by the lump sum contract the payment constituted an overpayment.

(b) For construction of the viaduct at lump sum cost, the contractors agreed to drive 412 numbers of piles. They were, however, entitled to get extra payment at the rate of Rs.10,000 per pile if additional piles were found necessary to attain the required load strength. The total number of piles deemed to have been installed for the construction of the viaduct worked out to 417. The Assistant Engineer concerned stated in December 1982 and again in January 1985 that the actual number of piles driven was 381 only which meant short driving of 36 numbers of piles under the lump sum contract. Instead of effecting recovery for such shortage the department paid the contractor Rs.50,000 over and above the lump sum amount agreed upon.

- (c) Under the lump sum contract for construction of the viaduct a rebate of Rs.2.5 lakhs was agreed to be given by the contractor, in case the contractors were not required to do the work "Wearing course" in the portion between Tram tracks and 0.40 metre on either side of the tram tracks. The measurement books did not show any record of measurement of this work, indicating that the work was not done by the contractors. But the rebate of Rs.2.5 lakhs was not availed of leading to an overpayment of Rs.2.5 lakhs.

(ii) Part II of the agreement

For execution of works worth Rs.55.37 lakhs covered under this part of the agreement, the contractors' offer of 45 *per cent* above the tender schedule bringing the tendered value to Rs.80.29 lakhs was accepted. As per contract, additional works up to the limit of 15 *per cent* of the tendered value could be allotted to the working contractors. But without going in for fresh tenders additional works worth about Rs.40 lakhs were allotted to the contractors in June 1980. The value of these additional works at the contractors' term of 45 *per cent* above worked out to Rs.58 lakhs, which exceeded the contractual limit of 15 *per cent* by Rs.45.96 lakhs. Thus, the award of work of the tendered value of Rs.45.96 lakhs without inviting fresh tenders was irregular and did not ensure an economic rate. Besides, the contractors were allowed 10 *per cent* price escalation amounting to Rs.25 lakhs in respect of the works covered by the contract both Part I and Part II. Later on (June 1982) this price escalation was extended to the additional items of work, raising the limit to Rs.30 lakhs, which meant an additional payment of Rs.5 lakhs for these items, outside the terms of the contract.

The matter was reported to Government in July 1986; reply was awaited (December 1986).

4.5. Non-utilisation of assets created

Calcutta Metropolitan Development Authority (CMDA) is essentially a multi-sectoral development organisation responsible for formulation of plans for the development of Calcutta Metropolitan Area (CMA). Apart from projects executed by CMDA through its own executing Directorates (sectors), a number of projects (formulated and planned by CMDA) are executed by various

implementing agencies, such as, Calcutta Improvement Trust (CIT), Howrah Improvement Trust (HIT) and different municipal bodies within CMA, out of funds advanced to them by CMDA. Each CMDA sector has a Programme Engineer who is to keep a close watch over physical progress, time-overrun, cost-overrun etc. of these projects on the basis of progress reports furnished by various implementing agencies. CMDA, however, has no machinery to supervise or oversee the activities of these implementing agencies. CMDA, lately (December 1983), has set up an Appraisal Monitoring and Evaluation Unit (AMEU) for this purpose. From inception (1970) to 31st March 1985, CMDA advanced Rs.18,807.27 lakhs to various agencies for development projects which constituted 41.6 *per cent* (approx) of its total outlay of Rs.45,209.25 lakhs.

A review of a few schemes/projects executed by HIT and CIT revealed that the CMDA's monitoring system has not been effective in ensuring timely completion of the projects by the implementing agencies and full utilisation of the assets created out of CMDA funds. A few such cases where the social purpose was not served are outlined below :

1. *Projects executed by HIT*

(a) *Howrah Fish and Pan Market*

The market complex was composed of three parts, viz., (i) fish block for fish traders, (ii) dormitory for night shelter to economically weaker sections of population including traders etc. and (iii) tower block for pan traders and car-parking facilities in the basement. The estimated cost was Rs.129.69 lakhs. According to project report (November 1976) the fund for the project would be borrowed at an interest of 12 *per cent* per annum repayable in 20 years.

The works on the project started between January 1979 and March 1980 and were completed between June 1982 and June 1984 against the target date of March 1982. Rupees 372.25 lakhs were spent (June 1986) in luding Rs.35.77 lakhs agency charges against the revised estimate (January 1984) of Rs.357.03 lakhs.

Although the assets were created by June 1984, the same could not be utilised (July 1986) partly due to pending court cases and partly due to non-finalisation of policy of utilisation of space by CMDA. Thus, owing to non-utilisation of the market complex, CMDA sustained loss of revenue to the tune of Rs.16.20 lakhs per annum inclusive of Rs.3.13 lakhs for non-settlement of utilisation policy in respect of dormitory and tower block with car-parking space in the basement. Besides the loss of revenue, CMDA was incurring a recurring expenditure of Rs.1.48 lakhs per annum for maintenance of the market complex.

The project report had contemplated that the project on completion would be a viable one and the borrowed money with interest would be wiped out within twenty years. The object being not achieved (July 1986), the cumulative effect of interest on investment alone accounted for Rs.89.34 lakhs during the last two years.

(b) *Kona Express Way (KE)*

The project envisaged a road link between Second Hooghly River Bridge (SHRB) and National Highway No. 6 (NH6) on the Howrah side. Its primary aim was to cater 48 *per cent* of the volume of traffic that would generate with the construction of SHRB. The work was started in December 1978 and only 16 *per cent* of the total volume of work was completed (July 1986). The target date of completion is December 1986. A sum of Rs.205.66 lakhs (July 1986) had been spent against the revised estimate (November 1984) of Rs.1,280 lakhs. The work on the project seemed to have come to a stalemate position due to various constraints in land acquisition and construction of two overbridges and viaduct as explained below :

- (i) Land acquisition—Out of 199.40 acres of land proposed in the project, 151.87 acres were acquired till June 1986 at a cost of Rs.28.91 lakhs. In the project estimate Rs.26.25 lakhs were earmarked for rehabilitation benefit. As the scale of rehabilitation proposed (Rs.5000 and Rs.2500 per family for municipal and non-municipal area respectively) for evicted families was substantially lower than those proposed in the case of adjacent SHRB project, land acquisition proceedings were delayed.
- (ii) Two overbridges and viaduct—Successful completion of the project was dependent upon completion of two bridges on the alignment within the target date (December 1986). The drawings of the proposed overbridge structures of one bridge were forwarded (June 1977) by CMDA to the West Bengal Government (Irrigation and Waterways Directorate) for vetting, which was still awaited (July 1986).

The construction of another overbridge was entrusted to S E Rly and a sum of Rs.1.02 lakhs being the survey cost was paid to them in July 1983. As ascertained from the Deputy Chief Engineer, HIT (July 1986), the construction work has not yet started.

The lowest tender for Rs.95.12 lakhs for the design and construction of east side approach road and viaduct of the proposed overbridge on SERly was sent to Government of West Bengal (March

1986) seeking approval of the contract which was awaited (July 1986). The delay at the initial stage (Land acquisition) and its subsequent effect on engineering works would not only escalate the project cost further but also retard the very concept of road link.

II. *Project executed by CIT*

(a) *Manicktola Sewerage Scheme*

The scheme sanctioned in October 1970 at an estimated cost of Rs.161.68 lakhs was designed to ease water-logging in Manicktola-Ultadanga area (Calcutta) by constructing brick sewer line and installation of pumpsets. The work was scheduled to be completed by June 1978, but actually completed at a cost of Rs.197.91 lakhs and commissioned in August 1984. The scheme was handed over to Calcutta Municipal Corporation (CMC) in August 1985 for operation and maintenance. The reasons for delay in commencement and completion were attributed to (i) paucity of funds, (ii) non-acquisition of land in time due to court injunction, (iii) delay in preparation of detailed designs and (iv) delay in construction of cross-over structures by Calcutta Metropolitan Water and Sanitation Authority (CMWSA).

The laying of sewer lines as contemplated in the scheme was completed in December 1981 but construction of pumphouse and installation of pumpsets were completed only in August 1984. Thus, benefits were actually passed on to the beneficiaries after a lapse of about three years, due to delay in installation of pumpsets.

(b) *Eastern Metropolitan By-pass (E. M. By-pass)*

The project initially sanctioned in May 1977 for Rs.13.97 crores, was to provide free flow of traffic to and from eastern part of Calcutta. The project was divided into three parts namely (i) Ultadanga to Park Circus connector and the P.C. connector itself; (ii) P.C. connector to Rashbehari connector and R.B. connector itself and (iii) R.B. connector to Garia. The first and third parts were taken up by CMDA; only the second part was entrusted to CIT.

The first part was completed (but partially opened in April 1983) at a cost of Rs.920.98 lakhs (July 1986) against the sanctioned revised estimate of Rs.710.32 lakhs. The work under third part started in June 1984, and is in progress. An expenditure of Rs.70.54 lakhs was reported to have been incurred (July 1986) against the revised estimate of Rs.441.71 lakhs.

The second part between P.C. connector to R.B. connector and the R.B. connector itself which was entrusted to CIT for completion by December 1983, was yet to be completed (94 per cent completed up

to March 1986). An expenditure of Rs.568.95 lakhs was incurred up to March 1986 against the revised sanction of Rs.705.60 lakhs. The reason for delay in completion was mainly non-acquisition of 300 metres of land, due to court injunction.

The matter was reported to Government (September and October 1986); reply was awaited (December 1986).

4.6. Rajarhat Fringe Area Water Supply Scheme

4.6.1. The Rajarhat Fringe Area Water Supply Scheme was sanctioned by Calcutta Metropolitan Development Authority (CMDA) for Rs.87.75 lakhs in February 1978 as a non-municipal urban area development scheme. The scheme was required to be completed in 4 years. The basic parameters of the scheme were continuous supply of safe potable water (exploiting groundwater sources) by construction of pumphouses, water towers and distribution net work supply lines in 4 distribution zones, to cater to the requirement of a design population of one lakh in an area covering 6.443 sq. miles at the rate of 20 gallons per day per capita. The actual work started in December 1979 and was partially completed at a cost of about Rs.150 lakhs in February 1985 when it was handed over to the Calcutta Metropolitan Water and Sanitation Authority (CMWSA) in November 1985 for operation and maintenance.

4.6.2. A review of the scheme conducted in May-June, 1986, revealed the following :

- (a) Although the scheme was sanctioned at an estimated cost of Rs.87.75 lakhs in February 1978 its cost was revised to Rs.97.68 lakhs in October 1982. The actual expenditure went up to Rs.150 lakhs at the end of 1985-86, indicating a cost overrun of 71 *per cent*. Government's formal approval for the final expenditure is still awaited (October 1986). Against the sanctioned provision for 4 RCC Overhead Reservoirs (with staging height of 20 metres) of 3,35,000 gallons capacity (aggregate) only one reservoir of 35,000 gallons capacity with 15 metre staging height was constructed. Further, the scheme provided for installation of 8 pumpsets (2 for each zone) with a total of 320 H.P. capacity against which 8 pumpsets for a total capacity of 160 H.P. only were installed in 4 zones. The scheme was, therefore, completed in a truncated shape with consequential adverse implications on the projected supply of water to the locality.

- (b) There were delays initially at every stage which contributed to overall delay in partial project completion. These occurred at both the technical and administrative levels.
- (c) While issuing Administrative Approval it was stated that the financing pattern of the scheme would be settled as per terms fixed by Government and an undertaking accepting the maintenance liability should be obtained from the local authority concerned, in due course. No action in this regard had been taken till the end of July 1986. On the contrary, on partial completion of the scheme, it was handed over to CMWSA for its operation and maintenance on November 16, 1985.
- (d) Mention was made in para 6.9. of Audit Report (Civil) for 1982-83 in regard to loss of Rs.3.19 lakhs due to the collapse of 1,00,000 gallons capacity re-inforced cement concrete overhead reservoir in one zone of the scheme. The Enquiry Committee in its report submitted in July 1981 pointed out that the collapse occurred due to inadequate foundation for which no subsoil investigation had been done to ascertain the soil properties at the site and to establish the design parameters. But no action, excepting withholding of security deposits of two contractors amounting to Rs.0.49 lakh, had been taken in the matter.
- (e) Being apprehensive of similar failures as in the case of the reservoir which collapsed earlier, the construction of two other reservoirs which had been progressing was initially suspended and finally stopped. Of the two, in respect of one the contractors had submitted the design only for which a payment of Rs.0.09 lakh was made to them. This expenditure became wholly infructuous. In respect of the other, the construction works reached about 2 metres above ground level when the contract was terminated (April 1983) after a payment of Rs.0.59 lakh had been made for the works done. Subsequently, in July 1984, work order was issued for construction of a smaller reservoir (35,000 gallons instead of 60,000 gallons) at a lesser height (15 M instead of 20 M) for utilising the foundation already constructed. This was completed at a cost of Rs.2.04 lakhs. Thus, the total cost of a 35,000 gallons capacity reservoir at a staging height of 15 M went up to Rs.2.63 lakhs against Rs.2.10 lakhs agreed to previously (December 1980) for the 60,000 gallons reservoir at a staging height of 20 M.

- (f) For each zone provision was made for sinking two large diameter tubewells and installation of two borehole pumping sets with a total pumping capacity of 2,70,000 gallons per hour. During implementation, however, the capacities of the sets had been almost halved to 1,60,000 gallons per hour. Moreover, it was estimated that the pumps would run for 18 hours a day on an average. Actual operation was noticed to have been of the order of 3.5 hours to 7 hours per day between December 1985 to February 1986.

4.6.3. To sum up, the scheme which was designed to ensure continuous supply of safe, potable water to the locality, failed to achieve its design objectives. Limited quantities of water were supplied for few hours per day at a cost and in a time frame greatly in excess of that originally contemplated.

The matter was referred to Government in August 1986 and September 1986; reply was awaited (December 1986).

4.7. Avoidable expenditure on compensation claim

The work 'Fabrication and laying of 1,500 mm diameter mild steel Raw Water Rising Mains for Garden Reach Water Works' was awarded by the Calcutta Metropolitan Development Authority (CMDA) to a contractor, on the basis of open tenders, at a cost of Rs.44.68 lakhs in February 1976. The work was to be completed within two years, i.e. by end of February 1978. The work, in fact, was completed in February 1982 i.e. after 4 years of the target date of completion, at a cost of Rs.57.80 lakhs. While the delay was due to non-availability of the site as well as departmental materials and delay in handing over the alignment, etc., the increase in the cost of the work was due to execution of substituted and supplementary items of work involving extra payments made to the contractor.

In addition to the above, the contractor had preferred (October 1981) extra claims for price escalation, idle labour charges etc. for Rs.50.63 lakhs. CMDA having refused to accept the extra claims, the contractor had gone for arbitration, and obtained an arbitration award of Rs.19.14 lakhs as compensation (October 1983).

The CMDA was not satisfied with the arbitration award and filed a suit in the High Court (March 1984). The claim was finally settled (May 1984) for Rs 17 lakhs in terms of a High Court decision.

It was noticed from the details of the arbitration award that the claims arising out of departmental delays directly accounted for Rs.14.84 lakhs. Audit was informed by the Executive Engineer

(February 1985) that it had not been possible to assess the actual position of underground utility services before excavation of trenches at the site and due to existence of service lines (electricity cables and water mains) the rising mains had to be laid under the carriage way of Taratolla Road, which required permission of the Calcutta Port Trust; this permission was received after about two years and accounted for a substantial part of the delay out of the four years that actually occurred.

The delay cannot be treated as entirely unavoidable, in view of the fact that the existence of underground utility services could have been anticipated and necessary permission obtained in advance for finalising the alignment before the work had been awarded.

The matter was communicated to the Government in April 1986 and September 1986; reply was awaited (December 1986).

4.8. Non-utilisation of assets

An order for 3 pumpsets of 100 cusecs each was placed on a firm by the Calcutta Corporation in September 1973 at a cost of Rs.17.69 lakhs with financial assistance from the Calcutta Metropolitan Development Authority (CMDA) for installation at the Corporation's Palmer Bazar Storm Water Drainage Pumping Station. The pumpsets on receipt in 1976 were found to be unsuitable for the pumping station. Later it was decided (January 1979) to utilise them in another CMDA scheme "Baranagore-Kamarhati Storm Drainage Scheme (BKSD Scheme)" with suitable modifications to the pumpsets. A lumpsum amount of Rs.7 lakhs was also agreed to be paid to the suppliers towards price escalation, demurrage charges, etc.

The BKSD scheme originally sanctioned for Rs.18.14 lakhs was revised to Rs.80.37 lakhs (revised scheme approved in November 1978) for drainage of stormwater of entire area of 500 acres east of BT Road to Bagzola canal, with separate underground drainage net work, to relieve the area from monsoon flooding and its consequent health hazards. Under this scheme, construction of pumphouse (Rs.33.68 lakhs) at Noapara and installation of machinery (Rs.24.69 lakhs) there, were completed by the end of 1983. A link channel was also excavated (completed in May 1984) in between the pumphouse and the Bagzola canal at a cost of Rs.4.14 lakhs. The objective of carrying storm discharge from the pumphouse to Bagzola canal to relieve the vast area from waterlogging, could not, however, be achieved, because the bed level of the Bagzola canal to which the water would ultimately fall is higher than the bed level of the link channel. In the circumstances, if the storm discharge is pumped out through the link channel, there would be inundation of the surrounding low lying area around Bagzola canal.

The Executive Engineer stated (April 1984) that the design of the link channel had been done keeping in parity with the proposed renovation of the Bagzola canal under CUDP-III scheme. The work of renovation of the Bagzola canal originally programmed to be completed by March 1986 has been extended to March 1988. As the contractors who were entrusted with the work could not start it due to encroachment of both sides of the canal by unauthorised persons, it is likely that the completion of the work will be delayed further beyond March 1988. The projected benefits of the BKSD scheme would not accrue to the beneficiaries till the renovation of Bagzola canal is completed.

Thus, the investment (Rs.62.51 lakhs) made so far (up to 1984) on the scheme could not benefit the people of the locality and the whole expenditure became unfruitful.

The matter was reported to Government in August 1986; reply was awaited (December 1986).

4.9. Wasteful expenditure

The Calcutta Metropolitan Development Authority procured in March 1981, 2 bitumen tankers at a total cost of Rs.7.40 lakhs for the purpose of carrying bulk bitumen from Haldia to Calcutta Metropolitan Areas. These tankers of 14 tonnes capacity each have not been utilised so far (May 1986), because of their abnormal size which did not permit entry into the loading point at Haldia. The movement of the tankers was also restricted due to many railway sub-ways which the tankers could not negotiate. Weigh-bridges of matching capacity were not available either at the delivery point or at the loading point. The tankers have been stored in the open stack yard since their purchase in 1981 and have considerably deteriorated. CMDA now proposes to dispose of these tankers. However, it has been estimated by CMDA that Rs.0.40 lakh would have to be spent on these tankers before they can be made suitable even for a trial run.

Some of the interesting points noticed in audit are given below :

- (i) The purchase of the tankers was mooted to tide over the difficulties experienced due to scarcity of bitumen packed in drums as also due to shortage of wagons and of hired tankers in the market. Even though the finance branch of CMDA had suggested purchase of only one tanker on an experimental basis, the proposal for purchase of two tankers was duly approved.
- (ii) The tender for fabrication of tank trailer to be mounted on chassis to be supplied was floated for 2 numbers of 12 tonnes capacity each in August 1979; there was only a

single response to the tender. Even though it was decided to accept the tender of Rs.1.09 lakhs plus taxes and duties within the validity period, it was not communicated to the tenderer, who declined to accept the order later on the ground of expiry of the validity period.

- (iii) A fresh tender was invited and the offer was accepted (February 1980) at Rs.1.65 lakhs each plus taxes and duties. This order was, however, cancelled without imposing penalty as the firm could not execute the order.
- (iv) The order for supply of 2 tankers was finally placed (December 1980) on another firm on the basis of negotiation at Rs.1.65 lakhs each plus taxes and duties. At this stage, the specification was changed, without proper approval, from 12 tonnes to 14 tonnes capacity. The tankers were delivered on 24th March, 1981.

The tankers procured at a cost of Rs.7.40 lakhs (cost of chassis with spares : Rs.3.40 lakhs and cost of tank trailers : Rs.3.30 lakhs plus taxes, duties, etc.) had not been used even for a single day.

The matter was reported to Government in June 1986; reply is awaited (December 1986).

4.10. Wasteful expenditure

The contract for the work "Barrackpore-Kalyani Express Way" (Tender No. 1 of 1980-81) entered into with a contractor by the Calcutta Metropolitan Development Authority (CMDA) provided *inter alia* Bituminous Macadam and Bituminous dense carpetting work to be executed with materials mixed in HOT MIX PLANT (19,200 M³) and in Asphalt Mixer Machine (4,500 M³) respectively.

As per terms of the contract, the contractor had to make his own arrangements for HOT MIX PLANT, but had the option to use the CMDA's plant on the condition that he would have to dismantle the same from its present location, shift and re-install the plant at work-site (Panpur Stackyard) at his own cost and also to return the equipment after completion of the work in good running condition at the location as directed by the Engineer, at his own cost, besides payment of hire charges of the plant.

The contractor opted for use of the CMDA's Plant and accordingly the HOT MIX PLANT was shifted from the Baguiati Stackyard (near Salt Lake City) and re-installed at the work site in December 1981 on the 7th mile of Barrackpore-Kalyani Express Way at the expense of Rs.1.49 lakhs incurred by the Mechanical Division, T.T. Sector,

CMDA (Subsequently recovered from the contractor). CMDA also incurred an expenditure of Rs.3.83 lakhs for construction of an infrastructure, besides development of the work-site (Panpur Stackyard) at a cost of Rs.1.97 lakhs for installation of the plant at the new site.

The plant, after its installation on 31st December 1981, could not be utilised properly due to frequent mechanical troubles and other constraints, like labour problem and anti-social activities etc. Consequently, the plant had to be dismantled on 18th December 1982 and carried back to Baguiati Stackyard on 31st December 1982 at CMDA's cost of Rs.1 lakh. Though this amount was recoverable from the contractor, CMDA failed to do so for reasons not available on record.

During the entire period (from 31st December 1981 to 18th December 1982), the plant worked for 35 days and only 8.52 *per cent* of the tendered quantity of bituminous work (i.e. 1636.681 M³) was done with the help of HOT MIX PLANT. The remaining work was done with the Asphalt Mixer Machine (20,220.295 M³). The 1. re charges for 35 days were recovered from the contractor.

Thus, the expenditure incurred by CMDA for installation of the plant at Panpur (Rs.5.80 lakhs) proved mostly wasteful, apart from the loss of Rs.1 lakh for non-recovery of shifting charges from the contractor.

The matter was reported to Government (June 1985, March 1986 and August 1986); reply was awaited (December 1986).

4.11. Excess payment of Rs.4.90 lakhs to a contractor for work not done

A lump sum contract for setting up a water treatment plant at Garden Reach was entered into with a contractor by Calcutta Metropolitan Development Authority (CMDA) in April 1976 for Rs.252.56 lakhs, covering civil, mechanical and electrical works. The contract was finalised on an ad-hoc basis before the design of the plant was finalised by the consultant.

The civil portion of the work as per tender specification included construction of foundation with "Cast-in-situ" piles having not less than 450 mm in dia and 21 metres in length. In accordance with the above tender specification, the contractor had offered his lumpsum rate taking into account the number of such piles to be required as 1,100.

The work was completed (March 1985) on the basis of final design of the treatment plant, as approved by the consultant during the progress of the work. The final design of the foundation work of

the plant provided for 956 nos. of "cast-in-situ" piles, and as certified by the Administration actually 956 nos. of piles had been driven by the contractor in the foundation work instead of 1,100 nos. as taken into account while working out the lumpsum rate.

The separate priced bill on quantities as submitted by the contractor showed that the cost of each pile was Rs.3,400 and, therefore, an amount of Rs.4,89,600 was involved in respect of 144 nos. of piles not provided. In the absence of suitable provision in the tender documents, CMDA had no scope either to avail of any rebate or to make any proportionate deduction of the cost for less number of piles driven.

In reply to an Audit query the Executive Engineer, Garden Reach Water Works Division stated (November 1983) as under :

"In a project work of this magnitude the agreement is executed based on well defined scope of work and specifications thereof. The final design, specially the design of the structural units of which piling is a component of foundation works is done in stages as the job progresses. In the instant case while the overall number was less, there were quite a large number of piles driven longer than 21 metres, i.e., the length offered initially and for this no extra payment was made."

The stand taken by the Executive Engineer was not tenable as it was not rational to conclude that the cases where piles of longer length were used were equal to the length of undriven piles.

Thus, execution of an agreement before approval of the final design of the work and in the absence of necessary price adjustment clause in the agreement in the event of change of scope of the work during construction, led to an avoidable expenditure of Rs.4.90 lakhs.

Government in its reply (August 1986) simply corroborated the statement of Executive Engineer (November 1983) reproduced above.

4.12. Excess payment to the contractor

An agreement was made (April 1980) on the basis of tender issued (December 1979) for cutting and removal of roadside trees in connection with the construction of "Barrackpore-Kalyani Express Way" covering (a) 60 trees with girth exceeding 30 cm and up to 100 cm and (b) 10 trees with girth exceeding 100 cm and up to 200 cm. at the contractor's rates of Rs.200 and Rs.250 each respectively. (The then rates for the specific jobs as per schedule of rates (1980-81) were Rs.14 and Rs.20 each respectively). The work was completed in June 1982 and the contractor was paid (October 1983), in anticipation of

the approval of the competent authority for the excess, a sum of Rs.1.23 lakhs for cutting and removal of 595 trees (as against 70 numbers as per agreement) at the agreed rates. While seeking approval for variation (excess) in the quantity of work done, the Executive Engineer explained (December 1983) that during actual execution good numbers of trees had to be removed from homestead areas which could not be estimated before. As per evaluation of tender on the basis of schedule of rates (1979-80), as made by the Executive Engineer in November 1983, the cost of work should have been Rs.832 only as against the payment of Rs.1,23,150. Thus, the extra expenditure worked out to Rs.1.22 lakhs. The following further observations are made in this connection :

- (a) The wide variation between the initial assessment of the number of trees to be cut at the tendering stage and those claimed to have been actually cut and paid for, indicated lack of proper survey at the estimating stage. Besides, the survey reports (4) prepared (December 1982) for disposal of trees cut and removed during construction of the above Express Way included 575 trees only with girths varying widely from those for which payment was made to the contractor, as detailed below :

Girth	Numbers as per	
	Contractor's Bill	Survey Reports
(i) Below 30 cm (Bamboos)	—	393
(ii) Above 30 cm to below 100 cm	512	175
(iii) Above 100 cm	83	7
Total ..	595	575

Thus the basis of payment to the contractor proved to be incorrect

- (b) The trees covered by the survey reports were sold to local people for Rs.3,500 (against Reserve Price fixed for Rs.2,080), without following the prescribed procedure i.e., through public auction. The maximum sale price realised for each tree (Rs.27) did not bear any relation to the expenditure (Rs.250) on its cutting and removal.
- (c) The Executive Engineer could not explain the variation between the figures of contractor's bill and those of the survey reports. He also could not clarify the circumstances under which such high rates were accepted for payment to the contractors.

The matter was reported to Government (December 1984 and July 1986); reply was awaited (December 1986).

4.13. Loss of cement

The Calcutta Metropolitan Development Authority (CMDA) had stored 2,807 metric tonnes of cement in a hired godown (VIP) during January to June 1984. During the rainy season in June 1984, a total quantity of 274.5 metric tonnes of cement got clodded due to poor storage condition in this godown. In another newly built godown (Central Store) owned by the CMDA, 38.75 metric tonnes of cement was damaged due to clodding by exposure to rain water. The value of cement lost in these two godowns (313.25 metric tonnes) worked out to Rs.3.32 lakhs. Earlier in 1978, CMDA had lost in the VIP godown 33.89 metric tonnes of cement valued at Rs.14,420 due to clodding by exposure to rain water and storing of cement in that godown was suspended since 1979-80.

It was noticed from the records that during April and May 1984 a total quantity of 3,130 metric tonnes of cement had been issued to different executing divisions from other godowns. Had the quantity available in the VIP godown, which was known to be dilapidated, been issued earlier before the onset of the monsoon in June 1984 the loss due to clodding of cement in that godown could have been avoided.

The matter was referred to Government (July 1986); reply was awaited (December 1986).

4.14 Undue favour to the contractors

The tenders received by the Calcutta Metropolitan Development Authority (CMDA) in March 1980 for conversion of billets into different sections of Mild Steel and Tor Steel rod could not be considered due to certain deficiencies, such as absence of requisite Earnest Money etc. Accordingly, a bid was held (May 1980) to sort out the deficiencies in the tenders, and as a result of negotiation with the tenderers the work was distributed among the seven firms for rerolling of 7,000 MT billets. The work orders were issued on 15th July 1980 with stipulation to complete the order within six weeks. The work was, however, prolonged up to March 1982 due to failure of the rerollers to complete the job within the prescribed time limit.

While the work was in progress, the contractual rates were enhanced (October 1980) by Rs.70 per MT with retrospective effect by revising the original work orders, on grounds of increase in the prices of furnace oil due to budgetary impositions, though there was no provision for escalation in rates in the work orders issued in July 1980. This ad-hoc increase in the contractual rates was not justified

and this constituted a monetary loss to the department to the extent of Rs.4.57 lakhs especially in view of the following :

(a) The actual increase in the prices of Furnace oil in 1980 was Rs.660 per kilo litre. For end-product of 30 tons, the requirement of Furnace Oil was 1.7 kilo litre. On this basis the element of increase in cost of Furnace Oil worked out to about Rs.34 per MT of rerolled product, on the basis of an analysis furnished by one of the contractors.

(b) For similar jobs got done by CMDA later, the rates obtained in 1982 were much lower than those paid for in 1980 (with enhancement) as shown below :

	M.S. Rods per MT		Tor Steel per MT		
	10 mm	12 mm	8 mm	10 mm	12 mm
(In Rupees)					
(i) CMDA Rates 1980	545	520	623	613	570
(ii) CMDA Rates 1982	490	470	590	500	475

The total rerolling of 6,525.344 MT was done on the basis of July 1980 orders and additional amount paid to the re-rollers due to such unjustified enhancement was Rs.4.57 lakhs.

Besides, 1,223.568 MT of rerolled products supplied by one firm (out of seven) did not conform to the Indian Standard specification as reported by the Director (Steel), Indian Standard Institute in November 1981. CMDA, however, accepted the defective products and paid the full amount (Rs.6.79 lakhs) towards rerolling cost.

Further, this being a case of acceptance of negotiated tender in violation of normal rules, regularisation of the case by the highest authority in CMDA is still awaited (November 1986).

The matter was referred to Government in August 1986 and September 1986; replies were awaited (December 1986).

4.15. Loss due to non-utilisation of equipment

For the purpose of utilising in different sewerage and drainage works, the Public Health Engineering Department (PHE), Government of West Bengal, procured two nos. Diesel operated well-point dewatering equipment in November 1973 at a cost of Rs.4.65 lakhs with financial assistance from the Calcutta Metropolitan Development Authority (CMDA). In terms of the contract, the

equipment were secured against manufacturing defects for a period of 12 months from the date of supply. Neither inspection nor performance test of the equipment was carried out either by PHE or by CMDA to whom the control of the equipment stood vested from November 1973. The equipment remained idle for years together.

Instead of making any arrangement for proper testing of the equipment, CMDA withheld the balance payment of the firm amounting to Rs.0.67 lakh mainly on the ground of their failure to fulfil the commitments. In connection with the arbitration case filed by the firm in September 1978 (the case is still to be settled), the Legal Adviser of CMDA opined (March 1978) as under :

“It appears that due to lapses of CMDA, performance test could not be taken within time. It was also not safe to part with security deposit money without performance test. But we cannot withhold the amount for indefinite period. The dispute may be settled amicably.” No endeavour on the part of the Authority (CMDA) was made to reach any settlement with the firm and put the equipment into use.

Thus, due to lapses on the part of the authority (CMDA), the very purpose of the acquisition of the sophisticated equipment at a cost of Rs.4.65 lakhs was defeated and the entire expenditure turned into loss. Besides, there is a potential liability as the arbitration case has not been finalised.

The matter was reported to the Government (April 1986 and August 1986) and their reply was awaited (December 1986).

4.16. Excess payment to a consultancy firm

A scheme for construction of “Sealdah Court-cum-Commercial Complex” was sanctioned by Government in June 1976; for which an agreement was made with a consultancy firm by Calcutta Metropolitan Development Authority (CMDA) in November 1976 for site survey, soil exploration and testing, preparation of architectural and schematic structural design drawings and detailed designs, working drawings and bills of quantities, on payment of fixed charges for each item of work detailed therein. The agreement also provided for payment of interest-free advances to the firm against Bank guarantee. Before the work was completed the firm discontinued their work from April 1978 after they were paid a total amount of Rs.7.26 lakhs, which included an unadjusted advance payment of Rs.1.50 lakhs against Bank guarantee valid up to 30th June 1979 (the guarantee was not renewed thereafter). As a result of stoppage of the work of the firm, the work of the executing contractor suffered a set-back, and they

could not proceed with the execution of the scheme in the absence of detailed drawings and designs beyond January 1982. The contract with the executing contractor had consequently to be honourably terminated in February 1983. Since the consultancy firm could not be persuaded by CMDA to complete the work as per agreement, the agreement with them had also to be terminated in April 1983.

In July 1983, the authority (CMDA) assessed the value of work done by the consultancy firm before the contract was terminated, as Rs.3.78 lakhs against a total payment of Rs.7.26 lakhs made to them. Though the firm was to refund an excess payment of Rs.3.48 lakhs they were asked to refund only Rs.1.12 lakhs by CMDA (July 1983). The firm has not yet (July 1986) refunded the amount with the result that the excess payment made to them to the extent of Rs.3.48 lakhs remains a charge on the project. The extra expenditure to the project could have been avoided had the release of payment to the firm been linked with the progress of work executed by them, and the bank guarantee against advance payment was not allowed to lapse.

The matter was reported to the Government (July 1986); reply was awaited (December 1986).

4.17. Wasteful expenditure of Rs.2.78 lakhs

The Calcutta Metropolitan Development Authority (CMDA) approved in March 1974 "Lake Gardens West Area Development Project" for resettlement of 520 refugee families then living at Rabindra Sarobar area.

Under this project, 264 single room dwelling units (with foundation for double storied building and scope for further expansion bothways) were initially constructed at a cost of Rs.15.37 lakhs. Subsequently, an additional room in each of the 253 units was constructed at a cost of Rs.18.16 lakhs by April 1980.

In May 1980, the authority could provide accommodation to 200 families only in 200 units, as the other 64 units were found damaged and unfit for habitation without further repairs. Of these 64 units, 48 units were repaired during 1980-82 at a total cost of Rs.2.20 lakhs. The remaining 16 units were beyond repairs, and hence, left unattended to.

The City Architect of the Calcutta Municipal Corporation who inspected the buildings in February 1984 opined that these (sixteen) units were initially constructed with sub-standard materials and poor workman-ship. He also expressed doubt about the justification for extensive repairs to those units whose life would not be more than 15| 20 years. Despite these adverse remarks, the CMDA undertook repairs to those dwelling units (July 1984) and incurred an expendi-

ture of Rs.57,000 on repair and Rs.18,120 on chemical treatment of the roof. Even after incurring the expenditure, the construction defects could not be set right and the sixteen dwelling units remained unutilised.

Thus, a total expenditure of Rs.2.78 lakhs incurred on construction and subsequent repairs of the 16 units proved infructuous. Besides, the expenditure of Rs.2.20 lakhs incurred on repairs to 48 units could have been avoided had the initial construction been properly carried out with proper materials and good workmanship.

The matter was reported to Government (July 1986); reply was awaited (December 1986).

4.18. Avoidable extra expenditure

Tenders invited by Calcutta Metropolitan Development Authority (CMDA) in 1983-84 in three groups for construction of surface drains at Baishnabghata Patuli Area Development Project provided *inter alia* for departmental supply of bricks required for brickwork involved in the construction. Lowest rates (18.61 to 25.99 *per cent* less the estimated amount put to tender) obtained were not recommended for acceptance on the plea of unworkability of the rates as per analysis worked out by the department showing the net payable amounts as minus figures, without any reference to the tenderers. Though as per analysis the workable rates would be 8.21 to 9.32 *per cent* less, the Tender Committee recommended the next higher tenders (11.20 to 13 *per cent* less), notwithstanding the fact that as per the same analysis the net payable amounts in these cases also worked out to minus figures. The tenders so recommended were accepted and the work was not executed on this basis involving an extra expenditure of Rs.2.23 lakhs, as compared to the lowest rates. For another stretch of the same work, tenders (based on the same Schedule of rates as adopted for those of 1983-84) were invited in 1984-85, this time without provision for departmental supply of bricks and the lowest rate obtained (31.12 *per cent* less) was accepted. Here also, applying the same analysis the net payable amount worked out to minus figure, but the contractor completed the work at this rate (final bill paid in March 1986).

Thus, in both the cases the accepted rates were lower than the workable rates, as per analysis worked out by the department, but this did not stand in the way of execution of the works by the contractors. In this context, rejection of the lowest rates obtained in 1983-84 on the plea of their unworkability, was based on incorrect presumption, which resulted in an avoidable extra expenditure of Rs.2.23 lakhs.

The matter was reported to Government (September and October 1986); reply was awaited (December 1986).

4.19. Wasteful expenditure on construction of hawkers' stall

On the basis of a directive from State Government in January 1976, CMDA undertook a scheme of construction of hawkers' stalls made of split bamboo with tiled roof at different localities in Calcutta (sites selected jointly in consultation with the Police authorities) to rehabilitate the hawkers who were to be evicted from the city pavements, to make the city free of pavement encroachers. Accordingly, a total of 1,465 stalls were constructed in ten localities on an emergent basis at a cost of Rs.9.65 lakhs (December 1976). Formal sanction to the expenditure and the decision about final allocation of expenditure are still awaited (June 1986).

The Executive Engineer stated (August 1982) that of these stalls, only 412 numbers were allotted to the eligible hawkers (of which only 312 numbers were actually used for business purpose), 290 numbers were non-existent and 863 numbers were in the possession of unauthorised persons and were being used for purposes different from the one for which these were constructed. Further, non-allotment of most of the stalls to the eligible hawkers was due to their reluctance, as stated by the concerned Director, CMDA in March 1985. Thus, except for 312 stalls which were actually used by the hawkers for business purpose, the other 1,153 stalls constructed at a cost of Rs.7.60 lakhs could not be utilised for the purpose for which these were constructed, rendering the expenditure incurred wasteful.

Government in their reply (September 1986) *inter alia* stated "CMDA's responsibility was to make the stalls available for rehabilitation of the hawkers and this part of responsibility CMDA duly discharged. Thus, the main purpose of constructing the stalls was fulfilled when these became available for allotment to the displaced hawkers".

The fact, however, remains that the purpose for which these stalls were constructed had not been achieved.

4.20 Avoidable expenditure in construction of Cattle Resettlement Project, Howrah

For settlement of city kept cattle numbering 3,000 (cows as well as calves) to the outskirts of Calcutta, Calcutta Metropolitan Development Authority (CMDA) took up a project at Howrah about 5 kilometres away from Calcutta, in 1980-81 at a cost of Rs.37.45 lakhs. Though an amount of Rs.21.90 lakhs was spent up to March 1986, the work is still to be completed, and the CMDA has been incurring a recurring expenditure on watch and ward (spent Rs.3.43

lakhs up to July 1986). Further, the contractor was granted unintended benefit to the extent of Rs.1.36 lakhs, as discussed below :

Based on the contractor's design and drawing, as approved by CMDA, the work (construction of cattle shed and Paddock) was entrusted on negotiation to a contractor, on 24th March 1980 with the stipulated date of completion on 23rd January 1981, at a lump sum cost of Rs.37.45 lakhs. The contractor in their proposal (21st March 1980) requested for departmental supply of asbestos sheets and ridges at the recovery rate of Rs.28 per sqm and Rs.25 per pair respectively. This request was not agreed to and the work order issued on 24th March 1980 stipulated that in the case of departmental supply of materials, other than cement and steel, recovery would be effected at the departmental issue rate prevailing at the time of issue.

The authority (CMDA) procured (December 1980) 17,565 sqm of asbestos sheets and 1,840 pairs of asbestos ridges from open market at a total cost of Rs.6.33 lakhs and issued them to the contractor. In terms of the work order the cost of these materials, alongwith cost of carriage and storage charges at the rate of 5 per cent, aggregating to Rs.6.65 lakhs was to be recovered from the contractor, but no action was taken till June 1986 in this regard. The authority in its meeting (23rd June 1986) approved, in deviation from the terms of the contract, the recovery rates as stipulated in the contractor's letter (21st March 1980), according to which a sum of Rs.5.28 lakhs is payable by the contractor (against Rs.6.65 lakhs) for these materials. This resulted in grant of unintended benefit to the contractor to the extent of Rs.1.36 lakhs.

Inordinate delay in completion of the work resulted in non-utilisation of the asset for the purpose for which the centre was taken up six years back, besides recurring expenditure of Rs.1.44 lakhs per annum (Rs.3.43 lakhs up to July 1986) on watch and ward. Thus, the expenditure so far incurred (Rs.25.33 lakhs) proved unfruitful.

The matter was reported to the Government (April and October 1986); reply was awaited (December 1986).

4.21. Loss on sinking of tubewells

A contract was awarded (July 1978) for sinking of two deep tubewells on labour rate basis at a cost of Rs.0.70 lakh (materials costing Rs.0.39 lakh were supplied by the department). The tubewells were completed by the contractor and handed over to the

Executive Engineer in September|October 1978, in good condition. On commissioning the tubewells after installation of pum sets, the yield was reported (March 1979) to be very poor. The contractor, when asked (April 1979) to set right the defects, refused to do so on the plea that the contractual maintenance period of six months was over. Another contractor was engaged (June 1979) to rejuvenate the tubewells at a cost of Rs.0.18 lakh, but this also did not succeed.

The Executive Engineer stated (July 1979) *inter alia* that these deep tubewells had been sunk within a radius of 12 feet only (as against the technical requirement of 500 feet) at the instance of the Municipal authorities, which might have resulted in their non-functioning. Thus, wrong selection of sites resulted in a loss of Rs.1.27 lakhs.

The matter was reported to Government (April and October 1986); reply was awaited (December 1986).

HOOGLHY RIVER BRIDGE COMMISSIONERS

4.22. Acceptance of higher rates proved infructuous

In September 1972, M/s Engineering Projects Ltd. (EPI) was awarded the work at a lumpsum value of Rs.571.72 lakhs for construction of Section II of SHBP (Howrah side approach) for completion in 4 years. EPI had appointed a sub-contractor (M/s Hindusthan Steel Works Construction Ltd.) for the job. Owing to slow progress of work by the sub-contractor, the operation of the escalation clause was frozen from January 1978. The project authorities also failed to give possession of land for the construction work which delayed initial commencement of work till December 1973. Due to freezing of escalation payment and failure to give possession of land in time, the contractor surrendered the balance work in June 1980, when he had completed only 85 *per cent* of Section II(A) between the river bank and Grand Trunk Road, leaving the other sub-section (Section II-B) entirely untouched.

The left-over portion of Section II-A was awarded to another Contractor (M/s Ruby Construction Co.) in July 1982 but they also failed to complete the work and the contract was rescinded in March 1984.

The balance work of Section II-A with an additional span was put to short notice restricted tender in September 1984 at an estimated cost of Rs.121.79 lakhs with stipulation for completion of work in 15 months to synchronise with the then target for completion of the bridge proper (Section III) by December 1986. The only valid tenderer was M/s Hindusthan Steel Works Construction Ltd., who had earlier backed out as sub-contractor of EPI. They had offered a rate of 34 *per cent* above, subject to settlement of the time of completion by negotiation. On further negotiation, they agreed to complete the additional span by September 1985 and the entire work by December 1986 at an enhanced rate of 55 *per cent* above the estimated cost, and a work-order was issued to them on the above terms in November 1984. The rate of progress attained by the contractor was far behind the schedule (September 1985) in respect of the additional span because of execution of defective works on the basis of erroneous drawings and calculations supplied by the implementing agency (Howrah Improvement Trust), and so far (June 1986) the overall work completed was up to 18 *per cent* only. The contractor was, however, allowed 21 *per cent* more just to get the work completed by September 1985/December 1986, but did not serve the intended purpose because of failure on the part of the Implementing Agency to supply correct drawings and calculations.

Thus, acceptance of liability at higher rate (Rs.25.58 lakhs) proved infructuous because of the technical lapses on the part of the Implementing Agency (HIT).

The matter was referred to the Government (July 1986); reply was awaited (December 1986).

4.23. Rehabilitation scheme at Howrah

Construction of Section II(B)-Howrah side approach of Second Hooghly Bridge Project by the Hooghly River Bridge Commissioners (HRBC) necessitated acquisition of land in populous areas. The scheme for grant of rehabilitation benefits to the persons affected by land acquisition proceedings, sanctioned by Government (April 1980 and July 1981), provided, *inter alia*, for allotment of flats at subsidised cost on hire purchase basis, in addition to the compensation payable under the Land Acquisition Act, and appointment of Howrah Improvement Trust (HIT) as an agent of HRBC for realisation of the monthly instalments from the allottees of the flats. The details of the rehabilitation scheme were as under :

- (i) Construction of flats (Types-I, III, IV and V) for allotment to the evicted families at subsidised prices, ranging between Rs.0.17 lakh and Rs.1.25 lakhs each, payable in 480 equal monthly instalments, on hire purchase basis. The hire purchase agreement stipulated termination of tenancy deed in the event of default in payment of instalments.
- (ii) The prospective tenants for types IV and V flats were to pay initial deposit of Rs.3,500 and Rs.5,000 respectively, before allotment was made in their favour.
- (iii) Supply of electricity at fixed monthly rates for 6 months from date of allotment and servicing facility for 3 months initially at fixed monthly charges, payable by the tenants.

A review of the scheme (September 1986) revealed the following :

- (a) During the period from 1980-81 to 1985-86, 1,126 flats were constructed, of which 944 flats were allotted to the affected families and 14 flats to different organisations (outside the scope of the scheme) e.g. Eastern Frontier Rifles, School, College and Bank. Reasons for non-allotment of the balance 168 flats (subsidised price : Rs.116.89 lakhs) were not available from the records of HIT or HRBC.

- (b) Of the 944 families who had been allotted flats, 604 families became defaulters for non-payment of deposits|instalments, but no action was taken by HRBC|HIT for termination of their tenancy deeds in terms of the Hire-purchase agreement. The outstanding arrear dues as on 31st March 1986 aggregated to Rs.32.45 lakhs which included Rs.8.22 lakhs on account of initial deposit.
- (c) The scheme stipulated supply of electricity at fixed monthly rates (subsidised) for 6 months only after the date of allotment of the flats. But the supply continued beyond 6 months in respect of 667 flats (out of 944), involving excess expenditure to HRBC on recurring basis, outside the scope of the scheme (the exact amount of excess expenditure could not be assessed in the absence of records).

Thus, failure of HRBC and its agent (HIT) on prompt collection of dues from the tenants and proper implementation of the scheme, resulted in accumulation of arrear dues totalling Rs.32.45 lakhs and involving loss of interest (10 *per cent*) thereon to the extent of Rs.3.25 lakhs per annum, besides non-utilisation of 168 flats with attendant risk of damage to them. Further, the arrear dues, if not promptly collected, may ultimately become irrecoverable.

The matter was referred to Government (October 1986); reply was awaited (December 1986).

4.24. Agency charges paid in excess to implementing agents

The Hooghly River Bridge Commissioners (HRBC) was constituted as a corporate body (February 1970) for the implementation of the Second Hooghly Bridge Project (SHBP). The construction works of the project were initially distributed among Calcutta Improvement Trust (CIT), Howrah Improvement Trust (HIT), and Calcutta Port Trust (CPT).

HRBC took over the work of Section III from CPT from 15th February 1979.

HRBC decided (June 1972) that all implementing agencies should be allowed agency charges at a uniform rate of 12½ *per cent* of the cost of work done. In October 1980 HRBC approached CIT to limit

the agency charges to actual establishment cost plus 2 *per cent*, but this request of HRBC was not accepted by CIT (December 1980), as already mentioned in paragraph 6.11.6.1.6. of the Report of the Comptroller and Auditor General of India for 1981-82 (Civil).

The uniform rate of 12½ *per cent* was adopted by HRBC on the analogy of departmental charges (12½ *per cent*) recovered by Public Works Department, Public Health Engineering Directorate etc. of the Government of West Bengal in case of deposit works done on behalf of Local Bodies and Authorities. While the functions of the State Public Works Department (PWD), etc. in the matter of deposit works cover preparation of designs and drawings and estimates of the work, getting them approved by the principals as well as preparation of tender documents and other preliminaries before selection of contractors, the implementing agencies in respect of SHBP are not required to perform any of these functions. In the case of SHBP the drawings and designs are either prepared by HRBC or submitted by the working contractor, on the basis of which the tender documents are prepared, tenders floated and further processed for acceptance by the HRBC. The functions of the implementing agencies start thereafter from issue of work orders to subsequent stages of supervision. Thus, the quantum of work involved in supervision of SHBP works by the implementing agencies is much less than that involved in execution of deposit works by State PWD, for which departmental charges at the rate of 12½ *per cent* were fixed. In view of this position HRBC did not properly evaluate the functions of the implementing agencies *vis-a-vis* the State PWD while fixing the rate of agency charges for the implementing agents (CIT and HIT). In conformity with consultancy agreements like the one with EPI where the consultants were charging consultancy fees for drawings and designs at 5½ *per cent* of the cost of related works, the agency charges payable to CIT and HIT should have been reduced by at least 5½ *per cent* for these items of work, thereby fixing the rate of agency charges at 7 *per cent* at the maximum. This could have avoided an expenditure of Rs.180.19 lakhs (CIT : Rs.107.03 lakhs and HIT : Rs.73.16 lakhs), with reduction of future liabilities to the extent of Rs.244 lakhs (CIT Rs.46 lakhs HIT Rs.198 lakhs) in respect of the balance portion of work in Sections I and II of the project.

Government stated (November 1986) *inter alia* that though designs and drawings were prepared by the contractor as per terms of the contract, those had to be thoroughly scrutinised by the Engineers of the implementing agents before actual execution of the work considering the complicated design of massive structural work. Any reduction of the minimum charge of 12½ *per cent* did not, therefore, arise.

4.25 Loss on direct purchase of non-levy cement

Cement required for construction of Section III (Bridge Proper) of the Second Hooghly River Bridge Project (SHBP) used to be procured by the Hooghly River Bridge Commissioners (HRBC) from West Bengal Essential Commodities Supply Corporation Ltd. (WBECSC). At the end of March 1984 HRBC had a stock of 1,074 tonnes of cement. The average consumption of cement during the first quarter of 1984 was only 225 tonnes per month. On the ground that this stock at the end of March 1984 was inadequate to meet the requirements of the second quarter, HRBC purchased directly from the Cement Corporation of India 1,545.95 tonnes of cement at a cost of Rs.20.56 lakhs in April 1984. The cement was to conform to ISI Specification. Immediately after receipt of cement HRBC took samples and tested them and the same were found to be not conforming to ISI standard. Therefore, the Cement Corporation was requested remove the sub-standard cement supplied by them. Cement Corporation did not agree to this. In July 1984 fresh sample was collected and tested jointly by Cement Corporation of India and HRBC and the test result confirmed that the cement was sub-standard. Cement Corporation alleged that cement had deteriorated due to faulty storage and therefore did not agree to take back the cement. HRBC could not also transfer the cement to other Government organisations for use on less important work except a quantity of 368 tonnes costing to Rs.1.73 lakhs to Society for Sports and Stadium in 1985. 65 tonnes were used by HRBC on less important works and a quantity of 1,108.35 tonnes had to be disposed of by public auction for Rs.5.89 lakhs. This resulted in a loss of Rs.12.02 lakhs. The value of the cement transferred to Society for Sports and Stadium (Rs.1.73 lakhs) has not been realised so far (October 1986).

The Government stated in September 1986 that legal action would be taken against the Cement Corporation of India for supply of sub-standard cement.

HOUSING DEPARTMENT

West Bengal Housing Board

4.26. Undue financial aid to contractor

The work of construction of buildings (including sanitary, plumbing and internal water-supply arrangement) at Golf Green Urban Complex was entrusted (April 1979) to a contractor at the tendered value of Rs.50.73 lakhs (15 *per cent* above the estimated cost based on circle schedule of rates for 1978-79) for completion by 11th January 1981.

The contractor prayed (November 1979) for escalation of 20 *per cent* over his tendered rates on ground of increase in the cost of labour and materials. There was no specific provision in the contract of such escalation of rates; but the Board accepted (March 1980) contractor's prayer in principle and approved modification of the original contract with the stipulation to allow payment at old rates (15 *per cent* above) for structural works and at a new rate (14.5 *per cent* above the revised cost based on circle schedule of rates for 1979-80) for sanitary, plumbing and other works subject to the condition that the structural works would be completed by 21st July 1980 and sanitary and plumbing works, etc., by 31st March 1981. The Board also decided that in case work continued beyond 31st March 1981 payments would be made only at old rates for all balance work. The Board's decisions were accepted by the contractor (March 1980).

The Board sanctioned (March 1982), on contractor's request, a further escalation of 2.48 *per cent* on the total value of work on ground of increase in market price of labour and materials during construction period, when the progress of work stood at about 80 *per cent*. The work was completed in October 1982; nevertheless the contractor was paid (January 1984) an amount of Rs.58.03 lakhs (including escalation of 2.48 *per cent*) at increased rates. The amount admissible at old rate was Rs.50.73 lakhs only.

Some unusual features in the execution of this work are highlighted below :

- (a) The contractor asked for and obtained an increase in rates soon after contract was awarded to him even though the contract contained no provision for escalation. The sanctity of competitive bidding was thus vitiated.
- (b) The Board imposed a condition that higher rates would be available only if the work was completed by 31st March 1981. This condition was waived and the contractor was allowed the higher rates even though the work was completed much later (October 1982).

- (c) The Board permitted yet another increase in rates at 2.48 *per cent* of the total contract value when 80 *per cent* of the work had been completed. Normally, in such cases any escalation should have been limited to the balance work which was 20 *per cent*.
- (d) Only a token penalty of Rs.50,000 was imposed against a permissible liquidated damage of Rs.5.31 lakhs.

While confirming the facts stated above, Government stated (September 1986) *inter alia* that in view of cost escalating situation the Board considered that it would have been extremely hard to the contractor if he was asked to execute the work at the contractual rates, and that imposition of liquidated damages would have deprived the contractor of the benefit of price escalation allowed to him. The reply did not appear to be convincing in as much as the action taken by the Board in contravention of the specific terms of contract actually went against its own financial interests.

4.27. Loss on sale of flats

The Akra Pilot Project Phase II (approved by the West Bengal Housing Board at an estimated cost of Rs.60.84 lakhs in July 1980) comprising 146 flats was completed in March 1982 at a cost of Rs.84.93 lakhs. These flats were sold to the public between March 1982 and April 1986.

Sale prices of the flats originally determined in July 1980 (Rs.67.45 lakhs) were revised in November 1981 (Rs.75.48 lakhs) to keep parity with the increasing cost of the project as per revised estimate (Rs.70.18 lakhs), with provision for a profit margin of Rs.3500 per unit. The actual cost of the project on completion in March 1982, however, showed an increase of more than 20 *per cent* of the revised estimated cost, but the sale prices fixed in November 1981 were not revised based on the actual cost incurred (Rs.84.93 lakhs), though the flats were sold much later (between March 1982 and April 1986). This resulted in a loss of Rs. 9.45 lakhs (Rs.84.93 lakhs minus Rs.75.48 lakhs) in the sale of these flats.

The matter was reported to Government (July 1986); reply awaited (December 1986).

4.28 Non-recovery of expenditure

West Bengal Housing Board (WBHB) acquired (July 1975) from Housing Urban Development Corporation (HUDCO) 252 numbers of flats constructed at Ultadanga Main Road, Calcutta, on the basis of their transfer cost (Rs.100.61 lakhs) being treated as loan. WBHB sold the flats to different organisations and public at a total value of

Rs.102.67 lakhs. The allottees have complained of defects of various nature in the flats after taking their possession between 1977 and 1978, HUDCO contractors took up rectification job and attended to some of the defects and then left the job incomplete. WBHB, thereupon, decided (January 1978) to undertake the rectification work departmentally on behalf of HUDCO and got it completed (May 1979) at a total cost of Rs.2.78 lakhs. As per terms and conditions of conveyance deed HUDCO was responsible for rectification of all defects in the flats transferred to WBHB. But the expenditure of Rs.2.78 lakhs incurred by the Board still awaits (September 1986) recovery from HUDCO. There was, however, no record to show that the Board ever took any effective step to recover the amount.

As reported by WBHB (September 1986) though HUDCO officials were requested by the Board verbally to deposit the repair cost of Rs.2.78 lakhs, a formal claim with reference to the relevant clause of the agreement could not be preferred to them as the conveyance deed was not readily available with the Board.

The matter was reported to Government (September and October 1986); reply was awaited (December 1986).

AGRICULTURE DEPARTMENT

4.29. **Comprehensive Area Development Corporation**

4.29.1. *Introductory*

For implementation of area-based development programmes for increasing agricultural and allied production and ensuring maximum benefit of such production to the cultivators, the West Bengal Comprehensive Area Development Corporation (WBCADC), a body corporate having perpetual succession and common seal, was established in October 1974 by Government in pursuance of Section 3(1) of the West Bengal Comprehensive Area Development Act, 1974. The Corporation, for its activities, receives grants from the State Government, the West Bengal Khadi and Village Industries Board (WBK&VIB), different agencies like Small Farmers' Development Agency (SFDA), District Rural Development Agency (DRDA), Command Area Development Authority (CADA), etc. It may also receive loan advanced by the State Government and borrow money with or without interest. The activities of the Corporation include production of agriculture, horticulture, pisciculture, forestry, sericulture, bee-keeping, dairy farming, piggery and poultry farming and such other types of production as are ancillary or incidental thereto.

4.29.1.1. *Organisation*

The Corporation has a Chairman, Vice-Chairman and seven other members. One of the members appointed by the State Government under section 6(1) of the Act, as the Executive Vice-Chairman, as its Chief Executive Officer. The Corporation selects the area (known as Projects) where projects are to be undertaken with the approval of the Government. For each project, there is a Project Director who is in overall and immediate charge of implementation of the projects approved by Government. The Corporation has taken up 21 Projects since inception.

4.29.1.2. *Accounts and audit*

The accounts of the Corporation are audited and certified by the Accountant General (Audit)-I, West Bengal under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Government has not so far framed

(August 1986) Rules, prescribing the form and the manner in which the annual accounts of the Corporation are to be prepared, as required under the Act. The provisional annual statements of accounts for the years 1978-79 to 1983-84 were prepared by the Corporation and submitted to audit during January to August 1986 for certification. The accounts, however, could not be certified pending rectification of the defects noticed by audit viz., (i) discrepancies between the figures of funds released as per the records of the Corporation and those shown in the records of different Projects remained unreconciled; (ii) assets and liabilities shown in the accounts were not supported by detailed schedules; (iii) stores valuing Rs.4.01 lakhs relating to four Projects although lost due to theft or flood were not written off under orders of the competent authority and shown in the accounts; (iv) the value of assets was depreciated by different methods in different Projects instead of at a uniform method; (v) the value of assets was not susceptible of verification owing to non-maintenance of Register of assets; (vi) works-in-progress valuing Rs.22 lakhs in 4 Projects and Rs.29.33 lakhs in 3 Projects, although completed during 1982-83 and 1983-84 were not capitalised; (vii) although provision for depreciation of Rs.12.23 lakhs was charged to the Income and Expenditure Accounts of 7 Projects during 1981-82 to 1983-84, no Sinking Fund was created for replacement of the assets depreciated for want of instructions from the Corporation; (viii) debit and credit advices in support of inter-Project transfer of assets (Rs.0.65 lakh) and liabilities, (Rs.6.33 lakhs) in 4 Projects for 1981-82 to 1983-84 were neither received nor issued; (ix) stores valuing Rs.1.79 lakhs and Rs.2.74 lakhs purchased during 1982-83 and 1983-84 in 4 Projects were shown under "Repairs and maintenance" without obtaining certificates in support of actual utilisation of such stores on different works; (x) discrepancies between the figures of closing stocks of different materials shown in the accounts and those as per the Stock Ledgers remained unreconciled; and (xi) bank reconciliation statements for the years 1982-83 and 1983-84 were not prepared.

The Corporation authorities stated (August 1986) that the accounts would be recast after taking, the defects and irregularities pointed out in audit, into account.

4.29.1.3. Receipts and expenditure

Total receipts and expenditure of the Corporation for the years 1978-79 to 1983-84 were as below :

Year	Unspent balance of the previous years	Grant-in-aid received	Internal/ other receipts	Total	Total expenditure	Unspent balance at the end of the year
(Rupees in lakhs)						
1978-79 ..	116.36	100.00	139.99	356.35	240.53	115.82
1979-80 ..	115.82	140.19	118.90	374.91	275.21	99.70
1980-81 ..	99.70	237.90	109.07	446.67	318.26	128.41
1981-82 ..	128.41	247.40	115.10	490.91	339.47	151.44
1982-83 ..	151.44	178.28	113.37	443.09	363.85	79.24
1983-84 ..	79.24	271.96	131.01	482.81	376.93	105.88
Total ..		1,175.73	728.04		1,914.25	

Total receipts of Rs.1,903.77 lakhs during 1978-79 to 1983-84 included loan of Rs.39.86 lakhs received from the WBK&VIB. The funds remaining unspent varied between 32.5 *per cent* (1978-79) and 21.78 *per cent* (1982-83), of the total funds available. Further, out of funds aggregating Rs.53.53 lakhs received by different Project Directors direct from SFDAs, DRDAs, etc. between 1980-81 and 1983-84 for implementation of rural development schemes, Rs.29.68 lakhs were spent, leaving Rs.23.85 lakhs unspent with the Projects (August 1986).

4.29.2. Some points noticed in the course of local audit are mentioned below :

4.29.2.1. Although the Act envisages payment of grants as well as loan by Government to the Corporation, the entire financial assistance during the six year period from 1978-79 to 1983-84 (Rs.1,175.73 lakhs) was, however, provided by Government in the shape of grant.

4.29.2.2. Water Management Scheme

Command area of water sources to be sunk, actually sunk and actually utilised and area actually irrigated in 21 Project areas under the Corporation between 1980-81 and 1983-84 were as below :

Name of water sources	Number of water sources			Command area of water sources		
	To be sunk	Actually sunk	Actually utilised	To be created	Actually created	Area actually irrigated
(In lakh acres)						
Deep Tubewell (DTW) ..	212	175	172	2.54	1.63	0.70
Shallow Tubewell (STW) ..	3908	2305	1468			
River Lift Irrigation (RLI) units	32	7	3			

Reasons for not sinking of 37 DTWs, 1,603 STWs and 25 RLI units were not on record (August 1986). Shortfall in irrigation (0.93 lakh acres) was attributed (August 1986) by the Project Directors, to non-energisation of water sources owing to power crisis and unwillingness on the part of the West Bengal State Electricity Board (WBSEB) authorities, theft of equipment of STWs.

According to the understanding with the West Bengal State Minor Irrigation Corporation (WBSMIC)—a State Government undertaking (1975), the DTWs sunk by them were to be handed over to the CADC for management pending finalisation of detailed terms and conditions. It was, however, decided in 1979 by a Committee appointed by Government to transfer the ownership of the DTWs to the CADC. The CADC had advanced Rs.82 lakhs in 1976-77 for meeting the cost of construction of DTWs without any agreement but the WBSMIC preferred (March 1983) a claim of Rs.196.33 lakhs. The claim was neither verified and settled nor was the ownership of the DTWs finally transferred to the CADC (August 1986). As a result, the DTWs were not maintained properly either by the CADC or by the WBSMIC. As per the accounts for 1978-79, Rs.57.18 lakhs were spent on sinking of STWs and RLI units and the expenditure incurred thereafter could not be ascertained from the accounts.

As per the terms of the agreement entered into with the WBSEB in February 1979, Rs.25.75 lakhs advanced to them between March 1975 and August 1982, in addition to normal service charges for energisation of DTWs and STWs, were repayable in 9 years with a moratorium for a period of 2 years along with 10 *per cent* interest per annum and in the event of failure in energisation and fulfilling other obligations, the Corporation was entitled to ask the refund of the Principal amount along with interest in one instalment. Although the WBSEB had failed to energise all the water sources sunk, they had so far refunded Rs.15.60 lakhs leaving Rs.13.02 lakhs including interest of Rs.2.87 lakhs unrealised (August 1986).

Test check of records in 9 Projects revealed the following :

4.29.2.2.1. *Irregular and excess payment of electricity charges*

Claims for consumption of electricity for operation of the water sources were made by the WBSEB authorities on ad hoc basis instead of on the basis of actual units consumed as indicated in the meters. For each of the STWs, the WBSEB charged per month 450 units from March to June, 100 units from July to October and 150 units from November to February while 1,500 units are charged per month per DTW. In 3 Project Offices, Rs.3.73 lakhs were paid to the WBSEB authorities in excess of the electricity charges admissible between 1979-80 and 1983-84. In Berhampore Project, claims for electricity

charges for 19 and 43 STWs for December 1982 and October 1983 respectively were paid, although according to the Monthly Reports those STWs did not function. No steps were taken for streamlining the system of claiming electricity charges as per the units indicated in the meters (August 1986).

4.29.2.2.2. *Unfruitful water management project*

Out of Rs.12.59 lakhs received (1976-77 to 1978-79) by the Goalpukhor Project as mid-term loan from a Gramin Bank, Rs.6.34 lakhs were spent for construction of 304 STWs on the plots of land of beneficiaries without deeds of agreement and 244 Kiosk boxes, Rs.1.65 lakhs were paid as interest on loans and Rs.4.60 lakhs remained unspent for about 7 to 10 years. According to the survey reports (November 1985 to June 1986) of the Village Organiser, 70 STWs (cost : Rs.0.91 lakh) and 211 kiosk boxes (cost : Rs.1.90 lakhs) were stolen, 49 STWs (cost : Rs.0.64 lakh) and 15 kiosk boxes (cost : Rs.0.14 lakh) had been in unserviceable condition and the whereabouts of equipment installed in 28 STWs (cost : Rs.0.36 lakh) were not known. Theft cases of 35 STWs (of 70) and 21 kiosk boxes (of 211) were reported between January 1981 and March 1985 to the Police while in regard to the remaining cases no action was taken (August 1986). Rupees 1.42 lakhs advanced (July 1977) to the WBSEB authorities for energisation of the STWs were not taken back although none of the STWs was energised even after 9 years. There was nothing on record to indicate the area actually irrigated from year to year. Water rates were not assessed and ever realised from the farmers taking water from the STWs. Thus, water management in this Project involving an expenditure of Rs.7.99 lakhs was haphazard. On this being pointed out, the Project Director stated (August 1986) that a Committee had been formed in June 1986 for investigating into the matter.

4.29.2.2.3. *Under utilisation and diversion of subsidy*

Out of Rs.24.41 lakhs received as subsidy during 1980-81 and 1981-82 from Small Farmers Development Agencies (SFDAs) by 5 Projects for sinking of wells, construction of field channels and purchase of electro-motors to be fitted with the STWs, field channels were constructed in 2 Projects at a cost of Rs.0.64 lakh, 13 electro-motors purchased (1982-83) at a cost of Rs.1.53 lakhs had been kept in store without use for more than 3 years in one Project, Rs.0.65 lakh were diverted for other purposes, Rs.9.96 lakhs were used for repayments of mid-term loan taken from the Banks in 2 Projects and Rs.11.63 lakhs remained unutilised with the Projects for about 5 to 6 years (August 1986). Reasons for irregular utilisation and non-utilisation of subsidy were not furnished by the concerned Project Director (August 1986).

4.29.2.2.4. *Irregularities in insurance claims*

According to agreement entered into with an Insurance Company by the Corporation, cost of motors stolen and burnt owing to low voltage in power supply and single phased operations by the unskilled persons were reimbursable at Rs.1620 and Rs.500 each, respectively if those were properly insured. Between 1979-80 and 1983-84, Rs.1.72 lakhs were paid by the Corporation as premium for insuring 5,358 motors as against 5,660 motors installed in different Projects, leaving 302 motors uninsured. Against the claim of Rs.4.08 lakhs preferred with the Company between 1977-78 and 1983-84 for theft of 252 motors, Rs.2.09 lakhs were received for 168 motors against the admissibility of Rs.2.72 lakhs. Reasons for short receipt of Rs.0.63 lakh for 168 motors and non-payment of Rs.1.36 lakhs for the remaining 84 motors were not enquired into. The Corporation had preferred claim in respect of 252 stolen motors while the number of stolen motors in 9 Projects alone was found to be 289. According to the Corporation (August 1986), 181 motors were burnt between 1978-79 and 1983-84, but as per the records of 2 Projects only, 287 motors were burnt during that period. No effective steps were, thus, taken to assess the actual number of motors either stolen or burnt and prefer claims accordingly. Claims in respect of 84 stolen and 287 burnt motors involving Rs.2.88 lakhs were not preferred till August 1986. On these being pointed out, the Corporation stated (August 1986) that the matter would be thoroughly reviewed.

4.29.2.2.5. *Abandoned STWs*

Out of 73 STWs sunk at a cost of Rs.3.96 lakhs without any specific ground water survey in the Project area during 1976-77 in Debra Project, 9 were energised in 1977-78 (6) and 1981-82 (3) and put to use and the remaining 64 STWs (cost : Rs.3.47 lakhs) were abandoned owing to non-availability of ground water at the desired level and non-energisation of these sources even after 9 years of sinking. Thus, the expenditure of Rs.3.47 lakhs on abandoned STWs proved wasteful.

4.29.2.2.6. *Sinking of bamboo STWs*

Out of 332 bamboo STWs each estimated at Rs. 750 (subsidy : Rs.500 and loan : Rs.250) for which grants of Rs.2.49 lakhs were received by the Kaliaganj Project between April 1982 and March 1984 from the Corporation (Rs.0.95 lakh) and the West Bengal Scheduled Castes and Scheduled Tribes Financial Development Corporation-WBSCSTFDC (Rs.1.54 lakhs), 154 STWs were reportedly sunk during January and February 1983 at a cost of Rs.1.51 lakhs, excess expenditure being Rs.0.35 lakh and Rs.0.98 lakh remaining unspent (August 1986). Of loans of Rs.0.21 lakh

(Rs.250 per STW) recoverable from 82 beneficiaries, Rs.0.04 lakh (19 *per cent*) were realised; information about realisation of loan of Rs.0.18 lakh from the remaining 72 beneficiaries was not available. Of 154 STWs, 60 STWs (value : Rs.0.59 lakh) went out of order (August 1986). No steps were taken to get these (60) repaired and to assess the area actually irrigated each year.

4.29.2.3. *Animal Husbandry Schemes*

Out of 10,945 animal husbandry schemes viz. house dairy (240), pig rearing (195), goat keeping (200), sheep rearing (30) and poultry (10,280) sanctioned by Government in December 1981 for implementation at a cost of Rs.22.96 lakhs (Subsidy : Rs.12.50 lakhs to be borne by Government and loan : Rs.10.46 lakhs by WBSCSTFDC and financial institutions) for the benefit of people belonging to Scheduled Castes, particularly those living below the poverty line, subsidy of Rs.7.72 lakhs was realised in 1981-82 and 1982-83 for 1,682 units (15 *per cent*) against Rs.4.51 lakhs admissible leading to excess payment of subsidy of Rs.3.21 lakhs. Loan component, however, could not be obtained either from the undertaking or from the financial institutions except in two Projects where loans of Rs.0.88 lakh were received against subsidy of Rs.0.89 lakh. Shortfall in setting up of units was attributed (August 1986) by the Senior Technical Officer, Animal Husbandry, to delay in selection of beneficiaries after review of the suggestions of the Panchayats, unwillingness of the WBSCSTFDC and financial institutions to participate in the schemes, non-availability of birds and animals from local markets and Government farms, etc.

Test check of records in the Projects revealed :

- (i) In one Project birds purchased (1982-83) by the Project Director at a cost of 0.27 lakh were sold by the Director without distributing those among 272 poultry units set up (1981-82 and 1982-83) at a cost of Rs.0.69 lakh as no loan was advanced to them. Beneficiaries also reportedly did not show any interest in the scheme.
- (ii) In three Projects information about utilisation of Rs.1.69 lakhs advanced (1982-83) to the CADP Farmers' Services Co-operative Societies (FSCS) for implementing different animal husbandry schemes was not obtained (August 1986).

- (iii) In Ranaghat II Project, birds of 94 poultry units set up at a cost of Rs.0.34 lakh were sold out by the beneficiaries due to non-availability of fund while the marginal income of the beneficiaries of 20 goatery units set up at a cost of Rs.0.28 lakh was stated to have increased.

The impact of the scheme, implemented at a total cost of Rs.7.72 lakhs, on the beneficiaries had never been assessed.

4.29.2.4. *Utilisation of pumpsets and agricultural implements*

The Corporation and the Project Directors had purchased 252 diesel pumpsets (cost : Rs.10.51 lakhs), 10 kubota tillers (cost : Rs.2.24 lakhs), one tractor (cost : Rs.0.74 lakh) and implements like Power Sprayer, Hand Sprayer, Hand Duster, etc. (cost : Rs.0.96 lakh) between 1975-76 and 1977-78 for hiring in the Project areas on payment of nominal hire charges. Neither the rates of hire charges were fixed by the Corporation nor was the mode of hiring of the implements was determined by the Corporation. Pumpsets and other implements had, however, been very seldom used in the Projects. The tractor was not used at all during 1981-82 to 1983-84. In the Projects test checked, the extent of utilisation of pumpsets and other implements handed over to the Prodhans of Gram Panchayats for specific periods was not ascertained nor were any charges realised for use of the pumpsets. Return of pumpsets was also not ensured in any Project. Thus, utilisation of implements and pumpsets valuing Rs.14.45 lakhs was not properly ensured.

4.29.2.5. *Non-functioning of Dharamgolas*

For creating grain fund, cash reserve by donations, deposits bearing interest and loans in the form of grains from among its members, 521 Dharamgolas were constructed in 18 Projects between 1979-80 and 1983-84 at a total cost of Rs.1.78 lakhs. Loans were also disbursed by these Dharamgolas to poor, landless and marginal farmers who were members of the Dharamgolas. Total amount of loan actually disbursed to the member farmers was not furnished. However, loans amounting to Rs.3.31 lakhs remained outstanding (August 1986). According to the Project Authorities, the Dharamgolas had been in different stages of closure owing to poor response from the villagers because of their inability to repay the loans. Thus, the Dharamgola constructed at a cost of Rs.1.78 lakhs did not serve the purpose.

4.29.2.6. Adult Education Programme

For providing elementary objective education, free of cost, to the poor and illiterate villagers, having no opportunity for taking formal education, 651 Adult Education Centres were to be set up in 21 Projects between 1975-76 and 1983-84. Performance of the Centres between 1979-80 and 1983-84 was below :

Year	Number of Centres at the beginning	Number of Centres set up during the year	Number of Centres closed during the year	Number of Centres running during the year	Capacity of the Centres running	Total number of Students enrolled	Short-fall (-) or excess (+) in enrolment	Total number of Students appearing in the final examination	Total number of Students dropping out
1979-80	..	273	..	..	273	8190	8783 (+)593	7743	1040
1980-81	..	273	316	16	573	17190	16527 (-)663	14641	1886
1981-82	..	573	..	9	564	16920	17004 (+) 84	10516	6488
1982-83	..	564	53	25	592	17760	17147 (-)613	11174	5973
1983-84	..	592	..	36	556	16080	17491 (+)811	12287	5204

Thus, adequate additional Centres could not be set up as targeted. Although the number of students enrolled exceeded the capacity of the centres in 3 years, percentage of students finally dropping out varied between 11 in 1979-80 and 38 in 1981-82. Total number of students coming out successfully in the final examination were, however, not furnished (August 1986). Eighty-six centres were shown closed between 1980-81 and 1983-84, reasons for which were not furnished (August 1986). Total expenditure incurred for running these centres between 1979-80 and 1983-84 was Rs.41.85 lakhs. During test check of records in 4 Projects it was noticed that out of 506 centres running between 1980-81 and 1983-84, final examinations were held in 368 centres while in remaining 138 (27 per cent) examinations were not held at all, although Rs.1.65 lakhs were spent on those centres. Out of 12,643 students enrolled in these Projects, 6,198 students (49 per cent) appeared in the final examination while 2,548 students (20 per cent) came out successfully. Information about number of students enrolled, appearing in the examinations and coming out successfully in 18 to 26 centres maintained in one Project at a cost of Rs.0.78 lakh was not furnished (August 1986). No follow-up action viz., organising refresher courses, setting up of libraries, group discussion among successful learners, etc. was taken up for sustaining the level of the elementary education imparted at a cost of Rs.41.85 lakhs.

4.29.2.6.1. *Non-utilisation of radio sets*

The Corporation purchased 600 radio sets in 1980-81 (80) and 1981-82 (520) at a cost of Rs.1.29 lakhs for using these as teaching aids in different Adult Education Centres. The sets were reportedly used for one to two sessions and then kept unused in the Project Offices concerned from 1982-83 for more than 3 years. The Corporation reported to audit (August 1986) that they had decided to dispose of all the sets.

4.29.2.7. *Welfare schemes for people belonging to Scheduled Castes and Scheduled Tribes*

Out of grants of Rs.4.01 lakhs received by 6 Projects between 1978-79 and 1983-84 for construction of low-cost houses, latrines and setting up of goatery schemes, Rs.1.66 lakhs were spent, leaving Rs.2.35 lakhs unspent for about 2 to 7 years. Twenty-five latrines constructed (1982-83 and 1983-84) at a cost of Rs.0.63 lakh in Goalpukhur Project, were reported to have become unfit for use due to damage caused by rain and storm, non-use and non-maintenance for long. No reports on actual utilisation of materials worth Rs.0.32 lakh distributed (March and July 1981) in Berhampore Project, Rs.0.26 lakh and Rs.0.33 lakh disbursed among the beneficiaries in Gaighata and Haringhata Projects respectively were obtained by the Project Directors concerned (August 1986).

4.29.2.8. *Special scheme*

For motivating the rural poor people to engage themselves in gainful non-agricultural productive activities, the Project authorities disbursed loans of Rs.13.87 lakhs between 1978-79 and 1982-83 to 10,121 beneficiaries for implementation of non-agricultural schemes. The loan was repayable in one instalment with service charges at 12½ per cent on the loan. Out of Rs.15.21 lakhs including opening balance of Rs.1.34 lakhs in 1978-79, Rs.9.56 lakhs were realised up to the end of March 1983, leaving Rs.5.65 lakhs unrealised (August 1986). No information regarding the amount of service charges realised was furnished by the project authorities (August 1986). No follow up action was taken to assess the impact of the scheme on the rural poor.

4.29.2.9. *Construction of Community Storages*

Out of Rs.10 lakhs sanctioned by Government and drawn by the Corporation in March 1980 for construction of two community storages in Ranaghat II and Falakata Projects for enabling the farmers to store their grains and other products either in their own containers or in the containers provided by the project authorities on payment of nominal rates, grants of Rs.5.35 lakhs was released during 1980-81

and 1981-82 to the Ranaghat II Project (Rs.2.92 lakhs) and Falakata Project (Rs.2.43 lakhs). The storage constructed at Ranaghat II Project between June 1981 and December 1981 at a cost of Rs.2.92 lakhs was used as office-cum-store of the Project instead of community storage while that at Falakata Project taken up in 1982-83 had not been completed till July 1986, the expenditure incurred being Rs.0.37 lakh. Thus the benefits envisaged in the scheme could not accrue to the farmers in spite of an outlay of Rs.3.29 lakhs on construction of storages while Rs.6.71 lakhs remained blocked with the Corporation (Rs.4.65 lakhs) and the Project Director, Falakata (Rs.2.06 lakhs) for about 6 years.

4.29.2.10. *Economic Rehabilitation of Women*

Of grants of Rs.3.50 lakhs sanctioned by Government and drawn by the Corporation in 1980-81 for rehabilitation of poor women through suitable schemes (bidi making, paddy husking, etc.), Rs.2.30 lakhs were distributed among 20 Projects during 1980-81 (Rs.1 lakh) and 1984-85 (Rs.1.30 lakhs) without fixing target and issuing guidelines for implementation of the Scheme but the Projects were stated to have utilised Rs.0.72 lakh up to July 1986, leaving Rs.2.78 lakhs unspent for about 5 years. Total number of beneficiaries receiving such grants was not furnished (August 1986). During test check of records in the Projects, it was noticed that sums varying from Rs.50 to Rs.150 were paid to the beneficiaries who could not utilise the amounts effectively for their rehabilitation. Project Director, Berhampore stated, (June 1986) that the scheme was not continued as it was not possible to make it viable with small amounts. Project authorities also did not assess the impact of the scheme on poor women. Thus the scheme was taken up without proper planning leading to blocking of funds of Rs.2.78 lakhs for about 5 years.

4.29.3. *Other points of interest*

4.29.3.1. *Avoidable extra expenditure*

For providing 33 STWs with pump sets (3 HP) in Boinchee Project, the Project Director obtained (June 1980) two quotations from two firms A : Rs.8.860 per set and B : Rs.6,225 per set. The lower rate was rejected (August 1980) on the ground that the quotation had anomalies (not specified), chance of delay in supply of sets and the Project had no experience of the sets. The anomalies were found to have been set right before placing orders with firm A, which supplied 26 sets in October 1980 after two months of placement of order. Firm B was in a position to supply 20/30 sets per month and 25 sets were actually purchased from Firm B in December 1980. Had 26 sets been purchased from Firm B, extra expenditure of Rs.0.69 lakh could have been avoided.

4.29.3.2. *Damage of electro-motors due to bad storage*

Sixty 5 HP electro-motors purchased (1981-82) by the Corporation at a cost of Rs.1.80 lakhs were found, by the Joint Technical Officer (Headquarters) and Electrical Supervisor while taking over charge of the Engineering Store of Ranaghat Project in February 1982, to have been totally damaged before use owing to storage in a damp and dark store-room without any wooden floor. No steps were taken to ascertain if these could be repaired (August 1986).

4.29.3.3. *Blocking of capital*

The Corporation paid Rs.12.10 lakhs to the Salt Lake Authority, Calcutta in March 1981 for obtaining possession of land measuring 2.5 acres required for construction of buildings for housing the office, godown and staff quarters of the Corporation. The possession of the land could not be taken even after a lapse of 5 years owing to time taken by the Salt Lake Authority in observing some paraphernalias before handing over possession. In Haringhata Project, 11.38 acres of paddy land including pond purchased (April 1981) by the Project Director for construction of administrative buildings, cold storage, seed multiplication centres, staff quarters, etc. at a cost of Rs.3.31 lakhs remained unutilised owing to paucity of funds. Thus, Rs.15.41 lakhs spent on acquisition of land remained blocked over 5 years.

4.29.3.4. *Raw jute remaining unsold for long*

In Ranaghat Project, out of raw jute valuing Rs.7.75 lakhs (3,987.76 quintals) purchased by the Project Authority between 1978-79 and 1980-81 from the cultivators, jute valuing Rs.4.94 lakhs was sold during that period, leaving jute valuing Rs.2.81 lakhs unsold for at least about 4 years. As per the accounts, the value of unsold raw jute was Rs.1.70 lakhs; the discrepancy of Rs.1.11 lakhs was not reconciled nor was any physical verification conducted (August 1986). The closing stock was stated (August 1986) to have been handed over to the Farmers Service Co-operative Societies but the value thereof remained unrealised.

4.29.4. *Internal Audit*

The Internal Audit Cell, manned by only one officer, was started in the middle of 1980. Independent Internal Audit of the Corporation and the Project Offices could not, however, be taken up before 1982-83 owing to dearth of Accountants. Two teams of Internal Audit took up running audit of the Corporation and the Projects from 1982-83 under the supervision of the Director of Production, as the Internal Audit Officer had been on deputation from February 1982. But no yardsticks for internal audit has been laid down by the Corporation

(August 1986). The Internal Audit of the accounts of the Corporation was done up to 1983-84 while that for the Projects was completed up to 1984-85. No system of pursuing the reports on internal audit was established (August 1986).

4.29:5. *Summing up*

(i) The accounts of the Corporation for the years 1978-79 to 1983-84 could not be certified awaiting rectification of defects and irregularities pointed out in audit.

(ii) Funds remaining unspent varied between Rs.115.82 lakhs (32.5 *per cent*) in 1978-79 and Rs.79.24 lakhs (21.78 *per cent*) in 1982-83. Of Rs.53.53 lakhs received by different Project Directors direct, Rs.23.85 lakhs (45 *per cent*) remained unspent for about 2 to 5 years.

(iii) Out of command area of 1.63 lakh acres created out of water sources sunk at a cost of over Rs.253.51 lakhs, 0.93 lakh acres (57 *per cent*) remained unutilised between 1980-81 and 1983-84 owing to non-energisation of water sources, theft of STWs, frequent break-down of motors, etc.

(iv) Out of 304 STWs and 244 kiosk boxes constructed (1976-77 to 1978-79) in one Project 70 STWs and 211 kiosk boxes (cost : Rs.2.81 lakhs) were stolen, 49 STWs and 15 kiosk boxes (cost : Rs.0.78 lakh) had been in unserviceable condition and whereabouts of equipment installed in 28 STWs (cost : Rs.0.36 lakh) were not known.

(v) Out of subsidy of Rs.24.41 lakhs received for sinking of water sources, Rs.2.17 lakhs were utilised for water sources, Rs.10.61 lakhs (43 *per cent*) were diverted for other purposes and Rs.11.63 lakhs (48 *per cent*) remained unutilised for about 5 to 6 years.

(vi) Out of 73 STWs sunk (1976-77) in a Project, 64 STWs (cost : Rs.3.47 lakhs) were abandoned owing to non-availability of ground water at desired level.

(vii) Out of 10,945 animal husbandry units for which subsidy of Rs.12.50 lakhs was released (1981-82) to 20 Projects, 1, 682 units (15 *per cent*) were set up and against subsidy of Rs.4.51 lakhs admissible, Rs.7.72 lakhs were disbursed to the beneficiaries leading to excess payment of Rs.3.21 lakhs.

(viii) Neither proper utilisation of agricultural implements like pump sets, tillers, sprayers, etc. (value : Rs.14.45 lakhs) purchased between 1975-76 and 1977-78 and handed over to the Pradhans of Gram Panchayats nor the return of these implements after use were ensured.

(ix) Dharamgolas (521) set up (1979-80 to 1983-84) at a cost of Rs.1.78 lakhs in 18 projects were facing closure owing to poor response from the villagers.

(x) Out of loan of Rs.15.21 lakhs disbursed for motivating rural poor people for engaging themselves in non-agricultural activities, Rs.5.65 lakhs (37 *per cent*) remained unrealised.

(xi) Community storage constructed (1981-82) at a cost of Rs.2.92 lakhs in one Project was used as office-cum-store of the Project.

(xii) Sixty electro-motors purchased (1981-82) at a cost of Rs.1.80 lakhs were totally damaged before use due to storing in a damp and dark store room without any wooden platform.

(xiii) Rupees 15.41 lakhs being the cost of 2.5 acres of land (Rs.12.10 lakhs) at Salt Lake, Calcutta and 11.38 acres of paddy land (Rs.3.31 lakhs) at Haringhata Project remained blocked for about 5 years due to non-utilisation of lands for construction of administrative buildings.

(xiv) Internal Audit Cell of the Corporation started functioning in 1982-83 and the audit of the Corporation was done up to 1983-84 while that of the Projects was completed up to 1984-85. There is no system of pursuing the Internal Audit Reports.

The matter was reported to Government in November 1986; reply was awaited (December 1986).

COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENT

4.30. West Bengal Khadi and Village Industries Board**4.30.1. *Introduction***

The West Bengal Khadi and Village Industries Board (hereafter referred to as Board), a body corporate, established under the West Bengal Khadi and Village Industries Board Act, 1959, started functioning from April 1960 with the object of implementing programmes for development of Khadi and Village industries through departmental activities directly and assisting co-operative societies and registered institutions. The assistance was also extended to individuals from 1976-77 onwards.

4.30.2. *Finance and accounts*

4.30.2.1. According to the Board's Rules 1960, the Annual Statement of Accounts showing the financial results of the schemes, works or undertakings of the Board in that year in the prescribed form is to be prepared within six months of the close of each financial year. Though there is no provision in the Act or Rules of the Board, Trading and Manufacturing Accounts, Profit and Loss Accounts and the Balance Sheets in respect of some of the individual schemes implemented by the Board viz. Handmade paper industry, silk centres, marketing branches, etc., are prepared by the Board every year. But no accounts showing the state of affairs of the Board as a whole have been prepared in any year. The Board, however, agreed in January 1986 to prepare the accounts of the Board as a whole.

4.30.2.2. The accounts of the Board are audited and certified under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and the certified accounts together with the Audit Report thereon are forwarded annually to the Board and the Government. The audit of accounts of the Board for the years 1983-84 and 1984-85 could not be taken up, as the accounts had not been finalised (July 1986).

Mention about the activities of the Board up to 1980-81 was made in paragraph 6.6. of the Report of the Comptroller and Auditor General of India for the year 1981-82 (Civil). Those for the subsequent period mainly from 1981-82 to 1985-86 are indicated below.

4.30.2.3. The Board was financially assisted in the form of loans and grants by the Khadi and Village Industries Commission (hereafter referred to as Commission) for execution of schemes according to the principles agreed to between the Commission and the

State Government and in the form of grants by the State Government to meet the cost of establishment and promotional activities. During 1980-81 to 1985-86, the financial assistance given by the Commission and the State Government were as under :

				By the Commission	By the State Government	Total
					(Rupees in lakhs)	
Loans	..	..	..	1242.43	..	1242.43
Grants	..	..	..	200.40	395.95	596.35
			Total	1442.83	395.95	1838.78

4.30.2.4. A summary of the receipts and payments of the Board during 1980-81 to 1985-86 is given below :

1980-81 1981-82 1982-83 1983-84 1984-85 1985-86

(Rupees in lakhs)

Receipts

Allotment of funds by the Commission :

Loans	..	..	..	NA	NA	186.82	214.72	313.87	557.15
Grants	..	..	..	NA	NA	37.86	38.68	85.37	104.39
Opening Balance	..	..	..	19.77	38.25	55.21	4.92	5.43	39.78
Loans from the Commission	..	..	..	87.10	45.19	99.54	334.22	273.79	402.59
Grants from the Commission	..	..	..	19.14	6.18	22.34	49.63	24.85	78.26
Grants from the State Government	..	..	..	47.90	83.26	41.86	77.39	67.54	78.00
Repayments of loans and refund of un-utilised grants by the co-operative societies, institutions and individuals	..	..	..	16.59	7.01	20.27	6.56	6.19	30.08
Miscellaneous	..	..	..	46.75	30.78	55.50	25.27	78.82	20.12
			Total	237.25	210.67	294.72	497.99	456.62	648.83

Payments

Repayment of loans to Commission	..	..	..	14.01	4.60	1.08	168.08	5.17	2.79
Loans to co-operative societies, institutions and individuals	..	..	..	88.44	45.65	106.14	177.20	213.26	367.95
Grants to co-operative societies, institutions and individuals	..	..	..	19.11	15.85	57.42*	30.17	31.29	57.85
Refund of loans to Commission	..	..	..	..	..	16.56	1.20	21.26	64.94
Refund of Grants to Commission	..	..	..	1.16	2.62	1.65	25.16	0.65	2.61
Refund of Grants to Government	..	..	..	5.67	4.26	4.73	20.09	..	..
Administrative expenses	..	..	..	48.57	51.62	61.82	55.39	63.00	85.56
Miscellaneous expenses	..	..	..	22.04	30.86	40.40	15.27	82.21	19.25
Closing balance	..	..	..	38.25	55.21	4.92	5.43	39.78	47.88
			Total	237.25	210.67	294.72	497.99	456.62	648.83

* Includes Rs. 38.91 lakhs paid from Grant received from the State Government.

The following points emerge from above :

- (i) Out of loans of Rs.1,242.43 lakhs and grant of Rs.596.35 lakhs received during 1980-81 to 1985-86, Rs.998.64 lakhs (80 *per cent*) and Rs.211.69 lakhs (35 *per cent*) only were disbursed by the Board as loans and grants respectively to various institutions, co-operative societies and individuals.
- (ii) Amounts aggregating Rs.137.81 lakhs (grants : Rs.33.85 lakhs and loans : Rs.103.96 lakhs) and Rs.34.75 lakhs were refunded to the Commission and the State Government respectively indicating non-utilisation of funds from year to year for the prescribed purposes.
- (iii) Out of total allotment of loans of Rs.1,272.56 lakhs and grants of Rs.266.30 lakhs between 1982-83 and 1985-86, Rs.1,110.14 lakhs and Rs.175.08 lakhs respectively were drawn by the Board and Rs.864.55 lakhs and Rs.137.82 lakhs were utilised, leaving Rs.408.01 lakhs (32 *per cent*) and Rs.128.48 lakhs (48 *per cent*) unutilised (July 1986); reasons for which were not furnished by the Board.

The disbursements of loans and grants made during 1982-83 to 1985-86 included 451 cheques for Rs.57.81 lakhs drawn by the Board in favour of institutions and co-operative societies (number not specified) to provide them with loans and grants on the basis of pronotes furnished by them initially which were ultimately cancelled as they failed to furnish legal documents to secure such loans. In 1984-85, the Board refunded a sum of Rs.19.13 lakhs pertaining to such cheques for 51 units to the Commission. The reasons for drawing cheques without finalising the loans documents were not furnished by the Board (July 1986).

4.30.2.5. *Utilisation certificates*

As per the terms of loans and grants, utilisation certificates are required to be furnished by the beneficiaries within 12 months from the date of receipt of loans and grants, failing which the whole amount becomes recoverable.

According to the Board (July 1986), out of the total financial assistance of Rs.1,210.33 lakhs (loans : Rs.998.64 lakhs and grants : Rs.211.69 lakhs) given to the institutions, co-operative societies and individuals between 1980-81 and 1985-86, utilisation certificates obtained from the beneficiaries and furnished to the Commission were for Rs.294.08 lakhs (24 *per cent*). According to the Board, the utilisation certificates for Rs.916.25 lakhs (76 *per cent*) could not be

furnished to the Commission owing to non-procurement of the same from the beneficiaries for shortage of staff in the Board's Office. Further, as reported by the Board, sums aggregating Rs.28.42 lakhs (loans : Rs.23.09 lakhs and grants : Rs.5.33 lakhs) remained unutilised with the concerned beneficiaries for about 1 to 25 years (July 1986). Notices for recoveries were stated to have been issued to the beneficiaries for refund.

4.30.2.6. *Recovery of loans*

Loans paid for Khadi programme were interest free while those paid for village industries carried interest at the rate of 4 *per cent* per annum. According to the Board (December 1985) against the total amount of loans of Rs.450.71 lakhs disbursed among different institutions, co-operative societies and individuals from 1960-61 to 1982-83, Rs.302.07 lakhs (67 *per cent*) recoverable up to December 1985 remained unrealised (January 1986). Neither the amount of loan due for recovery from out of Rs.758.41 lakhs disbursed between 1983-84 and 1985-86 was stated (July 1986) nor could the amount actually recovered against this amount be furnished by the Board. The records of the Board did not indicate the amount of interest due or actually recovered from village industries. The postings in the loan ledgers were also pending since 1984-85. Against outstanding loan of Rs.302.07 lakhs up to 1982-83 and loans of Rs.758.41 lakhs disbursed between 1983-84 and 1985-86, confirmation of loan balance was obtained for only Rs.5.89 lakhs from 484 units. The Board stated (December 1985) that a recovery cell with branches in the districts was set up to pursue recovery of outstanding loan and the work was in progress.

4.30.2.6.1. *Recoveries pending from defunct units*

As per the information furnished by the Board in January 1986, proceedings for recovery of Rs.62.61 lakhs were pending against 390 defunct institutions/co-operative societies as detailed below :

				Number of cases	Amount (Rupees in lakhs)
Co-operative Societies under liquidation	...	...	...	60	3.32
Certificate proceedings instituted	...	..	...	41	31.15
Criminal proceedings instituted	...	...	...	14	2.08
Deputy Registrar Co-operative Societies moved to place further societies under liquidation				86	4.24
Cases under scrutiny	..	—	..	209	21.82
				<hr/>	<hr/>
				Total	62.61

The industries which had been heavily in the red were; processing of cereals and pulses (166 societies/institutions : Rs.8.57 lakhs), village pottery (61 : Rs.6.62 lakhs), village oil (58 : Rs.3.84 lakhs), Khadi (63 : Rs.5.77 lakhs) Gur and Khandsari (62 : Rs.2.26 lakhs), Village leather (52 : Rs.3.98 lakhs), etc. The Board stated (January 1986) that out of 41 cases in which certificate proceedings were instituted for Rs.31.15 lakhs, Rs.0.16 lakh in 12 cases were recovered during 1982-83. The remaining cases were not, however, pursued.

4.30.3. Development of Khadi (Cotton and Silk)

4.30.3.1. Khadi industry includes cotton khadi, silk khadi and woollen khadi. The Board has not taken up woollen khadi industry which was dealt by the Commission directly. Under Silk Khadi programme the Board has 3 centres with 12 sub-centres whereas 11 spinning and 1 weaving centres are functioning under Cotton Khadi Programme.

4.30.3.2. The targets of investment and production vis-a-vis achievements between 1981-82 and 1985-86 are as below :

				Cotton Khadi Industry			
				Investment		Production	
Year				Target	Achievement	Target	Achievement
(Rupees in lakhs)							
1981-82	..	..	..	20.00	8.37	25.00	18.58
1982-83	..	..	..	15.00	11.55	22.50	19.95
1983-84	..	..	..	20.00	12.00	30.00	27.59
1984-85	..	..	..	27.00	20.00	31.00	29.04
1985-86	..	..	..	65.00	63.96	50.00	40.54
Total				147.00	115.90	158.50	135.70

				Silk Khadi Industry			
				Investment		Production	
Year				Target	Achievement	Target	Achievement
(Rupees in lakhs)							
1981-82	..	..	..	72.00	7.10	82.00	66.80
1982-83	..	..	..	79.00	28.25	90.00	92.99
1983-84	..	..	..	64.21	54.19	90.00	82.57
1984-85	..	..	..	155.00	86.95	167.50	175.89
1985-86	..	..	..	152.20	145.33	450.00	408.86
Total				522.41	321.82	879.50	827.11

Industry-wise details were, however, not furnished by the Board. Against the targeted amount of investment of Rs.147 lakhs and Rs.522.41 lakhs in cotton khadi and silk khadi industries, the actual investment was Rs.115.90 lakhs (79 *per cent*) and Rs.321.82 lakhs (62 *per cent*) respectively. Production fell short of the target by Rs.22.80 lakhs (14 *per cent*) and Rs.52.39 lakhs (6 *per cent*) in Cotton Khadi and Silk Khadi Industries respectively owing to under utilisation of the production capacities of the units and manpower thereof. In the absence of the targets for sales, generation of employment and wages earned, the extent of achievement could not be compared.

Investment-production ratio in cotton khadi varied between 1 : 2.29 in 1983-84 and 1 : 1.45 in 1984-85 while that in silk khadi industry varied between 1 : 9.4 in 1981-82 and 1 : 1.52 in 1983-84. Investment-employment ratio and employment-production ratio were, however, very insignificant in all the years.

4.30.3.3. *Silk production Centres and Marketing branches*

4.30.3.3.1. The accounts of Silk Production Centres and marketing branches were amalgamated up to 1981-82 and from 1982-83 onwards they were prepared separately showing net losses amounting to Rs.14.93 lakhs for silk centres and Rs.4.65 lakhs for marketing branches during 1982-83 to 1985-86. Losses from inception accumulated to Rs.47.80 lakhs (silk centres : Rs.38.06 lakhs and marketing branches : Rs.9.74 lakhs) to end of March 1986. The loss was attributed (June 1986), by the Board, to shortfall in production in the silk production centres owing to paucity of funds for which the Board could not earn sufficient margin to cover up establishment cost for running the centres. The absence of infrastructural facilities were also reported to have contributed to such loss. The Board had, however, reduced loss of Rs.22.20 lakhs from the provisional accounts of 1985-86.

4.30.3.3.2. An amount of Rs.5.55 lakhs representing cash defalcation and loss of stores due to theft, damages, shortages, etc. committed during the period from 1965-66 onwards in silk centres and marketing branches was shown as stock and cash suspense as on 31st March 1986. No effective action was taken to pursue the cases.

4.30.3.3.3. Out of Rs.14.74 lakhs representing sundry debtors as on 31st March 1986, Rs.4.18 lakhs and Rs.1.23 lakhs have been outstanding for over 10 years and 5 years respectively. Neither confirmation of debts from the parties concerned was obtained nor provision for bad or doubtful debts made by the Board (July 1986).

4.30.3.3.4. Total amount of Rs.16.77 lakhs representing subsidies on account of rebate (Rs.12.32 lakhs) and sales tax (Rs.4.45 lakhs) receivable during the years 1980-81 to 1985-86 from State Government was shown under "Current assets" in the account of marketing branches for the year 1985-86. Audit was not apprised of the attempts made to get the subsidies from the Government.

4.30.3.3.5. According to the instruction of the Commission, a fund under the name 'Kalyan Kosh' was to be created by deducting 5 *per cent* of the wages of the artisans along with a matching contribution by the Board. In the accounts of the silk centres for the year 1985-86 a sum of Rs.2.12 lakhs was shown under 'Kalyan Kosh'. No separate account of this fund was maintained to watch its proper utilisation (July 1986).

4.30.3.3.6. Against the total value of opening stock of Rs.0.68 lakh with the Gramin, Balurghat, as shown in the accounts of marketing branches for the year 1982-83, neither any sales or any value of closing stock was shown nor was the discrepancy reconciled (January 1986).

4.30.3.3.7. The Board has 3 main centres and 12 sub-centres thereof for production of silk in Bankura, Malda and Murshidabad districts. Out of 603 registered artisans on an average in 3 main centres, 63 artisans (10 *per cent*) had worked for 859 days (39 *per cent*), out of 2,322 working days available during 1981-82 to 1983-84. The information in respect of 1984-85 and 1985-86 were not available. So also for 12 sub-centres, out of 3,504 registered artisans, 493 (14 *per cent*) had been deployed between 1981-82 and 1983-84 and those artisans had worked for 1,516 days (16 *per cent*) out of 9,288 days. Thus there had been underutilisation of artisans which had resulted in non-utilisation of yarn valuing Rs.4.29 lakhs remaining with the weavers at the end of March 1984. At the end of March 1986 the stock of yarn had increased to Rs.10.69 lakhs.

4.30.3.3.8. *Charka centres*

According to the standard fixed by the Commission, a charka centre should run with 25 new model charkas (NMC) or with 50 muslin charkas (MC). For total 33 units run with NMCs between 1981-82 and 1985-86, total 1,214 charkas (requirement : 825) were supplied and 1,041 charkas had been in working condition. Again, for total 18 muslin charka units run during that period, out of total 825 charkas (requirement : 900) supplied, 536 charkas had been in working condition. Reasons for excess supply of new model charkas and short supply of muslin charkas were not stated by the Board nor were the unserviceable charkas replaced or repaired (July 1986).

Total number of units run, number of charkas in possession of those units, number of charkas in working condition, production of yarn and average production per charka between 1981-82 and 1985-86 are as below :

Year	Nature of charka		Total number of units running	Total number of charkas supplied	Total number of charkas in working condition	Total produc- tion of yarn (In Kg)	Average produc- tion per charka (In Kg)
1981-82 ..	New Model Charka ..		5	168	143	7547	52.77
	Muslin Charka ..		4	175	108	399	3.69
1982-83 ..	New Model Charka ..		6	217	187	7165	38.32
	Muslin Charka ..		4	175	124	396	3.19
1983-84 ..	New Model Charka ..		7	274	241	5646	23.42
	Muslin Charka ..		4	175	102	408	4.00
1984-85 ..	New Model Charka ..		7	261	225	6203	27.56
	Muslin Charka ..		3	150	95	446	4.69
1985-86 ..	New Model Charka ..		8	294	245	6019	24.56
	Muslin Charka ..		3	150	107	802	7.49

Thus, during 1981-82 to 1985-86 the producaion per NMC varied between 52.77 kg and 23.42 kg while that of MC between 7.49 kg and 3.19 kg indicating underutilisation of production capacity of the charkas, reasons for which were not furnished (July 1986).

4.30.3.3.9. *Muslin charka manufacturing centres*

The Board had one Muslin charka manufacturing centre at Kalyani in Nadia district under village industry scheme. There was no manufacturing activity in the unit during 1984-85 and 1985-86. The sale proceeds of Rs.0.62 lakh from Sundry Debtors pertaining to 1980-81 to 1985-86 remained unrealised as on 31st March 1986. Neither any reasons for stopping of manufacturing were stated nor were steps taken to resume manufacturing and realise the sale-proceeds (July 1986).

4.30.3.3.10. *Gramins*

(i) Marketing of finished goods was done through 16 retail outlets known as Gramins. Besides, wholesale marketing of finished goods was done through the Central Stores of the Board. The balance sheets for 1984-85 in respect of the Silk Khadi Centres including the marketing centres showed that the accumulated loss (Rs.43.24 lakhs) was 38 per cent of the investments (Rs.112.63 lakhs). The balance

sheets for 1985-86, however, showed the accumulated loss as Rs.25.60 lakhs (30 *per cent*) instead of Rs.47.80 lakhs (Rs.43.24 lakhs up to 1984-85 and Rs.4.56 lakhs during 1985-86) against the investment of Rs.85.20 lakhs. Reasons for reducing the figures of accumulated loss by Rs.22.20 lakhs and investments by Rs.27.43 lakhs were neither furnished by the Board (July 1986) nor was any approval obtained either from the Commission or from Government (July 1986).

(ii) According to the Board (March 1986), the accumulated stock worth Rs.37.25 lakhs remained unsold as at the end of March 1986. No special programme for boosting the sales through the 'Gramins' was undertaken (July 1986).

(iii) The extent of the damaged, old and shopsoiled finished products remaining in the stock of finished products (value : Rs.37.25 lakhs) was not ascertained (July 1986) by the Committee set up for the purpose in 1983-84, reasons for which were not on record.

(iv) Total sales made through 14 Gramins during 1982-83 to 1985-86 was Rs.98.68 lakhs against which the Board spent Rs.23 lakhs (23 *per cent* of the sales) as operational expenses. During the said period 2 Gramins remained closed and the accounts for 1984-85 and 1985-86 exhibited a total suspense of Rs.0.31 lakh on account of theft and shortage.

4.30.3.4. *Cotton Khadi Production Centres*

4.30.3.4.1. The details and year-wise break-up of the debtors from whom Rs.10.73 lakhs were due for recovery were not furnished by the Board (March 1986). Confirmation of debts from the concerned debtors had not been obtained by the Board nor was any provision for bad/doubtful debts made (March 1986). Follow-up action was also not taken (August 1986).

4.30.3.4.2. Records in support of closing stock of cotton khadi valuing Rs.11.42 lakhs shown as assets of 31st March 1986 were not produced by the Board (July 1986).

4.30.4. *Development of Village Industries*

4.30.4.1. The village industries programme had been implemented by the State Board in 12 to 17 (of 26 approved by the Commission) selected categories of the approved types, viz., Village Pottery, Village Oil, Lime, Fibre, Village Leather, Cane Gur, Khandsare. etc. after considering availability of raw materials, marketing facilities and employment opportunities of different village industries schemes of the Commission. The assistance in the form of loans and grants was rendered after obtaining hypothecation of deeds, mortgage, bank guarantee, etc.

4.30.4.2. Out of 26 categories of industries approved by the Commission the number of industries implemented by the Board varied between 12 and 17 although funds were allotted for 17 to 20 industries during 1981-82 to 1985-86. The reasons for non-implementation of all the industries in spite of availability of funds were not furnished (July 1986).

4.30.4.3. The targets fixed by the Board for investment, production and sales vis a vis achievements as assessed by the Board on the basis of sample survey between 1981-82 and 1985-86 were as below :

Year	Investment		Production		Sales			
	Target	Achievement	Target	Achievement	Target	Achievement		
(Rupees in lakhs)								
1981-82	144.42	37.91	512.39	647.10	548.10	721.64
1982-83	133.41	84.76	793.65	771.89	827.76	901.91
1983-84	168.19	126.35	1031.51	928.79	1135.35	1086.13
1984-85	237.34	137.60	1362.15	1079.24	1490.05	1312.03
1985-86	344.34	214.63	1571.45	1460.29	1802.30	1695.02
Total	1027.73	601.25	5271.15	4887.31	5803.56	5716.73

Industry-wise details were, however, not furnished by the Board. Against the target of Rs.1027.73 lakhs for the above 5 years, the actual assistance that could be rendered was Rs.601.25 lakhs (58.5 per cent). Production fell short of the target by Rs.383.84 lakhs (7 per cent) while the shortfall in sales was Rs.86.83 lakhs (1.49 per cent).

4.30.4.4. Out of financial assistance of Rs.563.34 lakhs provided between 1982-83 and 1985-86, Rs.192.98 lakhs were not utilised by 32 co-operative societies (Rs.10.38 lakhs), 255 institutions (Rs.125.08 lakhs) and 2,104 individuals (Rs.57.52 lakhs) as the beneficiaries did not start their village industries (July 1986) due to non-availability of schemes and raw materials. No steps were taken to expedite setting up of industries or to obtain refund of assistance given (July 1986). Test check of cases revealed that in 2 cases of lime industries, the artisans were assisted to the tune of Rs.37,000 but they could not start production for want of raw materials even after 18 months of receiving the assistance. No effective steps were taken for starting the production in these industries. In another case of Palm Gur Industry a Co-operative Society was advanced a sum of Rs.5000 in April 1983, although its audit report indicated that the society did not work during 1980-81 and 1981-82. Consideration on

which the amount was released was not indicated by the Board (July 1986). Another institution was paid Rs.80,000 as loan and Rs.6,000 as grant in October 1982 for implementing Carpentry and Blacksmithy schemes. Entire managerial grant of Rs.6,000 and a major portion of the loan were spent on construction of a work-shed on a land owned by a member of the organisation without making any deed of conveyance of right in favour of the organisation. The accounts were not also inspected by the Board Officials. No effective steps were taken either for starting its production or recovery of the loan in the event of its failure.

4.30.4.5. Under a scheme introduced by the Commission for supply of instruments required for production units of some village industries like village oil, pottery, etc. equipment like power ghani and wheel, etc. are supplied to the artisans by the manufacturers centrally selected by the Commission, on the basis of requisitions placed by the Board. Out of 350 potters wheels, 484 portable power ghanis, 2 ban making machines (for processing rope from grasses of different varieties) and 1 rapesador machine (for processing rope from fibres of pineapple trees) indented by the Board between 1982-83 and 1985-86, 350 wheels and 160 ghanis were received till 31st March 1986. Out of the equipment received, 10 wheels and 82 ghanis were distributed among the beneficiaries leaving 340 wheels (Rs.1.19 lakhs) and 78 ghanis (Rs.7.71 lakhs) unutilised in stock of the Board. Although according to the Board, the suppliers being located outside the State, procurement of spare parts and after sales services were absent and as a result the norm of production fixed by the Commission was also not achieved; the extent of non-availability of spare parts and after sales service could not be ascertained in audit. Delay in supply of portable power ghanis to the artisans and besides the frequent changes of the pattern of financing by the Commission caused much inconvenience to the entrepreneurs. Thus, the Board failed to introduce the Instrumentation Programme effectively. Test check revealed that out of 2 portable power ghanis supplied by a firm selected by the Commission, one (Rs.0.10 lakh) had been lying out of order soon after its installation and the other (Rs.0.10 lakh) had not attained the specified standard production resulting in a loss (amount not available) suffered by the artisan. No effective steps were taken for repair of the idle ghanis lying out of order.

4.30.4.6. Out of total sales of Rs.12.85 lakhs of the production of 3 Polyvastra units between 1982-83 and 1985-86, Rs.1.84 lakhs remained unrealised from different debtors in March 1986. The closing stock of Polyvastra as on March 1986 was valued at Rs.7.84 lakhs compared to Rs.6.17 lakhs as on March 1985, indicating accumulation of stock.

4.30.4.7. The two handmade paper units at Kalyani and Dasghara run with the State Government grants only and operating directly by the Board, had installed capacities of 75,000 kg and 45,000 kg respectively per year. The actual production, cost of establishment and the net financial results as worked out by the Board in its profit and loss and receipts and payments accounts during the years from 1982-83 to 1985-86 are given below :

Year	Units		Production		Cost of establi- sh- ment	Net Result (+) Profit (-) Loss	Percen- tage of value of produc- tion to cost of establis- hment
			Quantity (In Kgs.)	Value			
(In lakhs of rupees)							
1982-83	Dasghara	..	2070 6	0.51	1.81	(-)2.30	355
	Kalyani ..	..	10370	2.08	1.79	(-)2.35	86
1983-84	.. Dasghara	..	2486	0.31	3.83	(-)3.76	1235
	Kalyani ..	..	10060	1 93	3.80	(-)3.67	197
1984-85	.. Dasghara	..	4734	1 15	2.29	(-)2 08	199
	Kalyani ...	..	3787	0 66	4.72	(-)4.69	715
1985-86	. Dasghara	..	3083	1.07	2.54	(-)2.55	237
	Kalyani ..	..	10799	1.56	3.93	(-)4.91	252

Production fell short of the capacity in every year, the reasons for which were not indicated.

4.30.4.7.1. The position of investments and accumulated loss in respect of the two handmade paper units as revealed from the balance sheets of the two centres for the year 1985-86 was as follows :

			Investment	Accumulated loss	Percentage of loss to investment
(In lakhs of rupees)					
Kalyani Unit	..	..	34.20	38.31	112
Dasghara Unit	..	..	24.74	23.69	96

In order to make the two paper units economically viable the Board, on the advice of State Government, submitted a scheme for reorganisation costing Rs.14.06 lakhs in May 1983. The State Government provided a grant of Rs.2 lakhs only against the scheme in 1985-86.

4.30.4.7.2. The accounts for the year ending 1985-86 revealed Sundry Debtors amounting to Rs.5.04 lakhs without any supporting schedule with full details.

4.30.4.8. *Non-starting of a lympo unit*

For establishment of one Lympo Unit at Sonamukhi in Bankura district for manufacturing of lime, the Board had advanced Rs.0.74 lakh to the West Bengal Comprehensive Area Development Corporation in 1981-82 (Rs.0.39 lakh) and 1982-83 (Rs.0.35 lakh). Neither the unit was set up for about 4 years nor the amount was refunded to the Board (July 1986) although called back.

4.30.5. *Schemes implemented by the West Bengal Comprehensive Area Development Corporation Limited (WBCADCL)*

Out of grants aggregating Rs.7.07 lakhs and loans aggregating Rs.39.86 lakhs received by the WBCADCL authorities between 1982-83 and 1984-85 from the Board for development of Village and Khadi Industries viz., village oil, new model charka (NMC), Muslin Charka (MC), Raniganj tiles, village leather, etc., Rs.3.03 lakhs and Rs.18.35 lakhs respectively were utilised, leaving Rs.4.04 lakhs (57 per cent) and Rs.21.51 lakhs (54 per cent) unutilised for about 1 to 4 years. Non-utilisation of fund was attributed (July 1986), by the CADC authorities, to non-availability of worksheds, required licences, etc.

Out of loans and grants aggregating Rs.21.38 lakhs stated to have been utilised, certificates in support of utilisation of Rs.20.43 lakhs (power Ghani : Rs.17.27 lakhs; NMC : Rs.2.40 lakhs; MC : Rs.0.38 lakh; Chalk pencil : Rs.0.04 lakh and Raniganj tiles : Rs.0.34 lakh) were furnished to the Board (July 1986).

No steps were taken to assess the amount of loan due for recovery nor was any amount recovered (July 1986).

4.30.5.1. *Village oil industry*

Out of 100 power ghanis for supply of which orders were placed (1983-84) with an approved agent of the Commission of Kanpur, 50 ghanis were supplied in 1984-85 at a cost of Rs.4.94 lakhs. The CADC, however, paid (1984-85) Rs.7.12 lakhs in anticipation of supply of the remaining ghanis also leading to an excess payment of Rs.2.18 lakhs. The defects in the starter, motor, ball bearing, etc. found in the ghanis were set right by the agent after negotiations through the Commission. But the agent declined to supply the remaining 50 ghanis at old rate of Rs.9,500 per ghani and they revised

the rate at Rs.14,500 per ghani. Neither the ghanis were supplied nor were Rs.2.18 lakhs paid in excess refunded by the agent (July 1986). The matter was under negotiation with the Commission and the Board.

Out of 119 MT of mustard seeds purchased at a cost of Rs.7.36 lakhs in 1984-85 from the National Agricultural Co-operative Marketing Federation (NAFED) and despatched direct to 7 Projects under CADC, 1.7 MT of seeds (value : Rs.0.06 lakh) were either not received or found damaged. Total quantity of mustard oil produced, marketed and the working results of the projects were, however, not ascertained (July 1986).

4.30.5.2. *NMC Units*

Eight NMC units were set up during 1982-83 at a cost of Rs.2.40 lakhs. During 1982-83, 27,484 hanks of yarn were produced in one NMC unit while other units did not start production. In 1983-84, 78,392 hanks of yarn were produced in 7 units while that of Ratoa Project was not available. Production of yarns, however, varied between 56,852 hanks in Haringhata Project and 2,600 hanks in Boinchee Project. Production figures for 1984-85 and 1985-86 were, however, not furnished (July 1986). Variation in production from project to project in 1983-84 was attributed (July 1986) to lack of space, non-availability of spare parts, raw cotton, power shortage, etc.

4.30.5.3. *Performance not assessed*

Performance of Muslin Charka unit (Rs.0.38 lakh), Chalk pencil unit (Rs.0.04 lakh) and Raniganj tiles unit (Rs.0.34 lakh) was not ascertained in respect of any of the years from 1982-83 to 1985-86, reasons for which were not furnished (July 1986).

4.30.6. *Register of assets*

No register for block accounts of assets, acquired wholly or mainly out of Government grants and assistance received from the Commission was maintained by the Board, aided institutions and Co-operative societies.

4.30.7. *Training activities*

No information regarding imparting of training to the artisans or beneficiaries covered under the development scheme of various village industries and the expenditure incurred by the Board on this account was available although called for (July 1986).

4.30.8. *District Industries Centres*

4.30.8.1. The District Industries Centres (DICs) set up in all the districts of the State to ensure effective development of cottage, village and small scale industries were also associated with Khadi and Village Industries Programmes of the Board and the amended act of the Board provided that the General Managers of the centres would sanction, disburse loans up to Rs.5,000 in each case to an individual and matching grant on the terms and conditions laid down by the Board. Between 1982-83 and 1985-86, the DICs of 15 districts disbursed Rs.367.62 lakhs to 19,407 individuals (loans : Rs.298.93 lakhs and grants : Rs.68.69 lakhs) for setting up village industries.~

4.30.8.2. Test check of records in Burdwan, Jalpaiguri, Midnapore and 24-Parganas districts revealed that a sum of Rs.83.70 lakhs (loan : Rs.64.24 lakhs and grant : Rs.19.46 lakhs) was disbursed by the GMDICs to 5,815 individual beneficiaries against sanctioned amount of Rs.118.48 lakhs (loan : Rs.94.88 lakhs and grant : Rs.23.60 lakhs) to 7,648 individuals between 1982-83 and 1985-86.

4.30.8.3. Neither any quarterly reports showing progress of the Village Industries started with the assistance given by the Board were prepared nor confirmations of acceptances of the balances of loans obtained from the beneficiaries were sent (July 1986) to the Board as prescribed. But no remedial action was taken by the Board.

4.30.8.4. No loan ledger for loans above Rs.5,000 in each case disbursed by the Board, was maintained by the DICs although maintenance of such ledger was required as per Government orders.

4.30.9. *Monitoring and evaluation*

According to the Board, a State Monitoring Board was set up in 1984 with the representatives of the Commission and the Board. Reports and returns are obtained from the beneficiaries and Board's own units for indepth study and analysis. The assessment of production, sales, employment, etc. was made on the basis of sample survey jointly conducted by the officials of the Board and the Commission in respect of individual beneficiaries and reports and returns received from the co-operative societies and the institutions. But the overall impact of the implementation of Khadi and Village Industries at a cost of Rs.1,786.32 lakhs during 1980-81 to 1985-86 on the socio-economic front was never assessed. The Board has appointed in 1985 a Project Evaluation Officer. The evaluation work or any action proposed to be taken up by the Board is only in its nascent stage.

4.30.10 *Summing up*

Out of Rs.1,838.78 lakhs received by the Board from the Commission (Rs.1,442.83 lakhs) and the State Government (Rs.395.95 lakhs) as loans (Rs.1,242.43 lakhs) and grants (Rs.596.35 lakhs) between 1980-81 and 1985-86 the Board paid Rs.998.64 lakhs as loans and Rs.211.69 lakhs as grants to institutions, co-operative societies and individuals by way of assistance for promotion of Khadi and Village Industries and the administrative expenses incurred by the Board during that period was Rs.365.96 lakhs.

During six years from 1980-81 to 1985-86 out of the financial assistance received, Rs.137.81 lakhs and Rs.34.75 lakhs were refunded to the Commission and the State Government respectively.

Against Rs.1,210.33 lakhs disbursed by the Board as financial assistance to various bodies|individuals during 1980-81 to 1985-86 the utilisation certificates for Rs.916.25 lakhs were outstanding.

From 1960-61 to 1982-83, Rs.302.07 lakhs of loans disbursed stood recoverable but remained unrealised (July 1986).

Of Rs.62.61 lakhs remaining blocked with 390 defunct units, Rs.0.16 lakh were realised through certificate proceedings, leaving Rs.62.45 lakhs still blocked.

In the cotton and silk khadi industries investment fell short by Rs.231.69 lakhs (35 *per cent*) while the production fell short by Rs.75.19 lakhs (7 *per cent*).

Accumulated losses of the Silk Production Centres and Marketing Branches at the end of March 1986 were Rs.47.80 lakhs.

Rupees 14.74 lakhs being the sale proceeds realisable from sundry debtors on account of sale of Silk products remained unrealised (March 1986).

In the village industries investment fell short by Rs.426.48 lakhs (41 *per cent*) while the production fell short by Rs.383.84 lakhs (7 *per cent*).

Out of financial assistance of Rs.563.34 lakhs, granted between 1982-83 and 1985-86, Rs.192.98 lakhs (34 *per cent*) were not utilised by the grantees.

Accumulated losses of two hand made paper units of the Board amounted to Rs.62.50 lakhs.

Out of funds of Rs.46.93 lakhs advanced to the WBCADCL, Rs.25.55 lakhs (54 *per cent*) remained unutilised.

Performance of 50 ghanis (cost : Rs.4.94 lakhs) installed in Projects under the WBCADCL was not ascertained.

Neither any Register of assets acquired out of assistance granted by the Government and Commission was maintained nor was the impact of Khadi and Village industry on the socio-economic front at a cost of Rs.1,786.32 lakhs ever assessed.

No information on training activities was furnished.

The matter was reported to Government (September 1986); their reply was awaited (December 1986).

DEVELOPMENT AND PLANNING (TOWN AND COUNTRY PLANNING) DEPARTMENT

Haldia Development Authority

4.31. Infertuous expenditure

The Haldia Development Authority (HDA) decided in June 1981 to construct Rabindra Bhaban - an auditorium complex (seating capacity : 800) at an estimated cost of Rs.60 lakhs for holding cultural functions and leasing out the auditorium to the parties interested in running cinema shows till commercial cinema houses were commissioned at Haldia. Out of the funds sanctioned by Government for execution of various schemes/projects for development of Haldia, a sum of Rs.8.60 lakhs was advanced to Public Works Department during 1982-83 and 1983-84 for the construction work. The construction was commenced in 1982-83. After incurring an expenditure of Rs.8.98 lakhs (Rs.0.38 lakh yet to be paid to PWD), progress of work being to the extent of 20 *per cent* of the total work, the work was abandoned in May 1984 as per the Resolution of the HDA in May 1984, which held that it would be unrealistic to go ahead with the construction of the auditorium because of paucity of funds and the possibility of leasing out the land and incomplete structure to individual/institutions was to be explored by newspaper advertisement. Thus, the expenditure of Rs.8.98 lakhs has proved to be infertuous.

The Chief Executive Officer, Haldia Development Authority stated (July 1986) that a proposal to take up further construction of the auditorium, through Youth Welfare Department would be discussed in the Board Meeting.

Further development was awaited (December 1986).



CALCUTTA,

The

27 JUL 1988

(A. N. MUKHOPADHYAY)

Accountant General (Audit) I, West Bengal.

Countersigned

T. N. Chaturvedi

(T. N. CHATURVEDI)

NEW DELHI,

The

- 8 AUG 1988

Comptroller and Auditor-General of India.

APPENDICES

APPENDIX 1.1

(Reference : Paragraph 1. 1, Page 1.)

Utilisation certificates awaited in September 1986 for the grants paid by Government up to March 1985

Name of the Department	Up to 1980-81		1981-82		1982-83		1983-84		1984-85		total	
	Item	Amount	Item	Amount	Item	Amount	Item	Amount	Item	Amount	Item	Amount
(Amount—Rupees in lakhs)												
1. Education	24	1.66	2	0.03	3	0.04	2	0.02	2	0.03	33	1.78
2. Agriculture	1	0.03	..	..	..	..	1	0.15	33	485.49	35	485.67
3. Commerce and Industries ..	63	50.47	34	5.61	17	2.12	5	6.11	..	..	119	64.31
4. Cottage and Small Scale Industries ..	30	146.65	35	101.67	19	77.36	29	151.20	..	..	113	476.88
5. Relief and Welfare . . .	..	..	..	..	10	4.36	..	..	14	8.67	24	13.03
6. Fisheries	20	101.54	7	6.14	6	10.97	1	10.00	6	136.53	40	265.18
7. Health and Family Welfare ..	..	..	..	..	..	..	22	17.33	35	21.01	57	38.34
8. Finance	11	15.02	3	20.60	6	71.39	..	..	1	0.02	21	107.03
9. Refugee Relief and Rehabilitation ..	..	..	..	..	..	..	..	..	1	0.80	1	0.80
10. Animal Husbandry and Veterinary Services	7	28.87	3	5.60	1	1.00	..	..	22	6.80	33	42.27
11. Public Works	1	0.25	..	..	1	0.25	..	..	1	0.25	3	0.75
12. Public Works (Roads) ..	2	31.50	..	..	..	..	..	..	..	..	2	31.50
13. Development and Planning ..	..	..	10	3.66	10	11.86	1	0.05	3	134.10	24	149.67
14. Home (Political)	3	1.30	1	1.00	1	1.05	1	1.12	1	1.12	7	5.59
15. Governor's Secretariat .. ..	..	..	..	..	22	0.21	7	0.07	16	0.49	45	0.77

16. Information and Cultural Affairs	..	2	1.75	1	0.33	8	5.63	1	0.75	13	11.88	25	21.14
17. Scheduled Castes and Tribes Welfare	..	..	..	..	..	..	..	..	..	3	30.00	3	30.00
18. Judicial	..	..	..	..	..	2	2.40	..	..	5	3.35	7	5.75
19. Environment .. ..	..	..	..	..	..	..	..	..	..	1	10.00	1	10.00
20. Local Government and Urban Development	..	2	0.37	3	0.34	2	0.12	3	0.45	206	334.74	216	336.02
21. Board of Revenue .. ..	..	1	4.68	..	..	..	..	..	..	..	..	1	4.68
Total	..	167	384.09	99	144.98	108	189.76	73	187.25	363	1185.08	810	2691.16

APPENDIX 2.1

(Reference : Paragraph 2.4.1, Page 32)

Statement showing financial assistance received by Municipalities from Government and their total expenditure in years under audit

Sl. No.	Municipalities	Year of account audited	Total grants/ loans from Government including unspent opening balance	Total expenditure	Percentage of grants and loans (column 4) to total expenditure (column 5)
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in lakhs)					
1.	Bankura	1981-82	22.93	29.86	76.85
2.	Baruipur	1982-83	9.50	11.45	82.97
3.	Bongaon	1982-83	32.51	37.86	85.87
4.	Burdwan	1978-79	59.85	47.03	127.26
5.	Garulia	1982-83	5.42	6.79	79.82
6.	Jaynagar-Majulpur	1979-80	9.07	7.88	115.10
7.	Jhargram	1983-84	14.61	7.64	191.23
8.	Katwa	1983-84	44.56	40.86	109.05
9.	Midnapore	1981-82	43.77	52.17	83.90
10.	Murshidabad	1980-81	9.50	10.51	90.39
11.	North Barrackpore	1983-84	48.99	46.51	105.33
12.	Rajpur	1980-81	19.42	21.77	89.20
13.	Raniganj	1980-81	43.39	36.61	118.52
14.	Santipur	1981-82	25.74	27.07	95.09
15.	Sonamukhi	1981-82	8.72	7.13	122.30
16.	Tarakeswar	1978-79	5.10	3.58	142.46

