REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2004

(CIVIL)

GOVERNMENT OF WEST BENGAL

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TABLE OF CONTENTS

	Paragraph	Page
Preface		vii
Overview		ix
CHAPTER I - FINANCES OF THE STATE GOVERNMENT		
Summary		1
Introduction	1.1	2
Trend of finances with reference to previous year	1.2	3
Summary of Receipts and Disbursements for the year	1.3	3
Audit Methodology	1.4	4
State Finances by key Indicators	1.5	5
Application of resources	1.6	7
Expenditure by Allocative Priorities	1.7	12
Assets and Liabilities	1.8	15
Undischarged Liabilities	1.9	19
Issue and Management of guarantees	1.10	22
Management of deficits	1.11	23
Fiscal Ratios	1.12	24
CHAPTER II - ALLOCATIVE PRIORITIES AND APPROPRIATION		
Introduction	2.1	27
Summary of Appropriation Accounts	2.2	27
Fulfilment of allocative priorities	2.3	28
Unreconciled Expenditure	2.4	32
Rush of Expenditure	2.5	32
Operation of Personal Ledger Accounts	2.6	33
Huge amounts drawn on Abstract Contingent (AC) Bills remaining outstanding	2.7	34
Budgetary and Expenditure Control	2.8	36
Transfer of fund to the Deposit accounts through 'NIL' payment vouchers	2.9	38
Other topics of interest	2.10	39
CHAPTER III - PERFORMANCE REVIEWS		
INDIAN SYSTEM OF MEDICINE AND HOMEOPATHY (Health and Family Welfare Department)	3.1	41
FUNCTIONING OF RURAL HOSPITALS AND PRIMARY HEALTH CENTRES (Health and Family Welfare Department)	3.2	54
IMPLEMENTATION OF THE CHILD LABOUR (PROHIBITION AND REGULATION) ACT, 1986 (Labour Department)	3.3	68
PRADHAN MANTRI GRAM SADAK YOJANA (Panchayats and Rural Development Department)	3.4	79
PERFORMANCE OF MURSHIDABAD DISTRICT ADMINISTRATION (Panchayats and Rural Development/Health and Family Welfare/ School Education/Mass Education Extension/Power/Animal Resources Development Departments)	3.5	89

	Paragraph	Page
BANGLA SWANIRBHAR KARMASANSTHAN PRAKALPA (Youth Services and Minorities Development and Welfare Departments)	3.6	105
CHAPTER IV - AUDIT OF TRANSACTIONS		
Fraudulent drawal/Misappropriation/Embezzlement/ Losses	4.1	
Agriculture and Co-operation Departments		
Loss due to procurement of sub-standard potatoes	4.1.1	111
Animal Resources Development Department		
Avoidable loss on hiring of delivery vans	4.1 2	112
Health and Family Welfare Department		
Loss of Government revenue due to supply of free diet to patients of APL category	4 1.3	113
Housing Department		
Injudicious sanction of interest subsidy	4 1 4	114
Relief Department		
Loss due to failure of contractors to return tarpaulin cut pieces	4 1.5	115
Sports Department		
Loss due to exemption of Government revenue	4.1 6	116
Urban Development Department		
Haldia Development Authority		
Loss due to unauthorised investment in mutual funds	4 1.7	117
Loss of revenue due to incorrect billing rates	4 1 8	118
Kolkata Metropolitan Development Authority		
Loss of revenue	4 1.9	119
Infructuous/Wasteful expenditure and Overpayment	4.2	
Animal Resources Development Department		
Wasteful expenditure on import of virus infected bulls	4.2 1	121
Commerce and Industries Department		
Infructuous payment of salaries	4 2 2	122
Food and Supplies Department		
Loss due to procurement of rice unfit for human consumption under mid-day meal scheme	4.2.3	124
Public Works (Roads) Department		
Overpayment to contractor	4 2.4	125
Violation of contractual obligations/Undue favour to contractors	4.3	
Higher Education Department		
Non-fulfillment of objective of sale of gifted land	4 3 1	126
Hill Affairs Department		
Darjeeling Gorkha Autonomous Hill Council		
Excess expenditure owing to deviation from work order	4 3 2	127
Public Works and Public Works (Roads) Departments		
Inadmissible payment of price escalation	4 3 3	128
Avoidable/Excess/Unfruitful expenditure	4.4	
Development and Planning Department		
Unfruitful expenditure due to stalling of embankment work	4 4 1	130
Unfruitful expenditure on a sanitary sewerage scheme	4 4 2	131

	Paragraph	Page
Health and Family Welfare Department		
Non-functioning of Public Information System on Bed Availability (PISBA) in referral hospitals in Kolkata	4.4.3	132
Avoidable expenditure due to non-selection of lowest tender	4.4.4	133
Jails Department		
Data storage system remaining inoperative for more than seven years since its installation	4.4.5	134
Municipal Affairs Department		
Additional burden on State's exchequer	4.4.6	135
Public Works Department		
Irregular expenditure on unauthorised hiring of vehicles	4.4.7	137
Public Works (Roads) Department		
National Highway Wing		
Unauthorised and idle investment	4.4.8	138
Women and Child Development and Social Welfare Department		
Excess expenditure in purchase of medicine kits/medicines	4.4.9	139
Regularity issues and other points	**4.5**	
Higher Education Department		
Transactions of Centres functioning in different departments irregularly kept out of University accounts	4.5.1	141
Huge rent and electricity charges remaining unrealised	4.5.2	142
Municipal Affairs Department		
State Urban Development Agency		
Unauthorised diversion and misutilisation of programme funds	4.5.3	143
Sports, Information and Cultural Affairs and Tourism Departments		
Retention of Government revenue outside Government Account and unauthorised expenditure therefrom	4.5.4	144
General		
Lack of response of Government to audit	4.5.5	145
Misappropriation and Misutilisation of Cash	4.5.6	147
Follow up action on earlier Audit Reports	4.5.7	149
CHAPTER V – INTERNAL CONTROL MECHANISM IN GOVERNMENT DEPARTMENTS		
INTERNAL CONTROL MECHANISM IN FOOD AND SUPPLIES DEPARTMENT (Food and Supplies Department)	5.1	151

APPENDICES

		Page
Appendix 1	Statement showing structure of Government Accounts and list of Indices/ratio and basis for their calculation	161
Appendix 2	Statement showing Utilisation Certificates for grants outstanding from departments	163
Appendix 3	Statement showing Audit Reports not laid before the Legislature	164
Appendix 4	Statement showing status of audit	165
Appendix 5	Statement showing arrears in preparation of accounts	166
Appendix 6	Statement showing unutilised Government Grant as on 31 March 2004	167
Appendix 7	Statement showing year-wise and department-wise analysis of cases of misappro-priation, losses, etc. awaiting final action at the end of March 2004	168
Appendix 8	Statement showing Summarised financial position of the State Government as on 31 March 2004	169
Appendix 9	Statement showing abstract of receipts and disbursements for the year 2003-2004	170
Appendix 10	Statement showing sources and application of funds	173
Appendix 11	Statement showing time series data on State Government finances	174
Appendix 12	Statement showing amount locked in incomplete projects	175
Appendix 13	Statement showing department-wise position of non-preparation of *pro forma* accounts since inception	176
Appendix 14	Statement showing department-wise position of arrears in preparation of *pro forma* accounts	177
Appendix 15	Statement showing Major Savings	181
Appendix 16	Statement showing cases where expenditure fell short by more than Rs 1 crore in each case and also in excess of 10 *per cent* of the total provision	182
Appendix 17	Statement showing persistent savings in excess of Rs 1 crore in each case and 20 *per cent* or more of the provisions	186
Appendix 18	Statement showing cases where supplementary provisions proved unnecessary	187
Appendix 19	Statement showing cases where supplementary provision obtained proved excessive (saving in each case being more than Rs 10 lakh)	188
Appendix 20	Statement showing cases where supplementary provision proved insufficient	189
Appendix 21	Statement showing cases where expenditure exceeded the Budget Provision but no supplementary grant was obtained	189
Appendix 22	Statement showing injudicious re-appropriation resulting in excess expenditure	190
Appendix 23	Statement showing injudicious re-appropriation resulting in savings	191
Appendix 24	Statement showing cases where the whole amount of savings (Rs 1 crore and above) remained unsurrendered	192

		Page
Appendix 25	Statement showing Grants/Appropriations in which large savings (Rs 1 crore and above) had not been surrendered	193
Appendix 26	Statement showing Grants/ Appropriations in which amount surrendered in March 2004	194
Appendix 27	Statement showing expenditure incurred without provision	195
Appendix 28	Statement showing inadequate budgetary control	198
Appendix 29	Statement showing DDOs operating PLAs and continuing the same over the years	199
Appendix 30	Statement showing year-wise retention of unspent balances in the PLAs over the years	200
Appendix 31	Statement showing unauthorized drawal of fund in advance and deposit thereof in the PLAs	201
Appendix 32	Statement showing PLAs remaining in-operative over the years	201
Appendix 33	Statement showing department-wise drawals of AC bills during 1987-2004 and adjustment awaited thereagainst up to 2003-2004	202
Appendix 34	Statement showing number and percentage of couples protected during 2000-2001 to 2002-2003	203
Appendix 35	Statement showing financial position in respect of major schemes implemented by Panchayats and Rural Development Department in Murshidabad district during 1999-2004	204
Appendix 36	Statement showing Year-wise position of Inspection Reports and Paragraphs pending settlement	205
Appendix 37	Statement showing details of misutilisation	207
Appendix 38	Statement showing cases of physical shortage of cash and theft	209
Appendix 39	Statement showing some important selected paragraphs on which Action Taken Notes remained outstanding	210
Appendix 40	Glossary of Abbreviations	216

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2004.

3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Departments and departmentally run commercial undertakings.

4. The Report containing the observations arising out of Audit of Statutory Corporations, Boards and Government companies and the Report containing such observations on Revenue Receipts are also presented separately

5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2003-2004 as well as those which had come to notice in the earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2003-2004 have also been included wherever considered necessary.

OVERVIEW

OVERVIEW

This Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of West Bengal for the year 2003-2004 and three other chapters comprising seven reviews and 32 paragraphs dealing with the result of audit of selected programmes and schemes and of the financial transactions of Government. A synopsis of the findings contained in the audit reviews and the more important paragraphs are presented in this overview.

1 An overview of the Finances of the State Government

The Government showed a higher revenue deficit compared to the previous year although overall revenue receipts of the State increased from Rs 14525 crore in 2002-2003 to Rs 16608 crore in 2003-2004. Compared to 1999-2000, the contribution of the State's own taxes in its total revenue receipts rose from 50 *per cent* to 53 *per cent*. Contribution of grants-in-aid from Government of India decreased from 15 *per cent* in 1999-2000 to 11 *per cent* in 2003-2004. The Eleventh Finance Commission recommended, as a medium term objective, to keep the interest payment ratio i.e. interest payments as percentage of revenue receipts at 18 *per cent*. It was, however, observed that this ratio reached an all time high of 56 *per cent* during 2003-2004.

Overall revenue expenditure of the State increased from Rs 19498 crore in 1999-2000 to Rs 25757 crore in 2003-2004 at an average trend rate of 11 *per cent*. The share of capital expenditure in the total expenditure was merely 3 *per cent* during the year. As a percentage of revenue receipt, revenue expenditure decreased from 191 *per cent* in 1999-2000 to 155 *per cent* in 2003-2004. Plan expenditure, despite its initial low values in 1999-2000 at 16 *per cent* declined further to a meagre 10 *per cent* over the years. In case of developmental expenditure, its ratio to total expenditure declined from 59 *per cent* in 1999-2000 to 45 *per cent* in 2003-2004.

Fiscal liabilities of the State increased from Rs 43227 crore in 1999-2000 to Rs 89359 crore in 2003-2004 at an average rate of 23 *per cent* during 1999-2004. Net funds available as a percentage of total debt receipts declined from 38 *per cent* in 1999-2000 to 15 *per cent* in 2003-2004. The ratio of fiscal liabilities to Gross State Domestic Product (GSDP), revenue receipts and other resources had been increasing continuously. Persistence of this phenomenon may endanger debt sustainability.

Against investment of Rs 4372.94 crore in statutory corporations, rural banks, joint stock companies and co-operatives, return on the investment was negligible in each of the last five years. Since Government was investing the interest bearing borrowed funds, the difference between the return on these investments and the

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Abbreviations used in this overview have been listed in the Glossary in Appendix 40 (page.216.)

interest on its outstanding liabilities represented an implicit subsidy, which amounted to Rs 2219.59 crore during 1999-2004.

The amount blocked in incomplete projects during 1999-2004 continued to rise from Rs 1006 crore in 1999-2000 to Rs 1552 crore in 2003-2004.

Balance from its current revenue (BCR) continued to be negative and its magnitude was on the increase. Further, with large revenue deficits a larger part of these liabilities were not having any asset back up. The ratio of its assets to its liabilities had declined to 0.33 indicating that more than half of the State's fiscal liabilities had ceased to have asset back up. All these adversely affected the plan size and reduced availability of fund for infrastructural development indicating continuing deterioration of the State's fiscal situation.

(Paragraphs 1.1 to 1.12)

2 *Allocative priorities and appropriation*

Against the total provision of Rs 44414.53 crore including the supplementary budget the expenditure was Rs 51877.56 crore. The overall excess of Rs 7463.03 crore was the result of excess of Rs 10734.02 crore in 11 grants and nine appropriations offset by the savings of Rs 3270.99 crore in 88 grants and 33 appropriations. The excess expenditure was mainly on account of payment of Ways and Means Advances and Overdraft (Rs 9315.52 crore) and repayment of market loans (Rs 308.12 crore). The excess expenditure of Rs 10734.02 crore in 11 grants and nine appropriations required regularisation under Article 205 of the Constitution of India. Major savings (Rs 2033.32 crore) occurred under nine grants and one appropriation mainly due to less spending on planned schemes. As of December 2004, the excess expenditure of Rs 45305.92 crore pertaining to the years 1999-2004 were not regularised due to non-receipt of explanatory notes on the excesses from the Finance Department.

Supplementary provision of Rs 5211.08 crore obtained during the year constituted 13 *per cent* of the original budget provision. Supplementary provision of Rs 3629.84 crore proved insufficient in 11 cases leaving an aggregate uncovered expenditure of Rs 10586.38 crore. On the other hand, provision of Rs 172.45 crore obtained in 20 cases during the year proved unnecessary. In 12 cases, supplementary grants and appropriations aggregating Rs 1383.92 crore proved excessive, the additional requirements being Rs 1111.56 crore.

Despite Government orders directing closure of Personal Ledger Accounts (PLAs) at the end of financial year, 24 DDOs of four departments test-checked did not close their PLAs resulting in accumulated balance of Rs 139.44 crore under PLAs as of March 2004.

Of the total amount of Rs 102.50 crore drawn by 87 DDOs in Abstract Contingent Bills between April 1987 and March 2003, Detailed Contingent Bills for Rs 88.40 crore (86 *per cent*) had not been submitted upto March 2004. During

2003-2004, a further amount of Rs 10.83 crore was drawn in AC Bills by these DDOs of which Rs 9.11 crore remained unadjusted.

In violation of West Bengal Treasury Rules a sum of Rs 2092.61 crore was drawn through 'nil bills' by contra credit to deposit head and thereby the expenditure in Government account stood inflated to that extent.

(Paragraphs 2.1 to 2.10)

PERFORMANCE REVIEWS

3. *Indian System of Medicine and Homoeopathy*

The policy of the Government of India was to develop Indian System of Medicine and Homoeopathy (ISM&H) to provide better and economic health care to every citizen.

There is no State Medical College and Hospital in North Bengal. Besides Kolkata, two State Medical Colleges were set up under ISM&H only in two districts out of 18 and against target of setting up 3340 dispensaries at Gram Panchayats only 675 were set up of which 117 were not functioning for want of doctors.

During 1999-2004, budget provision for capital expenditure was only two *per cent* of total budget for health care in the State under ISM&H indicating total neglect of the Government in developmental activities in this sector.

Medical education in colleges and hospitals was deficient due to poor bed occupancy, want of requisite indoor patient departments, inadequate training facilities and infrastructure. In two homoeopathic and one ayurvedic colleges and hospitals test-checked, drop out rate of students was 20 *per cent* during 1999-2004. The student capacity of Post-graduate Institute of Ayurvedic Education and Research was reduced from 13 to six during 2003-2004 due to shortage of teachers.

Against requirement of five indoor patient departments, one ayurvedic college had four departments and other two had only one each. Two homoeopathic colleges maintained only one department out of four required.

During 1999-2004, the Ayurvedic and Homoeopathic Colleges in urban areas had excess deployment of doctors, house staff and nurses whereas 51 dispensaries in rural areas remained non-operational for one to seven years due to non-deployment of doctors.

Modernisation of ayurvedic pharmacy and upgradation of the laboratory into a statutory laboratory for ISM&H remained incomplete in spite of spending Rs 0.91 crore. Medicines were supplied to consumers without conducting requisite tests.

Due to poor utilisation of herbal garden, raw materials costing Rs 81.10 lakh were procured from market. Raw materials valuing Rs 0.35 lakh were produced in the garden incurring expenditure of Rs 31.24 lakh on salaries.

The people of the state were deprived of proper treatment through ISM&H due to low budgetary provision, inadequate infrastructural facilities in State hospitals, non-deployment of medical officers in dispensaries and existence of insignificant number of homoeo dispensaries at panchayat level. In absence of monitoring and supervision, the performance of the ISM&H institutions, laboratory and pharmacy, utilisation of existing infrastructure for education, treatment and production of medicines were not satisfactory.

(Paragraph 3.1)

4. Functioning of Rural Hospitals and Primary Health Centres

The State Government's objective was to provide health care services to rural people through a network of sub-centres (SCs), primary health centres (PHCs) and rural hospitals (RHs).

During 1999-2003, scheme fund of Rs 8.73 crore were not released by the department for development of health care services. The department also failed to utilise 52 *per cent* (Rs 111.52 crore) of plan funds.

As compared to national norms, only 20 *per cent* of RHs, 61 *per cent* of PHCs and 78 *per cent* of SCs were established against requirement while in the test-checked districts shortage of RHs ranged between 76 and 95 *per cent* and for PHCs it was between 32 and 50 *per cent*. During 1999-2004, only 10 PHCs were set up in the State.

Basic minimum health care services were not provided in Sub-Centres and PHCs due to failure in providing requisite instruments, labour rooms, laboratory, electricity, toilet, etc.

In four selected districts, 27 *per cent* of sanctioned posts of MOs, nurses and other para medical staff remained vacant as of March 2004. Out of 236 PHCs, 177 PHCs were functioning with only one MO each against the norm of minimum two and 54 PHCs remained non-functional for one to five years for want of MOs.

Only 31 *per cent* of doctors were deployed in rural areas to serve 72 *per cent* of total population leading to wide disparity between urban and rural areas.

Low bed occupancy (five to 63 *per cent*) was noticed in all the test-checked RHs and BPHCs due to inadequate facilities, lack of doctors and non-operational Out Patient Departments. Further, out of 1013 beds in 182 PHCs of selected districts only 46 beds in five PHCs were functional. In the health centres, patients suffering from even routine ailments were denied treatment in out patient department and referred to district or sub-divisional hospitals.

In the State, coverage of eligible couples adopting family planning measures was 33.62 *per cent* against the target of 60 *per cent*.

During 1999-2003, 80 *per cent* of childbirths in three test-checked districts were non-institutional and the incidence of child death increased two fold during 1999-2003.

The objective of providing health care system at the doorstep of rural people could not be achieved due to huge shortage of RHs, BPHCs and PHCs as well as medical and paramedical staff, non-availability of specialist services in RHs and lack of infrastructure.

(Paragraph 3.2)

5 *Implementation of the Child Labour (Prohibition and Regulation) Act, 1986*

The Child Labour (Prohibition and Regulation) Act, 1986 was introduced by the Government of India to ban employment of children below 14 years in hazardous employment and to regulate the working condition of children in other employments. The Act also introduced the National Child Labour Project to rehabilitate children withdrawn from hazardous occupations.

No action plan or target was fixed to eradicate child labour in hazardous employment by enforcing the Act and Rules. The State Government neither provided employment to family members of 254 child labour withdrawn from hazardous occupations nor contributed to corpus fund as per orders of the Supreme Court. Government also failed to realise penalty of Rs 50 lakh from the employers, violating the provisions of the Act.

The State Government reported (1997) to the Hon'ble Supreme Court existence of only 0.16 lakh child labour engaged in hazardous and non-hazardous occupations in the State while survey conducted by DMs and NGOs in only six blocks and 11 municipalities detected 3.08 lakh child labour indicating submission of unreliable reports.

During 1999-2004, of the 0.53 lakh establishments inspected, only 55 complied with Section 11 of the Act requiring maintenance of registers indicating the lack of regulatory functions. No penal measures were initiated against such employers.

Number of inspections came down from 15697 in 1999 to 5851 in 2003 and infringement cases detected decreased from 1260 to only 135 while in 2040 cases no penalty was imposed.

In five test-checked districts only four to 20 *per cent* students enrolled in special schools under National Child Labour Project were mainstreamed to formal education. Absence of documents in support of date of birth and address of the children was hindering their acceptance in formal schools.

No special cell was created in Labour Department as desired by the Supreme Court for monitoring the National Child Labour Project (NCLP) activities. The responsibility of supervision and monitoring was entrusted to the Labour Commissioner only in May 2003.

The prospect of eradication of child labour in hazardous occupations by enforcing the Child Labour Act (1986) was bleak due to failure in fixing any target, inadequate survey to identify child labour and declining trend in inspection. Functioning of the National Child Labour Projects to rehabilitate child labour through special schools, mainstreaming to formal education and vocational training was poor. Enforcement of the Act also suffered all through due to inadequate supervision and monitoring.

(Paragraph 3.3)

6 *Pradhan Mantri Gram Sadak Yojana*

Pradhan Mantri Gram Sadak Yojana (PMGSY) launched in December 2000 sought to connect by way of all-weather roads all habitations with a population of 1000 persons and above by 2002-2003 and those with 500 persons and above by 2006-2007 in order to enable rural people to get access to economic and other essential services.

Against 11941 habitations of 1000 persons and above targeted for rural connectivity by the end of March 2003 for which Rs 444.17 crore were made available by the Government of India, the connectivity achieved on that date was only for 139 habitations. Even as of March 2004, only 526 habitations of 1000 persons and above and 156 habitations of 500 to 999 persons were provided connectivity. Besides, 300 road works involving connectivity to 1144 habitations were in progress.

While interest earned on deposit in PMGSY fund account was to be treated as part of the programme fund, Rs 3.15 crore accrued as interest was irregularly diverted to incur administrative expenses instead of spending on works of new connectivity.

Four Executing Agencies spent Rs 12.49 crore during 2001-2004 on renovation or repair of 10 black-topped/cement roads, though such roads were specifically excluded from the purview of the programme.

Missing links on five roads which were shown to have been completed in 2002-2003 at a cost of Rs 8.36 crore in Siliguri Mahakuma Parishad area, Hooghly District and Malda District had persisted for want of bridges and cross drainage works as well as due to land disputes, rendering the entire expenditure unfruitful.

Rupees 79.29 crore were spent on 99 works of upgradation of existing roads, though not permissible under the programme. This resulted in denial of the

benefit of 'new connectivity' that could have been extended to unconnected habitations had the funds been properly utilised.

During 2000-2004, the Executing Agencies spent Rs 45.86 crore on 64 existing fair-weather roads wrongly categorising them as 'earthen' roads to get them sanctioned irregularly as works of new connectivity.

Implementation of the programme suffered from flawed selection of works, improper prioritisation, unauthorised deviation from detailed project reports, quality control failure and extremely slow pace of coverage of targeted habitations.

(Paragraph 3.4)

7 Performance of Murshidabad District Administration

In the absence of long-term plan and monitoring mechanism, targeted development in prime sectors such as employment generation, housing, health and education remained unachieved.

During 1999-2004, Zilla Parishad could not utilise grant of Rs 8.56 crore depriving rural people from employment generation of 20.99 lakh mandays.

Under Swarnjayanti Gram Swarozgar Yojana grants of Rs 15.95 crore could not be availed due to non-utilisation of 46 to 83 *per cent* of the yearly available grant. Against the target of forming 4579 Self-help Groups during 1999-2004, only 3251 SHGs were formed; of which 169 (5 *per cent*) were actually assisted in creation of income generating assets.

Under Indira Awas Yojana and Pradhan Mantri Gramodaya Yojana, smokeless chullahs and sanitary latrines were not provided in 1146 and 1044 upgraded houses respectively though Rs 2.19 crore including cost (Rs 21.90 lakh) of these components were released to the beneficiaries.

During 1999-2004, of 9.94 lakh couples, 6.66 lakh were not covered under family planning measure. Of 4.74 lakh childbirths, 3.34 lakh deliveries were non-institutional thereby birth of low weight babies increased from 27 *per cent* to 55 *per cent*. Infant mortality rate in the district was also more than the State average of 55 per thousand and ranged between 77 and 116 per thousand in six test-checked villages.

Due to non-deployment of Medical Officers and Health Assistants 45 Primary Health Centres and 166 sub-centres in the district remained non-functional depriving people of health care facilities.

Out of 8.72 lakh illiterates enrolled only 0.63 lakh (7 *per cent*) were made functionally literate after spending Rs 5.99 crore and the minimum learning level was achieved for 53 *per cent* against the target of 80 *per cent* while the drop out

rate ranged between 27 and 32 *per cent*. The Pupil-Teacher ratio in 2612 schools was on average 74:1 against the norm 40:1.

Of the 4375 disabled children targeted, 1193 were not brought under the mainstream of education and school-going habit could not be developed among one lakh out of three lakh children targeted during 2001-2004.

Electrification of over 700 villages was not done as of March 2004 though fund was not a constraint.

In the absence of proper supervision, monitoring and control mechanism in the district administration, the targets for generation of employment, eradication of illiteracy, achievement of minimum level of learning, coverage under family planning, immunisation of babies and pregnant women, reduction of infant mortality and electrification of villages remained largely unachieved.

(Paragraph 3.5)

8 Bangla Swanirbhar Karmasansthan Prakalpa

Bangla Swanirbhar Karmasansthan Prakalpa (BSKP) was launched in September 2000 to ensure significant generation of self-employment for unemployed youth within the age group of 18 to 40 years. This was to be achieved by involving the banks in release of loans and Government subsidy to entrepreneurs.

Against the target of implementation of 1.10 lakh projects for generation of 5.50 lakh employments in the State during 2000-2004, Government sponsored 63272 projects (58 *per cent*) to banks of which only 23342 were sanctioned by banks raising serious reservations about the working of the Project Implementation Committees.

Out of 23342 projects sanctioned by banks, matching subsidy of Rs 69.43 crore for 20859 projects was released by the Department to banks, of which the banks did not disburse Rs 19.03 crore for 6164 projects and retained Rs 15.24 crore resulting in unauthorised retention of Government money in banks.

In Medinipur district, banks disbursed only Rs 1.48 crore against stipulated Rs 5.04 crore (70 *per cent*) as loan for 186 projects costing Rs 7.20 crore, though entrepreneurs contributed their full share of Rs 0.72 crore.

In four test-checked districts, of 5326 projects, 538 projects failed resulting in unfruitful payment of subsidy of Rs 2.32 crore involving scope of employment of 2690 youths. Of these 538 projects, 51 projects were not even in existence at the registered addresses.

Due to failure in awareness generation among unemployed youths, non-release of subsidy by the department, rejection of approved projects and retention of subsidy by banks, only 36 *per cent* of allotted fund were utilised while financial assistance percolated to only 23 *per cent* of the sponsored projects and 2.43 lakh youths were deprived of employment opportunity.

(Paragraph 3.6)

9 Internal Control Mechanism in Food and Supplies Department

Internal control mechanism in an organisation is meant to ensure that its operations are carried out according to the applicable laws and regulations and in an economical, efficient and effective manner. The non-compliance with internal control requirments in Food and Supplies Department led to preparation of unrealistic budget, holding of huge cash in chest, incurring of avoidable expenditure, non-preparation of annual accounts, failure in achieving the targets and non-deployment of required personnel in key areas.

Due to non-observance of budgeting procedure such as compilation of inputs from the field officers, previous year's expenditure, actual men on roll, etc. the budget provisions became unrealistic and resulted in huge savings during 1999-2004.

Contrary to all the norms of financial propriety, Director of Finance used the funds available in cash credit account to meet office expenses and travelling allowances and as of 31 March 2004, Rs 3.16 crore spent on such purposes remained unrecouped to the cash credit account for want of budget provision.

Cash balances were not physically verified either by the Assistant Director of Finance or by the Director of Finance. Due to inadequate control over cash management huge amount of undisbursed cash ranging from Rs 26.84 lakh to Rs 1.08 crore was retained in cash chest.

The department failed to claim subsidy of Rs 49.35 crore from GOI as it did not prepare the accounts for the years from 1999-2000 to 2003-2004. Consequently, the department had to incur extra expenditure of Rs 48.52 crore on account of interest on cash credit.

Due to payment of advance to the agencies for procurement of rice from the farmers without executing agreement, Rs 17.96 crore remained unrealised as of December 2004, which adversely affected the cash credit account of the department.

Due to inadequate infrastructure and insufficient manpower the directorate failed to ensure the quality of foodgrains stored in the departmental godowns. Against 9230 inspections required to be conducted during 1999-2004, only 891 inspections (10 *per cent*) were conducted.

The performance of internal audit wing was ineffective as it did not conduct audit of any unit of the department during 1999-2004.

(Paragraph 5.1)

10 *Fraudulent drawal/Misappropriation/Embezzlement/Losses*

Procurement of inferior quality potatoes towards the end of market season, improper storing and delay in disposal of the stock by BENFED resulted in avoidable loss of Rs 74.69 lakh.

(Paragraph 4.1.1)

Central Dairy, Kolkata, incurred avoidable loss of Rs 1.01 crore on hiring private vans due to failure in utilisation of even 50 *per cent* of the carrying capacity of the departmental vans for delivery of milk.

(Paragraph 4.1.2)

Faliure in realisation of prescribed diet charges from non-BPL indoor patients by Bankura Sammilani Medical College and Hospital and District Hospital, Purulia in disregard of Government order led to loss of revenue of Rs 1.02 crore.

(Paragraph 4.1.3)

Government's decision to subsidise the interest payable for the period from June 1999 to October 2002 on a loan taken by the West Bengal Housing Board, for the New Town Project at Rajarhat to the extent of Rs 27.07 crore lacked justification and was avoidable.

(Paragraph 4.1.4)

Failure of the Relief Directorate to enforce return of 2.66 lakh kg of remnants of poly tarpaulin by 12 fabricators resulted in loss of Rs 99.03 lakh to Government during April 1999 to December 2003.

(Paragraph 4.1.5)

The Minister-in-charge, Sports Department granted exemptions to private individuals/non-Government organisations, etc. from payment of rental charges/electricity duty for hiring of Netaji Indoor Stadium (Kolkata) and Yuba Bharati Krirangan (Kolkata) leading to loss of revenue of Rs 92.21 lakh during April 2000 to August 2003.

(Paragraph 4.1.6)

Haldia Development Authority suffered a loss of Rs 1.27 crore due to unauthorised investment of Rs 2 crore in mutual fund in contravention of the Act.

(Paragraph 4.1.7)

Failure of Haldia Development Authority in getting defective water meters repaired or replaced promptly and charging abnormally low water rates during the period (53 months) when water meters were non-functional resulted in loss of revenue of Rs 2.29 crore.

(Paragraph 4.1.8)

There was short and non-collection of toll revenue on the Barrackpore-Kalyani Expressway resulting in loss of revenue of Rs 1.46 crore.

(Paragraph 4.1.9)

11 Infructuous/Wasteful Expenditure and Overpayment

Due to failure of the Government to incorporate a specific warranty condition in the agreement, virus infected imported animals could not be deported rendering the expenditure of Rs 83.05 lakh on import of animals wasteful.

(Paragraph 4.2.1)

Cancellation of appointment of newly appointed copyholders by the Superintendent, West Bengal Government Press, Alipore, without serving notice, non-compliance of High Court's judgment to reinstate them and inordinate delay in appealing to Supreme Court led to infructuous payment of salary of Rs 62.65 lakh between May 1990 and March 2002.

(Paragraph 4.2.2)

Decision of DM, Howrah for procurement of 5629.69 quintals of rice, declared 'unfit for human consumption', under mid-day meal scheme resulted in loss of Rs 34.54 lakh besides depriving students of the benefit of the scheme.

(Paragraph 4.2.3)

Adoption of carriage cost for longer distance in computation of item rates by Superintending Engineer, State Highway Circle-V led to overpayment of Rs 94.58 lakh to the contractor.

(Paragraph 4.2.4)

12 Violation of contractual obligations/Undue favour to contractors

The Calcutta University invited open tenders for sale of a piece of gifted land but instead of acting on the offered bids, subsequently sold the land against an unsolicited offer. No scholarship fund was created out of the sale proceeds of Rs 2.01 crore as originally required under the gift deed nor the revised objective of construction of a technology campus achieved.

(Paragraph 4.3.1)

Payment of price escalation by the Executive Engineers ignoring the contract provision led to inadmissible payment of Rs 5.47 crore to the contractors.

(Paragraph 4.3.3)

13 Avoidable /Excess/Unfruitful Expenditure

Commencement of construction work for flood protection and prevention of erosion in forest areas initiated by Uttarbanga Unnayan Parshad (UUP) without obtaining prior permission from GOI resulted in stalling of work midway rendering the expenditure of Rs 66.43 lakh on the work unfruitful.

(Paragraph 4.4.1)

Revision of the comprehensive drainage and sewerage scheme at Digha without assessing the availability of funds and delay of the department in execution of the project resulted in unfruitful expenditure of Rs 4.63 crore and the objective of averting pollution of sea-water and environment remained unfulfilled.

(Paragraph 4.4.2)

Executive Engineer, City Division, Public Works Department unauthorisedly hired 24 private vehicles violating Government instructions, which resulted in irregular expenditure of Rs 1.08 crore.

(Paragraph 4.4.7)

Chief Engineer, National Highway Wing of Public Works (Roads) Department without conducting any survey of demand purchased 2.51 acre of land at Rs 1.15 crore for rehabilitation of the persons whose land was acquired for National Highway work. The land remained unused rendering the investment of Rs 1.15 crore idle.

(Paragraph 4.4.8)

14 Regularity issues and other points

Accounts Officer (Finance), West Bengal Secretariat had been paying huge advances out of undisbursed cash, in total disregard of the provisions of the General Financial Rules, and a sum of Rs 1.64 crore was outstanding in his cash book as a part of cash balance. Immediate action needs to be taken to recover the amounts to prevent misuse of funds.

(Paragraph 4.5.6)

In contravention of West Bengal Treasury Rules, departmental receipts of Rs 1.59 crore were not remitted into Government account and Rs 1.04 crore was spent unauthorisedly therefrom by three drawing and disbursing officers.

(Paragraph 4.5.4)

CHAPTER I

CHAPTER I

Finances of the State Government

Summary

In West Bengal, both the Revenue and Fiscal Deficit increased in 2003-2004 by 6 *per cent* and 22 *per cent* respectively.

The ratio of revenue receipts to total expenditure stood at 56 *per cent* in 2003-2004. Overall revenue receipts of the State increased from Rs 10211 crore in 1999-2000 to Rs 16608 crore in 2003-2004 at an average trend rate of 12 *per cent* per annum. During the current year, however, the growth rate was 14 *per cent* compared to negative growth in 2002-2003. On an average around 57 *per cent* of revenue had come from State's own resources while central tax transfers and Grants-in-aid together contributed 43 *per cent* of the total revenue during 1999-2004.

Overall expenditure of the State increased from Rs 21914 crore in 1999-2000 to Rs 29569 crore in 2003-2004 at an average trend rate of 10 *per cent* per annum. The rate of growth which was at its peak at 33 *per cent* in 1999-2000 declined thereafter and stood at 17 *per cent* in 2003-2004. In fact, the major burden of curtailment in the growth of total expenditure resulted in a decline in the proportion of developmental expenditure to total expenditure. The proportion of developmental expenditure declined from 59 *per cent* in 1999-2000 to 45 *per cent* in 2003-2004. Interest payments increased steadily from Rs 4174 crore in 1999-2000 to Rs 9354 crore in 2003-2004 primarily due to continued reliance on borrowings for financing fiscal deficit. Interest payments were consuming an increasing portion of the revenue receipts and went up to 56 *per cent* in 2003-2004.

Fiscal liabilities of the State more than doubled from Rs 43227 crore in 1999-2000 to Rs 89359 crore in 2003-2004. State's fiscal imbalances were also increasing and a large part of the fiscal deficit was used for meeting current expenditure. Increasing ratios of fiscal liabilities to the Gross State Domestic Product, revenue receipts and own resources indicated that the debt stock was increasingly becoming unsustainable.

Balance from current revenue (BCR), which plays an important role in plan size, was not only consistently negative, its magnitude was also on the increase. The ratio of assets to liabilities had declined to 0.33 indicating that more than half of the State's fiscal liabilities did not have asset back up. All these adversely affected the plan size and reduced availability of fund for infrastructural development.

1.1 Introduction

The Finance Accounts of the Government of West Bengal are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State Government. The layout of the Finance Accounts is depicted below :

Box 1.1
Layout of Finance Accounts

Statement No 1 presents the summary of transactions of the State Government –receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the consolidated fund, contingency fund and public account of the state.

Statement No 2 contains the summarised statement of capital outlay showing progressive expenditure to the end of 2003-2004.

Statement No.3 gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.

Statement No.4 indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.

Statement No. 5 gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.

Statement No. 6 gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions

Statement No. 7 gives the summary of cash balances and investments made out of such balances.

Statement No.8 depicts the summary of balances under consolidated fund, contingency fund and public account as on 31 March 2004.

Statement No.9 shows the revenue and expenditure under different heads for the year 2003-2004 as a percentage of total revenue/expenditure.

Statement No.10 indicates the distribution between the charged and voted expenditure.

Statement No.11 indicates the detailed account of revenue receipts by minor heads.

Statement No.12 shows revenue expenditure by minor heads under non plan, State plan and centrally sponsored schemes and capital expenditure by major heads.

Statement No.13 depicts the detailed capital expenditure incurred during and to the end of 2003-2004.

Statement No.14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc. up to the end of 2003-2004.

Statement No.15 depicts the capital and other expenditure to the end of 2003-2004 and the principal sources from which the funds were provided for that expenditure.

Statement No.16 gives the detailed account of receipts, disbursements and balances under heads of account relating to debt, contingency fund and public account.

Statement No.17 presents detailed account of debt and other interest bearing obligations of the Government of West Bengal.

Statement No.18 provides the detailed account of loans and advances given by the Government of West Bengal, the amount of loan repaid during the year, the balance as on 31 March 2004, and the amount of interest received during the year.

Statement No.19 gives the details of earmarked balances of reserved funds.

1.2 Trend of finances with reference to previous year

Finances of the State Government during the current year compared to previous year were as under:

2002-2003 (Rupees in crore)	Sl. No.	Major Aggregates	2003-2004 (Rupees in crore)
14525.45	1	Revenue Receipts (2+3+4+5)	16608.49
7046.40	2	Tax Revenue- own	8767.91
654.33	3	Non-Tax Revenue	605.84
4586.74	4	State Share of Union Taxes and Duties	5341.65
2237.98	5	Grants -in-aid from GOI	1893.09
213.35	6	Non-Debt Capital Receipts	91.03
213.35	7	*Of which* Recovery of Loans	91.03
14738.80	8	Total Receipts (1+6)	16699.52
22069.09	9	Non-Plan Expenditure	26252.16
21376.73	10	On Revenue Accounts	23836.06
7810.47	11	*Of which*, Interest Payments	9354.42
692.36	12	On Capital Accounts	2416.10
671.62	13	*Of which* Loans disbursed	2402.56
3238.81	14	Plan Expenditure (15+16)	3317.78
1784.04	15	On Revenue Account	1921.41
1454.77	16	On Capital Account	1396.37
691.16	17	*Of which* Loans disbursed	653.77
25307.90	18	Total Expenditure (9+14)	29569.94
10569.10	19	Fiscal Deficit (18-1-6)	12870.42
8635.32	20	Revenue Deficit (10+15-1)	9148.98
2758.63	21	Primary Deficit (19-11)	3516.00

1.3 Summary of Receipts and Disbursements for the year

Table 1 summarises the finances of the State Government for the year 2003-2004 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements, public accounts receipts and disbursements and appropriation from Contingency fund made during the year as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table 1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2003-2004 (Rupees in crore)

2002-2003	Receipts	2003-2004	2002-2003	Disbursements	2003-2004		
					Non-Plan	Plan	Total
14525.45	I. Revenue Receipts	16608.49	23160.77	I. Revenue expenditure	23836.06	1921.41	25757.47
7046.40	Tax revenue	8767.91	12588.03	General services	14388.93	30.70	14419.63
654.33	Non-tax revenue	605.84	7599.03	Social Services	6861.55	1174.25	8035.80
4586.74	Share of Union Taxes/ Duties	5341.64	2742.00	Economic Services	2328.99	715.46	3044.45
2237.98	Grants from Government of India	1893.10	231.71	Grants-in-aid/ Contributions	256.59	1.00	257.59
			Section-B: Capital				
Nil	II. Misc. Capital Receipts	Nil	784.35	II Capital Outlay	13.54	742.60	756.14
213.35	III. Recoveries of Loans and Advances	91.03	1362.78	III Loans and Advances disbursed	2402.56	653.77	3056.33
	IV. Public debt receipts[1]			IV Repayment of Public Debt			
15576.31	Other than Overdraft	20676.92	2990.98	Other than Overdraft	8851.14	-	8851.14
	Overdraft		1355.86	Overdraft	-		-
24060.16	V. Public account receipts	29800.27	24605.22	V Public account disbursements	28902.67	-	28902.67
458.36	Opening Balance	573.44	573.44	Closing balance	425.76		425.76
54833.63	Total	67750.15	54833.40	Total	64431.73	3317.78	67749.51
-	Appropriations from Contingency Fund	0.22	0.23	Appropriations from Contingency Fund	0.86	-	0.86
54833.63	Grand Total	67750.37	54833.63	Grand Total	64432.59	3317.78	67750.37

[1] *Includes net ways and means advances and overdraft also*

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure from the statements of the Finance Accounts for the year 2003-2004 and wherever necessary, show these in the light of time series data and periodic comparisons The key indicators adopted for the purpose are (i) resources by volumes and sources, (ii) application of resources, (iii) assets and liabilities and (iv) management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilization efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates

The reporting parameters are depicted in the Box 1.2.

Box 1. 2
Reporting Parameters

Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current prices The New GSDP series with 1993-94 as base as published by the Bureau of Economics and Statistics of the State Government have been used.

For tax revenues, non-tax revenues, revenue expenditure etc, buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP

For most series a trend growth during 1999-2004 has been indicated. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in **Appendix 1**

The accounts of the State Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account. These are defined below:

Box 1.3
State Government Funds and the Public Account

Consolidated Fund	Contingency Fund
All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund titled 'The Consolidated Fund of the State' established under Article 266 (1) of the Constitution of India	Contingency Fund of the State established under Article 267 (2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund

Public Account

Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker Transactions relating to provident funds, small savings, other deposits, etc are a few examples The public moneys thus received are kept in the Public Account set up under Article 266 (2) of the Constitution and the related disbursements are made from it.

1.5 State Finances by key Indicators

1.5.1 Resources by volumes and sources

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, state's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise of miscellaneous capital receipts like proceeds from disinvestments, recoveries of loans and advances, debt receipt from internal sources viz. market loans, borrowings from financial institutions/ commercial banks etc and loans and advances from Government of India as well as accruals from Public accounts.

Table 2 shows that the total receipts of the State Government for the year 2003-2004 were Rs 67176 crore. Of which, the revenue receipts of the State Government was Rs 16608 crore only, constituting 25 *per cent* of the total receipts. The balance of receipts came from borrowings and public account receipts

Table 2 – Resources of West Bengal

(Rupees in crore)

I Revenue Receipts			***16608***
II Capital Receipts			***20768***
a	*Miscellaneous Receipts*	-	
b	*Recovery of Loans and Advances*	*91*	
c	*Public Debt Receipts*	*20677*	
III Public Account Receipts			***29800***
a	*Small Savings, Provident Fund, etc.*	*1067*	
b	*Reserve Fund*	*328*	
c	*Deposits and Advances*	*12477*	
d	*Suspense and Miscellaneous*	*14181*	
e	*Remittances*	*1747*	
Total Receipts			***67176***

1.5.2 Revenue receipts

Statement-11 of the Finance Accounts details the Revenue Receipts of the Government. The Revenue Receipts of the State consist mainly of its own tax and non-tax revenues, central tax transfers and grants-in-aid from Government of India. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and its buoyancy are indicated in *Table 3.*

Table 3: Revenue Receipts – Basic Parameters (Value in Rupees in crore and others in *per cent*)

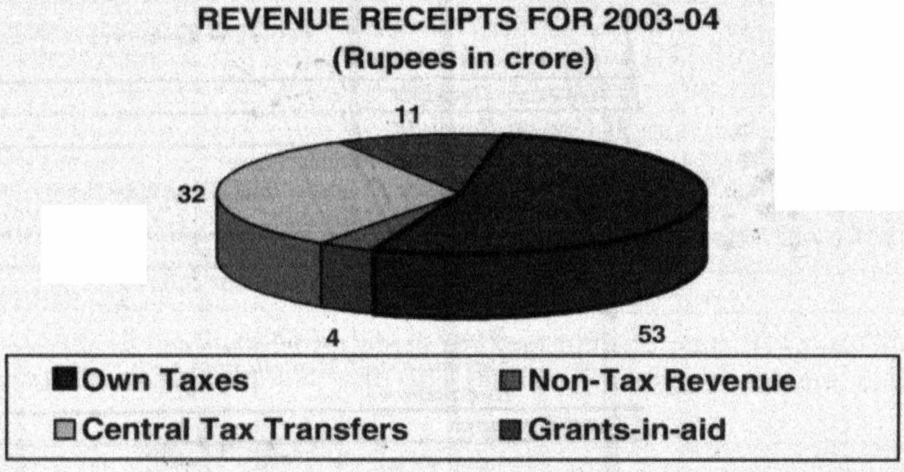
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Revenue Receipts	10211	14522	14538	14525	16608
Own taxes *	49.96	40 94	44 95	48.51	52.79
Non-Tax Revenue *	5.75	8.36	5.33	4.50	3.65
Central Tax Transfers *	29.22	28.98	29.50	31 58	32 17
Grants-in-aid *	15.07	21.72	20.22	15.41	11 40
Rate of Growth of RR	8.78	42.22	0.11	(-) 0.09	14.34
GSDP Growth	29.657	10.330	11.951	6.505	11.467
Revenue Receipts/GSDP	8.73	11.26	10.07	9.45	9.69
Revenue Buoyancy	0.296	4.087	0.009	#	1.251

* As a percentage of Revenue Receipts

\# Rate of growth of Revenue Receipts was negative

Revenue receipts of the State increased from Rs 10211 crore in 1999-2000 to Rs 16608 crore in 2003-2004 at an average trend rate of 12 *per cent* per annum. There were, however, significant inter year variations in the growth rates. After a significant increase of 42 *per cent* in 2000-2001, the growth rate which plummeted to (-) 0.09 *per cent* in 2002-2003 again increased to 14 *per cent* in 2003-2004. The increase in revenue receipts was mainly attributable to larger collection of Sales Tax (Rs 639.07 crore); larger receipts from share of Union Taxes and Duties (Rs 754.91 crore); Land Revenue (Rs 334.98 crore); Taxes on Vehicles (Rs 285.97 crore) and Taxes on duties from electricity (Rs 250.74 crore) partly offset by less receipts under Grants-in-aid from GOI (Rs 344.88 crore).

While on an average around 57 *per cent* of revenue had come from the State's own resources comprising tax and non-Tax receipts, central tax transfers and grants-in-aid together contributed 43 *per cent* of the total revenue during 1999-2004.



1.5.3 Tax Administration

Budget for 2003-2004 aimed at netting Rs 825 crore as additional resource by re-introducing entry tax (Rs 500 crore), through enhancement of rate of land revenue (Rs 150 crore), by granting fresh excise licence (Rs 100 crore) and through strengthening enforcement drive to check evasion of motor vehicles tax (Rs 75 crore). Re-introduction of Entry Tax though expected to earn Rs 500 crore was not introduced and revenue realised fell short of what was anticipated. Tax and non-tax revenue collected was Rs 9374 crore against estimated Rs 9905 crore; shortfall being Rs 531 crore.

Sales tax was the major source of State's own tax revenue contributing 55 *per cent* of the tax revenue followed by Land Revenue (11 *per cent*), Stamps and Registration (9 *per cent*), etc. Non-tax revenue fell to Rs 605.84 crore in 2003-2004 from Rs 654.33 crore in 2002-2003. Compared to 1999-2000, the contribution of the State's own taxes in its total revenue receipts rose from 50 *per cent* to 53 *per cent* while Grants-in-aid from GOI fell

from 22 *per cent* in 2000-2001 to 11 *per cent* in 2003-2004 consequent upon the recommendations of the Eleventh Finance Commission, which recommended non-plan revenue deficit grants for 2001-2004 on a reducing basis. A reduction in these grants in 2003-2004, compared to the previous year, affected revenue growth of the State.

1.5.4 Arrears in Collection of Revenue

The arrears of revenue on 31 March 2004 in respect of some principal heads of revenue aggregated Rs 1489.21 crore. Of these, Rs 96 67 crore were outstanding for a period of more than 5 years. Arrears related to Sales Tax (Rs 1079.33 crore), Electricity Duty (Rs 341.97 crore), Taxes on Agricultural Income (Rs 30.66 crore), Amusement Tax (Rs 26.50 crore) and Excise Duty (Rs 10.75 crore).

The source of receipts under different heads and the GSDP during 1999-2004 are indicated in *Table 4*.

Table 4 – Sources of Receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic product[2]
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
1999-2000	10211	37	8350	22229	40827	116899
2000-2001	14522	93	10925	22749	48289	128975
2001-2002	14538	168	12205	26438	53349	144389 (P)
2002-2003	14525	213	15575	24060	54373	153781 (Q)
2003-2004	16608	91	20677	29800	67176	171415 (A)

A = Advance, P = Provisional, Q = Quick

1.6 Application of resources

1.6.1 Trend of Growth

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure major head wise. The total expenditure of the State increased from Rs 21914 crore in 1999-2000 to Rs 29569 crore in 2003-2004 at an average trend rate of 10 *per cent* per annum.

Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP are indicated in *Table 5* below:

Table 5: Total Expenditure- Basic Parameters (Value in Rupees in crore and others in *per cent*)

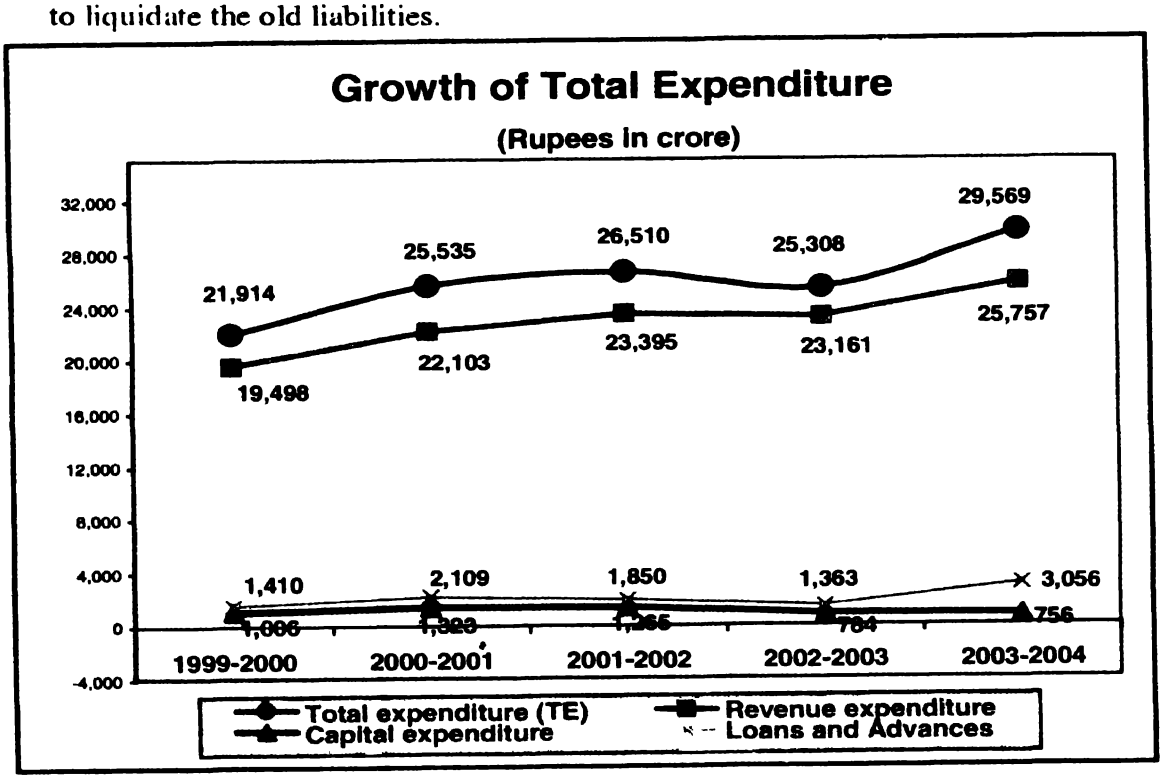
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Total Expenditure	21914	25535	26510	25308	29569
Rate of Growth	32 52	16.52	3 82	(-) 4 53	16 84
TE/GSDP Ratio	18 75	19 80	18 36	16 46	17.25
Revenue Receipts /TE Ratio	46 60	56 87	54 84	57.39	56 17
Buoyancy of total expenditure with					
GSDP	1 097	1 600	0 319	#	1 468

Rate of growth of Total Expenditure was negative

[2] *GSDP Figures have been changed on receipt of updated data*

1.6.2 Expenditure Management

Revenue earnings of the government were lower than that estimated. Government's expenditure on revenue account was also lower than budget by Rs 1301 crore and on capital account by Rs 278 crore. This was mainly due to lower expenditure in areas like Interest Payment (Rs 72 crore), Pensions and Miscellaneous General Services (Rs 222 crore), Education, Sports, Art and Culture (Rs 251 crore), Transport (Rs 604crore) and less payment of grants-in-aid and contribution (Rs 93 crore) on revenue account. Capital expenditure of the State Government was Rs 756 crore against estimated Rs 1034 crore on both plan and non-plan sectors. Loans and Advances made during the year was Rs 3056 crore against estimated Rs 2374 crore. Of Rs 3056 crore, Energy alone accounted for Rs 2976 crore. High incidence of loan to Energy Sector was mainly due to (i) loans (Rs 1851 crore) to West Bengal State Electricity Board for repayment of its dues to Central Public Sector Undertakings through floating of Power Bonds and (ii) loans (Rs 500 crore) to West Bengal Power Development Corporation Limited to enable it to repay its old dues by adjustment against coal cess receivable by State Government from Eastern Coal Fields Limited. These loans did not, however, help the Power Sector to build up any infrastructure but were meant to liquidate the old liabilities.



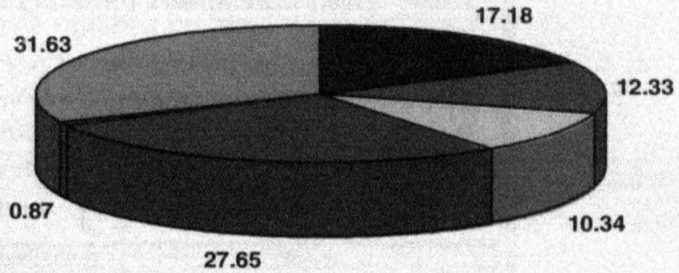
In terms of activities total expenditure could be considered as being composed of expenditure on general services, interest payments, social and economic services, grants-in-aid and other contributions to institutions and loans and advances. The relative share of these components in total expenditure is indicated in *Table 6*.

Table 6: Components of Expenditure –Relative Share (in *per cent*)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
General Services (Excluding interest payments)	18.07	17.31	18.09	19.01	17.18
Interest Payments	19.05	20.90	24.50	30.86	31.63
Social Services	38.20	33.73	31.89	30.51	27.65
Economic Services	17.14	18.94	17.56	13.32	12.33
Grants-in-aid	1.11	0.86	0.98	0.91	0.87
Loans and Advances	6.43	8.26	6.98	5.39	10.34

The movements of the relative share of these components indicate that the share of general services excluding interest payment has more or less remained static while the share of social and economic services has declined over the years. Expenditure on general services (including interest payments) considered as non developmental, accounted for 49 *per cent* of total expenditure in 2003-2004 as compared to 37 *per cent* in 1999-2000.

Allocative Priorities - Trend of Expenditure 2003-2004
(Relative share in *per cent*)



- General Services (Excluding Interest Payments)
- Economic Services
- Loans and Advances
- Social Services
- Grants-in-aid
- Interest Payments

1.6.3 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in total expenditure which is usually incurred to maintain the current level of assets and services. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts and its buoyancy with GSDP are indicated in ***Table 7*** below:

Table 7: Revenue Expenditure- Basic Parameters (Value in Rupees in crore and others in *per cent*)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Revenue Expenditure	19498	22103	23395	23161	25757
Rate of Growth	36.90	13.36	5.85	(-) 1.00	11.21
RE/GSDP	16.68	17.14	16.20	15.06	15.03
RE as % of TE	88.98	86.56	88.25	91.52	87.11
RE as % to Revenue Receipt	190.95	152.20	160.92	159.46	155.09
Buoyancy of Revenue Expenditure					
GSDP	1.244	1.293	0.489	#	0.977

Revenue Expenditure had a negative growth

Revenue expenditure of the State increased from Rs 19498 crore in 1999-2000 to Rs 25757 crore in 2003-2004, at an average trend rate of 11 *per cent*. In the

current year, the revenue expenditure witnessed a rise of Rs 2596 crore mainly due to increase in expenditure under Interest Payments (Rs 1543.95 crore); Pension and other Retirement Benefits (Rs 202.46 crore); Urban Development – Assistance to local bodies (Rs 171.38 crore); Roads and Bridges (Rs 124.58 crore); General Education – Secondary Education (Rs 119.43 crore) and other Rural Development Programme – Panchayati Raj Development Works (Rs 111.36 crore).

The ratio of revenue expenditure to total expenditure witnessed a moderate deceleration from 89 *per cent* in 1999-2000 to 87 *per cent* in 2003-2004. As percentage to revenue receipts, revenue expenditure decreased from 191 *per cent* in 1999-2000 to 155 *per cent* in 2003-2004. However, dependency of the State on borrowings for meeting its current expenditure continued to persist. This was primarily due to the fact that Salaries (Rs 8730 crore)[3], Interest Payments (Rs 9354 crore) and Pensions (Rs 2611 crore) together accounted for 125 *per cent* of total revenue receipts of the State during the year.

1.6.4 High expenditure on salary and pension payments

Salaries alone accounted for 53 *per cent* of the revenue receipts of the State. The expenditure on salaries, however, as a percentage of GSDP and Revenue Receipts, declined from 8 and 87 *per cent* in 1999-2000 to 5 and 53 *per cent* in 2003-2004 as indicated in the ***Table 8*** below:

Table 8

Heads	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
	(Rupees in crore)				
Salary expenditure	8867.50	8716 71	8612 39	8569 78	8729 81
As percentage of GSDP	7.59	6 76	5 96	5 57	5 09
As percentage of Revenue Receipts	86 84	60 02	59 24	59 00	52 56

Pension payments increased by 65 *per cent* from Rs 1582.29 crore in 1999-2000 to Rs 2610.61 crore in 2003-2004 Year-wise breakup of expenditure incurred on pension payments during the years 1999-2000 to 2003-2004 was as under:

Table 9

Year	Expenditure (Rupees in crore)	Percentage to total revenue
1999-2000	1582.29	15
2000-2001	1937.17	13
2001-2002	2253.79	15
2002-2003	2408.15	17
2003-2004	2610 61	16

With the increase in the number of retirees, the pension liabilities are likely to increase further in future. The State Government has not constituted any fund to meet the fast rising pension liabilities of the retired State employees. Considering the rate at which pension liabilities are increasing, reforms in the existing pension schemes assume critical importance.

[3] *Departmental figures*

1.6.5 Interest payments

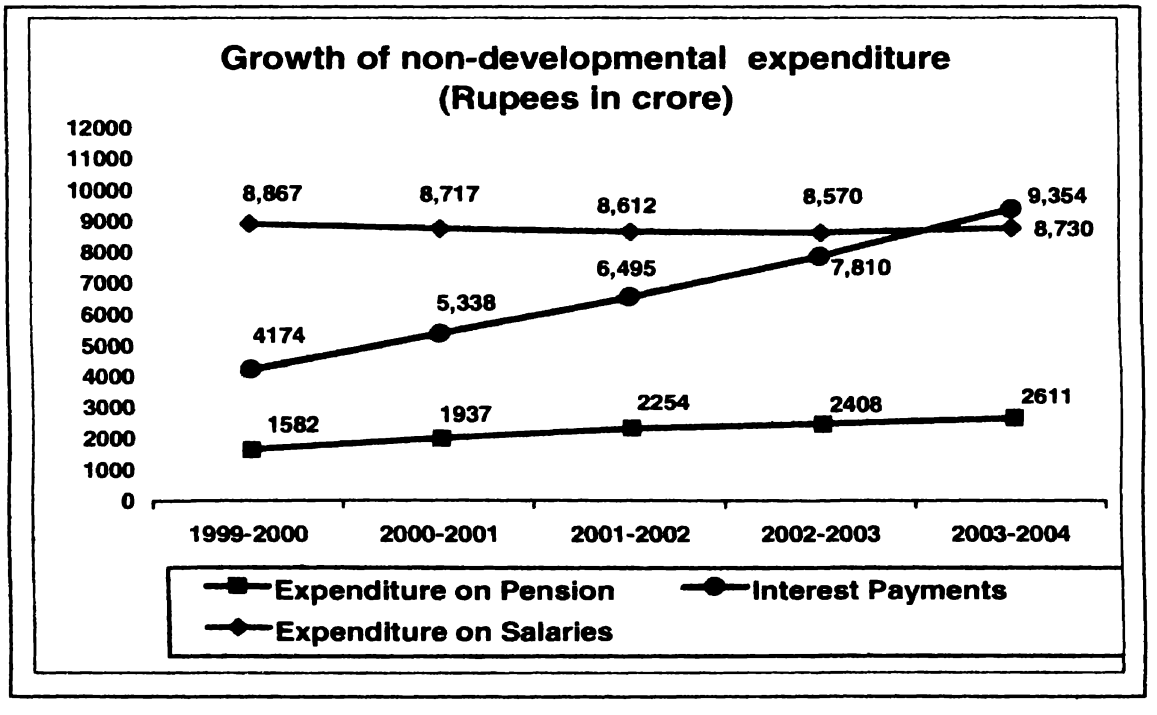
The Eleventh Finance Commission (August 2000) recommended that as a medium term objective, states should endeavour to keep interest payment revenue receipts ratio at 18 *per cent*. It was, however, observed that interest payments as percentage of revenue receipts reached an all time high of 56 *per cent* during 2003-2004

Table 10

Year	Interest Payment (Rupees in crore)	Percentage of interest payment with reference to	
		Revenue Receipts	Revenue Expenditure
1999-2000	4174	41	21
2000-2001	5338	37	24
2001-2002	6495	45	28
2002-2003	7810	54	34
2003-2004	9354	56	36

In absolute terms, Interest payments increased steadily by 124 *per cent* from Rs 4174 crore in 1999-2000 to Rs 9354 crore in 2003-2004 primarily due to continued resource gap Large interest payments, increasing year after year, due to continued reliance on borrowing for meeting the deficits, restricted expenditure on Social and Welfare schemes. The interest payments as a percentage of revenue receipts as compared to Bihar, Orissa, Tamilnadu, Kerala, and Andhra Pradesh were as below

Year	Interest payments as a percentage of revenue receipts					
	West Bengal	Bihar	Orissa	Tamilnadu	Kerala	Andhra Pradesh
1999-2000	41	27	21	17	25	18
2000-2001	37	28	33	17	26	19
2001-2002	45	27	40	19	27	21
2002-2003	54	28	34	20	28	27
2003-2004	56	27	30	20	28	25



1.6.6 Subsidies by the Government

Though the finances of the State are under strain, State Government has been paying subsidies to the various Nigams, Corporations etc. During the last five years, State Government paid the subsidies under various schemes as under:

Table 11

(Rupees in crore)

Sl. No.	Particulars	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
1	Road Transport Corporations	164.55	181 05	223.14	214.65	215.88
2	West Bengal State Electricity Board	49 30	57.37	100 00	-	-
	Total	213.85	238.42	323.14	214.65	215.88
	Percentage Increases (+)/ Decreases (-) over previous years	24	11	36	(-) 33	0.57

Payment of subsidy to West Bengal State Electricity Board for 2002-2003 and 2003-2004 were yet to be decided by West Bengal Electricity Regulatory Commission Outstanding subsidy of Rs 1251.23 crore was yet to be disbursed.

1.7 Expenditure by Allocative Priorities

The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statement 12 of Finance Accounts reflect the allocative priorities of the State. Higher the ratio of these components to total expenditure better is deemed to be the quality of expenditure. *Table 12* below gives the percentage share of these components of expenditure in State's total expenditure*.

Table 12: Quality of Expenditure (*per cent* to total expenditure)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Plan Expenditure	15 60	18 71	16 69	10.64	10 05
Capital Expenditure	4 91	5.65	5 13	3.27	2.85
Developmental Expenditure	59 15	57 41	53 15	46 33	44 59

**Total expenditure does not include Loans and Advances*

All the three components of expenditure indicated a decline and the ratios in 2003-2004 were significantly lower than their levels in 1999-2000. The share of plan expenditure sharply fell from 19 *per cent* in 2000-2001 to a mere 10 *per cent* over the years, indicating that a lower proportion of incremental expenditure got allocated to plan expenditure. In case of developmental expenditure, its ratio to total expenditure declined from 59 *per cent* in 1999-2000 to 45 *per cent* in 2003-2004.

The decrease in capital expenditure (Rs 28.21 crore) over 2002-2003 was mainly due to less investment under Industry and Minerals (Rs 24.82 crore), Irrigation and Flood Control (Rs 10.11 crore), Agriculture and allied activities (Rs 5.93 crore) partially offset by more investment under Health and Family Welfare (Rs 7.18 crore), Urban Development (Rs 5.39 crore), etc.

Out of the developmental expenditure (Rs 11821 crore), social services (Rs 8176 crore) accounted for nearly 69 *per cent* of the developmental expenditure during the year. General Education, Medical and Public Health and Water Supply and Sanitation consumed three-fourths (73 *per cent*) of the expenditure on social sector.

Table 13 :Expenditure under Social Sector

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
	(Rupees in crore)				
General Education	4859 (4.21)	4425 (3.09)	4395 (2.97)	4273 (2.69)	4390 (2.56)
Medical and Public Health	1149 (0.99)	1320 (0.92)	1243 (0.84)	1212 (0.76)	1240 (0.72)
Water Supply and Sanitation	323 (0.28)	406 (0.28)	407 (0.27)	302 (0.19)	353 (0.21)
Total	**6331**	**6151**	**6081**	**5787**	**5983**

Percentage of GSDP in brackets

Similarly, the expenditure on Economic Services (Rs 3645 crore) accounted for 31 *per cent* of the developmental expenditure. Of this, Rural Development (Rs 736 crore), Special Areas Programme (Rs 333 crore), Power (Rs 145 crore), Irrigation and Flood Control (Rs 598 crore) and Transport (Rs 826 crore) etc accounted for 72 *per cent* of the expenditure in economic sector.

Table 14 : Expenditure under Economic Sector

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
	(Rupees in crore				
Rural Development	738.81	768.02	916.42	611.57	736.26
Special Areas Programmes	251.22	382.79	378.72	349.51	332.89
Power	63.18	191.95	103.45	143.97	144.95
Irrigation and flood control	749.93	941.44	841.23	619.25	598.49
Transport	804.69	1174.49	1067.45	654.59	826.48
Total	**2607.83**	**3458.69**	**3305.27**	**2378.89**	**2639.07**

1.7.1 Financial assistance to local bodies and other institutions

Autonomous bodies and authorities perform non-commercial functions of public utility services. These bodies/authorities receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc. to implement various programmes of Government. The grants are given by Government mainly for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

The quantum of assistance provided to different local bodies during the period of five years ending 2003-2004 was as follows:

Table 15

Bodies/authorities, etc.	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
	(Rupees in crore)				
Universities and Educational Institutions	3918.70	3969.38	3972.04	3945.16	8171.14
Municipal Corporations and Municipalities	17.97	32.77	800.01	380.57	377.48
Zilla Parishads and *Panchayati Raj* Institutions	312.18	40.21	0.24	407.38	306.68
Development Agencies	200.76	458.49	174.80	1427.89	625.85
Hospitals and other Charitable Institutions	6.23	17.66	0.03	1.00	25.50
Other Institutions (including statutory bodies)	338.67	247.96	419.55	366.66	-
Total	4794.51	4766.47	5366.67	6528.66	9506.65
Percentage increase(+)/ decrease (-) over previous year	43.99	(-) 0.58	12.59	21.65	45.61
Assistance as a percentage of revenue receipts	46.96	32.82	36.92	44.95	57.24
Percentage of assistance to revenue expenditure	24.59	21.56	22.94	28.19	36.91

Delay in furnishing utilisation certificates

Out of grants aggregating Rs 11832.05 crore disbursed between 1998-1999 and 2003-2004, in respect of which utilisation certificates were required to be furnished, utilisation certificates for only Rs 9511.74 crore (9801 cases) were furnished as of June 2004, and certificates for the balance amount of Rs 2320.31 crore (10860 cases) were awaited. Of these, 175 certificates involving Rs 54.84 crore were pending for more than three years, the earliest pertaining to 1998-1999. The department-wise break-up of outstanding utilisation certificates is given in *Appendix 2.*

Delay in submission of accounts by Autonomous Bodies

The audited Reports in respect of ten[4] autonomous bodies/authorities entrusted under the provisions of Section 19(2) and 19(3) of the Comptroller and Auditor General's (DPC) Act, 1971 were required to be laid before the State Legislature along with the annual accounts of the respective autonomous bodies/authorities concerned. However, the State Government failed to lay the Reports in respect of eight bodies/authorities before the Legislature as detailed in *Appendix 3*. As a result, the Legislature was deprived of access to the audited accounts of these bodies in which Rs 565.07 crore were spent during these years. Darjeeling Gorkha Autonomous Hill Council did not submit accounts for the period from 1988-1989 to 2003-2004. The detailed information regarding non-submission of accounts for the year upto 2003-2004 despite repeated reminders by audit is given in *Appendix 4.*

[4] *1. Commissioners for Rabindra Setu, 2. West Bengal Comprehensive Area Development Corporation 3. Hooghly River Bridge Commissioners 4. Kolkata Metropolitan Development Authority 5. West Bengal Housing Board 6. Darjeeling Gorkha Autonomous Hill Council 7. West Bengal Commission for Women 8. West Bengal University of Animal and Fishery Sciences 9. West Bengal Human Rights Commission 10. West Bengal State Legal Services Authority.*

Audit arrangements

During the year 2003-2004, audit of 50 annual accounts of 59 bodies/ authorities (excluding Panchayats/Rural Institutions/Urban Local Bodies) which attracted audit by Comptroller and Auditor General of India was conducted.

Five hundred five (505) annual accounts of different bodies/authorities for 2003-2004 and earlier years had not been received as of July 2004 by the Accountant General (Local Bodies Audit). The details are given in *Appendix 5*. It would reveal that accounts were due even for 24 years.

Unutilised grants

Grants aggregating Rs 122.74 crore, meant for development purposes, were lying unspent with 39 bodies (District Primary School Council/Fish Farmers' Development Agencies/District Library Authorities and others) whose accounts for varying periods between 1988-1989 and 2002-2003 were audited during 2002-2003. The details are given in *Appendix 6*. The concerned bodies did not furnish reasons for non-utilisation and non-refund of the Government grants. There was nothing on record to show any action having been taken to adjust/refund the unutilised grants.

1.7.2 Misappropriations, defalcations, etc.

State Government reported 687 cases of misappropriations, defalcations, etc. of Government money involving Rs 553.32 crore. These cases pertained to the period from 1949-1950 to the end of March 2004 on which final action was pending at the end of June 2004.

	Number of cases	Amount (Rupees in lakh)
Cases outstanding as on 31 March 2003	788	650 21
Cases reported during 2003-2004	22	55.81
Cases disposed of till March 2004	123	152.70
Cases outstanding as on 31 March 2004	687	553 32

Appendix 7 contains department-wise details of the outstanding cases. Of the 687 cases outstanding as of March 2004, 659 cases (amount involved : Rs 4.73 crore) were pending for more than two years. Fifty three *per cent* of these cases involving 8 *per cent* (Rs 39 71 crore) of the total amount related to the Land and Land Reforms Department.

1.8 Assets and Liabilities

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by Government. However, the Government accounts do capture the financial liabilities and assets created out of the expenditure incurred Statement 16 read with details in Statement 17 of Finance Accounts show the year-end balances under the Debt Deposit and Remittance heads from which the liabilities and assets are worked out. *Appendix 8* presents an abstract of such liabilities and assets as on

31 March 2004, compared with the corresponding position on 31 March 2003. While the liabilities in this Statement consist of monies owed by the Government such as internal borrowings, loans and advances from Government of India, receipts from Public Account and Reserve Funds, the assets comprise mainly the cumulative capital expenditure and outstanding balances of its investment, loans and advances. The liabilities of Government of West Bengal depicted in the Finance Accounts, however, do not include the pension, other retirement benefits payable to serving/retired state employees, guarantees/letters of comforts etc issued by the State. ***Appendix 8*** shows that while the liabilities grew by 15 *per cent*, the assets increased by only 10 *per cent*. This shows a continuing deterioration of the financial conditions of the State.

Appendix 9 gives details of the receipts and disbursement of the State Government, ***Appendix 10*** gives sources and application of funds while ***Appendix 11*** depicts the time series data on State Government Finances for the period 1999-2000 to 2003-2004.

1.8.1 Financial results of irrigation works

The financial results of four major and four medium irrigation and three drainage projects with a capital outlay of Rs 1672.41 crore at the end of 31 March 2004 showed that the revenue of Rs 2.90 crore realised from these during 2003-2004 was insignificant in comparison to even the direct operating expenses. After considering the operation and maintenance expenses of Rs 43.52 crore and interest charges of Rs 29.26 crore, the schemes suffered a net loss of Rs 69.89 crore.

1.8.2 Incomplete projects

The amount blocked up in incomplete projects during 1999-2004, continued to rise from Rs 1006 crore in 1999-2000 to Rs 1552 crore in 2003-2004. The amount blocked in these projects was 13 *per cent* of the cumulative capital outlay of the State as on 31 March 2004. Details are given in ***Appendix 12.***

1.8.3 Investments and returns

As on 31 March 2004, Government had invested Rs 4372.94 crore[5] in its statutory corporations, rural banks, joint stock companies and cooperatives. Of which investment in Government Company viz. Durgapur Projects (Rs 99.99 crore), West Bengal Electronic Industry Development Corporation (Rs 136.04 crore), West Bengal Industrial Development Corporation (Rs 248.74 crore), West Bengal Power Development Corporation (Rs 2337.05 crore), Haldia Petro Chemicals (Rs 540.29 crore), West Bengal Power Development Corporation (Rs 141.84 crore) was Rs 3503.95 crore. Government's return on this investment was negligible in last five years as shown in ***Table 16***. Since Government was investing in the interest-bearing borrowed funds, the difference between the rate of return on these investments and the average interest rate on its outstanding liabilities represented an

[5] *Differs from those furnished by Government Companies etc. which is under reconciliation*

implicit subsidy. During 1999-2004, this implicit subsidy amounted to Rs 2219.59 crore.

Table 16 : Return on Investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowings (%)
1999-2000	3654.30	1.23	0.03	11.10
2000-2001	3867.95	3.18	0.08	10.97
2001-2002	4143.73	3.77	0.09	10.85
2002-2003	4203.70	1.38	0.03	10.92
2003-2004	4372.94	0.50	0.01	11.22

1.8.4 Loans and advances by State Government

In addition to its investment, Government has also been providing loans and advances to many of these bodies. Total outstanding balances of the loans advanced as on 31 March 2004 was Rs 15644.81 crore. Interest received on such loans had varied from 0.07 *per cent* to 6.41 *per cent* during 1999-2004 (*Table 17*). Government in most cases only acted as an intermediary and provided interest-bearing borrowed funds to these entities. The difference in interest received and the average interest on its liabilities was an implicit subsidy to these entities. Total implicit subsidy during 1999-2004, on arranging such loans was Rs 5653.21 crore. In addition to the implicit subsidy involved in these investments and loans, these assets in themselves had become non-performing ones. Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions of these loans.

Table 17: Average Interest Received on Loans Advanced by the State Government

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
	(Rupees in crore)				
Opening Balance	6458.97	7831.55	9847.64	11530.08	12679.51
Amount advanced during the year	1409.82	2109.33	1850.39	1362.78	3056.33
Amount repaid during the year	37.24	93.24	167.95	213.35	91.03
Closing Balance	7831.55	9847.64	11530.08	12679.51	15644.81
Net addition	1372.58	2016.09	1682.44	1149.43	2965.30
Interest Received	6.61	567.04	25.81	8.86	12.92
Interest Received as *per cent* of loans	0.09	6.41	0.24	0.07	0.08
Average Interest rate paid by the State	11.10	10.97	10.85	10.92	11.22
Difference in rate (interest paid and received)	11.01	4.56	10.61	10.85	11.14

Test-check of records of the Power and Transport departments revealed that these departments did not take any effective step for settlement of terms and conditions of loans amounting to Rs 811.42 crore (Transport : Rs 285.57 crore; Power : Rs 525.85 crore) sanctioned between 1965 and 1999. Government also failed to ensure recovery of overdue loans of Rs 1014.48 crore (Transport : Rs 190.89 crore; Power : Rs 823.59 crore) and interest of Rs 2186.22 crore (Transport : Rs 357.99 crore; Power : Rs 1828.23 crore). The total loan outstanding against the two departments as of March 2004 was Rs 12275.07 crore.

The following points also emerged during test-check of departments.

Transport Department

No repayment was made by loanees during 1999-2000 to 2003-2004.

Margin money loan to North Bengal State Transport Corporation amounting to Rs 1.5 crore sanctioned (March 2003) for purchase of 100 buses (with loan from West Bengal State Co-operative Bank) was diverted for other work. Nevertheless a further loan of Rs 1.5 crore for the same purpose was sanctioned in February 2004.

Power Department

The department converted (during 1999-2004) loan of Rs 326.68 crore (Rs 284.68 crore sanctioned to West Bengal Power Development Corporation Limited (WBPDCL) and Rs 42 crore to Durgapur Project Limited (DPL)) for different purposes into equity. This tantamounted to waiver of loan and window dressing of accounts of those two State Government undertakings.

Further, Rs 1878.74 crore representing Government revenue towards outstanding coal cess receivable from Eastern Coal Field Limited against dues of the following units was adjusted by sanctioning loans during 2000-2004.

Name of unit	2000-2001	2001-2002	2002-2003	2003-2004	Total
	(Rupees in crore)				
WBPDCL	267.98	-	297.69	500.00	1065.67
WBSEB	-	600.00	-	-	600.00
DPL	-	-	213.07	-	213.07
Total	**267.98**	**600.00**	**510.76**	**500.00**	**1878.74**

The department sanctioned (2000-2001) loan and grant of Rs 492.54 crore and Rs 6.43 crore to WBSEB and DPL respectively against adjustment of accrued interest of State Government loan as on March 2001 and 2000 respectively.
It would thus be evident that all the transactions were mere paper transactions without any inflow or outflow to or from the State exchequer.

1.8.5 Commercial activities

Lack of accountability in the use of public funds by departmentally run commercial undertakings

Activities of quasi-commercial nature are performed by departmentally run units of certain Government departments. These units are to prepare annual *pro forma* accounts in the prescribed format showing their financial operations to enable the Government to assess their performance. The heads of departments in Government are to ensure that the undertakings, which are funded by budgetary release, prepare the accounts on timely basis for submission to the Principal Accountant General for audit. As of June 2004, out of 25 such units, eight had not prepared their accounts since inception, as detailed at *Appendix 13*. As of June 2004, three units had not prepared their

accounts for more than 10 years, 10 for more than five years, three from one to 5 years. Details are given in ***Appendix 14***.

Thus, there was no accountability of the Management and Government in respect of public funds spent by these undertakings.

1.8.6 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. In case of West Bengal the limit of ordinary ways and means advance was Rs 420 crore during the year. The State has used this mechanism for 361 days although it raised borrowings of Rs 5729.16 crore from the market on seven occasions. Resort to overdraft (OD), which is over and above the WMA limits, is all the more undesirable. The State used the OD facilities for 146 days on 15 occasions during the year as against 260 days last year.

Table 18: Ways and Means and Overdrafts of the State and Interest paid thereon (Rupees in crore)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Ways and Means Advances					
Taken in the Year	5297 20	6536 12	1914 26	2435 62	7098 78
Outstanding	594 73	680.32	742 46	162.33	830 50
Interest Paid	20 69	37 44	17.03	51 07	46 03
Overdraft					
Taken in the Year	3524 89	4720.82	11665 32	12399 77	6840 49
Outstanding	731 59	670 80	1358 34	-	-
Interest Paid	0 97	6 78	46 20	25 38	15 04
Number of Days State was in Overdraft	109	156	253	260	146

1.9 Undischarged Liabilities

1.9.1 Fiscal liabilities – public debt and guarantees

Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may from time to time be fixed by the Act of its legislature. In July 2001, Government introduced the West Bengal ceiling on Government Guarantees Act 2001 in terms of which total outstanding guarantee (other than guarantee given to West Bengal Infrastructure Development Finance Corporation Limited) as on the first day of April of any year shall not exceed 90 *per cent* of the State Revenue receipts of the second preceding year of such year. Statement 4, read with statements 16 and 17 of Finance Accounts, shows the year-end balances under Debt Deposit and Remittance heads from which the liabilities are worked out.

It would be observed that the overall fiscal liabilities of the State increased from Rs 43227 crore in 1999-2000 to Rs 89359 crore in 2003-2004 at an average rate of 23 *per cent* during 1999-2004. The ratio of these liabilities to GSDP also increased from 37 *per cent* in 1999-2000 to 52 *per cent* in 2003-2004, and stood at 5.37 times of its revenue receipts and 9.51 times of its own resources comprising own tax and non-tax revenue.

Table 19 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources and the buoyancy of these liabilities with respect to these parameters.

Table 19: Fiscal Imbalances- Basic Parameters (Rupees in crore and ratios in *per cent*)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Fiscal Liabilities	43227	54119	65583	77515	89359
Rate of Growth	35.28	25.20	21 18	18 19	15.27
Ratio of Fiscal Liabilities to					
GSDP	36.98	41 96	45 42	50 41	52.02
Revenue Receipt	423.34	372.67	451.11	533.67	536.89
Own Resources	759.97	755.85	897.17	1006.69	951.22
Buoyancy of Fiscal Liabilities to					
GSDP	1.190	2.439	1.772	2.797	1.311

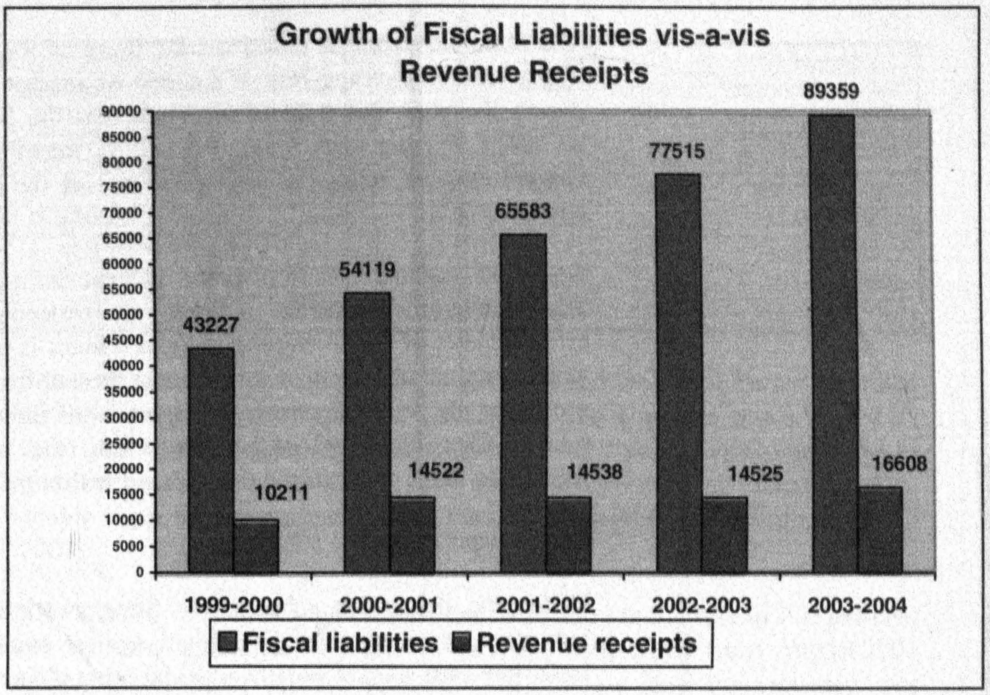
In addition to these liabilities, Government had guaranteed loans of its various corporations and others, which in 2003-2004 stood at Rs 11044 crore[6] (76 *per cent* of revenue receipt of 2001-2002). Guarantees to the loans, which are in the nature of contingent liabilities of the State, are generally not risk weighted and do not constitute part of the fiscal liabilities as per existing accounting practice. Nevertheless, these liabilities pose fiscal risk as they could be activated depending on occurrence of defaults by the principal borrowers. Currently, the fiscal liabilities including the contingent liabilities exceed five times the revenue receipts of the State. The direct fiscal liabilities of the State have grown much faster as compared to its rate of growth of GSDP. For each one *per cent* increase in GSDP, the direct fiscal liabilities of the State have gone up by 1.311 *per cent* during 2003-2004.

Increasing liabilities had raised the issue of sustainability of the State Government finances. Fiscal liabilities are not only required to be stable in relation to the GSDP, average interest paid on these liabilities should also be less than the rate of growth of its GSDP. Debt sustainability with reference to weighted interest rate, GSDP growth rate and interest spread are indicated in ***Table 20***.

Table 20: Debt Sustainability- Interest Rate and GSDP Growth (in *per cent*)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Weighted Interest Rate	11 10	10.97	10.85	10.92	11.22
GSDP Growth	29.66	10.33	11.95	6.50	11.47
Interest spread	18.56	(-) 0.64	1.10	(-) 4 42	0.25

[6] *Differs from those furnished by Government Companies etc. which is under reconciliation*



Another important indicator of the debt sustainability is the net availability of the borrowed funds after payment of principals on account of earlier contracted liabilities and interest.

Table 21 below gives the position of receipt and repayments of internal debt over the last five years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments declined remarkably from 38 *per cent* to 15 *per cent* during 1999-2004.

Table 21: Net Availability of Borrowed Funds (Rupees in crore)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Internal Debt					
Receipt	5554	9361	9783	13007	18638
Repayment(Principal + Interest)	877	2074	3220	4572	7067
Net funds available	4677	7287	6563	8435	11571
Net funds available (*per cent*)	84	78	67	65	62
Loans and Advances from Government of India					
Receipt	1470	1539	1672	2568	1371
Repayment(Principal + Interest)	3450	3890	4133	4811	9932
Net funds available	(-) 1980	(-) 2351	(-) 2461	(-) 2243	(-) 8561
Net funds available (*per cent*)	(-) 135	(-) 153	(-) 147	(-) 87	(-) 624
Total Public Debt					
Receipts	7024	10900	11455	15575	20009
Repayment (Principal + Interest)	4327	5964	7353	9383	16999
Net Receipts	2697	4936	4102	6192	3010
Net Funds Available as % to total Receipts	38	45	36	40	15

*** Internal debt excluding ways and means advances**

IX-53B-1

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WEST BENGAL SECRETARIAT LIBRARY

The State Government raised market loans of Rs 5729 crore during the year. The weighted average rate of interest of market borrowing (Rs 5729 crore) during the year was 6.13 *per cent* whereas the State Government borrowed Rs 10424.97 crore from National Small Savings Funds (Rs 9054 10 crore) and Government of India (Rs 1370.87 crore) at the rate of 10.50 *per cent* per annum.

As on 31 March 2004, 38 *per cent* of the existing market borrowings of the State Government carried interest rate exceeding 10 *per cent*. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which they are able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that 26 *per cent* of the total market loans are re-payable within the next five years while the remaining loans are required to be repaid within the next six to thirteen years.

Debt Swap

Under the debt-swap scheme, the State swapped a part of its high-cost liabilities (on account of GOI loans against small savings collection) with fresh low cost market borrowings and current liabilities on account of small savings. This would help the State to reduce interest cost of debt in future. During 2003-2004, Rs 5507 22 crore stood adjusted towards debt swap scheme.

1.10 Issue and Management of guarantees

The position of the guarantees given by the State Government during 1999-2004 stood as follows:

Guarantee position as on	Maximum amount guaranteed	Guaranteed loan outstanding	Percentage of outstanding guaranteed to maximum guarantee
	(Rupees in crore)		
31 March 2000	5606 40	3907 07	69 69
31 March 2001	9676 52	6959 67	71 92
31 March 2002	12912 36	7642 86	59 19
31 March 2003	17648 64	11193 94	63 43
31 March 2004	17255 57	11043 77	64 00

The total guarantee of the Government increased from Rs 5606 40 crore in 2000 to Rs 17255.57 crore in 2004 (208 *per cent* increase) whereas the outstanding guaranteed loan amount increased from Rs 3907.07 crore in 2000 to Rs 11043.77 crore in 2004 (183 *per cent* increase).

Position of guarantee in respect of test-checked departments viz. Finance (IF), Transport, Power and Co-operation during 2000 to 2004 was as follows:

Guarantee position as on	Finance (IF)		Transport		Power		Co-operation	
	Maximum amount guaranteed	Amount outstanding	Maximum amount guaranteed	Amount outstanding	Maximum amount guaranteed	Amount outstanding	Maximum amount guaranteed	Amount outstanding
	(Rupees in crore)							
31.3.2000	1598.39	1595 34	87 18	47 05	2706 43	1543 45	735 60	489 96
31.3 2001	4435.59	4219.01	140 28	35.30	2557.41	1575 34	730 60	464 82
31.3 2002	8111.37	4961.26	111 86	30 11	3047 81	1702.31	708 60	401 95
31.3.2003	10815.85	7666.88	110.09	32.29	3349.68	1767 73	720.25	380.05
31.3.2004	11831.61	8619.76	203.77	21 34	3416 03	1563 42	750 08	302 73

Power department gave guarantees to WBSEB and Durgapur Projects Limited (DPL) for repayment of principal and interest of the market bonds floated by them. As liquidity position of the units were very poor, Government had to give further loans of Rs 422.66 crore to these Government undertakings to enable them to repay principal and interest of market bonds during 1999 to 2004.

The loanees were to pay guarantee fee/commission at the rate of one *per cent* on the sums guaranteed by the Government with effect from August 2001 which were, however, not realised. The amount due for recovery was Rs 28.58 crore as on 31 March 2004.

1.11 Management of deficits

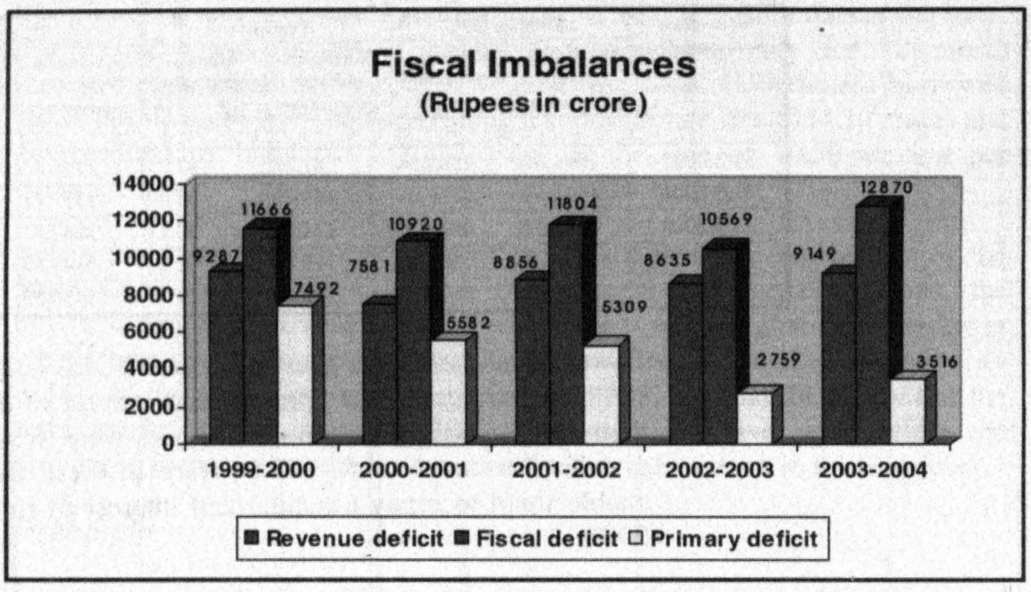
1.11.1 Fiscal imbalances

The deficit in Government accounts represents the gap between its receipts and expenditure. The nature of the deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied, are important pointers to the fiscal health.

The revenue deficit (Statement 1 of Finance Accounts) of the State, which is the excess of its revenue expenditure over revenue receipts, decreased from Rs 9287 crore in 1999-2000 to Rs 9149 crore in 2003-2004 (***Table 22***). The fiscal deficit which represents the total borrowings of the Government and its total resource gap, increased from Rs 11666 crore in 1999-2000 to Rs 12870 crore in 2003-2004. However, the primary deficit of the State had decreased from Rs 7492 crore in 1999-2000 to Rs 3516 crore in 2003-2004.

Table 22: Fiscal Imbalances- Basic Parameters (Value in Rupees in crore and Ratios in *per cent*)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Revenue deficit	9287	7581	8856	8635	9149
Fiscal deficit	11666	10920	11804	10569	12870
Primary Deficit	7492	5582	5309	2759	3516
RD/GSDP	7.94	5.88	6 13	5 62	5 34
FD/GSDP	9.98	8 47	8.18	6.87	7.51
PD/GSDP	6 41	4 33	3 68	1.80	2 05
RD/FD	79 61	69 42	75.03	81.70	71.09



Persistent revenue deficit indicated that revenue receipts of the State were not sufficient to meet its revenue expenditure because of poor tax administration and Government had to borrow funds to meet its current obligations. The ratio of revenue deficit to fiscal deficit with inter-year variations had however decreased from 80 *per cent* in 1999-2000 to 71 *per cent* in 2003-2004 indicating that nearly 71 *per cent* of the net incremental borrowings of the State were used for the current consumption. In proportion to GSDP, revenue deficit was 5 *per cent* in 2003-2004 while fiscal deficit was 8 *per cent*.

1.12 Fiscal Ratios

Finances of the State should be sustainable, flexible and non-vulnerable. ***Table 23*** below presents a summarized position of Government finances over 1999-2004, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipts indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP. All the three resource mobilization ratios after showing declining trend since 2000-2001 seemed somewhat resilient in 2003-2004.

Various ratios concerning expenditure management indicate quality of expenditure and sustainability of these in relation to resource mobilisation. All these ratios show a deteriorating trend. The ratios of capital expenditure and developmental expenditure, which indicate the quality aspect of the expenditure, had lower values in 2003-2004 compared to 1999-2000. Medium term tendency of these ratios was also of deceleration. Both its total expenditure and revenue expenditure when compared to its revenue

expenditure and revenue receipts have shown a comparatively higher buoyancy upto 2002-2003 which was remarkably less indicating a favourable swing in sight during 2003-2004 All these indicate State's somewhat decreasing dependence on borrowings for meeting its revenue expenditure although expansion of its developmental activities was inadequate

Table 23: Indicators of Fiscal Health (in *per cent*)

Fiscal Indicators	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Resource Mobilisation					
Revenue Receipt/GSDP	8 73	11 26	10 07	9 45	9 69
Revenue Buoyancy	0 296	4 087	0 009	- 0 014	1 251
Own tax/GSDP	4 364	4 609	4 525	4 582	5 115
Expenditure Management					
Total Expenditure/GSDP	18 75	19 80	18 36	16 46	17 25
Revenue Receipts / Total Exp	46 60	56 87	54 84	57 39	56 17
Revenue Expenditure/ Total Exp	88 98	86 56	88 25	91 52	87 11
Plan Expenditure/Total Exp	15 60	18 71	16 69	10 64	10 05
Capital Expenditure / Total Exp	4 91	5 65	5 13	3 27	2 85
Development Expenditure/ Total Exp	59 15	57 41	53 15	46 33	44 59
Buoyancy of TE with RR	3 705	0 391	34 656	50 706	1 174
Buoyancy of RE with RR	4 203	0 316	53 054	11 185	0 782
Management of Fiscal Imbalances					
Revenue deficit (Rs in crore)	-9287	-7581	-8856	- 8635	-9149
Fiscal deficit (Rs in crore)	-11666	-10920	-11804	- 10569	-12870
Primary Deficit (Rs in crore)	-7492	-5582	-5309	- 2759	-3516
Revenue Deficit/Fiscal Deficit	79 61	69 42	75 03	81 70	71 09
Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	- 36 98	41 96	45 42	50 41	52 02
Fiscal Liabilities/RR	423 34	372 67	451 11	533 67	536 89
Buoyancy of FL with RR	4 019	0 597	192 262	- 203 462	1 048
Buoyancy of FL with OR	3 441	0 974	10 044	3 410	0 691
Interest spread	18 56	- 0 64	1 10	- 4 42	0 25
Net Fund Available	27 82	18 21	13 53	13 25	9 61
Other Fiscal Health Indicators					
Return on Investment	0 03	0 08	0 09	0 03	0 01
BCR (Rs in crore)	-8115	-7102	-7222	- 7994	- 8595
Financial Assets/Liabilities	0 41	0 39	0 36	0 35	0 33

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, large revenue and fiscal deficit year after year, together with low or no return on investments indicate that the State is gradually getting into a debt trap. Similarly, the higher buoyancy of the debt with regard to revenue

receipts indicate its increasing unsustainability. Revenue receipts not being enough to meet committed expenditure towards payment of interests, salaries and pensions made the fiscal position of the State vulnerable. The unfavourable fiscal position, in turn, leaves little for developmental expenditure. There has been a decline in the net availability of funds for infrastructural development from borrowings as a larger portion of these funds were being used for debt servicing and on establishment expenditure. The State's continuous declining low return on investment and use of high cost borrowing for such investments, which yields very little to it, indicated an implicit subsidy. The ratio of State's total financial assets to liabilities has also deteriorated indicating that a greater part of liabilities are without asset back-up. This indicates that either the State has to generate more revenue out of its existing assets or needs to provide from its current revenues for servicing its debt obligations. The balance of current revenue of the State continued to be negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of fund for additional infrastructure support and other revenue generating investment.

CHAPTER II

CHAPTER II

Allocative priorities and appropriation

2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged and voted items of budget.

Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2003-2004 against 56 grants/appropriations was as follows:

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure[1]	Saving(-)/ Excess(+)
		(Rupees in crore)				
Voted	I Revenue	17748 14	595 73	18343 87	16493.77	(-) 1850 10
	II Capital	1379 73	164 70	1544 43	809.52	(-) 734.91
	III Loans and Advances	2374 45	895.61	3270 06	3056.28	(-) 213 78
Total Voted		**21502.32**	**1656.04**	**23158.36**	**20359.57**	**(-) 2798.79**
Charged	IV Revenue	9623.57	15 81	9639.38	9394.53	(-) 244 85
	V Capital	0.09	1 20	1.29	1 17	(-) 0 12
	VI Public Debt	8077 47	3537 98	11615 45	22122 24	(+) 10506 79
	VII Loans and Advances	- -	0.05	0.05	0.05	-
Total Charged		**17701.13**	**3555.04**	**21256.17**	**31517.99**	**(+) 10261.82**
Grand Total		**39203.45**	**5211.08**	**44414.53**	**51877.56**	**(+) 7463.03**

The overall excess of Rs 7463.03 crore was the net result of excess of Rs 10734.02 crore in 11 grants and nine appropriations, offset by savings of Rs 3270.99 crore in 88 grants and 33 appropriations. The excess occurred mainly due to huge transactions under ways and means advances and overdraft (Rs 9315.52 crore) and repayment of market loans (Rs 308.12 crore). Explanations for savings/excesses were either not received or were received incomplete in 89 *per cent* of the cases.

1 These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure: Rs 130.82 crore and capital expenditure: Rs 55.54 crore. The expenditure shown in the Government Account for 2003-2004 stood inflated to the extent of Rs 2092.61 crore being the amount credited to Deposit Account.

2.3 Fulfilment of allocative priorities

2.3.1 Appropriation by Allocative Priorities

Out of the total savings of Rs 3270.99 crore, major savings of Rs 2033.32 crore (62 *per* cent) occurred in nine grants and one appropriation as mentioned below:

Grant No.	Original	Supplementary	Total Grant	Actual Expenditure	Saving
	(Rupees in crore)				
15-Revenue (Voted)	3967.66	-	3967.66	3718.38	249.28
18-Revenue (Voted)	3131.48	-	3131.48	2918.43	213.05
18-Revenue (Charged)	9536.65	-	9536.65	9193.19	343.46
21-Revenue (Voted)	347.63	-	347.63	216.61	131.02
21-Capital (Voted)	230.28	-	230.28	-	230.28
24-Revenue (Voted)	1344.46	19.38	1363.84	1283.94	79.90
25-Revenue (Voted)	775.37	-	775.37	577.54	197.83
25-Capital (Voted)	482.81	-	482.81	270.82	211.99
27-Revenue (Voted)	1401.51	-	1401.51	1299.13	102.38
39-Revenue (Voted)	870.10	107.61	977.71	885.25	92.46
40-Revenue (Voted)	646.29	201.47	847.76	737.02	110.74
44-Revenue (Voted)	1.45	70.75	72.20	1.27	70.93
Total	**22735.96**	**399.21**	**23134.90**	**21101.58**	**2033.32**

The departments did not intimate any reasons for savings. Areas in which major savings occurred in these nine grants are given in *Appendix 15*. Savings on interest on deposits of WBIDFC of Rs 273.89 crore was due to non-payment of interest on deposits of WBIDFC with Government for the year 2002-2003. Interest on deposits of WBIDFC for the year 2001-2002 was released during the year.

In 58 cases, savings exceeding rupees one crore in each case and also by more than 10 *per cent* of total provision amounted to Rs 1659.90 crore as indicated in *Appendix 16*. In four[2] of these, the entire provision totalling Rs 265.20 crore was not utilised.

There was excess of Rs 10734.02 crore under 11 grants and nine appropriations requiring regularisation by the Legislature. The excess under Grant No.18-Finance alone amounted to Rs 10507.14 crore.

2.3.2 Persistent savings

In 11 cases, involving nine grants/appropriations, there were persistent savings of more than one crore rupees in each case and 20 *per cent* or more of provision. Details are given in *Appendix 17*.

2.3.3 Excess requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to

5, 21,23, 31 (All Capital Voted)

Rs 34571 90 crore for the years 1999-2000 to 2002-2003[3] had not been regularised so far (October 2004). This was a breach of legislative control over appropriations.

Year	Number of grants/ appropriations	Grant/ Appropriation number(s)	Amount of excess (Rs in crore)	Reasons for excess
1999-2000	18	16, 21, 25, 28, 30, 32, 34, 35, 42, 44, 46, 52, 66, 73, 80, 82 87, 98	5216 78	Not received
2000-2001	13	1, 14, 21, 25, 28, 30, 34, 38, 40, 51, 66, 79, 98	8545 52	Not received
2001-2002	7	21, 28, 34, 38, 63, 67, 98	9649 61	Not received
2002-2003	9	1, 6, 28, 42, 63, 74, 79, 96, 98	11159 99	Not received
		Total	34571.90	

Further, the excess of Rs 10734 02 crore under 11 grants and nine appropriations during 2003-2004 requires regularisation under Article 205 of the Constitution. Details are given below:

Grant No.	Description of the grant/appropriation	Section	Total grant/ appropriation	Actual expenditure	Amount in excess
A	Voted		Rupees	Rupees	Rupees
7	Backward Classes Welfare	Revenue	1934883000	2063109368	128226368
9	Commerce and Industries	Revenue	753990000	1301347313	547357313
16	Environment	Revenue	48767000	79155523	30388523
29	Industrial Reconstruction	Capital	177355000	316600418	139245418
31	Information and Technology	Revenue	54738000	59303576	4565576
37	Law	Capital	-	16800000	16800000
47	Relief	Capital	-	2680139	2680139
51	Technical Education and Training	Capital	13140000	142000643	128860643
54	Urban Development	Capital	157802000	256884158	99082158
55	Water Investigation and Development	Capital	352981000	360776267	7795267
56	Women and Child Development and Social Welfare	Revenue	3433302000	3469387491	36085491
	Total : A – Voted		5926958000	7068044896	1141086896
B	Charged				
5	Agriculture	Capital	9837000	10263015	426015
9	Commerce and Industries	Revenue	18689000	20064904	1375904
18	Finance	Capital	115930469000	221001856908	105071387908
27	Home	Capital	38202000	38211376	9376
28	Housing	Capital	126000	126240	240
36	Land and Land Reforms	Revenue	26612000	905193969	878581969
43	Power and Non-Conventional Energy Sources	Capital	21628000	21777408	149408
45	Public Health Engineering	Revenue	7558000	7558121	121
47	Relief	Revenue	174917000	422084000	247167000
	Total : B - Charged		116228030000	222427135941	106199097941
	Total : A and B		122154996000	229495180837	107340184837

Reasons for the excesses had not been furnished by the Government as of December 2004

[3] *Recommendations of the PAC on excess expenditure for the years 1995-1999 laid in the Assembly in July 2004 Act of regularisation awaited Consolidated replies from Government for the years 1999-2000 to 2002-2003 were yet to be received*

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs 5211.08 crore) made during this year constituted 13 *per cent* of the original provision (Rs 39203.45 crore) as in the previous year.

2.3.5 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provisions of Rs 172.45 crore made in 20 cases during the year proved unnecessary in view of aggregate saving of Rs 344.16 crore as detailed in ***Appendix 18***.

In 12 cases, against additional requirement of only Rs 1111.56 crore, supplementary grants and appropriations of Rs 1383.92 crore were obtained, resulting in savings in each case exceeding Rs 10 lakh, aggregating Rs 272.36 crore. Details of these cases are given in ***Appendix 19***.

In 11 cases, supplementary provision of Rs 3629.84 crore proved insufficient leaving an uncovered excess expenditure of Rs 10586.38 crore. Details of these cases are given in ***Appendix 20***.

In seven cases, though expenditure exceeded budget provision by Rs 147.64 crore, no supplementary grant was provided. Details of these cases are given in ***Appendix 21***.

2.3.6 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where the re-appropriation of funds proved injudicious in view of final excess/savings over grant by over rupees one crore are detailed in ***Appendices 22 and 23*** respectively.

2.3.7 Defective re-appropriation

During 2003-2004, 164 re-appropriation orders of Rs 2595.96 crore were issued. Of these, 99 orders aggregating Rs 752.18 crore were not considered in accounts due to inordinate delay in receipt of the same.

Of the remaining 65 appropriation orders, 17 orders involving Rs 34.94 crore were issued on 31 March 2004, the last day of the fiscal year.

2.3.8 Anticipated savings not surrendered

According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. However, at the close of the year 2003-2004, there were 51 cases in which savings above rupees one crore in each case amounting to Rs 1564.04 crore had not been surrendered. In 18 cases, even after partial surrender, savings of one crore rupees and above in each case aggregating Rs 830.23 crore (86.49 *per cent* of total savings) remained un-surrendered. This included un-surrendered savings of Rs 212.74 crore

(99 *per cent* of savings under Grant No. 18 – Finance), Rs 175.54 crore (88 *per cent* under Grant No. 25 – Public Works), Rs 104.32 crore (99 *per cent* under Grant No. 53- Transport) and Rs 102.16 crore (99 *per cent* under Grant No. 27 – Home). Details are given in ***Appendices 24 and 25*** respectively.

Besides, in 21 cases, Rs 776.39 crore were surrendered in March 2004 indicating inadequate financial control over expenditure. Details are given in ***Appendix 26***.

2.3.9 Expenditure without provision

As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs 12304.18 crore was incurred in 49 cases as detailed in ***Appendix 27*** without provision in the original estimates/supplementary demands and no re-appropriation orders were issued. This was mainly due to a lump sum provision of Rs 3500 crore under 110-Ways and Means Advance and overdraft against which excess expenditure of Rs 10938.70 crore was incurred and excess expenditure on payment of interest on 'Power Bonds' which could not be foreseen. Further, Rs 621.07 crore was incurred on account payment of dues to CPSUs converted to Power Bonds and for adjustment of coal cess to WBPDCL. All these were mere paper transactions, suitably commented in Chapter I of the Report.

2.3.10 Surrender in excess of actual savings

In five cases, the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. As against the total savings of Rs 307.97 crore, the amount surrendered was Rs 1096.16 crore resulting in excess surrender of Rs 788.19 crore.
In three cases Rs 3.85 crore were surrendered in spite of the fact that the expenditure exceeded the approved provision by Rs 78.57 crore. Details are given in ***Appendix 28***.

2.3.11 Advances from Contingency Fund

The Contingency Fund of the State was established under the Contingency Fund Act 1956, in terms of provisions of Articles 267(2) and 283(2) of the Constitution of India. Advances from the Fund were to be made only for meeting expenditure of an unforeseen and emergent character, the postponement of which, till its authorisation by the Legislature would be undesirable.

The Fund was in the nature of an imprest and its corpus was Rs 20 crore.

As on 1 April 2003, the balance in the fund was Rs 19.11 crore. During the year advances drawn but unrecouped totalled Rs 0.86 crore. Also Rs 0.22 crore was recouped out of the advances drawn during previous years. Thus, the closing balance of the fund as on 31 March was Rs 18.47 crore.

During the year 2003-2004, 28 sanctions were issued for withdrawal of total amount of Rs 2.12 crore.

2.4 Unreconciled Expenditure

Financial rules require that the departmental Controlling Officers should reconcile every month the departmental figures of expenditure with those booked by the Accountant General (Accounts and Entitlements) before the close of the accounts of the year. The reconciliation had, however, remained in arrears in several departments.

During the year, out of 185 Controlling Officers, 66 did not reconcile their accounts for 2003-2004, while 23 completed reconciliation for periods ranging up to 11 months. Eight Controlling Officers completed reconciliation upto March 2002 while 18 Controlling Officers did not take up reconciliation from March 2002.

The total amount remaining unreconciled during 2003-2004 was Rs 21484.96 crore (81 *per cent* of the total expenditure).

2.5 Rush of Expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. Rush of expenditure particularly in the closing months of financial year is to be regarded as a breach of financial regularity and should be avoided. The position in respect of expenditure upto third quarter, for the fourth quarter and also for the month of March 2004 as depicted below shows that the expenditure incurred in March 2004 in 12 cases ranged between 50 and 100 *per cent* of the total expenditure during the year indicating a tendency to utilise the budget at the close of the year.

Description of Major Head	Expenditure up to 3rd quarter	Expenditure in 4th quarter	Total expenditure	Expenditure in March 2004	Percentage of expenditure in March 2004
	(Rupees in crore)				
2047- Other Fiscal Services	5.40	12.58	17.98	11.44	64
2075- Miscellaneous General Services	10.19	40.40	50.59	33.04	65
2236-Nutrition	12.71	53.71	66 42	42.65	64
2245-Relief on account of Natural Calamities	25.85	91.19	117.04	87.86	75
2711-Flood Control	16.25	40.57	56.82	37.05	65
2852-Industries	13.68	80.52	94.20	63.20	67
4220-Capital Outlay on Information and Publicity	-	1.37	1.37	1.37	100
4250-Capital Outlay on Other Social Services	0.12	0.36	0.48	0.34	71
4404-Capital Outlay on Dairy Development	-	0.62	0.62	0.62	100
4435- Capital Outlay on Other Agricultural Programmes	-	2.96	2.96	2.96	100
4575-Capital Outlay on Other Special Areas Programmes	9.37	20.10	29.47	14.82	50
4801-Capital Outlay on Power Projects	3.50	141.84	145.34	141.84	98

2.6 Operation of Personal Ledger Accounts

In terms of SR 410 (b) of the Treasury Rules, West Bengal, Vol-I, permission for opening of a Personal Deposit Account may not be granted except after consultation with the Accountant General (Accounts and Entitlement) of the State. In terms of SR 411 *ibid*, Personal Deposit Accounts created by debit to Consolidated Fund of the State shall be closed at the end of the financial years by transferring the balances to the relevant service heads (deduct debit) in the Consolidated Fund of the State; and if there is reason to believe that need for the Deposit Account has ceased, the same shall be closed.

The balance under Personal Ledger Accounts of the State at the end of March 2004 was Rs 653.07 crore. Test-check of 28 Personal Ledger Accounts (PLAs) of 24 Drawing and Disbursing Officers (DDOs) of four departments viz. Land and Land Reforms, Home (Police), Health and Family Welfare and Animal Resources Development revealed that the PLAs were opened during the period from 1966-1967 to 2001-2002. Twenty one DDOs unauthorisedly opened 21 PLAs without consulting Accountant General (A&E). None of the DDOs closed their PLAs at the end of the financial years, as required under rules, resulting in accumulation of Rs 139.44 crore at the end of 31 March 2004. Details are given in ***Appendix 29***.

Nine DDOs (eight DMs and DG&IG of Police) retained since 1990-1991 unspent balances of Rs 64.99 crore pertaining to various Scheme Funds in their PLAs till March 2004 ***(Appendix 30)***.

Three DMs withdrew Rs 9.74 crore from the Treasuries in advance during 2003-2004 to prevent the lapse of budget grant and deposited the same in their PLAs without obtaining necessary Government orders ***(Appendix 31)***.

Seven PLAs remained inoperative for a period ranging between two and 27 years, having a total balance of deposit of Rs 3.11 crore as on 31 March 2004 ***(Appendix 32)***.

Departmental receipts of Rs 1.43 crore, collected during January 1997 to May 1999, were deposited and retained in PLAs as of 31 March 2004 by the Superintendents of two Medical College Hospitals without consultation with the Accountant General (A&E).

Rupees 0.17 crore was diverted by four DMs from their PLAs.

Non-government fund of Rs 0.22 crore was held in PLAs of six DDOs in violation of rules.

Thus, funds meant for various developmental works were locked in PLAs without undertaking such works.

Further, utilisation certificates against release of Rs 18.30 crore from PLAs during 2003-2004 by four DMs were not obtained as of July 2004 from the executing agencies/local bodies. In the absence of utilisation certificates it

could not be ascertained whether the amount was spent for the purpose for which it was drawn.

2.7 Huge amounts drawn on Abstract Contingent (AC) Bills remaining outstanding

Administrative Departments issue sanction orders with the concurrence of the Finance Department, authorizing different Drawing and Disbursing Officers (DDOs) to draw advances on Abstract Contingent (AC) Bills which are required to be adjusted by submission of Detailed Contingent (DC) Bills in the prescribed form with the countersignature of the Controlling Officer within a period not exceeding 60 days from the dates of their drawal from the Treasury or within one month from the dates of their actual expenditure.

Mention was made in paragraph 2.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2003 (Civil)– Government of West Bengal, regarding huge sums of money (Rs 68.99 crore) remaining pending for adjustment for years together. The departments obviously had not taken any action to arrest such practice as is evident from the succeeding paragraphs.

Out of 2835 DDOs, records of 87 offices test-checked between April 2003 and March 2004 disclosed advance drawal of Rs 113.33 crore drawn during 1987-2004 in AC bills (1409 bills), including Rs 10.83 crore (158 bills) drawn during 2003-2004. As against total drawal of Rs 113.33 crore in AC Bills Rs 97.51 crore (1126 bills) remained unadjusted as of March 2004 ***(Appendix 33)***.

Scrutiny of AC/DC bills revealed the following:-

- In course of submission of AC bills to Treasury, the DDO was required to furnish a certificate to the effect that detailed bills for the previous AC bills had been submitted within the period of 60 days and expenditure had been incurred for the purpose for which the advance was drawn. Neither any DDO furnished such certificate on AC bills nor did the Treasury officers insist on furnishing of such certificate by the DDOs and the DDOs continued to draw such advances on AC bills without submission of DC bills in respect of previous AC bills drawn by them from the Treasury. Twenty one (21) DDOs drew advance for Rs 5.86 crore during 2003-2004 of which Rs 1.72 crore was adjusted as of March 2004, despite non-submission of DC bills against previous AC bills for Rs 18.61 crore drawn during 1987-2003. Due to non-observance of statutory rules and orders relating to drawal of AC bills by the DDOs, there was accumulation of un-adjusted AC bills for Rs 22.75 crore during the period 1987-2004.

- The DDOs of the test- checked offices did not monitor the submission of DC bills and maintain any separate register to record the particulars of drawal of AC bills or details of remittance of unutilised balance, if any, as required under the rules.

- Of the total amount of Rs 102.50 crore drawn during 1987-2003, adjustment of Rs 88.40 crore (86 *per cent*) mainly pertaining to the Commandant, SAP, 2nd Battalion (Rs 22.73 crore), DM, Birbhum (Rs 18.16 crore), Director of Social Welfare (Rs 6 crore), DM, Paschim Medinipur (Rs 7.77 crore), Animal Resources and Animal Husbandry, WB (Rs 7.07 crore), Commandant, SAP, 6th Battalion Berhampore (Rs 4.71 crore), DM, Bardhaman (Rs 1.99 crore), DM, North 24-Parganas (Rs 1.03 crore), DM, Hooghly (Rs 1.60 crore), DM, South 24-Parganas (Rs 1.32 crore), AO Finance (Rs 1.31 crore), Paschimbanga Natya Academy (Rs 1.28 crore), Superintendent. West Bengal Government Press (Rs 1.24 crore) and SDO Sadar, Dakshin Dinajpur (Rs 1.07 crore), was awaited till March 2004. Due to long pendency, possibility of misuse of Government funds and misappropriation thereof could not be eliminated. Out of Rs 10.83 crore drawn between April 2003 and March 2004, Rs 9.11 crore was also pending for adjustment.

- A sum of Rs 3.52 crore was irregularly and unauthorisedly drawn in 94 AC bills during 1987-2004 by nine DDOs (DMs, Bankura, Paschim Medinipur, Bardhaman, Dakshin Dinajpur, Director, State Land Use Board, Labour Commissioner, SDO, Domkol, Deputy Director, ARD and PO, Jalpaiguri and CMOH, Howrah) without any specific order of drawal of fund in advance from the Government. Advances were also drawn in unauthorized TR forms to avoid submission of DC bills out of which Rs 2.56 crore remained unadjusted as of March 2004.

- Ten DDOs (DMs Hooghly, Dakshin Dinajpur, Bardhaman, SPs, North 24 Parganas, Purba Medinipur, Purulia, Deputy Director, ARD and PO, Jalpaiguri, RR&R Commissioner, State Family Welfare Officer, BDO Bishnupur) spent Rs 1.08 crore towards purchase of computer with accessories, fax machine, mobile phone, cordless phone, xerox machine, type writer machine, voltage stabilizer, office furniture generator, electrical goods, etc. by diverting funds from election/other funds drawn through AC bills in contravention of Financial Rules and orders of the Government.

- Two hundred forty one AC bills amounting to Rs.26.39 crore were drawn by 47 DDOs for various purposes at the fag end of each financial year during 1994-2004 to avoid lapse of budget grant. Of this, a sum of Rs 5.09 crore was drawn by CMOH, Hooghly (Rs 0.96 crore) and DM, North 24 Parganas (Rs 4.13 crore) in March 2004 for implementation of Pradhan Mantri Gramodaya Yojana (PMGY) Scheme and other different development schemes. The fund was lying in the Punjab National Bank, Chinsurah, Hooghly and PL Account of DM North 24 Parganas respectively as of 31 March 2004.

- While submitting DC bills for Rs 72 lakh in April 2003 against AC bill drawn in March 1995 the Director, Animal Resources and Animal Husbandry Department submitted proforma invoice for Rs 47.24 lakh along with the DC bill without enclosing the original vouchers of the suppliers concerned. The proforma invoice was given by the supplier

for advance payment before supplying the items of materials indented. The proforma invoice was however, accepted by the PAO, Kolkata as final adjustment, which was irregular.

- Of the total adjusted amount of Rs 15.82 crore as of March 2004 the incidence of delay in submission of DC bills for Rs 0.97 crore could not be ascertained in audit for want of relevant records and delays in adjustment of the balance amount of Rs 14.85 crore against 275 DC bills are shown in the table below :

Period of delay	Number of DDOs	Amount drawn (Rupees in crore)	Number of DC bills	Amount adjusted (Rupees in crore)	Amount unadjusted (Rupees in crore)
Upto 1 year	24	18.13	191	10.91	7.22
1 year to 2 years	6	2 57	31	2.25	0 32
2 year to 5 years	4	4 44	52	0.97	3.47
Above 5 years	1	7.79	1	0.72	7 07
Total	**35**	**32.93**	**275**	**14.85**	**18.08**

Prolonged retention of huge public fund by the DDOs without any adjustment by submitting DC bills is fraught with the risk of serious financial indiscipline/misappropriation. The matter requires immediate attention of the Government for necessary investigation to ascertain the position of actual utilisation of those funds lying unadjusted for a long time.

2.8 Budgetary and Expenditure Control

A review of expenditure and budgetary control revealed persistent savings ranging from Rs 11 67 crore to Rs 33.91 crore in Animal Resources Development Department (Grant No. 49-Animal Husbandry) and Rs 41.67 lakh to Rs 21.62 crore in Fisheries Department (Grant No. 51-Fisheries) during the years 1998-2004. In case of Water Investigation and Development Department (WIDD) persistent savings ranged between Rs 25.23 crore and Rs 96.77 crore during 1998-2003.

Defective system of preparation of budget and lack of control over expenditure

In terms of provisions of West Bengal Financial Rules and West Bengal Budget Manual, the departmental budget estimates are required to be prepared by the respective departments of Government after obtaining budget proposals from the subordinate offices.

The departmental Controlling Officer or a Disbursing Officer under whose disposal a grant is placed is required to keep constant watch over the progress of expenditure under different units of appropriation separately for voted and charged items and to maintain separate records of all liabilities and to monitor effectively the progress of expenditure incurred by the various Drawing and Disbursing Officers (DDOs) subordinate to them by obtaining monthly statement of expenditure (SOE) from the latter. The departmental Controlling

Officers should also maintain the Departmental Consolidated Accounts (DCA) and arrange their verification month by month with those maintained by the Accountant General (A&E), West Bengal.

Animal Resources Development Department and Fisheries Department neither maintained any DCA nor pursued for SOEs from respective DDOs. No system of monitoring the progress of expenditure was in vogue. Thus in preparation of Budget estimate, actual expenditure was not taken into consideration. Besides, neither of the departments maintained records of sanctioned strength vis-a-vis men-in-position under their Directorates. As a result, budget provision on pay and allowances of staff was also not realistically provided.

The budget estimate of WIDD was prepared through discussion with the Chief Engineers (CEs) and Superintending Engineers (SEs) without having inputs from the field offices and the finalised position was reported to the Finance Department.

In the three departments excess expenditure of Rs 97.67 crore[4] was incurred under different sub-heads of accounts under the major head of accounts during the period 1998-2003 though surpassed by savings under other sub-heads of accounts due to non-utilisation of the grants. This was indicative of improper assessment of budget estimates. Re-appropriation was also not done to regularise the expenditure indicating laxity in budgetary control by the departments.

Scrutiny revealed that Fisheries Department, though required to submit by October 15, did not furnish their budget proposal to Finance Department in any year during 1998-2004, for budget grant of next financial year.

Scrutiny further revealed that against the sanction order of Rs 193.77 crore issued by the Fisheries Department, an expenditure of Rs 298.70 crore was incurred under the head of account 2405-Fisheries, during the period 1998-2004 by the subordinate DDOs, which indicated lack of control over expenditure.

WIDD incurred during 2001-2002 Rs 20.50 crore without budget provision flouting the financial rules while it could not utilise Rs 43.30 crore provided in the budget during the period 1998-2003 exhibiting casual approach in preparation of budget estimate and indifference in preparing schemes to utilise the fund.

4

Name of the department	*Grant Number*	*Amount of excess expenditure (Rupees in lakh)*					*Total*
		1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	
Animal Resources Development	*49*	*2145.56*	*363.79*	*680.58*	*45.79*	*364.32*	*3600.04*
Fisheries	*51*	*615.88*	*516.29*	*288.18*	*916.90*	*135.29*	*2472.54*
Water Investigation and Development	*67*	*250.01*	*485.95*	*1268.87*	*783.65*	*906.12*	*3694.60*
							9767.18

WIDD was required to release subsidy/grant in favour of West Bengal State Minor Irrigation Corporation on the expenditure incurred in excess of revenue collected towards sale of water by the Corporation. It was observed that actual expenditure was Rs 68.17 crore but amount received as revenue towards sale of water was Rs 2.87 crore against which the department released Rs 74.51 crore. Thus the department released Rs 9.21 crore during the period 1999-2004 more than actual requirement of Rs 65.30 crore (Rs 68.17 crore minus Rs 2.87 crore) which indicated lack of financial control of the department resulting in unnecessary draining out of fund from the departmental budget grant.

2.9 Transfer of fund to the Deposit accounts through 'NIL' payment vouchers

West Bengal Treasury Rules *inter alia* stipulate that (i) no money should be drawn from the Consolidated Fund unless it is required for immediate disbursement and (ii) the money should be spent for the purpose for which it was provided for in the Appropriation Act by the legislature.

In violation of the above statutory provisions a sum of Rs 2092.61 crore was drawn by the different Drawing and Disbursing Officers (DDOs) from the Consolidated Fund under different service heads[5] of accounts by contra credit to (i) 8342-Other Deposits (Rs 5.08 crore), (ii) 8443-Civil Deposits of Local Fund (Rs 69.69 crore), (iii) 8448-Deposits of Local Fund (Rs 1740.95 crore) and (iv) 8449-Other Deposits (Rs 276.89 crore) during the period from April 2003 to March 2004.

Thus, Rs 2092.61 crore though booked as expenditure under the Consolidated Fund was not actually spent, but credited to the Deposit Accounts and thereby the expenditure shown in the Government Account for 2003-2004 stood inflated to that extent.

Test-check of records of five DDOs revealed that Rs 175.53 crore, meant for various development schemes, were transferred to Deposit heads by drawing 'NIL' bills, as per orders of the Departments during the years 2001-2004, as detailed below:-

	Name of the DDO	Year of transfer	Amount transferred (Rupees in crore)	Service Head	Deposit Head	Name of the authority operating the PL/ Deposit Account
1	DM, Bardhaman	2001-2002	2.64	2217, 2406	8443	DM
		2003-2004	5.00	2575	8443	DM
		2003-2004	5.00		8448	Zilla Parishad
		2003-2004	44 14	3604	8448	Municipalities
2.	DM, Hooghly	2003-2004	1.75	2575	8443	DM
		2003-2004	32.64	2217, 3604	8448	Municipalities
3	DM, North 24-Parganas	2003-2004	4.13	2217	8443	DM
		2003-2004	78.98	2217, 3604	8448	Municipalities
4	SDO, Sadar Hooghly	2003-2004	0.54	2515	8448	SDO
5.	SDO, Arambagh	2003-2004	0.71	2515	8448	SDO
			175.53			

[5] *Social Services; Revenue Account: Rs 1436.39 crore, Capital Account. Rs 4.47 crore; Economic Services; Revenue Account: Rs 503.06 crore, Capital Account: Rs 47.69 crore; General Services; Revenue Account: Rs 0.02 crore, Capital Account: Rs 0.79 crore; Grants-in-aid and contribution: Rs 100.19 crore*

Scrutiny of "NIL" bills along with relevant records disclosed that:-

- Out of Rs 19.77 crore deposited by transfer, Rs 12.89 crore remained un-utilised in the PL Accounts/Deposit Accounts of DM, Bardhaman (Rs 629.17 lakh), DM, Barasat (Rs 413.30 lakh), DM, Hooghly (Rs 110.26 lakh), SDO, Arambagh (Rs 33.63 lakh), SDO, Hooghly Sadar (Rs 49.70 lakh) and ZP, Bardhaman (Rs 53.33 lakh) as of March 2004 Records of utilisation of the balance amount of Rs 155.76 crore allotted to municipalities and other local bodies during 2003-2004 could not be furnished to audit.

- A sum of Rs 2.64 crore allotted to the DM, Bardhaman during the year 2001-2002 for payment to the Kulti Municipality towards execution of development works was drawn and transferred to Deposit Account by the District Authority. The entire amount remained unutilized for two years as on March 2004.

- Rupees 4.13 crore was allotted to the DM, North 24 Parganas with the authority to draw and transfer the fund to the Local Fund Accounts of the concerned urban local body by way of transfer credit in the respective treasury. The amount so drawn was deposited to the PL Account of the District Magistrate on March 2004 without any order from the Government.

The action of the executives/departments/drawing and disbursing officers transferring funds to the Deposit Accounts without keeping any watch over their proper utilization along with idling of funds for years together was not only irregular but also jeopardized the system of legislative control over public money.

2.10 Other topics of interest

2.10.1 Irregularities in the functioning of treasuries

Non-maintenance of records relating to sanction orders

During inspection of treasuries for the year 2003-2004, it was observed that most of the treasuries did not maintain any systematic records for noting sanction orders relating to drawal of AC bills/grants-in-aid/withdrawal of GPF, etc. in absence of which the authenticity of the claims could not be checked leaving scope for fraudulent drawal/double drawal of Government money from the treasuries by presenting fake bills.

Irregularities in maintenance of Allotment Register

According to Government instructions (May 1977) an Allotment Register is to be maintained in respect of each DDO for ensuring necessary checks as regards drawal of funds within the allotment of fund placed in favour of the DDO under each detailed head of account. It was, however, seen that the Allotment Register was not maintained properly in 19 treasuries and the

DDOs had been allowed to draw funds in excess of allotment in all the treasuries. The regularisation of overdrawal, if any, had not been watched.

Irregularities in payment of pension

Scrutiny of the records of treasuries revealed that Rs 53.67 lakh were overpaid as pension to pensioners due to wrong calculation of pension paid on re-employment/re-marriage, etc. and non-reduction of enhanced rate of family pension after expiry of stipulated period. Further, irregular, unauthorised and doubtful payments of pension of Rs 43.58 lakh were noticed in some treasuries. Details are as under:

- An amount of Rs 22.50 lakh was paid in excess to pensioners in respect of relief paid to re-employed pensioners, non-reduction of enhanced rate of basic pension in time, wrong calculation, etc. in case of 39 treasuries.

- In 47 treasuries an amount of Rs 30.66 lakh was yet to be recovered from the banks on account of excess credit of pension to the deceased Pensioners' Bank Account.

- Due to non-reduction of commuted value of pension from the basic pension in time Rs 0.51 lakh was overpaid in 6 treasuries, requiring recovery from the pensioners.

- As per procedure, Life Certificates are required to be obtained invariably each year in the month of November from the pensioners concerned and kept along with the PPO or necessary noting in this respect kept in the PPO Register under the authentication of the competent officer. Such procedure was not followed in 18 treasuries. A considerable amount of Rs 43.58 lakh was paid without obtaining the Life Certificates leaving scope for fraudulent drawal.

CHAPTER III

PERFORMANCE REVIEWS

		Page
➢ INDIAN SYSTEM OF MEDICINE AND HOMOEOPATHY	3.1	41
➢ FUNCTIONING OF RURAL HOSPITALS AND PRIMARY HEALTH CENTRES	3.2	54
➢ IMPLEMENTATION OF THE CHILD LABOUR (PROHIBITION AND REGULATION) ACT, 1986	3.3	68
➢ PRADHAN MANTRI GRAM SADAK YOJANA	3.4	79
➢ PERFORMANCE OF MURSHIDABAD DISTRICT ADMINISTRATION	3.5	89
➢ BANGLA SWANIRBHAR KARMASANSTHAN PRAKALPA	3.6	105

HEALTH AND FAMILY WELFARE DEPARTMENT

3.1 INDIAN SYSTEM OF MEDICINE AND HOMOEOPATHY

HIGHLIGHTS

The policy of the Government of India was to develop Indian System of Medicine and Homoeopathy (ISM&H) to provide better and economic health care to every citizen. Proper treatment through ISM&H could not be provided to the population due to low budgetary provision, inadequate infrastructural facilities in state hospitals, non-deployment of medical officers in dispensaries and absence of homoeo dispensaries at panchayat level. In the absence of monitoring and supervision, the performance of the ISM&H institutions, laboratory and pharmacy and the utilisation of existing infrastructures for education, treatment and production of medicines were not satisfactory.

Population of a large part of the State were deprived of health care under Indian System of Medicine and Homoeopathy as besides Kolkata, State medical colleges and hospitals were set up in only two districts under ISM&H while no hospital was located in North Bengal.

(Paragraph 3.1.5)

During 1999-2004, provision for capital expenditure was only two *per cent* of the total budget provision for ISM&H indicating the low priority accorded to this sector.

(Paragraph 3.1.6)

Against the requirement of five indoor patient departments, one ayurvedic college had four departments and other two had only one each. Two homoeopathic colleges maintained only one department out of four required.

(Paragraph 3.1.8)

In two homoeopathic and one ayurvedic colleges and hospitals test-checked, the drop out rate of students was 20 *per cent* during 1999-2004. The student capacity of the Post-graduate Institute of Ayurvedic Education and Research was reduced from 13 to six during 2003-2004 due to shortage of teachers.

(Paragraph 3.1.10)

Medical education in colleges and hospitals was deficient due to poor bed occupancy, want of requisite indoor patient departments, inadequate training facilities and infrastructure.

(Paragraph 3.1.12)

During 1999-2004, the Ayurvedic and Homoeopathic Colleges spent Rs 5.36 crore on deployment of doctors, house staff and nurses in excess

Abbreviations used in this Review have been listed in the Glossary in Appendix 40 (page 216)

of norms in urban areas whereas 51 dispensaries in rural areas remained non-operational for one to seven years due to non-deployment of doctors.

(Paragraphs 3.1.13 and 3.1.22)

Of 3340 Gram Panchayats in the State only 675 were provided with homoeopathic dispensaries of which 117 were non-functional for want of doctors.

(Paragraph 3.1.14)

Modernisation of ayurvedic pharmacy and upgradation of the laboratory into a statutory laboratory for ISMH remained incomplete in spite of spending Rs 0.91 crore. Medicines were supplied to consumers without conducting quality assurance tests.

(Paragraphs 3.1.15 and 3.1.19)

Due to poor utilisation of herbal garden, raw materials costing Rs 81.10 lakh were procured from the market. Raw materials valuing Rs 0.35 lakh were produced in the garden by incurring expenditure of Rs 31.24 lakh on salaries.

(Paragraph 3.1.17)

3.1.1 Introduction

The policy of the Government of India was to develop Indian System of Medicine and Homoeopathy (ISM&H) to provide alternative health care to its citizens. As treatment through allopathic medicine was more expensive and beyond the means of the common man especially in rural areas where laboratories and other facilities for diagnosis and treatment were not available, ISM&H was to provide relief to the population.

Programme objectives

The main objectives of ISM&H were as under:

- providing low cost health care facilities to people throughout the State and mainly in the rural areas where infrastructure for modern allopathic treatment was not available,
- development of teaching facilities with a view to producing qualified doctors for treatment under ISM&H,
- creation of adequate facilities for production, testing and distribution of ayurvedic and homoeopathic medicines, and
- providing adequate infrastructure for Research and Development.

3.1.2 Organisational set up

Principal Secretary, Health and Family Welfare Department was in overall charge of ISM&H, assisted by a Joint Secretary, Director of Homoeopathy, Director of Ayurvedic Medicine and a Special Officer for Unani with administrative control of three unani dispensaries. The Chief Medical Officers of Health (CMOH) of the districts were entrusted with health care services in rural areas through 545 homoeopathic and 295 ayurvedic dispensaries.

3.1.3 Audit objectives and criteria

The objectives of the review were:

- to see the adequacy of financial outlay,
- to evaluate the performance of the department in implementation of the programme,
- to assess the quality of health care services provided,
- to assess adequacy of resources available and their utilisation,
- to ascertain whether medical education facilities were in conformity with the prescribed standards, and
- to assess the facilities available under the scheme and their impact on the beneficiaries.

The review was conducted keeping in view the norms and standards fixed by the Central Council of Indian Medicine (CCIM), the Central Council of Homoeopathy (CCH) and the objectives of the schemes.

3.1.4 Audit Coverage

Records of the Health and Family Welfare Department (ISM&H branch), five ISM&H colleges and hospitals, the Integrated Production and Research Centre at Kalyani, CMOsH of four districts (Bankura, Coochbehar, North 24 Parganas and Paschim Medinipur), 30 dispensaries in these districts and six dispensaries in Kolkata and Howrah pertaining to the period 1999-2004 were test-checked between February and May 2004.

3.1.5 State Profile of Medical colleges and hospitals

In the State, there were four homoeopathic medical colleges and hospitals (two in Kolkata, one each in Howrah and Paschim Medinipur), one ayurvedic medical college and hospital, one ayurvedic post-graduate institute and one centre for training in ayurvedic pharmacy in Kolkata, run by the State Government. In addition, there were ten private medical colleges and hospitals, eight homeopathic[1], one ayurvedic (in North 24-Parganas) and one unani (in Kolkata). The State Government provided grants aggregating Rs 97.60 lakh to these private institutions during 2001-2004.

Besides Kolkata, homoeopathic colleges and hospitals were established by Government in only two districts (Paschim Medinipur and Howrah). No Government or private hospital or institution was located in North Bengal for health care and education under ISM&H.

Financial outlay and expenditure

Scrutiny of the financial outlay under ISM&H during 1999-2004 indicated inadequacy of budget provisions particularly under capital section reflecting

[1] *one in Kolkata, two in Burdwan and one each in Howrah, Birbhum, Paschim Medinipur, North 24 Parganas and Purulia*

the low priority accorded by the State Government to developmental activity in this sector. Besides the medical institutions failed to obtain the financial assistance available from Government of India for upgrading the infrastructure as has been discussed in the succeeding paragraphs.

3.1.6 Inadequate budget provisions

The budget provisions and actual expenditure under ISM&H during 1999-2004 were as below:

Year	Budget provisions		Actual expenditure		Savings(-)/Excess (+)	
	Capital	Revenue	Capital	Revenue	Capital	Revenue
	(Rupees in crore					
1999-2000	1.00	32.89	0.01	34.01	(-) 0.99	(+) 1.12
2000-2001	0.47	34.74	Nil	36.02	(-) 0.47	(+) 1.28
2001-2002	1.06	37.46	0.54	37.40	(-) 0.52	(-) 0.06
2002-2003	1.31	43.22	0.07	41.02	(-) 1.24	(-) 2.20
2003-2004	0.08	42.78	0.08	41.99	Nil	(-) 0.79
Total	**3.92**	**191.09**	**0.70**	**190.44**	**(-) 3.22**	**(-) 0.65**

Budget provision for capital expenditure was only 2 *per cent* of the total budget provision under ISM&H in the State

During 1999-2004, the budget provision for capital expenditure on ISM&H was only Rs 3.92 crore representing two *per cent* of total budget (Rs 195.01 crore) on ISM&H health care in the State. Of Rs 3.92 crore, only Rs 0.70 crore were spent as budgeted fund was not released by the State Government. Similarly, revenue expenditure of Rs 190.44 crore on health care services under ISM&H represented only 3.7 *per cent* of the total expenditure (Rs 5147.08 crore) on health care in the State. Further, out of expenditure of Rs 190.44 crore, Rs 178.32 crore (94 *per cent*) were spent towards pay and allowances of the staff leaving only 6 *per cent* for equipment, medicines, etc.

The Standing Committee on Health and Family Welfare opined (July 2000) that the department should take serious note for enhancement of budgetary provisions to improve the functioning of ISM&H so that this system can be of use to the people.

3.1.7 Central scheme fund not availed

One Ayurvedic Mahavidyalaya and one Homoeopathic College and Hospital failed to obtain GOI assistance due to failure in submission of project report

Under the Central schemes in operation for development of institutions of ISM&H, the Ministry of Health and Family Welfare was to provide financial assistance upto Rs 97 lakh to each college for creation of minimum mandatory infrastructure on receipt of the applications in prescribed form and project report from the institutions. The Calcutta Homoeopathic Medical College and Hospital and Viswanath Ayurvedic Mahavidyalay, Kolkata failed to obtain GOI assistance during 1999-2004 for six different schemes[2] due to failure in submission of the project report. Though the J B Roy State Ayurvedic Medical College and Hospital, Kolkata submitted a project report in December 2003, GOI fund was not released as the utilisation certificates for previous grants of Rs 12 lakh received in 1991-1992 (Rs 10 lakh in March 1991 and Rs 2 lakh in March 1992) were not submitted till March 2004.

[2] *Development of ISM&H under graduate colleges, Assistance to post graduate medical education, Re-orientation training programme for ISM&H personnel, Renovation and strengthening of hospital wards of Governemnt/Government aided teaching hospitals of ISM&H, Establishment of computer laboratory in ISM&H colleges, Upgradation of academic institutes to the status of State and Model institute of ayurved/siddha/unani/homoeopathy*

Besides, D N De Homeopathic College and Hospital, Kolkata received (July 2002) grant of Rs 27 lakh for construction of building (Rs 15 lakh) and purchase of equipment (Rs 10 lakh) and books (Rs 2 lakh), of which Rs 12 lakh were spent up to December 2004. Shayamadas Vaidya Shastrapith, Kolkata received (January 2004) Rs 12.67 lakh for establishment of computer laboratory (Rs 10 lakh) and training (Rs 2.67 lakh) of which Rs 9.49 lakh were spent up to October 2004. Thus, these two institutions failed to utilize Rs 18.18 lakh of GOI assistance.

Treatment facilities in hospitals

The numbers of patients treated in out-patient department (OPD) and indoor patient department (IPD) of the test-checked hospitals during 1999-2004 are indicated below:

Name of the hospital	Out Patient Department	Indoor Patient Department		
	Average patient per day	Bed strength	Average bed occupancy per day	Percentage of bed occupancy to bed strength
DN De Homoeopathic College & Hospital, Kolkata	313	50	12	24
Calcutta Homoeopathic Medical College & Hospital, Kolkata	114	50	13	26
JB Roy State Ayurvedic Medical College & Hospital, Kolkata	147	214	97	45
Post Graduate Institute of Ayurvedic Education & Research - Shayamadas Vaidya Shastrapith, Kolkata	124	75	20	27
Viswanath Ayurvedic Mahavidyalaya (Training centre), Kolkata	18	20	9	45
Total		**409**		

Test-check revealed that the hospitals had low bed occupancy, essential indoor patient departments were non-existent and other facilities such as ECG and X-ray were not available as discussed in the succeeding paragraphs :

3.1.8 Low bed occupancy

The average bed occupancy in the above hospitals ranged between 24 and 45 *per cent* against the Councils' norm of 60 *per cent* minimum bed occupancy. This was attributable to absence of requisite indoor patient departments.

Patients were deprived of adequate treatment in absence of requisite IPDs

It was also seen that against requirement of five indoor patient departments (e.g. Kayachikitsa, Shalyatantra, Shalakyatantra, Prasutitantra and Kaumarbhritya) in any standard ayurvedic hospital, J B Roy State Ayurvedic Medical College and Hospital had four departments (Kayachikitsa, Shalyatantra, Shalakyatantra and Prasutitantra) and only one department (Kayachikitsa) was in operation in other two ayurvedic hospitals. Similarly, against the requirement of four departments (general medicine, paediatrics, surgery, gynaecology and obstetrics) in a standard homoeopathic hospital, both the homoeopathic hospitals operated only the general medicine department due to lack of infrastructural facilities viz. non-functioning or shortage of OT, labour room, dissection hall and requisite equipment coupled with non-deployment of doctors, surgeons and anaesthetists.

The Department stated (January 2005) that all the indoor patient departments could not be made functional due to non-appointment of house staff and steps

had been taken to obtain sanction of some posts of house staff in each of the hospitals.

3.1.9 Non-availability of medical facilities

During 1999-2004, ECG facility was not available in three ayurvedic and one homoeopathic hospitals while X-ray facility was not available in one ayurvedic and two homoeopathic hospitals for want of radiologists, technicians and damaged condition of X-ray clinic.

Non-completion of renovation work – people deprived of requisite medical care

The male ward of Vishwanath Ayurvedic Mahavidalay and Hospital renovated (April 2002) at a cost of Rs 6.95 lakh remained closed (December 2004) as additional fund of Rs 3.63 lakh for the residual work was not released by the department (ISM&H Branch) as per demand (July 2003) of Public Works Department.

Thus, in absence of essential indoor departments, required instruments and non-completion of renovation works patients were deprived of requisite medical care.

Medical education

CCIM and CCH regulated the standard of education in ayurvedic and homoeopathic institutions respectively. Test-check of records of two homoeopathic and one ayurvedic medical college, one ayurvedic post-graduate institute and one ayurvedic training centre revealed curtailment of intake capacity of post graduate institute, closure of training institute, non-availability of qualified teachers, etc. as discussed below:

3.1.10 Low utilisation of ISM&H medical education capacity

During 1999-2004 drop out rate of students was 20 *per cent* and intake capacity of post graduate institute was curbed due to shortage of teaching staff

Out of 785 students (intake capacity being 800) admitted in three colleges during 1999-2004, 156 students (20 *per cent*) left the institutions mid way. Four post graduate students, admitted between June 1998 and June 2003, also left the institution before completion of their studies between October 2000 and March 2004 without any recorded reasons and without refunding stipend of Rs 3.25 lakh drawn by them though they were liable to refund stipend for discontinuation of studies. Institute authority did not take any action for recovery of the same.

The Central Council of Indian Medicine after inspection in May 2003, reduced the student intake capacity of the post-graduate institute of ayurvedic education and research from 13 to six from the academic session 2003-2004 due to shortage of six teaching staff. In spite of repeated warning by CCIM and several assurances by the State Government, recruitment had not been made against the vacancies that had been continuing for the last four to five years.

Students were deprived of ayurvedic pharmacy training

Admission of students in the training centre of ayurvedic pharmacy at Vishwanath Ayurvedic Mahavidyalaya was stopped since January 1998 due to shortage of teaching staff though admission of students was resumed from

January 2004 with two teachers and 20 students. Thus, students of ayurvedic pharmacy were deprived of training during the years 1998-2003.

The Department stated (January 2005) that efforts were on to recruit teachers in the institutions on permanent basis through West Bengal Public Service Commission to solve the problem.

3.1.11 Non-availability of qualified teachers

Out of 37 regular teachers of two homoeopathic medical colleges, only eight teachers had requisite post graduate qualifications in the concerned subject. Thus, the students were deprived of quality guidance of teachers on specialised subjects.

3.1.12 Low student/bed occupancy ratio

As per norms, the student/bed-occupancy ratio for Homoeopathic college and Ayurvedic college should be 1:1 and 1:2 respectively.

During 1999-2004, the average daily bed-occupancy in D N De Homoeopathic Medical College and Hospital and Calcutta Homoeopathic Medical College and Hospital was as low as 12 and 13 respectively (sanctioned strength being 50 for each hospital) against the student strength of 50 in each hospital. In Ayurvedic College, average bed occupancy was only 97 (against bed-strength of 214) while the student strength was 58.

Such adverse student/bed-occupancy ratio indicated that the medical students had little opportunity for adequate practical experience.

Thus, medical education in colleges and hospitals under ISM&H was deficient due to poor student-bed occupancy ratio, under-qualified teaching staff, non-availability of required minimum departments, inadequate training facilities and absence of diagnostic techniques, instruments and technicians coupled with high rate of drop-outs.

The Department did not take any action to ensure adequate standard of education facilities as per CCIM and CCH norms for Medical Colleges.

Functioning of dispensaries

Scrutiny disclosed that the State Government could not provide homoeopathic dispensaries to all the gram panchayats; non-deployment of Medical Officers also rendered a good number of rural dispensaries non-functional.

3.1.13 Homoeopathic and Ayurvedic dispensaries

Dispensaries remained non-functional upto seven years for want of MOs

Out of 843 dispensaries in the State, 51 dispensaries remained non-functional for one to seven years due to non-deployment of MOs. Twelve of these vacancies were due to transfer of MOs to teaching colleges.

In seven out of 36 test-checked dispensaries, it was noticed that the compounder of Haldibari State Homoeopathic dispensary and the pharmacists of Haldibari and Gaighata State Ayurvedic dispensaries prescribed medicines to patients since April 2002 and December 2002 respectively in the absence of MOs and the other four remained totally defunct for one to five years.

3.1.14 Gram Panchayat Homoeopathic Dispensary

The State Government introduced (May 1988) a scheme for providing each of 3340 gram panchayats in the State with one part time homeopathic doctor and one part time homeopathic compounder-cum-dresser for healthcare services in rural areas. Zilla Parishads were to select the site after obtaining proposal from Gram Panchayats with assurance to provide accommodation and medicines to the dispensaries. Funds for payment of honorarium to the part time doctors and compounder-cum-dressers were to be provided by the Department.

Only 20 *per cent* of the 3340 gram panchayats were provided with homoeopathic dispensaries

Against the target of setting up 3340 gram panchayat dispensaries only 675 dispensaries (20 *per cent*) were set up upto June 2002, of which 117 were not functioning as of March 2004 due to non-deployment of doctors.

The Department stated (January 2005) that Zila Parishads of the districts in North Bengal were requested to make the non-functioning dispensaries functional and the non-functioning dispensaries in four districts of South Bengal started functioning since April 2002.

Integrated Drug Production and Testing Centre

An Integrated Ayurvedic & Homoeopathic Drug Production Centre, Research & Drug Testing Unit & Herbarium (renamed State Pharmacopoeial Laboratory and Pharmacy for Indian Medicine in April 2003) was set up in 1985-1986 at Kalyani for production and testing of raw materials and medicines, cultivation of medicinal plants for supplying ayurvedic and homoeopathic medicines to the dispensaries in the State. The Centre had 25 acres of land for cultivation of medicinal plants. Scrutiny revealed that not only modernisation of the Centre was stalled for want of require infrastructure but also its existing potential for production of medicines and raw materials and testing of drugs was badly underutilised as discussed below :

3.1.15 Modernisation of pharmacy and upgradation of laboratory

Ministry of Health and Family Welfare, ISM&H Department, Government of India released (March 2002) grants-in-aid of Rs 1.45 crore for modernisation of ayurvedic pharmacy (Rs 0.65 crore) and upgradation of ayurvedic laboratory (Rs 0.80 crore) into a statutory laboratory for ISM&H.

Modernisation of pharmacy and testing laboratory was stalled for want of required infrastructure

Between December 2002 and March 2004, the Centre spent Rs 35.13 lakh on renovation of building and Rs 55.82 lakh (Rs 3.17 lakh for pharmacy and Rs 52.65 lakh for laboratory) on procurement of machinery and equipment. As of May 2004 machinery and equipment costing Rs 27.39 lakh remained uninstalled due to non-completion of civil works indicating improper planning

of procurement. Thus modernisation of pharmacy and drug testing laboratory was stalled due to non-availability of required infrastructure.

3.1.16 Performance of Ayurvedic Pharmacy

Under utilisation of machines to produce medicines resulted in procurement of medicines worth Rs 20 lakh from market

During 1999-2004, neither the production capacity of the Pharmacy was assessed nor any target of production was fixed. Out of available stock of 111.82 tonnes of raw materials valuing Rs 89.62 lakh the pharmacy utilised only 72.73 tonnes (Rs 57.97 lakh) to produce 58.52 tonnes of ayurvedic medicines due to non-utilisation of three out of five grinding machines owing to shortage of operators. As a result, Director of Ayurveda procured (April 2004) medicines worth Rs 20 lakh from the market.

Thus, due to non-deployment of adequate number of machine operators the pharmacy failed to produce ayurvedic medicines according to the need.

The Department stated (January 2005) that substantial increase of production could not be expected with the old and existing system. New machines for production of capsules and tablets, etc. of ayurvedic medicines had already been installed and as soon as these new machines started operation, more medicines would be produced.

The fact, however, remained that the Department could not increase production of ayurvedic medicines as of January 2005 due to failure in completion of civil work though fund for modernisation of the pharmacy was received (March 2002) from GOI.

3.1.17 Performance of herbal garden

Production of ayurvedic medicines valuing Rs 0.35 lakh spending Rs 31.24 lakh on staff salary

During 1999-2004, the ayurvedic wing cultivated ayurvedic medicinal plants in 10 acres of land and produced raw materials valuing Rs 0.35 lakh for production of ayurvedic medicines incurring expenditure of Rs 31.24 lakh towards salary of seven staff and Rs 0.65 lakh on plantation. Lack of budgetary support for plantation and maintenance of herb garden was the main reason for such poor performance of the Centre. Further, neither any target for plantation and harvesting was fixed nor periodical survey of plants and garden produce was conducted. Due to such low production at the Herbarium of the Centre, its Pharmacy procured raw materials costing Rs 81.10 lakh from market.

The Director of the Centre stated (April 2004) that some ayurvedic medicinal produce was sporadically collected from the herbal garden according to requirement while the proposals for production of homoeopathic medicines were mooted to State Government from time to time but Government did not sanction any fund for installation of machinery till date.

Thus, cultivation of medicinal plants without fixing any target of production.to meet departmental requirement coupled with complete disregard of cost efficiency frustrated the purpose of maintaining the garden.

The Department stated (January 2005) that it was difficult to fix any target in respect of time and quality for plant produce and periodical survey of plants could not be done due to shortage of manpower

3.1.18 State Medicinal Plant Board

Deficient functioning of the State Medicinal Plant Board

In view of fast growing demand for medicinal plants, Ministry of Health and Family Welfare set up (June 2001) the National Medicinal Plant Board to co-ordinate all the aspects of medicinal plants including drawing up of policy and strategies for conservation, cost effective cultivation, proper harvesting, research and development, planning, processing and marketing of raw materials, etc To assist the Central Board at State level, the State Government set up a State Medicinal Plant Board in June 2002. Ministry also provided (February 2002 and March 2004) financial assistance of Rs 15 lakh for preparation of an action plan for proper co-ordination of medicinal plants sector in the State However, till date neither any assessment of demand and supply position of medicinal plants was done nor any action plan for growth and development of medicinal plant sector through buy-back arrangements was formulated

The Department stated (January 2005) that the buy back mechanism of medicinal plants was in an embryo stage and the department was formulating a State Policy on the issue

3.1.19 Testing of ayurvedic medicines

Medicines were supplied without conducting test to ensure supply of standard quality medicines

The State Government declared (July 2002) the existing laboratory as statutory laboratory for testing of ayurvedic medicines as per provisions of the Drugs and Cosmetics Act 1940 The laboratory, however, did not receive any medicine sample from Drug Controller during 2002-2004 for testing due to shortage of inspectors It was noticed in audit that against the sanctioned strength of ten inspectors in the office of the Drug Controller, ISM, there was only one inspector As a result, the consumers of the state were not assured of quality ayurvedic medicines

The Department stated (January 2005) that drug sample testing had been started since June 2004.

3.1.20 Procurement of raw materials at higher rate

Procurement of raw materials on eye estimation basis rejecting lowest offers

Test-check of purchase records of 16 items of raw ayurvedic materials revealed that selection of tenders was made on acceptance of samples on eye estimation instead of laboratory test conforming to the specification mentioned in the Ayurvedic Pharmacopoeia and thus the lowest offers were rejected In this way the Centre and three ayurvedic hospitals incurred excess expenditure of Rs 9 60 lakh on procurement of 28 176 tonnes raw materials valuing Rs 25 03 lakh during 2002-2004.

The Department stated (January 2005) that the lowest tenders should not always be accepted to ensure quality of materials and the units had procured better materials for production of better quality medicines

Contention of the Department was not acceptable because no laboratory test was conducted to ascertain the quality of the samples before rejecting lowest offers.

Manpower management

Scrutiny disclosed imbalance in manpower deployment with urban bias as posts of medical and paramedical staff were lying vacant in rural areas while doctors, house staff and nurses were deployed in Kolkata in excess of norms as discussed below :

3.1.21 Shortage of Medical Officers

39 posts of Medical Officers and 137 posts of compounders remained vacant for one to seven years

In the State, against sanctioned strength of 843 medical officers (MOs) (545 homoeopathic, 295 ayurvedic and three unani) and 656 compounders (440 homoeopathic, 213 ayurvedic and three unani) for 843 dispensaries, men-in-position were 804 (521 homoeopathic, 280 ayurvedic and three unani) and 519 (334 homoeopathic, 183 ayurvedic and two unani) respectively as of 31 March 2004. Thus, 39 posts of MOs and 137 posts of compounders were lying vacant for one to seven years.

In three State homoeopathic dispensaries of Cooch Behar district, the posts of MOs were lying vacant since April 1999, April 2002 and April 2003 respectively. Salary of Rs 6.53 lakh paid to the compounders of these dispensaries up to March 2004 proved to be unfruitful.

Barasat State Ayurvedic Dispensary in North 24 Parganas district remained non-functional since August 2002 due to utilisation of the service of its MO in J B Roy State Ayurvedic Medical College and Hospital at Kolkata. Supply of medicines to this dispensary was also discontinued from September 2002. Pay and allowances aggregating Rs 3.28 lakh to the pharmacist and a Group D assistant during September 2002 to February 2004 was unfruitful.

The Department stated (January 2005) that efforts were on for filling up the vacant posts of ayurvedic and homoeopathic medical officers.

3.1.22 Deployment of excess doctors and staff nurses

Deployment of doctors and staff nurses were in excess of requirement in Kolkata

Against the requirement of five doctors for 50 beds as per norm of Central Council of ISM&H, there were eight to nine doctors in D N De Homoeopathic Medical College and Hospital (50 bedded) in Kolkata during 1999-2004 indicating under utilisation of their services. Similarly, for 309 beds of three ayurvedic hospitals in Kolkata 67 to 76 house staff were deployed during 1999-2004 against the requirement of 16 as per norm of one house staff per 20 beds.

Staff nurses were to be deployed by the Deputy Director of Health Service (Nursing) as per requirement in all hospitals, health centres, etc. under both ISM&H and allopathy. Against the requirement of 51 staff nurses in five hospitals in Kolkata, 67 to 106 staff nurses were deployed during 1999-2004.

Deployment of excess manpower led to unfruitful expenditure of Rs 5.36 crore

Thus, deployment of doctors, house staff and nurses in excess of norm in urban areas not only resulted in unfruitful expenditure of Rs 5.36 crore during 1999-2004, but also indicated gross imbalance as rural dispensaries were not functioning for want of medical staff

3.1.23 Other points

Non-realisation of diet charge from non-BPL patients-loss of Rs 10.44 lakh

- Patients not belonging to BPL families admitted in free beds were required to pay 50 *per cent* of the cost of diet During 2002-2004, Rs 10 44 lakh being 50 *per cent* cost of diet provided to 1 06 lakh non-BPL patients of five test-checked hospitals[3] were not realised The Department stated (January 2005) that the matter would be enquired into to fix responsibility

Procurement of raw materials in excess of requirement

- Despite having stock of 9391 kg of raw materials as on 31 March 2002, three Ayurvedic hospitals procured 32756 kg of raw materials during 2002-2004 while only 19962 kg were consumed during the period Thus, procurement of raw materials in excess of requirement resulted in accumulation of stock of 22185 kg with consequential blocking of funds of Rs 28 65 lakh. Deterioration of medicinal value of the stock could not be ruled out either, though not ascertained by the hospital authorities The Department's reply (January 2005) that the raw materials could not be consumed due to shortage of manpower was not acceptable because the manpower position was known to the unit authorities at the time of procurement of raw materials

Non-implementation of the scheme of supply of home remedy kit

- Ministry of Health and Family Welfare, Department of ISM&H launched (June 2002) a pilot scheme on 'Home Remedy Kit' to provide first line of health care to those segment of population to whom primary health care facilities were not available through ISM&H and also to achieve the national target of health for all by popularising ISM&H The pilot scheme was proposed to be implemented in one hundred villages of Bankura district during 2002-2003 at a cost of Rs 10 60 lakh. The first instalment of Rs 5.30 lakh was released (November 2002) by the Ministry for procurement of kits and implementation of the project within eight months but the scheme was not launched as of May 2004 due to delay of 12 months in placement of fund by Health Department (ISM&H branch) and also delay in selection and training of service providers The Department stated (January 2005) that the District Magistrate of Bankura was taking steps for implementation of the programme

3.1.24 Monitoring and Evaluation

The Department had no mechanism for monitoring and evaluation of the performance of ISM&H institutions No action plan was drawn up either by the Department or by the ISM&H institutions for development of infrastructure to improve the quality of services rendered by the institutions

[3] *D N De Homoeopathic College and Hospital, Calcutta Homoeopathic Medical College and Hospital, J B Roy State Ayurvedic Medical College and Hospital, Post-graduate Institute of Ayurvedic Education and Research –Shayamadas Vaidya Shastrapith and Viswanath Ayurvedic Mahavidyalaya (Training Centre)*

Lack of monitoring of the activities of the medical colleges and hospitals, dispensaries, pharmacy and laboratory under ISM&H meant that fruitful utilisation of available resources could not be ensured and remedial measures for improvement of their performance could not be taken.

3.1.25 Conclusion

The review disclosed that the objective of providing alternative health care to citizens through development of ISM&H was not achieved due to low budget provision for ISM&H and failure of the institutions to avail of GOI assistance for infrastructure development. Only 20 *per cent* of the gram panchayats were provided with dispensaries. State homoeopathic hospitals were set up only in Kolkata and two districts out of 19 districts. Fifty one dispensaries remained non-functional upto seven years for want of MOs. In the absence of essential indoor departments and requisite instruments in ISM&H institutions, patients were deprived of medical care and the students did not receive appropriate training. The existing capacity of the Integrated Drug Production and Testing Centre at Kalyani in drug testing and production of medicines and raw materials was badly underutilised. Modernisation of the Centre was stalled for want of infrastructure. Absence of supervision and monitoring on the part of the administration on utilisation of available infrastructure for education, treatment, production of medicine and supply of quality drugs adversely affected the quality of services under ISM&H.

3.1.26 Recommendations

- Adequate budget provisions and optimum utilisation of GOI assistance to create infrastructural facilities should be ensured.
- Utilisation of full potential of the Integrated Drug Production and Testing Centre at Kalyani in respect of drug testing and production of medicine and raw materials need be ensured.
- Adequate budget support should be provided for plantation and maintenance of herbal garden to increase its productivity.
- The excess manpower in urban areas should be re-distributed to remove the imbalance between urban and rural areas.
- Homoeopathic dispensaries should be set up in all gram panchayats to offer medical care to people in remote places.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 FUNCTIONING OF RURAL HOSPITALS AND PRIMARY HEALTH CENTRES

HIGHLIGHTS

Healthcare is provided to rural people through a network of sub-centres, primary health centres (PHCs) and rural hospitals (RHs). There were huge shortages in numbers of RHs and PHCs as compared to the norm. Only 31* per cent *of doctors available were working in rural areas to serve 72* per cent *of the population. Specialist services were not provided in RHs. Most of the sub-centres were functioning without adequate infrastructure and health assistants (Male). Indoor treatment was not provided in most of the PHCs. Supply of medicines to RHs and PHCs was highly inadequate. In the PHCs, even routine treatment in out patient department was not provided.

During 1999-2003, scheme fund of Rs 8.73 crore were not released by the department for development of health care services. The department also failed to utilise 52 *per cent* (Rs 111.52 crore) of plan funds.

(Paragraphs 3.2.4 and 3.2.6)

As compared to national norms, only 20 *per cent* of RHs, 61 *per cent* of PHCs and 78 *per cent* of SCs were established against requirement while in the test-checked districts shortage of RHs ranged between 76 and 95 *per cent* and for PHCs it was between 32 and 50 *per cent* except in Bankura. During 1999-2004, only 10 PHCs were set up in the State.

(Paragraph 3.2.8)

Basic minimum health care services were not provided due to failure in providing requisite instruments, labour rooms, laboratory, electricity, toilet, etc. in sub-centres and PHCs.

(Paragraphs 3.2.9 and 3.2.10)

In four selected districts, 27 *per cent* of sanctioned posts of MOs, nurses and other para medical staff remained vacant as of March 2004. Out of 236 PHCs, 177 PHCs were functioning with only one MO each against the norm of minimum two and 54 PHCs remained non-functional for one to five years for want of MOs.

(Paragraph 3.2.11)

Only 31 *per cent* of doctors were deployed in rural areas to serve 72 *per cent* of total population leading to wide disparity between urban and rural areas. Against 20712 health assistants needed for the sub-centres at village level only 14155 (68 *per cent*) were available.

(Paragraphs 3.2.12 and 3.2.13

Bed occupancy in test-checked 11 RHs and 12 BPHCs ranged between five and 63 *per cent* during 1999-2004. Low bed occupancy was noticed in

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Abbreviations used in this Review have been listed in the Glossary in Appendix 40 (page 216)

all the test-checked RHs and BPHCs due to inadequate facilities, lack of doctors and non-operational Out Patient Departments. Further, out of 1013 beds in 182 PHCs of selected districts only 46 beds in five PHCs were functional. In the health centres, patients suffering from even routine ailments like fever, diarrhoea and vomiting were denied treatment in out patient department and referred to district or sub-divisional hospitals. Surgeons and anaesthetists were not deployed in fully equipped 15 OTs.

(Paragraph 3.2.14)

Equipment costing Rs 52.67 lakh was lying idle in the health centres for want of adequate infrastructure.

(Paragraph 3.2.15)

Medicines were procured without indents or assessment of requirement. In test-checked seven RHs and four BPHCs of two districts supply of medicines fell short by 24 to 47 *per cent*.

(Paragraph 3.2.16)

Four Zilla Parishads incurred expenditure of Rs 2.08 crore by diverting funds from the Pradhan Mantri Gramodaya Yojana. Furniture and medicines valuing Rs 14.91 lakh and Rs 34.79 lakh respectively remained unutilised due to imprudent purchases.

(Paragraph 3.2.20)

In the State, coverage of eligible couples adopting family planning measures was 33.62 *per cent* against the target of 60 *per cent* while in test-checked districts it ranged between 21 and 50 *per cent*.

(Paragraph 3.2.21)

During 1999-2003, out of 8.40 lakh childbirths in three test-checked districts 6.75 lakh deliveries were non-institutional and the incidence of child death increased two fold during 1999-2003.

(Paragraph 3.2.23)

3.2.1 Introduction

The State Government's objective is to provide primary healthcare services to rural people through a network of sub-centres (SCs), primary health centres (PHCs), block primary health centres (BPHCs) and rural hospitals (RHs). The major components of primary healthcare are (i) health education to the rural mass, (ii) family planning and child health, (iii) antenatal and postnatal services, (iv) preventive and curative services, and (v) implementation of national health programmes.

3.2.2 Organisational set up

The Principal Secretary of Health and Family Welfare Department was in overall charge of health administration. At district level, the Chief Medical Officer of Health (CMOH) assisted by Deputy Chief Medical Officers of Health was in overall charge of RHs, BPHCs, PHCs and SCs.

3.2.3 Audit Objectives

Audit objective was to assess the effectiveness of provisions of primary healthcare to rural people. In particular, the following aspects were examined:

- adequacy of infrastructural facilities such as buildings and equipment,
- shortage of medical officers and paramedical staff,
- system of supply of medicines to medical institutions,
- provisions for supply of diet to patients,
- adequacy of training of multipurpose health workers, and
- implementation of National and State Health schemes.

3.2.4 Audit coverage

The performance of Health and Family Welfare Department in providing healthcare services to the people of rural areas of four selected districts[1] out of nineteen was reviewed in audit during January to July 2004 through test-check of records of the department, Directorate of Health Services and CMOsH of the selected districts including 11 RHs, 12 BPHCs [2], 49 PHCs and 95 SCs for the period 1999-2004. The results of review are mentioned in the succeeding paragraphs.

Financial outlay

The budget provisions and expenditure incurred on rural health services during 1999-2004 are indicated below:

Year	Budget provision		Expenditure		(+) Excess/(-) Savings	
	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan
	(Rupees in crore)					
1999-2000	168 65	21 07	172 75	11 98	(+) 4 10	(-) 9 09
2000-2001	185 14	53 21	175 58	35 24	(-) 9 56	(-) 17 97
2001-2002	192.33	34 23	176 49	8 61	(-) 15 84	(-) 25 62
2002-2003	201 18	59 05	189 15	18 05	(-) 12 03	(-) 41 00
2003-2004	193 97	45.55	193.58	27 71	(-) 0 39	(-) 17 84
Total	**941.27**	**213.11**	**907.55**	**101.59**	**(-) 33.72**	**(-) 111.52**

Source Budget publications

Preparation of budget was unrealistic

It would be evident from above that there was persistent savings during all the years and out of budget provision of Rs 1154.38 crore during 1999-2004, Rs 145.24 crore could not be spent. Preparation of unrealistic budgets resulting from non-submission of budget proposals by CMOsH, non-release of scheme funds by the department and non-filling up of vacant posts were the main reasons for such savings.

[1] *North 24-Parganas, Paschim Medinipur, Cooch Behar and Bankura*

[2]

Paschim Medinipur	*North 24 Parganas*	*Bankura*	*Cooch Behar*
Chandra BPHC	*Amdanga BPHC*	*Anchuri BPHC*	*Pundibari BPHC*
Changual BPHC	*Ghoshpur BPHC*	*Chhatna BPHC*	*Boxirhat BPHC*
Khirpai BPHC	*Chotojagulia BPHC*	*Borjora BPHC*	*Ghoksadanga BPHC*
Salboni RH	*Toki RH*	*Amarkanan RH*	*Haldibari RH*
Keshpur RH	*Baduria RH*	*Sonamukhi RH*	
Hijli RH	*Madhyamgram RH*	*Kotulpur RH*	
Debra RH			

3.2.5 Budget proposals of CMOsH unrealistic

During 1999-2004, the CMOsH of Cooch Behar and Bankura districts prepared budget estimates on ad-hoc basis by adding 10 *per cent* to the previous year's allotments and CMOsH of North 24-Parganas and Paschim Medinipur districts did not prepare any budget estimates at all. Instead, they submitted previous year's quarterly expenditure statements to the Directorate.

The Department stated (January 2005) that proposal for creation of post of Accounts Officer under CMOH of each district had been initiated to strengthen the management of financial activities at the district level.

3.2.6 Non-release of scheme funds

Rupees 8.73 crore allotted for health care facilities under seven schemes were not released

No fund was released by the Department during 1999-2003 out of budget provisions of Rs 8.73 crore under schemes for (i) creation of health centres in scheduled castes areas and new homoeopathic dispensaries at block level, (ii) providing dental care services and facilities for treatment in unani system of medicine in rural areas, (iii) providing treatment facilities in ayurvedic system of medicines in scheduled castes areas, and (iv) developing rural health services in tribal areas. As a result, rural people were deprived of better healthcare services, though budgeted for.

Infrastructural facilities

Even minimum basic care services were not provided to the rural population due to failure of the department in providing requisite instruments, labour rooms, laboratories, electricity and toilets in the health institutions. There was also shortage of rural hospitals and primary health centres as discussed below :

3.2.7 Profile of health institutions (RHs, PHCs, SCs)

There were 95 RHs, 250 BPHCs, 923 PHCs and 10356 SCs in the State to cater to the medical needs of the rural population.

Rural hospitals (RH) are 21 to 60 bedded hospitals functioning round the clock. Specialist services of civil surgeons and dental surgeons are also provided in the RH. Primary health centres (PHC) meant to provide basic healthcare services in rural areas at the primary level, are the initial contact point with a Medical Officer (MO). These centres also play an important role in providing curative services and managerial support for implementing all healthcare activities including health and family welfare programmes. Sub-centres (SC) are located at the village level. These are involved in providing basic minimum healthcare services such as immunisation of children and pregnant women, antenatal and postnatal care, motivation of rural couples to adopt family planning measures and creation of awareness among rural mass about health care programmes through door-to-door visits.

3.2.8 Huge shortage in number of RHs, PHCs and SCs

The number of health institutions required as per national norm and the number actually functioning in the State are as given below:

Institutions	Population to be served per institution		Number	
	Plain area	Hill and backward areas	Required	Available
RHs	1 lakh to 1 20 lakh		481	95
BPHCs/PHCs	30000	20,000	1923	1173
Sub-centres	5000	3,000	13230	10356

Huge shortage in the number of RHs (80 per cent) and PHCs (39 *per cent*) compared to norms

During 1999-2004, only 10 PHCs were set up in the state. There was huge shortage in the number of RHs (80 *per* cent), BPHCs/PHCs (39 *per* cent) and SCs (22 *per* cent) in the State affecting the quality of health care services to the rural population

The position in the four sample districts was as follows·

District	Population (in lakh)	RHs		BPHCs/PHCs		SCs	
		Required	Available	Required	Available	Required	Available
Bankura	29 57	25	5 (20)	99	17/70=87 (88)	592	564 (95)
Coochbehar	22 53	19	1 (5)	75	11/29=40 (53)	460	406 (88)
Paschim Medinipur	45 74	38	9 (24)	152	20/84=104 (68)	914	858 (94)
North-24 Parganas	40 81	34	7 (21)	136	15/53=68 (50)	816	742 (91)
Total	138 65	116	22 (19)	462	63/236=299(65)	2782	2570 (92)

Note Figures in parenthesis represent the percentage to required numbers

Shortages in health centres adversely affected services to rural people

Of the four selected districts, the position was alarming in Coochbehar with only one RH functioning against 19 required. The shortage of RHs in other three districts ranged between 76 *per cent* and 80 *per cent* In three of the four selected districts, the shortage of BPHCs/PHCs was very high- North 24 Parganas was 50 *per cent* short, Coochbehar 47 *per cent* and Paschim Medinipur 32 *per cent* The shortages of sub-centres in selected districts varied between 5 *per cent* and 12 *per cent*. Such shortages in RHs, PHCs and sub-centres adversely affected the objective of providing primary healthcare to rural people.

The department did not prepare any action plan to establish sub-centres, PHCs and RHs nor did take any action for creation of new RH during 1999-2004.

The Department stated (January 2005) that new construction works would be taken up in the rural areas of these districts

3.2.9 Inadequate facilities in Sub-centres

Out of 2570 sub-centres in four selected districts, 655 sub-centres were functioning in very small space. Of these sub-centres, 95 were test-checked in Audit and it was noticed that 89 sub-centres were functioning in a room of about 70 to 80 square feet, which was not adequate for efficient functioning of the centres Further, six sub-centres were functioning without any room or health assistants (HAs).

Requisite instruments like BP machine, weighing machine, anaemia measuring instrument, etc. and minimum facilities like electricity, toilet and drinking water were also not available in most of the sub-centres.

The HAs of 159 sub-centres were residing 5 km to 59 km away from the sub-centres in violation of service conditions affecting the quality of their services.

Rural people were deprived of minimum health care services in absence of HAs and infrastructure in SCs

Thus, in absence of adequate infrastructure and required number of HAs in the sub-centres, the rural population was deprived of basic minimum health care services like immunization of children and pregnant women, antenatal care of mothers, motivation of rural couples to adopt family welfare measures, etc. as discussed later in the review.

3.2.10 Inadequate facilities in PHCs

Scrutiny of records of 49 PHCs of the selected districts revealed that two PHCs were functioning in dilapidated buildings and the Department took no action for repair and renovation. Further in none of the PHCs, basic facilities like labour room or laboratory was available. As such, no delivery cases were taken up in the PHCs.

The Department stated (January 2005) that a strategic framework had already been chalked out for health sector reforms with broader objectives and certain specific goals for the development of rural healthcare services in the State.

Manpower management

The basic health care services were severely impaired due to disparity in posting of staff between urban and rural areas coupled with shortage of manpower at all levels as discussed below :

3.2.11 Huge shortage in key personnel

Huge vacancies in the posts of MOs and other staff adversely affected health care

As against 11360 sanctioned posts in all cadres for 22 RHs and 299 PHCs and BPHCs in four selected districts, 8238 posts were filled up as of March 2004 indicating shortage of 3122 staff (27 *per cent*). The sanctioned strength vis-à-vis men in position in respect of MOs, paramedical staff (including nurse) and non-medical staff in these four districts are given below:

District	Medical Officers		Paramedical staff		Non-medical staff	
	Sanctioned	Deployed	Sanctioned	Deployed	Sanctioned	Deployed
Bankura	157	117 (25)	1981	1452 (27)	860	669 (22)
Coochbehar	64	57 (11)	1144	845 (26)	382	289 (24)
Paschim Medinipur	176	174 (1)	2638	1833 (29)	937	723 (23)
North-24 Parganas	118	109 (8)	2065	1507 (27)	838	463 (45)
Total	515	457 (11)	7828	5637 (28)	3017	2144 (29)

Note Figures in parenthesis represent the percentage of shortfall to sanctioned strength

Vacancies in the cadre of Medical Officer was very high (25 *per cent*) in Bankura district and vacancies in other cadres varied between 22 and 45 *per cent* in all the four selected districts affecting adversely primary healthcare for the rural population.

Out of 11 RHs test-checked, in five RHs there were four MOs in each and in one RH there were only two MOs against the norm of minimum five.

No MOs were deployed in 54 PHCs for one to five years

Out of 236 PHCs in the selected districts, no MOs were posted in 54 PHCs for one to five years rendering these PHCs non-functional. Out of the balance of 182 PHCs there was only one MO in each of 177 PHCs against the norm of minimum two MOs. Further, 28 PHCs were running without pharmacists.

The Department stated (January 2005) that necessary steps were being taken for appointment of Medical Officers.

3.2.12 Disparity between rural and urban healthcare

Only 31 *per cent* of doctors were posted in rural areas to serve 72 *per cent* of population

There was wide disparity in the posting of doctors in urban and rural areas. Only 31 *per cent* (12198) of doctors were posted in rural areas to serve 72 *per cent* (5.77 crore) of total population (8.02 crore) of the State. While there was one doctor for a population of 2033 in the State as of March 2004, the doctor-population ratio (1:4733) was far below the state average in rural areas, which was indicative of deficient healthcare in rural areas.

According to the conditions of recruitment of medical officers in the State a doctor should work in rural areas for a minimum period of three years. It was noticed in audit that this condition was not watched or monitored by the Directorate of Health Services.

3.2.13 Shortage of Health Assistants

Each sub-centre was to have one health assistant (male) and one health assistant (female). The HA (M) was to visit each family once in a fortnight to motivate persons to take regular treatment besides taking care of minor ailments. The HA (F) besides assisting the HA (M) in identifying cases under different health programmes, was also to carry out functions relating to maternal and child health, family planning, medical termination of pregnancy and dais' training.

Huge shortage (32 *per cent*) of health-assistants in Sub-centres of the State

Against 20712 HAs needed for 10356 sub-centres in the State, 17926 were sanctioned and 14155 posts were operated as of March 2004 resulting in shortage of 6557 HAs (32 *per cent*).

In four selected districts, 1396 posts were vacant against the requirement of 5140 HAs for 2570 sub-centres as of March 2004 as shown below:

District	Number of SCs	Number of posts sanctioned		Number of posts vacant		Number of posts not sanctioned as compared to norm	
		HA (M)	HA (F)	HA (M)	HA (F)	HA (M)	HA (F)
Bankura	564	530	564	202	122	34	-
Coochbehar	406	351	406	119	73	55	-
Paschim Medinipur	858	852	858	335	163	6	-
North-24 Parganas	742	691	691	343	39	51	51
Total	**2570**	**2424**	**2519**	**999**	**397**	**146**	**51**

As large number of posts of health assistants remained vacant, the rural population to be covered by the sub-centres were deprived of basic healthcare facilities.

The Department stated (January 2005) that for filling up the vacancy of health assistants (Female), 18 Nursing Training Schools had been entrusted with running auxillary nurse cum mid wife (ANM) courses and total student intake capacity of these schools was about 520 per year. The reply was, however, silent about vacancy in the posts of health assistants (male).

Functioning of RHs and BPHCs/PHCs

The health institutions had low bed occupancy due to inadequate infrastructural facilities, non-deployment of doctors and failure to provide treatment at OPDs. Medicines were procured without indents; equipment, furniture were lying uninstalled as discussed below :

3.2.14 Low bed occupancy

Bed occupancy rate ranged between 5 and 63 *per cent*

Average bed occupancy in test-checked 11 RHs and 12 BPHCs ranged between five *per cent* and 63 *per cent* during 1999-2004. Inadequate infrastructural facilities, non-deployment of adequate number of MOs and denial of treatment at OPD were the main reasons for such low bed occupancy.

Audit scrutiny revealed the following:

Surgeons, physicians and doctors were not deployed in OTs

Out of fully equipped 15 operation theatres (OTs) in eight RHs, five were not functioning. Only ligation operation was done in nine OTs and in one OT only 'minilap' eye operation was conducted during eye camp as specialist physicians, surgeon and anaesthetists were not deployed to make the OTs functional in all respects.

Patients were denied treatment in RHs and BPHCs

In six RHs and five BPHCs, 24462 patients requiring treatment for minor ailments like fever, diarrhoea, vomiting, anaemia, etc. were denied treatment during 1999-2003 and referred to sub-divisional hospital or district hospitals despite availability of MOs, nurses and beds in these RHs and BPHCs.

The Department stated (January 2005) that necessary guidelines for referral system of patients from primary level to secondary and onwards to tertiary level had been circulated to all concerned.

Further, out of 1013 beds in 182 PHCs (excluding 54 non-functioning PHCs) of the selected districts only 46 beds in five PHCs were functional as shown in the following table:

District	Number of PHCs	Number of beds available	Number of beds in operation
Bankura	56	309	20 (2 PHCs)
Coochbehar	29	158	26 (3 PHCs)
Paschim Medinipur	47	252	None
North 24 Parganas	50	294	None
Total	**182**	**1013**	**46 (5 PHCs)**

Only out patient departments were in operation in 177 PHCs with one doctor (Medical Officer) of general medicine against the requirement of minimum two MOs Indoor patient departments in these PHCs were not functioning for want of doctors as per norm

The Department stated (January 2005) that the proposal for upgrading the PHCs was under active consideration of the Department which would help better healthcare services in rural areas.

3.2.15 Idle equipment

Equipment remaining unutilised/ uninstalled

In test-checked districts equipment[3] valuing Rs 52 67 lakh supplied by the District Project Officers to the RHs, BPHCs and PHCs between May 1999 and December 2003 under the State Health System Development Project-II for improving healthcare services specially for the people of rural areas, remained uninstalled or were not functioning as of March 2004. Reasons for this were failure to complete civil works and electrification of PHCs, operation theatres not being opened and non-posting of surgeons, anaesthetists, dentists, laboratory technicians and X-ray technicians

3.2.16 Supply of medicines

CMOsH of the districts were to obtain indent of medicines from each RH and BPHC and to assess actual quantity needed for procurement District Reserve Stores (DRS) under CMOsH of a district was responsible for procurement and supply of medicines.

In the selected districts, it was noticed that medicines were procured by DRS on ad-hoc basis without obtaining indents and also without assessing the requirement of RHs, BPHCs, PHCs, which resulted in short supply of essential medicines as would be evident from the following.

Supply of medicines fell short by 24 to 47 *per cent* due to procurement of medicines without assessment

In three RHs and one BPHC of North 24 Parganas, short supply of vital medicines[4] ranged from 33 to 47 *per cent* of required quantities. For example, in Baduria RH, basic medicines viz. iron tablet (Ferrous Sulphate) required for anaemic patients was not in stock during September 2002 to March 2004 and Vita-A oil required for prevention of blindness among children was not in stock during January 2002 to December 2003.

In four RHs and three BPHCs of Paschim Medinipur, short supply of vital medicines[5] was 24 to 47 *per cent* of required quantities During 2001-2003, against requirement of 22995 ml of anti-rabies vaccine only 1960 ml

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[3] *Autoclave (vertical), Autoclave (Horizontal), Anesthetic Machine, Blood donor table, Dental chair, Mortuary cooler, Opthalmoscope, 60 MA X'ray machine Binocular microscope, Hydraulic dental chair, OT table (hydraulic), oxygen cylinder, Nitrous cylinder, 100 MA X'ray Auto clave HP (Horizontal), Surgical instrument cabinet, Gynae elis cantery, Focusing light, Shadow less OT light, Emergency trolley Refrigerator, Microscope, Foetal monitor, Emergency Reservation kit, Generator - 15 KVA, Mayos Trolley, Dressing trolley*

[4] *Tablet Paracetamol, Brufen, Salbutamol, Vitamin B Complex, Septran, Injection Derriphyline, Diazepam Gentamycin, Decadron, Capsules Amoxycillin, Ringer lactate as well as ORS*

[5] *Paracetamol, Amoxycillin, Doxycycline, Septran, Norflox, Tetanus Toxoid, Ringer Lactate, CP Maliate Vitamin B Complex and Antacid*

(9 *per cent*) were supplied. As a result, 16434 dog-bite patients were denied treatment in these RHs and BPHCs

Thus, poor purchase planning adversely affected health care services

The Department stated (January 2005) that in order to ensure procurement and supply of required medicines, a special software package had been developed and installed in DRSs recently and after full fledged functioning of the system, procurement and distribution of medicines would be need based

3.2.17 Non-realisation of cost of diet

The system of supplying cooked food to indoor patients through diet contractors was introduced in November 2002 According to Government's order, (November 2002) contractors would supply cooked food to patients and no departmental cooking arrangement would be made. For taking hospital diet, patients belonging to non-BPL families were to pay 50 *per cent* of diet charges (Rs 28.50 per day) and patients belonging to BPL families were to be supplied diet free of charge

Diet charges not recovered resulting in loss to Government

Out of 22 RHs and 63 BPHCs in selected districts, cooked food was supplied through contractors in 58 RHs/BPHCs and no food was supplied to the patients of 13 BPHCs In the remaining 14 RHs/BPHCs arrangement for cooking was made at the hospitals or health centres in contravention of the Government's order

In one RHs and four BPHCs, diet charges aggregating Rs 4 25 lakh was not recovered from non-BPL patients during September 2002 to March 2004

The Department stated (January 2005) that necessary instructions would be issued to the RHs and BPHCs to collect diet charge from non-BPL patients

3.2.18 Community Health Guide Scheme

Community Health Guide Scheme launched by GOI in 1979 was funded by the State Government in full since April 2002 Under this scheme, every village or community having a population of approximately 1000 should have a Community Health Guide (CHG) The CHG was to be provided with a drug kit and dressing materials valuing Rs 50 and remuneration of Rs 50 per month (Rs 100 per month up to March 2002) for rendering healthcare services

CHGs were not provided with drug kits depriving rural people of medical services

There were 8747 CHGs as of March 2004 in four test-checked districts It was noticed in audit that necessary drug kits and dressing materials were not supplied to CHGs As a result, the CHGs could not render any healthcare service to the rural people Thus, the payment of remuneration of Rs 44 53 lakh to CHGs during 1999-2003 proved to be unfruitful

Five BMOsH of Cooch Behar district paid remuneration to CHGs at the rate of Rs 100 per month instead of Rs 50 per month during April 2002 to January 2004 resulting in overpayment of Rs 4 07 lakh No action was taken by the BMOsH for recovery of the same

3.2.19 Non-functioning Training Centres

Of 320 trainees targeted 206 were trained. No training was imparted in three training centres

There were three regional (at Kolkata, Kalyani, Jalpaiguri) and two rural (at Bardhaman and Kalyani) training centres for imparting training to multipurpose health workers in order to improve their knowledge and skill. It was noticed in audit that the Rural Training Centre at Kalyani and Regional Training Centres at Jalpaiguri and Kolkata remained non-functional during 1999-2001, 1999-2002 and 1999-2004 respectively as no guidelines and funds were provided by the Department for conducting training during these years. Against the target of imparting training to 320 multipurpose health workers during 2002-2004, only 206 were trained due to non-placement of trainees by CMOHs.

Implementation of health schemes

The Department had been implementing both State and Central schemes to provide healthcare services to rural population. A review of implementation of five schemes revealed the following.

3.2.20 Pradhan Mantri Gramodaya Yojana

This Centrally sponsored scheme was introduced in 2000-2001 to provide basic minimum health care services to rural people by opening new sub-centres in gram panchayats having no sub-centres, shifting of sub-centres to better accommodation and improvement of quality of services in sub-centres by providing adequate infrastructure facilities. The scheme was to be implemented by the Zilla Parishads (ZPs). Out of GOI assistance of Rs 12.02 crore received by ZPs of four test-checked districts during 2000-2003, Rs 10.08 crore were spent up to March 2004.

The following shortcomings were noticed in audit:

Four ZPs diverted Rs 2.08 crore in implementation of the yojana

The ZPs diverted scheme fund of Rs 2.08 crore for construction of rest house for patients' relatives at sub-divisional and district hospitals, renovation of District Hospitals, Tuberculosis Sanatorium and Homoeopathic Medical College, etc, in deprivation of the norms of the scheme.

Furniture valuing Rs 2.55 crore remained idle

ZP, Paschim Medinipur purchased furniture costing Rs 2.55 crore during 2002-2003 without assessing the requirements and space capacity of sub-centres. Test-check of records of seven BPHCs revealed that furniture costing Rs 8.71 lakh procured for 195 sub-centres and 248 labour tables purchased at Rs 6.20 lakh in October 2002 were lying idle in the BPHCs and DRS respectively although no delivery case was entertained in the sub-centres.

Imprudent purchase of AVS valuing Rs 34.79 lakh

The injection AVS (anti venom serum) for treatment of snake bite was required to be stored in refrigerator and was to be administered only by doctors. There was neither any system of storing AVS in the sub-centres nor any scope of administering at sub-centre level as no MO was posted there. In October 2002, ZP, Paschim Medinipur procured 9036 vials of AVS with date of expiry in May 2005 at a cost of Rs 34.79 lakh for distribution to sub-centres but, in the absence of storing facilities AVS was not issued to the sub-centres.

ZP did not also take any action for distribution of such medicine to health centres or hospitals. As a result, the entire stock of AVS was lying idle as of July 2004. In the absence of storing facility, possibility of loss of potency of the medicine could not be ruled out.

3.2.21 Sterilisation

Of 135.57 lakh eligible couples, 89.99 lakh were not covered under family welfare measures

Performance of various family welfare measures for protection of eligible couples revealed that out of 135.57 lakh eligible couples in the State 89.99 lakh did not adopt any family planning measures as of March 2003. Thus, couple protection rate was only 33.62 *per cent* against the target of 60 *per cent*. The number of eligible couples and couples protected during the years 2000-2003 in the State and also in four sample districts are indicated in the ***Appendix 34***.

In four selected districts, 50 to 79 *per cent* of eligible couples did not adopt any family planning measures. Shortage of surgeons in BPHCs and PHCs and short supply of IUD and conventional contraceptives, etc. were the main reasons for shortfall in couple protection.

3.2.22 Immunisation

Immunisation programme was being implemented by the Department to achieve low and stable infant mortality rate by administering two dosages of TT to pregnant women, three dosages each of DPT and one dosage of BCG and measles to infants for preventing diseases.

Shortfall in immunisation ranged between 46 and 57 *per cent* in case of BCG

In the test-checked units, the shortfall in immunization was 46 to 57 *per cent* in case of BCG, 11 to 19 *per cent* in case of DPT and 6 to 14 *per cent* in case of measles and the shortfall in administering TT to pregnant women ranged from 20 to 57 *per cent* during 1999-2004. The shortfall in coverage of 100 *per cent* immunization was attributable to non-functioning of PHCs, SCs and irregular supply of vaccines.

3.2.23 Reproductive and child health scheme

Of 8.40 lakh deliveries 6.75 lakh were non-institutional

The primary objectives of the scheme were to ensure safe and institutional deliveries to reduce maternal and infant mortality rate. In three out of four test-checked districts during 1999-2003, out of 8.40 lakh deliveries, 6.75 lakh deliveries (80 *per cent*) were non-institutional and incidence of child death increased from 1120 in 1999 to 2417 in 2003. Non-availability of beds in PHCs, absence of supportive supervision and awareness generation in information, education and communication activities at sub-centre level were the main reasons for high rate of non-institutional deliveries.

The Department stated (January 2005) that it was going to tie up with the Department of Panchayats and Rural Development for proper monitoring and supervision of different family welfare programmes.

3.2.24 Treatment of arsenic affected people

71 lakh people remained exposed to arsenic pollution due to failure in supplying arsenic-free water

Ground water of 75 blocks with population of 1.61 crore in eight districts'[6] contained arsenic contamination beyond the permissible limit of 0.05 mg/litre, of which 0.71 crore people were not yet covered under the scheme of supplying arsenic-free water. Against the target of setting up 89 clinics in eight districts for treatment of arsenic-affected patients, only 51 were established as of March 2004.

Test-check of North 24 Parganas district revealed the following:

Out of 12.42 lakh people in arsenic-affected areas, 2.80 lakh people remained outside the purview of arsenic-free water supply schemes.

No data in respect of number of arsenic-affected patients in the district or in the arsenic affected blocks was maintained at any level.

There was no doctor in three arsenic clinics

Out of 19 clinics in the district, three were not functioning as of March 2004 for want of doctors. The actual periods of non-functioning were not ascertainable as no such record could be produced to Audit by the CMOH. During 2000-2004, only 385 arsenic-affected patients were provided treatment in these 16 clinics and 20 patients were referred to the Institute of Post-Graduate Medical Education and Research in Kolkata.

Other points of interest

3.2.25 Non-functioning of Sub-divisional hospital

Non-utilisation of newly constructed sub-divisional hospital

The Khatra BPHC of Bankura district was upgraded to sub-divisional hospital in May 2002 at a cost of Rs 2.89 crore but, it was functioning as BPHC for want of water supply. The additional assets created for functioning of Sub-divisional hospital were not utilised as of March 2004. Records revealed that before taking up construction of the building, no survey was conducted to ascertain availability of water considering drought-prone character of the area.

3.2.26 Staff quarters kept vacant

The medical and paramedical staff of RHs, BPHCs and PHCs were to be provided with staff quarters near the hospitals or health centres to make health care services available to patients round the clock.

Test-check revealed that out of 330 quarters available in four RHs and two BPHCs, 97 remained vacant as of March 2004, of which 68 quarters were lying vacant for years together in dilapidated condition. No action was taken by the CMOH for repairing the quarters and allotment thereof. The reasons for such poor utilisation of staff quarters were not stated.

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[6] *Malda (7 out of 15 blocks), Murshidabad (18 out of 26 blocks), Nadia (17 out of 17 blocks), North 24 Parganas (19 out of 22 blocks), South 24 Parganas (9 out of 29 blocks), Howrah (2 out of 14 blocks) Hooghly (one out of 18 blocks) and Bardhaman (2 out of 31 blocks)*

3.2.27 Monitoring and evaluation

CMOH being the nodal authority responsible for effective implementation of health care services in rural areas did not draw up any schedule of supervision and monitoring over functioning of RHs, BPHCs, PHCs and SCs. The Department did not evaluate the performance of these centres for taking remedial measures to improve the quality of health care services in rural areas.

3.2.28 Conclusion

The objective of providing healthcare system at the doorstep of rural people could not be achieved due to huge shortage of RHs, BPHCs and PHCs as well as medical and paramedical staff. Only 31 *per cent* of required doctors were posted in rural areas to serve 72 *per cent* of total population. In four sample districts 75 *per cent* PHCs were manned by a single medical officer. Fully equipped 16 OTs and 54 PHCs were not functioning for years together for want of medical officer, surgeons and anesthetists. Majority of sub-centres were functioning without health assistants (male). Specialist services were not provided in the RHs. Out of 182 PHCs in sample districts indoor treatment was provided only in five PHCs. Unplanned procurement resulted in short supply of medicines to the health centres.

3.2.29 Recommendations

- Adequate number of RHs and PHCs should be opened as per norms to cover the entire rural population.
- Equipment lying idle at the BPHCs and PHCs should be put to use.
- Steps need be taken to ensure procurement and supply of adequate quantities of required medicines.
- Functioning of BPHCs and PHCs should be monitored by the CMOH to avoid refusal of treatment and unnecessary referral.
- Family planning, sterilisation and immunisation programmes should be geared up.

Government stated (January 2005) that the observations of Audit would be taken care of for different policy decisions to be taken by the Department in future.

LABOUR DEPARTMENT

3.3 IMPLEMENTATION OF THE CHILD LABOUR (PROHIBITION AND REGULATION) ACT, 1986

HIGHLIGHTS

Implementation of the Child Labour Act, (1986), suffered from inadequate survey to identify child labour, insufficient inspection and non- imposition of penalties against offending employers and failure to fix targets for rehabilitation of child labour. Functioning of the National Child Labour Projects to rehabilitate child labour through special schools and mainstreaming them to formal education was poor. Lack of supervision and monitoring also affected the enforcement of the Act.

No action plan or target was fixed to eradicate child labour in hazardous employment by enforcing the Act and Rules. The State Government neither provided employment to family members of 254 child labour withdrawn from hazardous occupations nor contributed to corpus fund as per orders of the Supreme Court. Government also failed to realise penalty of Rs 50 lakh from the offending employers.

(Paragraph 3.3.6)

The State Government reported to the Hon'ble Supreme Court existence of only 0.16 lakh child labour engaged in hazardous and non-hazardous occupations in the State while survey conducted by DMs and NGOs in only six blocks and 11 municipalities identified 3.08 lakh child labour indicating submission of unreliable reports.

(Paragraph 3.3.7)

During 1999-2004, of the 0.53 lakh establishments inspected, only 55 complied with Section 11 of the Act requiring maintenance of registers by the employees indicating absence of regulatory functions. No penal measures were initiated against the offending employers.

(Paragraph 3.3.8)

Number of inspections came down from 15697 in 1999 to 5851 in 2003 and infringement cases detected decreased from 1260 to only 135 while in 2040 cases no penalty was imposed.

(Paragraph 3.3.9)

In five test-checked districts only four to 20 *per cent* of students enrolled in special schools under National Child Labour Project were mainstreamed to formal education. Absence of documents in support of date of birth and address of the children made it difficult for the formal schools to accept them as regular students.

(Paragraph 3.3.11)

No special cell was created in Labour Department as desired by the Supreme Court for monitoring the National Child Labour Project (NCLP) activities. The responsibility of supervision and monitoring was entrusted to the Labour Commissioner only in May 2003.

(Paragraph 3.3.16)

Abbreviations used in this Review have been listed in the Glossary in Appendix 40 (page 216)

3.3.1 Introduction

The Child Labour (Prohibition and Regulation) Act, 1986 (Act) was introduced by the Government of India to ban employment of children below the age of 14 years in factories, mines and hazardous employments and to regulate the working conditions of children in other employments. The Act also introduced the National Child Labour Projects (NCLPs) for rehabilitation of child labour withdrawn from hazardous employment.

Prohibitory functions under the Act

According to Section 14 of the Act whoever employs any child labour in contravention of the provisions of section 3 of the Act shall be punishable with (i) imprisonment for a term ranging from three months to one year or (ii) fine ranging from Rs 10000 to Rs 20000 or (iii) both imprisonment and fine.

Regulatory functions under the Act

In respect of children working in an establishment or a class of establishments in which none of the occupations or processes referred to in section 3 is carried out, the conditions of work of children are regulated under section 7 of the Act, which came into force with effect from 26 May 1993.

In the State, Child Labour (Prohibition and Regulation) Rules 1988 were notified in January 1995 and NCLPs were functioning in eight districts[1] of which seven were functioning since 1995-1996 and the other in Kolkata since 1998-1999. The rehabilitation programme was also implemented by non-government organisations (NGOs) through special schools run with grants received directly from the Government of India. In three[2] other districts only NGOs were running special schools in addition to the schools run under NCLP in these districts.

3.3.2 Organisational Set-up

The Act was implemented in the State through the Department of Labour headed by the Principal Secretary assisted by Labour Commissioner, Chief Inspector of factories, shops and establishments and all inspectors attached to these offices. In the districts, NCLPs were executed through project societies headed by District Magistrate (DM) as chairman and controlled by Project Directors.

3.3.3 Audit Objectives

The objectives of the review were to assess whether:

- the directions of the Supreme Court were implemented;
- the system of identifying child labour was adequate;

[1] *North 24-Parganas, Bardhaman, Purba and Paschim Medinipur, Dakshin Dinajpur, South 24-Parganas, Uttar Dinajpur, Murshidabad and Kolkata*
[2] *Howrah, Hooghly and Nadia*

- the identified child labour were withdrawn from hazardous occupations and rehabilitated;
- the working conditions of child labour in non-hazardous occupations were regulated according to the relevant provisions of the Child Labour (Prohibition and Regulation) Act 1986 and Rules;
- legal action was initiated against the offending employers;
- policies and programmes of the Government of India, Ministry of labour for rehabilitation of working children were implemented.

3.3.4 Audit Coverage

A review of the implementation of the Act was conducted between February and June 2004 through test-check of records of Labour Department, Labour Commissionerate, NCLPs of five districts[3] out of eight and three NGOs of Nadia district covering the period from 1999-2000 to 2003-2004.

3.3.5 Financial Outlay and Expenditure

The entire expenditure of NCLPs was funded by Ministry of Labour, Government of India (GOI) as grants-in-aid. The Ministry also funded 75 *per cent* of project cost of special schools run by NGOs who were to bear the remaining 25 *per cent*. During 1999-2004, grants aggregating Rs 22.81 crore were released by GOI directly to NCLP societies of the districts (Rs 21.68 crore) and NGOs (Rs 1.13 crore). In addition, State Government allotted Rs 23 lakh to the Labour Directorate during 1999-2004 for conducting state-wide survey to identify child labour, of which only Rs 5.60 lakh were spent. In the absence of any action plan for conducting State-wide survey the Labour Directorate could not utilise the allotted fund

Grants received and utilised during 1999-2004 by NCLPs of the test-checked districts are shown below:

Grants released for	Opening balance	Grants received	Total fund available	Expenditure incurred	Closing balance
	(Rupees in lakh)				
Project Societies	6.22	72.96	79.18	60.15	19.03
Special Schools	59.45	1318.64	1378 09	1315 55	62 54
Survey	0.41	Nil	0.41	0 06	0 35
Awareness Generation	3.76	5.70	9 46	7 96	1.50
Total	**69.84**	**1397.30**	**1467.14**	**1383.72**	**83.42**

Implementation of the Act

The performance of the Labour Department in enforcing the provisions of the Child Labour (Prohibition and Regulation) Act, 1986 during 1999-2004 was characterised by inadequate survey, improper inspection of the shops and establishments deploying child labour, non-maintenance of required records by the employers, failure to rehabilitate the identified child labour and inaction in taking penal measures against the employers. In addition, some gross

[3] *North 24-Parganas, Kolkata, Bardhaman, Purba and Paschim Medinipur and Dakshin Dinajpur*

infirmities in the Act itself stood in the way of successful enforcement of the Act.

3.3.6 Implementation of Hon'ble Supreme Court judgment for survey

No target or action plan was prepared to eradicate child labour

Though the Act envisaged eradication of the Child Labour problem, there was nothing on record as to any action plan for achieving the goal through identification of child labour engaged in hazardous and non-hazardous occupations and consequential enforcement of the Act to withdraw the children from employment and prosecute the employer.

Child Labour Rehabilitation-cum-Welfare Fund (corpus fund) was to be created district-wise by collecting compensation of Rs 20000 per child from the employers who had employed children in hazardous occupations. The State Government was also to provide job to one adult member of the family of the child labour released from hazardous occupations for else should contribute Rs 5000 per child towards the fund.

A state-wide survey was conducted by the State Government only in April-May 1997 following the orders of the Hon'ble Supreme Court in December 1996. The results of the survey in the State and in five test-checked districts were as below:

State and name of the districts	Number of establishments visited	Number of child labour detected in hazardous occupations	Number of child labour detected in non-hazardous occupations	Total number of child labour detected
State as a whole	609936	254	15792	16046
North 24-Parganas	89596	14	2122	2136
Kolkata	35753	52	494	546
Bardhaman	75408	27	1767	1794
Purba and Paschim Medinipur	70920	26	1667	1693
Dakshin Dinajpur	11929	Nil	226	226

No penalty was imposed on offending employers disregarding Supreme Court order – penalty of Rs 50 lakh remained unrealised

On the basis of such survey 254 child labour were identified by the State in hazardous occupations. The State Government neither provided any job to the adult members of the families of 254 child labour withdrawn from hazardous occupations nor contributed to the corpus fund of Rs 12.70 lakh (at Rs 5000 per child). Government also failed to realise penalty of Rs 50 lakh (at Rs 20000 per child labour) from the offending employers disregarding the orders of the Supreme Court except in Kolkata where Rs 0.80 lakh were realized in four cases. The department attributed (January 2005) its failure in realising the fine from offending employers to lack of legal framework and clear-cut guidelines.

Although in the status report submitted (April 2001) to Supreme Court, Government stated that Child Labour Rehabilitation cum Welfare Fund was created in all the districts, test-check of five districts disclosed that no such fund was created as of March 2004.

3.3.7 Improper Survey

No survey was conducted during 1999-2004 to identify children engaged in hazardous and non-hazardous occupations despite allotment of Rs 23 lakh.

Out of this allotment, Rs 5.60 lakh only were spent for office expenses. As a result, number of child labour as of March 2004 remained unassessed. No child labour was also reported during 1999-2004 under Section 67 of Factories Act, 1948 and section 21 of Motor Transport Workers Act, 1961.

Although 0.16 lakh cases of deployment of child labour were reported to the Supreme Court of India and Secretary to the Government of India, Ministry of Labour, no action was taken against the employers for violation of the Act.

State-wide survey detected only 0.16 lakh child labour while 3.08 lakh child labour were identified in three districts

Though only 0.16 lakh children were reported to be engaged in hazardous and non-hazardous occupations in the 1997 survey, test-check of records of three districts (North 24-Parganas, Bardhaman and Dakshin Dinajpur) relating to the survey conducted during 1995-2004 by the DMs and NGOs for enrolment of students to special schools disclosed existence of 3.08 lakh child labour in hazardous and non-hazardous occupations as mentioned below:

- Survey conducted by the DM North 24-Parganas in 1996-1997 disclosed 1.41 lakh and 0.73 lakh child labour in hazardous and non-hazardous occupations respectively.
- Survey in one block of Bardhaman district in 1997 revealed 1014 child labour in hazardous and non-hazardous occupations and survey conducted by an NGO (Sarva Siksha Abhiyan) in 2003-2004 revealed 7235 child labour in 11 municipalities of Bardhaman.
- Survey conducted by an NGO (Tagore Society for Rural Development) in September 1995 in five blocks of Dakshin Dinajpur district revealed 0.20 lakh and 0.66 lakh child labour in hazardous and non-hazardous occupations respectively.

Submission of unreliable survey report to the Supreme Court

The number (0.16 lakh) of child labour engaged in hazardous and non-hazardous occupations as reported to the Hon'ble Supreme Court on the basis of State-wide survey and those (3.08 lakh) disclosed by the district authority and NGOs in the test-checked districts for enrolment in special schools were apparently both unreliable. Government, in its reply (January 2005) failed to offer any cogent reason behind such discrepancies.

No action initiated against the offending employers of 3.08 lakh child labour

Due to non-maintenance of any records by the project societies and the inspectors, whereabouts of the detected child labour could not be ascertained in audit. No action was taken against the offending employers of 3.08 lakh child labour, nor was any fine realised from the employers of 1.61 lakh child labour employed in hazardous occupations.

3.3.8 Regulatory provisions under the Act not enforced

Only 55 establishments out of 0.53 lakh establishments complied with Section 11 of the Act and no action initiated against the offending employers

The working condition of children employed in non-hazardous occupations was to be regulated under Sections 7 to 12 of the Act dealing with hours and period of work (Section 7), weekly holidays (Section 8), notice to inspector (Section 9), disputes as to age (Section 10), maintenance of register (Section 11) and display of notices containing abstract of Sections 3 and 14 (Section 12) of the Act.

Out of 53133 establishments visited by inspectors during 1999-2004, only 55 establishments maintained the registers as required under Section 11 of the Act indicating failure of enforcement of the regulatory aspects as envisaged under Sections 7 to 12 of the Act The inspectors did not file any complaint in any court in terms of section 14 of the Act against the offending employers The department stated (January 2005) that the Inspectors often persuaded the offending employers for compliance of the Act, rather than prosecuting them The reply was not acceptable since pursuation was clearly not producing results and prosecution was called for under the Act

The Labour Commissioner and the Deputy and Assistant Labour Commissioners had no information regarding non-compliance of different sections of the Act regulating working conditions of child labour After visiting the NCLPs of different districts the Principal Secretary of Labour Department observed (March 2003) that there was room for further strengthening the existing arrangements for supervision of the scheme and that the Deputy Labour Commissioners and Assistant Labour Commissioners were not actively involved

3.3.9 Inadequate inspection and prosecutions

According to Section 14 of the Act, whoever employs any child labour or permits any child to work in contravention of the provisions of Section 3 of the Act shall be punishable with imprisonment ranging from three months to one year or with fine ranging from Rs 10000 to Rs 20000 or with both

Number of inspections conducted in the State, infringements detected, infringement cases pending at the inspecting authorities' end, cases let-off, prosecution cases filed, penalty imposed and realised etc in the State during 1999-2003 were as below:

Year	Number of Inspectors engaged	Number of inspections conducted	Total no. of infringement cases detected and handled including opening balance shown in parentheses	Number of cases let off	Number of prosecution cases filed	Fine realized (in Rupees)	No. of infringement cases pending at the Inspecting Authorities' end at the end of the year
1999	403	15697	1260 (21)	1170	62	3500	28
2000	400	14020	318 (28)	205	2	10700	111
2001	403	9498	460 (111)	415	Nil	2000	45
2002	389	8067	194 (45)	148	5	Nil	41
2003	384	5851	135 (41)	102	Nil	Nil	33
Total		**53133**		**2040**	**69**	**16200**	

Source Deputy Labour Commissioner's records

Decreasing trend in inspections and detection of infringements

The Department did not fix any target for inspection of establishments It would be evident from the above table that the number of inspections conducted annually in the State came down gradually from 15697 in 1999 to 5851 in 2003 due to slackening of efforts on the part of the Inspectors in the absence of target, proper monitoring and supervision by the Department

Infringement cases were let off without imposing penalty

The number of infringements detected and handled also decreased drastically from 1260 in 1999 to 135 in 2003. Further, 2040 (95 *per cent* of cases handled) cases of infringements were let off during 1999-2003 without imposing any penalty on the employers in terms of Section 14 of the Act

indicating gross dereliction of duty on the part of inspectors in handling the infringement cases.

It was also seen that all categories of inspectors of the offices of the Chief Inspector of factories, Chief Inspector of shops and establishments and Labour Commissioner, were engaged as inspectors under section 17 of the Act in addition to their normal duties. Even then, the number of inspections had come down substantially since 1999.

The department also attributed (January 2005) such deficient functioning of inspecting staff to the fact that Inspectors were not appointed exclusively under this Act and had to perform various additional duties not connected with implementation of the Act. The department, however, stated that steps would be taken to improve the level of inspections both in terms of number and quality.

Number of prosecution cases filed, prosecution cases pending in court, convictions and acquittals during 1999-2003 were as below:

Year	No. of prosecution cases pending in court at the beginning of the year	No. of prosecution cases filed	No. of cases where conviction awarded	No. of cases acquitted by court	No. of cases pending in courts at the end of the year
1999	9	62	2	Nil	69
2000	69	2	3	Nil	68
2001	68	Nil	1	12	55
2002	55	5	Nil	17	43
2003	43	Nil	Nil	4	39
Total		69	6	33	

Source : Deputy Labour Commissioner's records

Inaction on the part of Labour Department and Directorate led to poor disposal of court cases.

Rehabilitation Programme – National Child Labour Projects

Child labour engaged in hazardous occupations were to be rehabilitated through the National Child Labour Projects (NCLP) formulated by Government of India, Ministry of Labour. Guidelines for operationalising NCLPs aimed at withdrawal of children from hazardous occupations, putting them in special schools in order to enable them to join mainstream education or take up any vocation after attaining the age of 14. Scrutiny in audit revealed that students enrolled in special schools were overwhelmingly from non-hazardous occupations, mainstreaming of students was poor and vocational training was not adequate. Irregular payment of stipends was also noticed as discussed in the succeeding paragraphs.

3.3.10. Functioning of Special schools

As per guidelines, child labour withdrawn from hazardous occupations were to be enrolled in special schools. Audit could not ascertain the status of the enrolled students due to non-maintenance of records by the project societies and special schools.

In five test-checked districts 222 special schools with 10841 students were functioning as of March 2004.

Students enrolled in special schools were mostly from non-hazardous occupations

Visit by audit to five schools of Paschim Medinipur and one school of Dakshin Dinajpur district disclosed that of 396 students enrolled during 1999-2004 only four were from hazardous occupations although survey conducted (September 1995) by an NGO in five blocks of Dakshin Dinajpur district disclosed 0 20 lakh child labour in hazardous occupations Thus, the target to enrol child labour only from hazardous occupations in special schools remained unachieved The quarterly progress reports furnished to GOI by the NCLP societies as per the prescribed format indicated only the total number of children on roll in the special schools without giving the particulars of the nature of occupations from which they were withdrawn

In the State, almost all children enrolled in special schools were found to have been working in non-hazardous occupations like maid-servant, tea stall, shop workers, etc Thus, the expenditure of Rs 13 16 crore incurred during 1999-2004 on running of special schools, which were meant for rehabilitation of child labour withdrawn from hazardous occupations, was misdirected

No recovery of the cost of education of children engaged in non-hazardous occupations was made from the respective employers though required in terms of the orders of the Supreme Court

3.3.11 Mainstreaming of students to formal education

Number of drop-outs and mainstreaming of students to formal education in the five test-checked districts during 1999-2004 was as under

Name of district	Total enrolment	Number of students dropped-out	Number of students mainstreamed
North 24-Parganas	9154	293 (3)	618(7)
Kolkata	3850	57 (1)	Schools opened in April 2002
Bardhaman	11000	73 (1)	887 (8)
Paschim Medinipur	12589	365 (3)	527 (4)
Dakshin Dinajpur	10000	1216 (12)	1950(20)

(Figures in the parenthesis indicate percentage)

Poor mainstreaming of students to formal education

It would be evident from the table that the mainstreaming of students to formal education ranged between four and 20 *per cent* Further, there was no mechanism for tracking of the activities of mainstreamed child labour though required under the scheme Thus, the very purpose of rehabilitation of children through mainstreaming to formal education was frustrated

In Nadia district 250 children went back to their hazardous and non-hazardous work after completion of education in special schools in 1998 Further, extension of the project after March 1998 was not granted by GOI though asked by the NGO

Government, while accepting the facts (January 2005) cited problems like absence of documents in support of date of birth and address of the children which made it difficult for the formal schools to accept them as regular

students. This problem needs immediate attention of the State Government as well as the Ministry of Labour so that some alternative evidence of age is accepted by the formal schools.

3.3.12 Vocational Training

Children of special schools who could not be mainstreamed to formal education were required to be encouraged to take up vocations of their choice after completion of their special school education.

Against the norm of deployment of one vocational instructor in each special school, for 46 schools in Bardhaman district the vacancies of instructors ranged from 26 to 36 during 1999-2004 while for 40 schools in Dakshin Dinajpur, not a single vocational instructor was ever posted since inception (1995-1996) for reasons not on record.

During 1999-2004, out of 0.10 lakh students enrolled in special schools in Dakshin Dinajpur, only 1950 were mainstreamed to formal education while the remaining students were not provided with any vocational training facility as per guidelines indicating that the target of rehabilitation programme in the district remained largely unachieved.

The department stated (January 2005) that the matter had been taken up with the district administration.

3.3.13 Lack of infrastructural facilities

On physical verification of nine out of 40 special schools of Dakshin Dinajpur district, absence of infrastructural facilities like ventilation, drinking water, toilet and inadequate accommodation, etc. was noticed in audit.

The Project Director, North 24 Parganas district also stated (April 2004) that all the special schools of the district lacked infrastructural support.

3.3.14 Disbursement of stipend to children

According to GOI guidelines, every child withdrawn from hazardous occupation should be taught in special schools for a maximum period of three years and stipend of Rs 100 per month was admissible to each child.

Inadmissible payment of stipend of Rs 30.61 lakh to the students

Test-check revealed that in violation of the provisions, 33 students of one school in North 24-Parganas district and 2518 students of 51 schools in Paschim Medinipur district were taught continuously for four years resulting in inadmissible payment of stipend of Rs 30.61 lakh during the fourth year of enrolment.

Further, stipend was to be paid through accounts opened in post office or banks in the name of the student and his guardian. In North 24-Parganas and Bardhaman districts stipend of Rs 2.38 crore was disbursed in cash during 1999-2004 in violation of the guidelines and the possibility of malpractice in actual disbursements could not be ruled out.

Out of stipend of Rs 33 lakh released by the Project Society to 39 NGOs in Kolkata district during 2002-2004, Rs 15.70 lakh were disbursed to the children and Rs 17.30 lakh were retained by NGOs in their own bank accounts due to failure in opening of accounts with bank or post office. In one school opened in April 2002, none of the children was paid stipend till May 2004 although the Project Society paid Rs 1.20 lakh to the NGO for the purpose in April 2002.

The Labour Commissioner stated (April 2004) that non-cooperation of banks was a major impediment in disbursement of stipend.

Government while accepting the contention of audit stated (January 2005) that the cases were referred to concerned project societies to avoid such irregularities in future.

It would thus be evident that the rehabilitation programme of withdrawal of child labour from hazardous occupations and admitting them to special schools, mainstreaming to formal education and providing vocational training could not be implemented as it failed to cater to the targeted group of children working in hazardous occupations.

3.3.15 Difficulties in implementing certain provisions of the Act

Section 9 of the West Bengal Shops and Establishments Act, 1963 fixed the minimum age for child labour employment at above 12 years, which was in contradiction with the section 2 (ii) of the Child Labour Act, 1986 banning employment of children below 14 years.

Further, under Section 3 of the Act, child labour is not prohibited in a workshop of hazardous nature run by the family of the child. Consequently, the children working in hazardous conditions under the garb of family business remained outside the scope of the Act. Government also held the same opinion.

The department opined (January 2005) that constitution of special courts for expeditious disposal of cases under this Act would improve the position of enforcement of the Act. The department further stated that provisions regarding recovery of compensation for engagement of child workers in hazardous occupations and cost of education in respect of child workers in non-hazardous employment from employers should be included under Section 16 of the Act.

These shortcomings need be addressed for effective implementation of the Act.

3.3.16 Monitoring and Evaluation

The Hon'ble Supreme Court desired (December 1996) that the State Government should create a special cell in Labour Department to monitor the working of the NCLP activities but no such special cell was created till March 2004 for reasons not on record despite specific provision in the budget during 1997-2000.

Absence of monitoring/ evaluation mechanism in implementation of the Act and functioning of NCLPs

During 1999-2004 neither any inspection, review nor any evaluation of the performance of NCLPs was conducted Monitoring Committee was not formed, nor was any system of monitoring for inspections, survey, prosecutions and imposition of penalties levied to employers introduced. No database in respect of the establishments employing child labour was developed.

The responsibility of supervision and monitoring of NCLPs in eight districts was entrusted by the Labour Department to the Labour Commissioner in May 2003. Little improvement was, however, noticed as of March 2004

Test-check revealed that during 1999-2004 in Medinipur and Dakshin Dinajpur districts, meetings of NCLP societies were held only once in July 2001 and May 1999 respectively instead of prescribed quarterly meetings. Although Medinipur district was bifurcated as Paschim and Purba Medinipur from January 2002 the project society in Purba Medinipur was not constituted till March 2004.

3.3.17 Conclusion

In the State, in the absence of any action plan and target, enforcement of the Child Labour (Prohibition and Regulation) Act (1986) was not satisfactory. State wide survey conducted in 1997 and the subsequent surveys conducted by the district administration and NGOs differed widely and therefore appeared unreliable. Declining trend in inspections of the establishments and failure in prosecution and imposition of penalty against the offending employers affected the regulatory functions. The NCLP projects functioning for rehabilitation of child labour through education, vocational training and mainstreaming to formal education suffered in the absence of supervision and monitoring.

3.3.18 Recommendations

- Immediate action needs to be taken to prepare action plan to eradicate the problem of child labour and strengthen the enforcement machinery for implementation of the Act
- Steps need be taken to conduct appropriate state-wide survey to identify and resolve the problem of child labour
- Adequate supervision and monitoring system should be evolved to ensure compliance of the provisions of the Act.
- Steps need be taken for admission of the child labour in formal schools on the basis of alternative evidence of age proof.

PANCHAYATS AND RURAL DEVELOPMENT DEPARTMENT

3.4 PRADHAN MANTRI GRAM SADAK YOJANA

HIGHLIGHTS

Pradhan Mantri Gram Sadak Yojana (PMGSY) launched in December 2000 sought to connect by way of all-weather roads all habitations with a population of 1000 persons and above by 2002-2003 and those with 500 persons and above by 2006-2007. Implementation of the programme suffered from flawed selection of works, improper prioritisation, unauthorised deviation from technically approved detailed project reports, taking up of works without adequate planning, irregular and unfruitful expenditure, quality control failure and extremely slow pace of coverage of targeted habitations.

Against 11941 habitations of 1000 persons and above targeted for rural connectivity by the end of March 2003 for which Rs 444.17 crore were made available by the Government of India, the connectivity achieved on that date was only for 139 habitations. Even as of March 2004, only 526 habitations of 1000 persons and above and 156 habitations of 500 to 999 persons were provided connectivity. Besides, 300 road works involving connectivity to 1144 habitations were in progress.

(Paragraph 3.4.9)

While interest earned on deposit in PMGSY fund account was to be treated as part of the programme fund, Rs 3.15 crore accrued as interest was irregularly diverted to incur administrative expenses instead of spending on works of new connectivity.

(Paragraph 3.4.7)

Four Executing Agencies spent Rs 12.49 crore during 2001-2004 on renovation/repair of 10 black-topped/cement roads, though such roads were specifically excluded from the purview of the programme.

(Paragraph 3.4.12)

Missing links on five roads which were shown to have been completed in 2002-2003 at a cost of Rs 8.36 crore in Siliguri Mahakuma Parishad area, Hooghly District and Malda District had persisted for want of bridges and cross drainage works as well as due to land disputes, turning the entire expenditure unfruitful.

(Paragraph 3.4.14)

Rupees 79.29 crore were spent on 99 works of upgradation of existing roads, though not permissible under the programme. This has resulted in denial of the benefit of 'new connectivity' that could have been extended to unconnected habitations had the funds been properly utilised.

(Paragraph 3.4.15)

Abbreviations used in this Review have been listed in the Glossary in Appendix 40 (page 216)

During 2000-2004, the Executing Agencies spent Rs 45.86 crore on 64 existing fair-weather roads wrongly categorising them as 'earthen' roads to get them sanctioned irregularly as works of new connectivity.

(Paragraph 3.4.16)

3.4.1. Introduction

Pradhan Mantri Gram Sadak Yojana (PMGSY), a 100 *per cent* Centrally sponsored programme, was launched in December 2000 throughout the country. This had been formulated as an anti-poverty programme, focusing on providing connectivity to unconnected rural habitations in order to enable the rural people to get access to economic and other essential services.

3.4.2. Programme objective

The primary objective of the programme was to provide connectivity by way of all-weather roads to the unconnected habitations in the rural areas. The programme sought to cover all such unconnected habitations with a population of 1000 persons and above in each by 2002-2003 and those with 500 persons and above by 2006-2007

The programme also envisaged upgradation of the existing roads to prescribed standards only in those districts where all the habitations of the designated population size have been provided all-weather road connectivity. Cost of upgradation should not, however, exceed 20 *per cent* of the State's allocation where unconnected habitations in the State still existed.

3.4.3. Organisational set up

The overall control over implementation of the programme was being exercised by the Ministry of Rural Development at the Central level through the National Rural Road Development Agency (NRRDA). At the State level, the responsibility for implementation of the programme remained with Panchayats and Rural Development Department, designated as the Nodal Department, through the State Level Agency (SLA). 17 Zilla Parishads (ZP), one Hill Council (Darjeeling Gorkha AutonomousHill Council, or DGAHC) and one Mahakuma Parishad (Siliguri Mahakuma Parishad) were identified as Executing Agencies, each having a Programme Implementation Unit (PIU), headed by an Executive Engineer.

3.4.4. Audit objective

The audit objectives were to see whether

- the finanacial management was effective;
- the programme management including planning, execution etc. was efficient; and
- the quality control was adequate.

3.4.5. Audit coverage

Implementation of the programme during 2000-2001 to 2003-2004 was reviewed in audit between May and August 2004 through test check of records at Panchayats and Rural Development Department and eight PIUs (out of 19) functioning at North 24 Parganas, Hooghly, Howrah, Paschim Medinipur, Bankura, Burdwan and Malda ZPs, and Siliguri Mahakuma Parishad (MP). The selection was made with reference to volume of expenditure and regional representation. The expenditure covered in audit (Rs 143.55 crore) constituted 44 *per cent* of the total expenditure (Rs 327.21 crore) incurred during the period.

3.4.6. Principles laid down for execution

According to programme guidelines, unconnected habitations were to be given precedence. Unconnected habitation was defined as a cluster of population of designated size located at a distance of 500 metres and above from an all-weather road (AWR)/ fair weather road (FWR) or a connected habitation.

The designated size of population may fall under one of the three categories: 1000 persons and above, 500 to 999 and 250 to 499. The last category was eligible to get new connectivity only in hill/desert/tribal areas. The distance of the habitation from AWR/FWR or a connected habitation was to be at least 1.5 km in case of hill areas.

New connectivity implied construction of road from earth work stage to desired specification for surface road (black-topped or cement) (as laid down by Indian Roads Congress in Rural Road Manual). Upgradation of gravel or water bound macadam (WBM) roads would not be treated as works of new connectivity.

Financial management

PMGSY funds were released by the Government of India into a single bank account opened and maintained for the purpose by the State Level Agency (SLA). The Agency was set up in November 2003 by the State Nodal Department to receive the funds. Before that the funds were received directly by the PIUs through their individual savings bank accounts. Audit of financial management aspect of the programme revealed the following:

3.4.7 Funds released and expenditure incurred

Year-wise release of funds and expenditure incurred under the programme during 2000-2001 to 2003-2004 were as given below :

Year	Opening balance	Funds released by GOI	Total available funds	Funds utilised	Closing balance	Percentage of funds utilised to funds available
	(Rupees in crore)					
2000-2001	-	135 00	135.00	-	135.00	Nil
2001-2002	135.00	309.17	444.17	68 89	375.28	15.51
2002-2003	375.28	-	375.28	93.00	282.28	24.78
2003-2004	282.28	135.00	417.28	165.32	252.28	39.62
Total		**579.17**		**327.21**		

Source: P&RD Department

Interest on PMGSY funds was irregularly diverted

Apart from the funds released up to 2003-2004, a total amount of Rs 18.09 crore accrued as interest on the deposits made by the PIUs in their respective savings bank accounts. This was computed in audit from the accounts of the PIUs audited by Chartered Accountants. The amount was to be added to the PMGSY funds for meeting the programme expenditure. But Rs 3.15 crore were spent by the PIUs towards administrative expenses (salary, office stationery, hire charges of vehicles, POL etc).

Government stated (November 2004) that Rs 1.20 crore had already been 'replenished to the scheme fund'.

3.4.8 Unnecessary accumulation of funds due to fresh release in spite of slow utilisation

Slow utilisation led to unnecessary accumulation of funds

Excepting the first year of the programme, release of the remaining instalments by the GOI in subsequent years was subject to utilisation of 60 *per cent* of the total available funds up to (but not including) the year previous to the current year. Due to release of Rs 135 crore for the first year (2000-2001) in the last quarter (February and March 2001)[1], the entire funds remained unutilised. As a result, the State was not entitled to get any funds released from the GOI during 2002-2003 and no funds were actually released. Based on the same principle, the State was not entitled to get any funds during 2003-2004 as utilisation of funds during 2001-2002 was only 15.51 *per cent* of the available funds. Inspite of this, a fresh release of Rs 135 crore was made by the GOI during 2003-2004 in violation of the norms of the programme, thus resulting in unnecessary accumulation of funds at the disposal of the PIUs.

Programme Management

The programme failed to achieve the targeted objective due to inadequate survey resulting in revision of estimates, improper prioritisation, flawed selection and delayed execution as discussed in the subsequent paragraphs :

3.4.9 Physical target and achievement

Physical achievement vis-à-vis the programme targets during 2000-2001 to 2003-2004 were as mentioned below :

Sl. No.	Category (population-wise)	Total No. of habitations	Habitations connected prior to launching of programme	Unconnected habitations	Habitations connected under PMGSY		Total
					Up to 2002-03	2003-04	
1	1000 persons and above	19421	7480	11941	139	387	526
2	500-999	16496	4828	11668	23	133	156
3	250-499[2]	386	253	133	-	-	-
	Total	36303	12561	23742	162	520	682

Source: P&RD Department

[1] *Delay in submission of project proposals (due date of submission May 2000, submitted in September 2000) led to delay in release of funds*

[2] *Applicable only to hill areas under Darjeeling Gorkha Hill Council (DGHC) as provided in the programme guidelines.*

Percentage coverage of habitations was meager compared to programme goal

It would be seen from the above table that the programme goal to connect 100 *per cent* unconnected habitations with 1000 persons and above in each by 2002-2003 was not reached. Against 11941 habitations of 1000 persons and above targeted for rural connectivity by the end of March 2003 for which Rs 444.17 crore were made available by the Government of India, the connectivity achieved on that date was only for 139 habitations. Even as of 31 March 2004, only 526 habitations of 1000 persons and above and 156 habitations of 500 to 999 persons were provided connectivity. Besides, 300 road works involving connectivity to 1144 habitations were in progress.

3.4.10 Inadequate survey

Project proposals/ DPRs were prepared without adequate survey

Four PIUs executed 49 works [3] of new connectivity/ upgradation sanctioned in 2000-2001 and 2001-2002 at an estimated cost of Rs 79.13 crore. Due to lack of adequate survey before submission of project proposals/DPRs, the PIUs had to prepare revised estimates for Rs 93.37 crore. The estimates had to be increased by Rs 14.24 crore due to inclusion of additional items like protection work and side drainage works, besides change of alignment. This could have been avoided if adequate survey were conducted beforehand.

Government stated (November 2004) that initially proper survey was not conducted due to paucity of time.

As per programme guidelines, the extra expenditure of Rs 14.24 crore would have to be borne by the State Government. But the State Government did not allocate any such funds. In the meantime, against 31 works[4] (out of 49) the contractors were paid Rs 6.63 crore in excess of tendered cost because of additional items. The expenditure had been debited to the PMGSY funds unauthorisedly (September 2004).

Further, six works of a combined length of 36.5 km of upgradation/new connectivity in Howrah District was sanctioned by GOI in 2000-2001 and 2001-2002. Reaching completion up to a combined length of 21.24 km, on which Rs 5.88 crore were spent during 2001-2002 to 2003-2004, the works were abandoned reportedly due to non-availability of land, turning the expenditure of 5.88 crore unproductive. This could have been avoided if adequate survey were conducted by the PIUs before preparation of detailed project reports.

Government stated (November 2004) that taking up of schemes for 2000-2001 and 2001-2002 without proper survey led to such situation. Funds for abandoned portion were lying with the department for utilisation or adjustment.

[3] *West Medinipur : 17; Bankura: 10; Hooghly: 6; and Siliguri MP: 16.*
[4] *West Medinipur : 13; Bankura: 8; Hooghly: 5; and Siliguri MP: 5.*

3.4.11 Improper prioritisation

Principle of prioritisation was violated

Although habitations with population of 1000 persons and above remained unconnected, 77 habitations with lower population of 500-999, 250-499 and below 250 categories were provided with new connectivity by constructing 17 roads (nine in 2002-2003 and eight in 2003-2004) at a cost of Rs 11.24 crore. This violated the principle of prioritisation envisaged in the programme and resulted in unwarranted expenditure with denial of the programme benefit to the targeted population.

3.4.12 Flawed selection

Irregular expenditure on upgradation of major district road shown as 'new connectivity'

The work of upgradation of 4.5 km stretch of Ratanpur-Paika Road a major district road (MDR), 'shown as new connectivity' was awarded in January 2004 to a contractor by the PIU, Bankura, under PMGSY. As the scheme did not permit coverage of MDR, the expenditure of Rs. 75.42 lakh on the work out of PMGSY funds was irregular.

Further, PIUs of Malda, Hooghly, Bankura and Siliguri spent during 2001-2002 to 2003-2004 Rs 12.49 crore on renovation/repair of 10 black-topped/ cement roads of a combined length of 72.8 km as follows:

Irregular expenditure on renovation/ repair of 10 black topped/cement roads

PIU	Number of roads	Length (in km)	Expenditure incurred (Rupees in crore)
Malda	1	3.20	0.36
Hooghly	4	38.50	7.70
Bankura	3	28.40	3.90
Siliguri	2	2.70	0.53
Total	**10**[5]	**72.8**	**12.49**

Source: concerned PIUs

As the scheme did not permit inclusion of any black-topped/cement road for upgradation under the programme, the entire expenditure of Rs 12.49 crore was irregular.

3.4.13 Delay in execution

Non-completion of 10 works led to unfruitful expenditure of Rs 12.91 crore

The programme enjoined that every work should be completed within six months from the date of issue of the work order. In four districts, [6] out of 56 works of new connectivity and upgradation, sanctioned during 2000-2001 and 2001-2002, the delay in completion beyond the stipulated period, in respect of 26 works ranged from seven to 20 months. Ten works were not yet completed (August 2004) though already delayed by 12 to 13 months. The delay was attributable to delay in land acquisition, problems created by miscreants, inclusion of new items in works, negligence of contractor, and lack of supervision. A total amount of Rs 12.91 crore already spent on 10 works, none of which were completed, remained unfruitful as detailed below:

[5] *Malda Ghorapir-Sattari, Hooghly Bulandi-Kanaria, Kamarpukur-Badanganj, Bahira-Dawapura, Kapsit-Samta, Bankura Gobindanagar-Kenjakura, Raipur-Dhanara, Kulbadar-Manihara; and Siliguri Birsamunda Setu-Milanmor, Kharagsingh-Tarabari.*

[6] *West Medinipur, Hooghly, Bankura and Siliguri MP.*

Name of PIU	No. of road works	Year of sanction	Amount already spent (Rs. in lakh)	Reason for non-completion
Siliguri MP	4	2001-2002	286 74	Revision of estimates
Bankura ZP	1	2000-2001	234 72	Land problem
	1	2000-2001	117 76	Revision of estimates
	1	2000-2001	108.38	Reason not made available
Hooghly ZP	1	2001-2002	235 70	Problems created by miscreants
	1	2001-2002	266 60	Land problem
Paschim Medinipur	1	2001-2002	40 71	Land problem
Total	10		1290.61	

3.4.14 Missing links

Persisting missing links on five roads turned Rs 8.36 crore spent on them unfruitful

Construction of five roads[7] (Siliguri Mahakuma Parishad: one; Malda: three, Hooghly one) sanctioned in 2000-2001 and 2001-2002 were shown to have been completed in 2002-2003 at a cost of Rs 8.36 crore. But none of the roads provided connectivity to 37 habitations, as targeted, for want of bridges and cross drainage works as well as land disputes involving 168 metres along the road length. The missing links which were persisting as of September 2004 rendered the entire expenditure of Rs 8.36 crore unfruitful.

Government stated (November 2004) that the bridge works could not be taken up as construction of a bridge with span of more than 15 metres was not permitted under PMGSY However, the PIUs would shortly take up the works out of funds from other sources.

Diversion from programme objective

The programme funds amounting to Rs 125.15 crore were irregularly spent on works, which were not eligible to be funded under the PMGSY as discussed below:

3.4.15 Irregular and misdirected utilisation of available funds

Though not permissible, Rs 79.29 crore were spent on road upgradation

The programme did not allow any expenditure on upgradation of existing roads in a district unless all the habitations of the designated population size in the district have been provided all-weather connectivity. In West Bengal, no district fulfils the condition and as such no expenditure was permissible on upgradation of the roads in the State But it was seen in audit that out of Rs 116.99 crore shown to have been spent on 174 works sanctioned for the year 2000-2001, Rs 79.29 crore were spent on 99 works of upgradation of roads. This was 24 *per cent* of the total amount spent (Rs 327.21 crore) upto 31 March2004. The violations of the core principle of the programme in irregular and misdirected utilisation of funds during the period resulted in denial of the benefit of 'new connectivity' that could be extended to unconnected habitations had the funds been properly utilised.

Government stated (November 2004) that 'in absence of detailed and specific instruction from Ministry' schemes for upgradation of roads were taken up in 2000-2001 and 2001-2002.

[7] *Siliguri MP Phulbari Hospital-Kilaghata, Malda Balupur-Bhado, Ghorapir-Sattari and 20 mile-Agrampur, Hooghly Kapsit-Samta*

3.4.16 Ineligible and irregular expenditure

Misdirected expenditure of Rs 45.86 crore on upgradation/ repair of 64 fair weather roads

According to programme guidelines, new connectivity implied construction of roads from the earth work stage to the desired specifications and upgradation/repair of existing fair weather (gravel and WBM) and all-weather (black-topped) roads would not qualify to be treated as works of new connectivity. But 64 fair weather roads[8] out of 75 were sanctioned and taken up during the period of review as works of new connectivity in areas of West Medinipur, Bankura, Hooghly and Siliguri MP. These were already connecting 334 habitations, as revealed from the district rural road maps, core network maps and habitation level data. The cost involved in execution of these works amounted to Rs 45.86 crore. The entire expenditure was thus misdirected, while 2679 habitations under the category of 1000 population and more were awaiting for 'new connectivity' in these areas.

Other irregularities

3.4.17 Extra expenditure on costlier materials

According to detail project reports finally cleared by the GOI in 2001-2002, 'jhama' metal was to be used in five roads in Burdwan District. Unauthorised replacement of 'jhama' metal with stone metal (a costlier variety) in base course while executing the works during 2002-2003 and 2003-2004 led to extra avoidable expenditure of Rs 1.51 crore.

The Government stated (November 2004) that, according to the design requirement, the stone metal was necessary. But it could not be clarified, if this was the fact, how the detailed project reports and approved estimates were cleared.

3.4.18 Irregular payment of lead charges

According to programme guidelines, it was to be ensured that no lead charges would be payable for transportation of soil. Contrary to this, PIUs of Malda, Bankura, Hooghly and West Medinipur paid Rs 3.57 crore[9] to the contractors on this account in respect of 20 works during 2001-2002 to 2004-2005.

The Government stated (November 2004) that, according to 'Standard Data Book' for analysis of rate for rural roads brought out by IRC, lead upto 1000 metres is permissible. The reply is not tenable as the PMGSY guidelines specifically disapproved any payment of lead charges from PMGSY funds.

3.4.19 Unauthorised deviation from project report

While the detailed project reports for five roads with pavement thickness of 380 mm were technically approved by the GOI in 2000-2001, the PIU of North 24 Parganas unauthorisedly lowered the thickness to 250 mm while

[8] *West Medinipur : 27, Bankura : 7, Hooghly : 7; and Siliguri MP : 23.*

[9] *Malda: Rs 0.54 crore, Bankura: Rs 1.71 crore; West Medinipur: Rs 0.30 crore; and Hooghly: Rs 1.02 crore.*

executing the works during 2002-2003, without indicating any reasons. This resulted in savings of Rs 2.63 crore but rendered the works substandard.

The Government admitted (November 2004) the deviation and assigned this to non-conducting of proper survey. While executing the work, reportedly it revealed that lowering of thickness to 250 mm was possible. But it could not be clarified why the revised estimates were not got technically cleared subsequently from the Ministry.

3.4.20. Quality control and monitoring

Quality control unit was not properly functioning

The programme guidelines envisaged setting up of a quality control unit as a part of the State Level Agency. Although such a structure had been reportedly functioning and it was required to arrange for periodic inspection of works at the district level, such inspections were not being carried out. Only in two districts (North 24 Parganas and Malda) out of eight districts test-checked, two inspections (of one road each in both) were carried out during the period 2000-2004 and reports submitted for follow-up action. The State Government had also not drawn up any schedule of inspection prescribing the minimum number of field visits for functionaries of the unit. The State Level Agency (SLA) was conceived as a key organisation, *inter alia*, for vetting the project proposals and providing secretarial service to State Level Standing Committee (SLSC), which was responsible for close and effective monitoring of the programme and overseeing the timely and proper execution of works. After a considerable delay, the department constituted the agency only in November 2003.

Forming of State Level Agency was delayed

Besides, the NRRDA engaged National Quality Monitoring (NQM) for inspection at random, of the roads with particular reference to quality. In case the works were graded 'poor' or 'average', the State Government was to ensure replacement of materials or rectification of workmanship. The roads on completion were to be rated as very good.

Roads were graded as poor/average by NQM, but remedial action was not undertaken

Fourteen roads in three districts constructed by Bankura ZP, West Medinipur ZP and Siliguri MP during 2001-2002 to 2003-2004 at a cost of Rs 17.38 crore were graded poor/average as a result of inspections conducted by National Quality Monitor (NQM) engaged by NRRDA. The unsatisfactory grading was due to defective earth work, poor cambering of shoulder, poor quality of materials and workmanship, poor compaction with power roller, non-testing of material and non-construction of catch water and side drainage. Remedial action to improve the grading was not yet taken as of June 2004.

Similarly a four km stretch road on Bhakrabad-Khakurdah road upgraded in November 2003 at a cost of Rs 91.35 lakh was graded as 'average'. As such the State Government was to ensure that the contractor replaced the material or rectified the workmanship within a stipulated period. But no further action in this regard was taken. In June 2004 (i.e., within seven months from the date of completion) the road was found damaged as the earth work was exposed throughout the stretch, rendering the entire expenditure of Rs 91.35 lakh unfruitful.

Government stated (November 2004) that the contractor had been asked to rectify the damage.

3.4.21 Conclusion

The objective of rural connectivity by all-weather roads to 11941 habitations of 1000 persons and above by the end of March 2003, for which Rs 444.17 crore were made available by the Government of India, remained unachieved as the connectivity provided on that date was only for 139 habitations. Even as of March 2004, only 526 habitations of 1000 persons and above and 156 habitatioins of 500 to 999 persons were provided connectivity. The pace of work had been too slow; undue emphasis was given on upgradation of existing roads; money receipt from the Central Government was almost used up but actual connectivity envisaged in the programme was far from being achieved.

Implementation of the programme suffered from deficient planning and flawed selection and execution of works. Upgradation of roads was allowed to be passed off as works of new connectivity, thus subverting the primary objective of the programme. There were several cases of violation of programme guidelines and laxity in supervision and monitoring, which resulted dismal achievement.

3.4.22 Recommendations

- A time bound action plan should be made to achieve the objective of connectivity and State level standing committee should be revamped for effective monitoring.
- A detailed survey should be taken up to avoid midcourse alteration of any project.
- Land acquisition must be completed before starting a work to avoid subsequent abandonment of the work.
- Priority should be given to extending the benefit of 'new connectivity' to unconnected habitations instead of upgrading the existing roads. Such misutilisatioin of funds, which might lead to loss of central assistance in coming years, should be avoided.

PANCHAYATS AND RURAL DEVELOPMENT/HEALTH AND FAMILY WELFARE/ SCHOOL EDUCATION/MASS EDUCATION EXTENSION/POWER/ANIMAL RESOURCES DEVELOPMENT DEPARTMENTS

3.5 PERFORMANCE OF MURSHIDABAD DISTRICT ADMINISTRATION

HIGHLIGHTS

Murshidabad district comprises five sub-divisions and 26 blocks covering an area of 5324 square km with 58.64 lakh population of which Scheduled Castes (SC) and Scheduled Tribes (ST) constitute 17.51 per cent. In the absence of proper supervision, monitoring and control mechanism in the district administration, the targets for generation of employment, eradication of illiteracy, achievement of minimum level of learning, coverage of eligible couples under family planning, immunisation of babies and pregnant women, reduction of infant mortality, formation of self-help groups to create income generating assets and electrification of villages remained largely unachieved.

District Planning Committee did not prepare any long term plan for development of the district. Further, due to belated submission of the annual plans to the Government, the district development plan had no linkage with budgetary allocations.

(Paragraph 3.5.5)

The Zilla Parishad fell short of achieving the target of generating 78.48 lakh mandays during 1999-2004 by 20.99 lakh mandays, which resulted in non-utilisation of grants of Rs 8.56 crore and 7000 tonnes of rice.

(Paragraph 3.5.6)

Under Swarnjayanti Gram Swarozgar Yojana grants of Rs 15.95 crore could not be availed due to non-utilisation of 46 to 83 *per cent* of yearly available funds. Against target of forming 4579 Self Help Groups (SHGs) during 1999-2004, only 3251 SHGs were formed, of which 169 (5 *per cent*) were actually assisted in creation of income generating assets.

(Paragraph 3.5.7)

Under Indira Awas Yojana and Pradhan Mantri Gramodaya Yojana basic amenities like smokeless chullahs and sanitary latrines were not provided in 1146 and 1044 upgraded houses respectively and Rs 21.90 lakh released to the beneficiaries towards cost of these components were misutilised.

(Paragraph 3.5.8)

Abbreviations used in this Review have been listed in the Glossary in Appendix 40 (page 216)

Due to non-deployment of Medical Officers and Health Assistants, 45 Primary Health Centres and 166 sub-centres remained non-functional depriving people of health care facilities.

(Paragraph 3.5.9)

People of the district remained exposed to food adulteration due to shortfall in sampling (72 *per cent*) and inspection.

(Paragraph 3.5.11)

During 1999-2004, of 9.94 lakh eligible couples, 6.66 lakh were not covered under family planning measures and of 73 *per cent* children vaccinated, 69 *per cent* children were vaccinated in private institutions. Of 4.74 lakh childbirths during 1999-2003, 3.34 lakh deliveries were non-institutional. Consequently, birth of low weight babies increased from 27 *per cent* to 55 *per cent* and infant mortality rate in the district was more than the state average of 55 *per* thousand and ranged between 77 and 116 per thousand in six test-checked villages.

(Paragraphs 3.5.14 and 3.5.15)

During 1999-2004, minimum learning level was achieved at 53 *per cent* against target of 80 *per cent* while drop out rate ranged between 27 and 32 *per cent*.

(Paragraph 3.5.16)

Out of 8.72 lakh illiterates enrolled in the district only 0.63 lakh (7 *per cent*) were made functionally literate spending Rs 5.99 crore.

(Paragraph 3.5.18)

Electrification of over 700 villages was not done as of March 2004 though fund was not a constraint.

(Paragraph 3.5.21)

3.5.1 Introduction

Murshidabad district comprises five sub-divisions and 26 blocks covering an area of 5324 square km having a population of 58.64 lakh (as per census 2001) of which 10.27 lakh (17.51 *per cent*) belong to Scheduled Castes (SC) and Scheduled Tribes (ST). Literacy rate is 55 *per cent* of population in the district against the State's literacy rate of 69 *per cent*.

3.5.2 Organisational set up

The District Magistrate (DM) being the head of district administration was to act in co-ordination with other district level officers viz. Superintendent of Police (SP), Chief Medical Officer of Health (CMOH), District Inspectors (DI) of Schools (Primary and Secondary Education), Project Director (PD) of District Rural Development Cell (DRDC), Deputy Director of Animal Resources Development Department (DD/ARD), etc. to ensure sustainable development in the district.

3.5.3 Audit coverage

Audit conducted between January and March 2004 included review of the implementation of main schemes and activities in Murshidabasd district under each of the selected areas. The review was based on test-check of records of

six departments[1] and offices of the DM, SP, Zilla Parisad (ZP), seven selected Panchayat Samities (PSs) out of 26 PSs and 21 Gram Panchayats (GPs) out of 81 GPs thereunder, CMOH, Deputy Director ARDD, DRDC, DIs of schools (primary and secondary) covering a period of five years from 1999-2000 to 2003-2004.

3.5.4 Audit objectives

The objective of the review was to assess improvement in Government's activities in Murshidabad district in the following areas and their impact on the quality of life of the people:

- Rural employment generation
- Poverty alleviation
- Rural housing
- Health care system
- Primary and secondary education facilities

3.5.5 District development plan

In absence of long term plan and monitoring mechanism targeted development in different sectors remained unachieved

The District Planning Committee (DPC) comprising of 60 members headed by the Sabhadhipati of Zilla parishad (ZP) as chairman and DM as member-secretary was responsible for preparing the long term plan for development and obtain approval of the State Government. The DPC did not prepare any long term plan. Instead, it prepared annual plan for each of the years during 1999-2003 while the annual plan for 2003-2004 was not finalised by DPC. No reason was available. Further, the annual plans were submitted to the State Government 6 to 11 months after the commencement of the financial year due to which the district developmental plan had no reflection in the State Budget. The development works in the district were executed on the basis of budgetary allocations of the respective line departments. DPC did not also prescribe any monitoring mechanism. In the absence of adequate monitoring and supervision the targeted development remained largely unachieved in various sectors as mentioned in the succeeding paragraphs.

Programme implementation

Brief objectives of the major programmes[2] under employment generation and housing implemented in the district by Panchayats and Rural Development

[1] *Panchayats & Rural Development Department (PRDD), Health & Family Welfare Department (HFWD), School Education Department (SED), Mass Education Extension Department (MEED), Home (Police) Department and Animal Resources Development Department (ARDD)*

[2] *(a) Rural Employment Generation Programme (REGP) comprising (i) Employment Assurance Scheme (EAS) restructured as Sampoorna Gramin Rozgar Yojana first stream (SGRY-I) and (ii) Jawhar Gram Samriddhi Yojana (JGSY) restructured as SGRY – second stream (SGRY-II).*

(b) Poverty Alleviation Programme (PAP) comprising Swarnjayanti Gram Swarozgar Yojana (SGSY)

(c) Rural Housing Scheme (RHS) comprising (i) Indira Awas Yojana (IAY) (ii) Pradhan Mantri Gramadaya Yojana – Gramin Awas (PMGYGA) and (iii) Credit Cum Subsidy scheme.

Department (PRDD) during 1999-2004, their components and expenditure incurred are summarised below:

	Name of the programme and its component	Brief objective	Funding pattern Centre: State	Available funds	Expenditure incurred during 1999-2004 (Rupees in crore)
1.	**Rural Employment Generation Programme (REGP)**				
	i) EAS restructured (2001-02) as SGRY-I	EAS: 100 days assured employment to deserving rural youths during lean agriculture season; SGRY-I Provision of employment to all rural people (APL/BPL) on payment of wages in kind and cash by engaging them in creation of community assets.	75:25	32.18	27.31 (85 *per cent*)
	ii) JGSY restructured (2001-02) as SGRY-II	JGSY Providing wage employment to rural BPL families; SGRY-II: Providing wage employment to all rural people (APL/BPL) on payment of wages in kind and cash by engaging them in creation of community assets.	75 ; 25	29.77	26.09 (88 *per cent*)
2.	**Poverty Alleviation Programme (PAP)**				
	i) SGSY	Raising rural poor families (called *Swarozgaris*) above poverty line within three years by forming self help groups (SHG) and providing them income generating assets out of bank loan and Government subsidy. Each SHG was to receive a maximum revolving fund of Rs 10,000 and cash credit from bank up to four times thereof after passing Grade-I test and would receive loan and subsidy according to the project cost after Grade-II test	75:25	14.98	12.22 (82 *per cent*)
3.	**Rural Housing Scheme (RHS)**				
	i) IAY	Helping BPL families in construction and upgradation of dwelling houses by providing grants-in-aid of Rs 20,000 and Rs 10,000 respectively.	75:25	21.06	16.74 (80 *per cent*)
	ii) PMGY (GA)- (implemented since 2000-2001)	Provision of houses for rural BPL families by providing grants as per IAY scheme	Fully Centrally sponsored	0.86	0.31 (36 *per cent*)
	iii) Credit cum Subsidy Scheme (implemented since 2001-2002)	Helping economically weaker sections of rural households with annual income upto Rs 30,000 for construction of houses by providing HUDCO loan (80 *per cent*) repayable by beneficiaries with interest and Government subsidy (20 *per cent*).	75:25 (Subsidy)	7.34	1.37 (19 *per cent*)

Details of allocation of funds, receipts of funds and the expenditure under each of the above schemes during 1999-2004 are given in ***Appendix 35***.

Scrutiny of records relating to the aforesaid programmes revealed that employment generation under REGP fell short of targets; under the PMGSY only a very few of the Self Help Groups were extended assistance for creation of income generating assets. Under the rural housing scheme, the funds released to beneficiaries for smokeless chullahs and sanitary latrine were misutilised.

3.5.6 Rural Employment Generation Programme (REGP)

Failure in generation of 20.99 lakh mandays of rural employment

The programme aimed at generation of employment and ensuring food security to rural people. Of Rs 61.96 crore received during 1999-2004, ZP spent Rs 53.40 crore and 57.49 lakh mandays of employment were generated against the target of 78.48 lakh. Perpetual non-utilisation of 32 to 58 *per cent* of yearly grants resulting from delays ranging from 1 to 8 months in release of fund by DRDC and ZP to the executing agencies (PS/GP) was the main reason for shortfall in generation of employment for 20.99 lakh (27 *per cent*) mandays.

Rural people were deprived of food security

Sampoorna Gramin Rozgar Yojana (SGRY) Stream-I and II envisaged payment of Rs 32 in cash plus Rs 30 in kind (5 kg rice at subsidised price of Rs 6 per kg) per manday to ensure food security to rural people. During 2002-2004, out of 19000 tonnes of rice lifted, 7000 tonnes (37 *per cent*) were not used (March 2004). This indicated that rural people were deprived of food security owing to non-generation of employment opportunities for 14 lakh mandays. It was noticed in audit that lack of co-ordination between ZP and District Controller of Food and Supplies on placement of indents, timely issuance of release orders by FCI and lifting of rice by the distributors were the reasons for short distribution.

Further, against the norm of 5 kg rice and Rs 32 in cash per manday, it was observed that the ZP paid the wages entirely with rice upto 10.33 kg per day resulting in excess distribution of 550 tonnes of rice.

Test check of records of six GPs and four PSs revealed that as of March 2004, 271 tonnes of rice valuing Rs 31.98 lakh were lying in godowns from one to 22 months of which one distributor reported (February 2004) damage of 85.59 tonnes of rice valuing Rs 10.10 lakh indicating that ZP and PSs failed to take timely action for distribution.

Thus, lack of co-ordination among PRDD[3], ZP, PS and GP and absence of proper supervision, monitoring and control mechanism hindered successful implementation of the programme.

3.5.7 Swarnjayanti Gram Swarozgar Yojana (SGSY)

The Yojana aimed at raising 30 *per cent* of the Below Poverty Line families of rural areas above the poverty line through loan and subsidy to generate monthly income of Rs 2000.

Only 5 *per cent* of the SHGs formed were assisted

Of Rs 24.02 crore allotted under the Yojana during 1999-2004, DRDC could not avail of grants of Rs 15.95 crore (66 *per cent*) as 46 to 83 *per cent* of yearly available funds were not utilised. Further, out of 3251 Self Help Groups (SHG) formed during 1999-2004, only 326 SHGs passed Grade II test and 169 of them were credit linked for income generating activities. The shortfall in extending financial assistance was due to lack of co-ordination with the the bank authorities. The details are given below :

Target of forming SHGs (5 to 20 members in each)	4579
Number of SHGs formed	3251(71 *per cent*)
SHGs entitled to get financial assistance by passing grade-II tests	326 (10 *per cent*)
SHGs actually assisted	169(1842 members)
Government subsidy released	Rs 1.86 crore
Bank loans paid	Rs 2.86 crore

[3] *Panchayat and Rural Development Department*

Such poor performance was attributable to lack of social mobilisation and motivation and absence of monitoring though Rs 73.97 lakh were spent (1999-2004) on training and capacity building by engaging 62 non-government organisations (NGOs) in the district.

Further, SGSY laid emphasis on group approach. However, financial assistance (Government subsidy: Rs 2.75 crore and bank loan: Rs 7.26 crore) was rendered to 3929 individuals during 1999-2004 representing 68 *per cent* of total beneficiaries (5771).

Excess revolving fund of Rs 0.67 crore remained locked up with banks

DRDC released revolving funds of Rs 1.70 crore as per norm of Rs 10000 per SHG to the banks to facilitate operation of cash credit accounts by 1846 Grade-I passed SHGs, of which 814 groups did not turn up for cash credit facilities. DRDC neither investigated the reasons thereof nor arranged to take refund of the excess revolving fund of Rs 0.67 crore from the banks (March 2004). Thus, the scheme fund of Rs 0.67 crore were unauthorisedly retained by the banks.

DRDC did not exercise any check to ensure generation of income by BPL families. The details of infrastructure created by the beneficiaries under the scheme was also not available on record.

Non-utilisation of Government subsidy

Test-check of records of 10 branches of five banks[4] relating to financial assistance of Rs 45.07 lakh (loan · Rs 28.75 lakh and subsidy : Rs 16.32 lakh) released to 180 beneficiaries between June 1999 and December 2003 revealed that against scheduled repayment of loans in 60 monthly instalments, in 37 cases 53 to 100 *per cent* of loans aggregating Rs 4.62 lakh was refunded within one to seven months from the date of release of loan, in six cases loan of Rs 0.32 lakh was kept in term deposits and subsequently adjusted against loan and in 20 cases out of sanctioned loan of Rs 14.05 lakh, Rs 7 lakh were not drawn by the beneficiaries. The cases of non-drawal, deposit in term deposits and premature recovery were indicative of non-execution of 63 projects rendering government subsidy of Rs 9.59 lakh unfruitful mainly due to lack of co-ordination between DRDC and banks.

3.5.8 Rural Housing Scheme (RHS)

5142 houses were allotted to male members in violation of norms, sanitary latrines and smokeless chullahs did not exist in 2190 houses

The scheme, Indira Awas Yojana (IAY) followed by PMGY was launched to help BPL families in construction and upgrading dwelling houses by providing grants-in-aid of Rs 20000 and Rs 10000 respectively.

Out of 7888 new houses and 2202 upgraded houses completed during 1999-2004, 4168 (53 *per cent*) new houses and 974 (44 *per cent*) upgraded houses were allotted to male members instead of female members or jointly in violation of the norms of the programme. Further, smokeless chullahs and sanitary latrines were not built in 1146 and 1044 upgraded houses respectively although Rs 2.19 crore including the cost (Rs 21.90 lakh) of these facilities were released to the beneficiaries during 1999-2004. In the absence of proper

[4] *Murshidabad Gramin Bank (five branches), Allahabad Bank (one branch), Bank of Baroda (one branch), United Bank of India (two branches) and United Commercial Bank (one branch)*

supervision and monitoring the scheme fund was misutilised by the beneficiaries.

Out of Central grants of Rs 0.86 crore received under PMGY (Gramin Awas), the ZP disbursed Rs 0.31 crore (36 *per cent*) to the beneficiaries during 1999-2004. ZP neither monitored utilisation of the fund nor ascertained the details of houses constructed or upgraded under the scheme. In the absence of any record in respect of physical achievement, utilisation of the fund was doubtful.

Unnecessary drawal of loan without immediate requirement led to avoidable payment of interest Rs 1.12 crore

Under credit cum subsidy scheme, PRDD had taken loan of Rs 5.58 crore from HUDCO in September 2001 (Rs 2.77 crore) and March 2002 (Rs 2.81 crore) at 10.5 *per cent* interest without identifying the intended beneficiaries and verifying their loan applications. PRDD released Rs 5.58 crore to ZP, Murshidabad between March 2002 (Rs 2.77 crore) and October 2002 (Rs 2.81 crore) along with Government subsidy of Rs 1.40 crore for disbursement to rural households. Out of Rs 6.98 crore, only Rs 1.37 crore were released (November 2002 to December 2003) to three PSs and the remaining amount of Rs 5.61 crore were lying in savings bank account as of April 2004. PRDD repaid principal of Rs 0.90 crore and paid interest of Rs 1.12 crore to HUDCO up to March 2004 while ZP earned interest of Rs 0.36 crore from the savings account

Thus, failure of the ZP to identify beneficiaries for disbursement of loans taken by PRDD resulted in avoidable expenditure of Rs 0.76 crore on account of interest on unutilised loans up to March 2004. No action was taken to refund the unutilised portion of loan to HUDCO to avoid further payment of interest.

Health and Family Welfare Activities

Health care services and implementation of different health and family welfare programmes in the district suffered from poor management and lack of supervision as would be evident from the succeeding paragraphs. A sum of Rs 198.09 crore[5] was spent on health and family welfare in the district during 1999-2004.

3.5.9 Health care system

Over five lakh rural people were deprived of basic medical facilities due to shortage of MOs

Against sanctioned strength of 326 Medical Officers (MOs) in the district, there was shortage of 62 MOs (19 *per cent*) as of March 2004. Of the 69 PHCs in the district, 45 PHCs (65 *per cent*) with total bed strength of 260 were not functioning due to non-posting of MOs for various periods ranging from six months to 10 years. Of these, 17 PHCs continued to remain non-functional during 1999-2004 resulting in unfruitful expenditure of Rs 1.98 crore incurred on the pay and allowances of 62 staff attached to these PHCs besides depriving 5.10 lakh rural people of the intended medical benefits.

[5] *As per departmental records*

In 11 PHCs although indoor patient departments were not functioning, 12 cooks were posted resulting in unfruitful expenditure of Rs 7.15 lakh on their wages during 1999-2004.

Two upgraded BPHCs and one hospital remained non-functional due to failure in providing MOs and other staff

Sub-divisional hospital (250 bedded) at Domkal was upgraded from Block Primary Health Centre (BPHC) (15 bedded). It was not made functional till March 2004 for failure in providing required staff, machinery and equipment though the hospital building constructed at a cost of Rs 1.36 crore was ready for use since June 2000. Besides, Burwan BPHC upgraded to 30 bedded Rural Hospital (RH) in January 1993 (cost not available on record) was not functioning as Hospital (March 2004) as additional seven MOs and 37 other required staff were not deployed. As a result, the services of specialist physicians in surgery, medicine, obstetrics and gynaecology and pediatrics were not available to the local people.

Delay in forming management society led to unfruitful expenditure of Rs 1.14 crore on idle wages

Further, the renovation of a 105 bedded hospital taken up by the Department in July 1995 was completed by the ZP at a cost of Rs 48.84 lakh in February 2002. It remained non-functional as of March 2004 as ZP failed to form the required registered society for management of the hospital. The staff attached to this hospital were deployed in other hospitals only in December 2003 rendering the expenditure of Rs 1.14 crore incurred on their wages during July 1995 to November 2003 unfruitful.

Out of 832 sub centres (SC), 166 (20 *per cent*) remained non-functional as of March 2004 due to non-posting of Health Assistants (HAs). No records were produced to audit to ascertain the periods of non-functioning of these SCs.

Thus, the people of the district were deprived of treatment due to non-deployment of MOs and other staff.

Government stated (January 2005) that necessary steps had been initiated to fill up the vacant posts.

3.5.10 Mental hospital, Berhampore

In Mental Hospital at Berhampore having capacity of 350 indoor patients, only 134 to 144 cots and 15 to 20 matresses were provided for 210 (average) indoor patients during 1999-2003. Thus, 190 to 195 patients remained without mattress and 66 to 76 patients were without any cot due to inaction on the part of Health Directorate for procurement of the same. The Superintendent had taken up the matter with the CMOH of the district (September 2002) and also with the directorate of H&FW (September 2002) for supply of cots and mattresses. Government stated (January 2005) that necessary steps had already been taken by the district authority to supply the requisite number of cots and mattresses.

Failure of the Department to rehabilitate 51 cured patients restricting new admission

Section 19(1) of the Mental Health Act, 1987 enjoins that no person shall be kept in any psychiatric hospital as an inpatient after recovery for a period exceeding 90 days. Contrary to such provision, 51 patients cured between April 1999 and March 2003 were not discharged till March 2004 restricting

the entry of new patients coupled with avoidable expenditure of Rs 20.73 lakh towards their diet and medicines.

The hospital authority stated (March 2004) that efforts to send the cured ones back to the mainstream failed due to lack of response from their relatives. No action was taken by the Department in this respect.

3.5.11 Prevention of food adulteration

People of the district remained exposed to food adulteration due to inadequate sampling and inspection

Assistant Chief Medical Officers of Health (ACMOsH) were to act as Local (Health) Authority for enforcing the provisions of Prevention of Food Adulteration (PFA) Act in each sub-division to ensure availability of pure and wholesome food.

Scrutiny in audit revealed that no food sample was collected in four of the five sub-divisions as the posts of Sub-Divisional Food Inspectors remained vacant for five to ten years.

Sub-Divisional Food Inspectors posted under ACMOH of Kandi sub-division collected only 199 food samples during 1999-2003 against prescribed norm of 144 samples per year resulting in 72 *per cent* shortfall. Out of 199 food samples collected, 158 samples were sent to Public Health Laboratory at Kolkata for testing, of which 25 samples (16 *per cent*) were reported to be adulterated. ACMOH did not take any action against the offending vendors.

Thus, the people of the district remained exposed to hazards of food adulteration.

Government stated (January 2005) that steps had been taken to empower the ACMOHs to act as Local (Health) Authority.

Family Welfare Programmes

Various family welfare programmes under World Bank aided schemes were implemented in the district with a view to improve the quality of essential and emergency obstetrics and new born care and to upgrade basic medical facilities.

Scrutiny revealed that the infrastructure created under Social Safety Net scheme could not be utilised due to non-deployment of doctors; most of the eligible couples did not adopt family planning measures; huge shortfall was also noticed in immunisation of children, etc. as discussed in succeeding paragraphs.

3.5.12 Social Safety Net (SSN)

Social Safety Net scheme was launched with a view to strengthening primary health infrastructure by making provision of operation theatre, labour room, observation room, etc, to reduce maternal and infant mortality. Although construction of the same in 16 BPHCs and four PHCs was completed during July 1997 to May 2002 at a cost of Rs 1.18 crore, the intended obstetric

services were not made operational in two BPHCs and three PHCs for not deploying medical officers and supplying electricity. Under the scheme deployment of one lady doctor was obligatory; but there was no lady doctor in eight of these centres for two to six years.

3.5.13 Reproductive and Child Health (RCH)

Reproductive and Child Health (RCH) scheme launched in April 1999 for upgrading the quality of ante-natal and post-natal services in the district was closed in March 2004. Out of GOI assistance of Rs 10 crore, Rs 8.42 crore were spent on different components of the project such as civil works (Rs 4.54 crore), purchase of furniture (Rs 1.09 crore), medical equipment (Rs 0.58 crore) and vehicle (Rs 0.07 crore), Information, Education and Communication activities (Rs 0.58 crore), training and workshop (Rs 0.66 crore) and operating cost (Rs 0.90 crore). The unutilised fund of Rs 1.58 crore was not refunded to GOI inspite of closure of the scheme.

Government stated (January 2005) that the project was actually continued upto July 2004 spending a further amount of Rs 1.06 crore.

Twelve Panchayat Samitis (PSs) did not refund unspent advance of Rs 24.89 lakh even after completion of construction of 76 sub-centres (cost : Rs 3.19 crore). Of these sub-centres, 16 were not handed over by PSs to Project Coordinator (Deputy CMOH-III) even after completion of construction (cost : Rs 0.80 crore) in March 2002 and thus these sub-centres remained non-functional.

In the project office no records showing distribution of furniture valuing Rs 1.09 crore and medical equipment valued at Rs 0.58 crore to sub-centres and Village Health Volunteers (VHVs) could be produced to audit. Test-check revealed that furniture and medical equipment valuing Rs 11.86 lakh were not distributed from five RHs and one BPHC as the sub-centres were not functioning and VHVs were also not deployed.

Thus, the scheme failed in upgrading the quality of ante-natal and post-natal care in the district.

3.5.14 Sterilisation

Of 9.94 lakh eligible couples, 6.66 lakh did not adopt family planning measures

Survey work was the most vital component to assess the number of people to be covered for successful implementation of any programme. The number of eligible couples to be covered under sterilisation in the district was assessed as 9.94 lakh as of March 2003 on *ad-hoc* basis without conducting any door to door survey. Expenditure of Rs 10.44 lakh was incurred on printing and distribution of Eligible Couple and Children Registers (ECCRs) to the sub-centres between 1999 and 2003. Of 9.94 lakh couples, 6.66 lakh couples (67 *per cent*) did not adopt family planning measures.

Thus, the physical achievement was only 33 *per cent* against the State's target of 60 *per cent* although Rs 3.05 crore were spent out of Rs 3.07 crore received on various sterilising programmes. The CMOH stated (April 2004) that all the

eligible couples could not be covered under family planning measures due to shortage of programme-oriented surgeons and trained assistants, short supply of IUD and conventional contraceptives.

3.5.15 Immunisation

Non-functioning of SCs and PHCs led to shortfall in immunisation

69 *per cent* of the children were vaccinated in private institutions

As per records of the district health authorities, during 1999-2003, shortfall in immunisation against six vaccine-preventable diseases was 24 *per cent* in case of measles, 19 *per cent* in case of DPT, 20 *per cent* in case of polio and 4 *per cent* in case of BCG. In case of immunisation of pregnant women with tetanus toxoid, the shortfall ranged between 16 and 34 *per cent* during 1999-2003. The shortfall was attributable to non-functioning of PHCs, SCs and irregular supply of vaccines. According to the report (February 2003) on household survey conducted by the Project Coordinator of RCH programme only 73 *per cent* children of 0-5 years age group were vaccinated. Sixty Nine *per cent* were, however, vaccinated in private institutions, indicating dismal coverage by the Department. This was contrary to the claim of 76 to 96 *per cent* coverage under immunisation.

Infant mortality rate in the district was more than the State average

Due to shortfall in immunisation of children, deficiency in obstetric care and birth of low weight babies, 16225 children were affected by six preventable diseases during 2000-2003, of which 313 children died. Besides, according to report (March 2003) of H&FWD, in 51.7 *per cent* of villages in the district infant mortality rate[6] (IMR) was more than 55 (State average). Out of 29 villages selected for random sampling survey, in 14 villages IMR was below 55, in nine villages IMR was 55 to 75 while in six villages IMR ranged between 77 and 116 per thousand. No recorded data on maternal mortality rate was, however, available. Such high incidence of IMR indicated inadequate health care measures for preventable diseases.

Of 4.74 lakh deliveries 3.34 lakh were non-institutional

The primary objectives of family welfare programmes were to ensure safe and institutional deliveries to reduce maternal and infant mortality rate. In the district, during 1999-2003, out of 4.74 lakh deliveries, 3.34 lakh deliveries (70 *per cent*) were non-institutional. Non-availability of beds in PHCs, absence of supportive supervision, and lack of Information, Education and Communication (IEC) activities were the main factors which impeded access of rural population to reproductive health care services.

Sharp increase in low birth weight babies

Further, out of 4.74 lakh deliveries, 1.93 lakh (41 *per cent*) were low birth weight babies. The incidence of low birth weight babies increased sharply from 27 *per cent* in 1999-2000 to 55 *per cent* in 2002-2003 due to irregular supply of folifer, poor sanitation, malnutrition, etc, as stated (April 2004) by CMOH, Murshidabad.

Government stated (January 2005) that action had been initiated for better achievement through effective co-ordination.

[6] *Number of infants dying under one year of age per 1000 live birth in a year*

Primary and Secondary education

As of March 2004, the district had 3171 primary schools with 10867 teachers and 511 Government-aided secondary and higher secondary schools with 4067 teachers. The district offices spent Rs 537.71 crore[7] and Rs 461.16 crore[7] during 1999-2004 for primary and secondary education respectively. In order to improve the quality of primary education in the district through enhancement of enrolment, reduction in drop out rate (DOR) and raising of minimum level of learning (MLL) the department implemented an externally[8] aided District Primary Education Programme (DPEP) spending Rs 34.34 crore out of Rs 34.56 crore released during 1997-2004. The programme was implemented through District Project Officer (DPO). The DI who was assisted by 22 inspectors was responsible for regular inspection, supervision and monitoring for smooth and efficient running of the schools.

Following deficiencies were noticed in audit.

3.5.16 Primary education

Minimum Level of Learning achieved was 53 *per cent* against target of 80 *per cent*

Mid-term evaluation of the programme conducted by West Bengal Board of Primary Education (WBBPE) from time to time covering students of class-II in 3084 schools disclosed that MLL was achieved for 53 *per cent* on average against target of 80 *per cent*. Further, sample survey of 20 schools with 6573 students conducted by District Research Cell (DRC) of DPEP in November 2002 disclosed poor school efficiency as learning achievement was 3 to 20 *per cent* only while dropout rate (DOR) was 27 to 32 *per cent* during 2000-2004.

School Drop out ranged between 27 and 32 *per cent*

The low level of learning achievement and higher DOR were attributed by DRC to lack of professionalism among teachers (20 *per cent* of 134 pedagogically trained teachers in 38 schools were not using such methods as surveyed by DPEP in November 2003), supply of medium to bad quality cooked mid-day meal (40 schools out of 103 schools surveyed by DPEP in November 2003) and enrolment of students (115 *per cent* on average) in excess of capacity.

Scrutiny in audit revealed the following:

Absence of basic infrastructural facilities in schools

Fortyfive schools had no building, 254 schools were running with only one room, drinking water and toilet were not available in 696 schools and 1703 schools had no urinals while 2701 schools had no separate toilet for girl students.

Thirty one schools with students ranging from 44 to 298 were being run by only one teacher and Pupil-Teacher ratio (PTR) in 2612 schools was 74:1 (average) as against the norm 40:1.

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[7] *As per departmental records*

[8] *Funded by Overseas Development Administration (ODA) now Department for International Development (DFID) of U.K., the project cost being shared by Centre and State in the ratio of 85:15.*

Of 4375 children assessed for integration during 1999-2004 under the Integrated Education for Disabled Children programme to bring disabled children into the mainstream of education, the DPO failed to integrate 1193 (27 *per cent* of the assessed) disabled children in schools

Early Childhood Education (ECE) programme aimed at developing school-going habit among children of 3 to 5 years age group DPO failed to develop school going habit of 1 01 lakh children (33 *per cent*) out of 3 06 lakh targeted during 2001-2004

Government stated (January 2005) that grants for construction of buildings and additional classrooms had already been provided to some of the building-less schools and one-roomed schools while facilities for drinking water and toilet would be provided gradually and action for appointment of teachers had already been initiated

3.5.17 Secondary education

Inadequate inspection of schools affected quality of education

Test-check of records revealed that against prescribed 10340 inspections, only 1054 inspections (10 *per cent*) were conducted by 22 inspectors during 1999-2004 and in 20 schools average DOR was 66 *per cent* (1997-2002) Failure to qualify in Class-V standard annual examination (2002-2003) ranged between 59 and 96 *per cent* and in Madhyamik Examination failure was 48 *per cent* on an average and PTR was 83:1 as against the norm of 40.1.

Government while admitting the fact that inspection of schools had been badly hampared due to engagement of Inspectors in examination duty and other administrative jobs, stated (January 2005) that utmost care would be taken by the district authorities for observance of extant rules and regulations from the current year onwards.

Thus, the secondary education system in the district was not running effectively and efficiently due to inadequate departmental monitoring and control mechanism

3.5.18 Eradication of illiteracy

To eradicate illiteracy in the district in the age group of 9 to 50 years Mass Education Extension Department (MEED) implemented TLC, TLCMU and PLC[9] through MZSSPS[10] with the target of making 12 73 lakh illiterates in the district functionally literate between May 1992 and November 2000 at the projected expenditure of Rs 11 16 crore. MEED could enroll 8 72 lakh illiterates (68 *per cent*) under the scheme, of which only 0 63 lakh (7 *per cent* of 8 72 lakh enrolled) were virtually made literate after spending Rs 5.99 crore Non-enrolment of 32 *per cent* of targeted number of illiterates, inaction in mobilization and creation of awareness among illiterate people, high rate of drop out (6 48 lakh representing 74 *per cent* of 8.72 lakh enrolled) coupled with inability (1 61 lakh representing 19 *per cent* of 8 72 lakh

[9] *Total Literacy Campaign (TLC), TLC Mopping up (TLCMU) and Post Literacy Campaign (PLC)*
[10] *Murshidabad Zilla Sarbik Saksharata Prasar Samity (MZSSPS)*

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enrolled) of learners to qualify as per National Literacy Mission norm and failure of MZSSPS in retaining the people in literacy track were the reasons for such dismal performance to eradicate illiteracy.

Other infrastructural development

Some aspects of infrastructural development in veterinary services and rural electrification having impact on the quality of life in the district were also covered in audit:

3.5.19 Beldanga Bull Station under-utilised

Under utilisation of bull station led to loss of Rs 22.50 lakh

Beldanga Frozen Semen Bull Station (Station) was constructed/commissioned in October 2001 at a cost of Rs 1.15 crore (civil works: Rs 0.42 crore and equipment: Rs 0.73 crore) with a capacity of maintaining 18 bulls. The Bull Station was to produce 2.70 lakh Frozen semen straws (FSS) a year. Only 2.66 lakh FSS (39 *per cent*) were, however, produced in two and half years between October 2001 and March 2004. Functioning of the Station with fewer number of bulls (10 to 12 nos) was the main reason for shortfall (61 *per cent*). Due to low capacity utilisation, Station could not produce 4.09 lakh FSS and thus, sustained loss of Rs 22.50 lakh during 2001-2004 as the value of 2.66 lakh FSS (Rs 26.60 lakh) did not meet the cost of production (Rs 49.10 lakh). The department did not initiate any action to utilise the Station upto the optimum level of production to make the bull station economically viable.

3.5.20 Non-utilisation of veterinary polyclinic and hospital

Out of grants-in-aid of Rs 3.81 crore received by ZP from ARDD for creation of departmental infrastructure in the district, it constructed without obtaining approval of ARDD one veterinary polyclinic in January 2002 at a cost of Rs 0.66 crore and a veterinary hospital in June 2003 at a cost of Rs 0.26 crore. In absence of approval of ARDD for construction of the same, no staff was sanctioned by ARDD as of March 2004. As a result, both the polyclinic and hospital remained unutilised rendering the entire expenditure of Rs 0.92 crore unfruitful.

Although the para was forwarded to the department in July 2004, the Director of Animal Husbandry and Veterinary Services stated (January 2005) that the audit observations were under examination and the reply would be furnished as early as possible.

3.5.21 Non electrification of villages

During 1999-2004, West Bengal Rural Energy Development Corporation Limited (Corporation) paid Rs 11.44 crore (23 *per cent*) to ZP out of Rs 49.26 crore released (1999-2002) by the State Government for electrification of 841 mouzas[11] (1245 villages) by March 2002 under Rural Electrification (RE) scheme.

[11] *Geographical area of demarcation for identification of land in revenue records*

Electrification of over 700 villages in 841 mouzas were yet to be done

Of 1245 villages in 841 mouzas, 519 villages (42 *per cent*) in 383 mouzas (including three of seven mouzas under PMGY) were electrified upto March 2004 and out of 39061 households of 519 villages, 24214 households were covered through service connection. Remaining Rs 1.64 crore was kept deposited in LF Account of the ZP as of March 2004.

Thus, 726 villages of the district were not electrified till March 2004 due to holding back of funds by the Corporation.

3.5.22 Conclusion

No long term plan for development of the district was prepared and only annual plans were prepared which were not linked to the budget proposals. Under the Rural Employment Generation, people were deprived of 20.99 lakh mandays of employment due to under-spending and 14 lakh mandays were lost due to non-distribution of foodgrains. Under Swarnjayanti Gram Swarozgar Yojana only 5 *per cent* of the 3251 Self Help Groups formed were financially assisted and 5142 houses under IAY were allotted to male members in violation of norms. Further, sanitary latrines and smokeless chullahas did not exist in 2190 houses though funds for the purpose were released to the beneficiaries.

Non-deployment of medical officers and required paramedical staff rendered one sub-divisional hospital, one rural hospital, 45 primary health centers and 166 sub-centres non-functional. Family welfare activities also could not be geared up to reach the goal as only 33 *per cent* of the eligible couples could be brought under family planning scheme while only 73 *per cent* of children in 0-5 age group were immunised.

The target of minimum level of learning by children could not be achieved due to inadequate infrastructure, non-pedagogical teaching and supply of bad quality mid day meal. The secondary education system also was not functioning efficiently due to irregular inspection of schools, poor base of primary education and high pupil-teacher ratio. Besides, only seven *per cent* of targeted illiterates could be made functionally literate after spending Rs 5.99 crore.

Despite adequacy of fund, of the 1245 villages to be electrified by March 2002, 726 villages remained without electricity.

3.5.23 Recommendations

- Action should be initiated by District Magistrate/District Planning Committee to prepare and implement long term plan for development of the district.
- Steps need be taken for better coordination between the banks and the administration to ensure effective percolation of Government assistance to the beneficiaries under SGSY.

- Non-functioning health units need be rejuvenated through posting of Medical Officers and paramedical staff.
- Primary and secondary education programmes should be effectively monitored. Pupil teacher ratio needs to be improved and the programmes to eradicate illiteracy should be prioritised.
- Work of electrification of 726 villages of the district need to be taken up immediately.

The matter was referred to Government in July 2004. The Government stated (January 2005) that steps had already been taken to collect the information and the final reply would be communicated soon on receipt of the same from the district administration.

YOUTH SERVICES AND MINORITIES DEVELOPMENT AND WELFARE DEPARTMENTS

3.6 Bangla Swanirbhar Karmasansthan Prakalpa

In the absence of monitoring, supervision and training only 23 *per cent* of the sponsored 0.63 lakh projects were financially assisted utilising 36 *per cent* of grant resulting in deprivation of employment for 2.43 lakh youths

3.6.1 Introduction

Bangla Swanirbhar Karmasansthan Prakalpa (BSKP) was launched in September 2000 to ensure significant generation of self-employment for unemployed youth within the age group of 18 to 40 years, who were either registered in any employment exchange or not registered owing to illiteracy or not having studied up to class VIII.

3.6.2 Implementing agency

The scheme was implemented through Banks and West Bengal Finance Corporation (WBFC) under overall control and supervision of Project Implementation Committee (PIC) constituted in each district. The District Youth Officer (DYO) assisted by Block Youth Officer (BYO), Municipal Youth Officer (MYO) and Motivator acted as the nodal agency.

Implementation of the scheme during 2000-2004 was reviewed in audit during January to April 2004 through test-check of records of Youth Services, Minorities Development and Welfare Department and Directorate and seven selected District Youth Officers[1]

3.6.3 Identification of youths

Youths were identified by the Motivators of the concerned municipal or corporation areas considering educational background, capability to run the project, previous experience, association with any family business and the capacity to contribute 10 *per cent* of the project cost, etc.

3.6.4 Identification of Projects

The projects[2] were identified by the entrepreneurs in consultation with the Motivator, concerned BYO or MYO and Bank assessing the viability of the projects keeping in view the parameters viz. infrastructural facilities, machineries required, marketability of products, feasibility and profitability of the project, etc.

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[1] *Bardhaman, Birbhum, Kolkata, Malda, Medinipur, Murshidabad and North 24 Parganas*

[2] *Manufacturing/trading in surgical and orthopaedic goods, cosmetics, electrical goods, medicines, grocery, stationery, readymade garments, leather goods, plastic goods, toys, building materials, wooden articles, etc, and business of taxi, auto pick-up van, Xerox, offset printing, STD/ISD booth, colour printing lab, DTP, etc.*

3.6.5 Project implementation

Of 1.10 lakh targeted projects, only 0.63 lakh were sponsored to bank by PIC

Against the target of implementation of 1.10 lakh projects for generation of 5.50 lakh employments in the State during 2000-2004 with total allotment of Rs 144.11 crore, PIC sponsored 63272 projects (58 *per cent*) to banks for disbursement of Government subsidy (20 *per cent*) and bank loans (70 *per cent*) during 2000-2004 to entrepreneurs (contributing 10 *per cent*). The shortfall in identification of 46728 projects was attributable to non-availability of intending beneficiaries indicating failure in creation of awareness among unemployed youths by the motivators.

3.6.6 Rejection of projects by banks

As per guidelines of the scheme, bank was to send back the rejected projects to DYO explaining the reasons for rejection and the rejected projects were to be forwarded by DYO to the PIC for re-examination. Any project if found to be viable on re-examination was to be referred by PIC to the Director of Youth Services for taking up the matter with higher authorities of banks for release of subsidy and loan.

In defiance of guideline the projects rejected by banks were not processed

It was noticed in audit that out of 63272 projects sponsored by PICs, banks rejected 39930 (63 *per cent*) without assigning any reason. Though the PICs finalised the projects in presence of the representatives of banks, such cases were neither placed before PICs for reconsideration nor referred to the Director of Youth Services. Rejection of 63 *per cent* of projects by banks cast serious doubts about the working of PICs.

The Department stated (September 2004) that the observation made by Audit had been noted and the scheme would be implemented strictly as per guidelines.

3.6.7 Project funding

Projects were to be financed by Banks by releasing 70 *per cent* of the project cost as loan, 20 *per cent* as subsidy by the State Government and 10 *per cent* was to be borne by the entrepreneur.

Criteria for bank financing

Bank financed the projects considering (i) personal guarantee of the borrower and two other guarantors; (ii) hypothecation of assets (plant and machinery) and stock of finished goods, raw materials, etc. to the banks; (iii) collateral security in the form of FDR, NSC, KVP certificates, LIC policy and (iv) mortgage of personal property.

Out of 23342 projects sanctioned by banks, matching subsidy of Rs 69.43 crore for 20859 projects was released by DYOs to banks. The Department did not release subsidy of Rs 12.39 crore for the remaining 2483 sanctioned projects due to financial stringency.

Of Rs 69.43 crore released to banks for 20859 projects, Rs 50.40 crore were disbursed by banks for 14695 projects. Non-disbursement of Rs 19.03 crore for 6164 projects was attributed by banks to (i) inability of entrepreneurs to

Of Rs 69.43 crore released to banks for 20859 projects, Rs 50.40 crore were disbursed by banks for 14695 projects

provide collateral security and (ii) lack of initiative on the part of entrepreneurs for implementation of projects. The contention of banks was not acceptable as collateral security up to Rs 1 lakh in case of individuals and Rs 1 lakh per member subject to maximum of Rs 5 lakh in case of groups was exempted under the scheme. Further, all these entrepreneurs deposited their contribution of 10 *per cent* of project cost with banks indicating their seriousness in implementation of projects.

Banks retained subsidy of Rs 15.24 crore

Of undisbursed amount of Rs 19.03 crore, Rs 3.79 crore for 649 projects were refunded by banks. DYOs did not take any action to get refund of the undisbursed fund for periods ranging from six to 42 months and allowed the banks to retain Rs 15.24 crore as of March 2004 resulting in unnecessary retention of Government money in banks for a long period.

The Department stated (September 2004) that the matter was taken up with the State Level Bankers' Committee and assured that such retention would be minimised in future.

Against stipulated 70 *per cent*, banks disbursed only 21 *per cent* of project cost as loan

In Medinipur district, audit noticed that banks disbursed only Rs 1.48 crore as loan for 186 projects costing Rs 7.20 crore, though entrepreneurs contributed their full share of Rs 0.72 crore. Thus, loan contribution by banks was only 21 *per cent* of project cost compared to stipulated 70 *per cent* (Rs 5.04 crore) without any reason on record. The PIC, Medinipur observed (July 2002) that banks sanctioned cases with inflated project cost in order to get excess subsidy. DYO, Medinipur stated (May 2004) that the matter would be taken up with banks. The matter needs to be investigated as PIC itself was responsible for sanctioning the projects.

Rejection of projects by banks, non-release of subsidy by department and non-payment of subsidies/loans by banks led to non-generation of employment for 2.43 lakh youths

Thus, rejection of 39930 projects by banks, non-release of subsidy by the Department for 2483 projects and non-payment of subsidy by banks for 6164 projects resulted in utilisation of only 36 *per cent* (Rs 51.74 crore including incentives of Rs 1.34 crore paid to motivators) of allotted fund of Rs 144.11 crore to achieve only 23 *per cent* of the sponsored projects (63272) and deprivation of employment opportunity for 2.43 lakh[3] youths.

3.6.8 Project functioning

Delay in disbursement of subsidy

In the test-checked districts, banks disbursed subsidies of Rs 3.93 crore to 1642 entrepreneurs after delays ranging from two to 12 months from the dates of release of funds by DYOs delaying implementation of the projects for reasons not on record.

All the 51 projects physically verified were not in existence

Scrutiny of records revealed that of 5326 projects for which subsidy of Rs 19.40 crore was disbursed in four test-checked districts (viz Kolkata, North 24 Parganas, Malda and Medinipur), 538 projects failed resulting in unfruitful payment of subsidy of Rs 2.32 crore involving scope of employment of 2690 youths. Of these 538 projects, 51 projects (subsidy: Rs 27.08 lakh) were physically verified by Audit in presence of BYO, MYO and motivators and it

[3] *Considering 5 individuals per project for shortfall of 48577 (63272-14,695) projects*

was noticed that the projects or entrepreneurs were not even in existence at the registered addresses.

The department neither maintained any record of the number of existing projects in the remaining 15 districts nor assessed and verified employment generated thereunder.

The motivators did not monitor implementation of the projects

The motivators were liable to watch the performance of each project and also to maintain a diary in respect of progress of each project recommended by them. They were also responsible for pursuing with the entrepreneurs for timely repayment of bank loans. It was noticed that the motivators did not maintain such diary and did not report the performance of the projects to the concerned BYO and MYO.

The Department stated (September 2004) that it would review the entire matter following the audit observations.

3.6.9 Irregular disbursement of subsidy

Doubtful disbursement of subsidy of Rs 0.67 crore

Test-check revealed that no records were maintained by the DYO of Bardhaman, Municipal Youth Officer (MYO) of Asansol and Project Motivators indicating names and addresses of the recipients of subsidy of Rs 0.67 crore for 108 projects disbursed by banks in Asansol municipal area during 2000-2002. No action was also taken at any level to verify the assets created, if any, under the respective projects. Due to non-availability of basic records and absence of post-assistance inspection and monitoring, fraudulent disbursement of subsidy of Rs 0.67 crore could not be ruled out. DYO, Bardhaman stated (April 2004) that unfair process was adopted by MYO, motivators and some bank officials in sponsoring and sanctioning the projects. The Principal Secretary of the Department directed (March 2004) District Magistrate to enquire into the matter. Further development was awaited (September 2004).

3.6.10 Payment of incentive to motivators

Unfruitful payment of incentive of Rs 39.93 lakh on rejected projects

The motivators were to be paid Rs 100 for each project sanctioned by PIC, Rs 400 for each project sanctioned by bank and one *per cent* of loans repaid by entrepreneurs. DYOs paid incentive of Rs 39.93 lakh to motivators for 39930 projects rejected by banks. Thus, payment of incentive of Rs 39.93 lakh was rendered unfruitful as these projects did not materialise.

The Department stated (September 2004) that unfruitful payment of incentives to motivators would be minimised in future.

3.6.11 Training

Grants of Rs 12.50 lakh released for imparting training remained parked in bank

In April 2003, the department released grants of Rs 12.50 lakh to State Youth Centre (SYC), Moulali, for organising training of motivators and entrepreneurs within a year. Despite availability of fund no training was imparted by SYC for reasons not on record and the fund was parked in savings account with bank.

The Department stated (September 2004) that training of motivators and entrepreneurs would be completed by 2004-2005.

3.6.12 Monitoring and evaluation

No Committee was formed for monitoring and supervision

For monitoring the projects, District Level Monitoring Committees (DLMC) were to be formed by Youth Services Directorate to review implementation and progress of the scheme from time to time. No such DLMC was formed as of March 2004 and the reasons thereof were not stated by the Directorate. Further, there were no full time DYOs in 11 districts out of 19 districts.

The Department stated (September 2004) that the District Magistrates had been requested to form DLMC and such Committees would start functioning shortly.

3.6.13 Conclusion

Only 23 *per cent* of the targeted projects were assisted by utilising 36 *per cent* of allotted fund

Due to failure in awareness generation among unemployed youth, lack of initiative on the part of motivators to generate awareness and absence of training for motivators and entrepreneurs, only 58 *per cent* of targeted projects could be sponsored to banks. Deficient working of PICs resulted in rejection of 63 *per cent* of sponsored projects by banks. Further, due to absence of proper monitoring and supervision at each level coupled with indifferent attitude of banks towards implementation of the project only 23 *per cent* of the sponsored projects were assisted utilising 36 *per cent* of allotted grant and 2.43 lakh youths were deprived of employment opportunities.

3.6.14 Recommendations

- Meaningful involvement of banks and PICs at the stage of selection of projects need be ensured to minimise rejection of sponsored cases by banks.
- Payment to motivators should be released only after the projects are cleared by banks.
- PIC should be more active in interaction with banks for prompt release of financial assistance and disbursement of full amount of loan.
- Steps need be taken to improve supervision and monitoring mechanism to achieve the target of employment generation through identification of unemployed youth and training of motivators and entrepreneurs
- Immediate steps need be taken for physical verification of all projects to evaluate the performance of the entrepreneurs assisted and employment generated under the scheme.

The Department stated (September 2004) that the observations of Audit along with its recommendations had been noted for future guidance.

CHAPTER IV

AUDIT OF TRANSACTIONS

4.1 Fraudulent drawal/Misappropriation/Embezzlement/Losses

4.2 Infructuous/Wasteful Expenditure and Overpayment

4.3 Violation of contractual obligations/Undue favour to contractors

4.4 Avoidable/Excess/Unfruitful Expenditure

4.5 Regularity issues and other points

4.1 Fraudulent drawal/Misappropriation/Embezzlement/Losses

AGRICULTURE AND CO-OPERATION DEPARTMENTS

4.1.1 Loss due to procurement of sub-standard potatoes

Procurement of inferior quality potatoes towards the end of marketing season, improper storing and delay in disposal of the stock by BENFED resulted in avoidable loss of Rs 74.69 lakh.

With a view to protecting the potato growers of the State from falling prices, Agriculture Department, Government of West Bengal decided (March 2003) to implement Market Intervention Scheme (MIS). West Bengal State Co-operative Marketing Federation Limited (BENFED) was nominated to execute the scheme and Rs 2 crore was released (March 2003) as interest-free loan for procurement of 10000 tonnes Fair Average Quality (FAQ) potatoes from the farmers of Hooghly and Medinipur districts. Accordingly, BENFED procured a total of 8275.05 tonnes potatoes during April 2003 at a total cost of Rs 2.04 crore.

Scrutiny in audit (June 2004) revealed the following:

- Decision of the department for implementation of MIS towards the end of marketing season resulted in procurement of residual/downgraded qualities of potatoes which were reported as not of storable standard.

- As the cold storages were fully loaded and virtually closed (March 2003), the procured potatoes were kept in passages between rows of racks of cold storages in Medinipur (West) in violation of the provisions of West Bengal Cold Storage (Licensing and Regulation) Rules, 1967.

As per guidelines of MIS, potatoes were to be sold within three months from the date of procurement. BENFED, however, retained the potatoes in cold storage even when the market rate (July 2003) was highest (Rs 200 per quintal at storage point) in disregard of the guidelines on the ground that no committee was formed for disposal. In fact, no new committee was required to be formed for disposal as the existing procurement Committee itself was competent for fixation of the disposal price. BENFED also ignored the advice of Agriculture (Marketing) Department (September 2003) to dispose of the stored potatoes. Co-operation department also failed to ensure timely disposal of the stock.

The delay in disposal of potatoes alongwith improper storage resulted in further deterioration of their quality. The potatoes were ultimately disposed of in

October 2003 at the cold storage points by sale at rates varying between Rs 73 and Rs 93 per quintal resulting in loss of Rs 0.75 crore[1].

Co-operation department (Controlling Department of BENFED) admitted the facts of dearth of space in cold storages, non-availability of FAQ potatoes because of delayed procurement and retention of stored potatoes for a long time but claimed (January 2005) that BENFED disposed of the potatoes at market rates prevailing at the time. This was not acceptable as average sale price of FAQ potatoes in those districts in October 2003 was much higher (Rs 145 to Rs 185 per quintal at storage point) as per records of Agricultural Marketing Directorate indicating that the low sale price was attributable to inferior quality.

ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

4.1.2 Avoidable loss on hiring of delivery vans

Hiring of private vans for milk distribution at a cost of Rs 1.01 crore during 2000-2004 could have been dispensed with, had the departmental vans been deployed more rationally and even 50 *per cent* of their carrying capacity utilised.

The Central dairy (dairy) at Belgachia, Kolkata delivered 1.17 lakh litres of milk on an average per day during 2000-2004 to consumers of Greater Kolkata area. For transportation of milk, it deployed 59 to 66 departmental delivery vans and 6 (upto October 2001) to 10 hired vans during the period and paid Rs 1.01 crore to three transport contractors towards hiring charges.

Although each departmental van had a carrying capacity of 3900 litres to 10490 litres, scrutiny of records (May 2004) revealed that on an average nine vans carried less than 1000 litres milk (690 litres to 950 litres) per trip covering a distance of only 16 km to 52 km (including return journey) while 26 vans carried 1000 litres to 1500 litres covering distance of only 15 km to 58 km. The remaining vans carried 1500 litres to 3000 litres while only two vans carried more than 3000 litres all covering distances between 15 km and 75 km.

Scrutiny revealed that Government could have dispensed with the practice of hiring private vans for milk distribution by reorganising the routes of delivery vans a bit more rationally and enforcing even 50 *per cent* capacity utilisation of

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1

Loss on MIS as per certified accounts	*Rs 133 07 lakh*
Difference between cost price and sale price of FAQ potato in October 2003 (Rs 165.50-131.94) lakh i e. permissible loss	*(-) Rs 33 56 lakh*
Over head (8275.05 tonnes X Rs 300 per tonne)	*(-)Rs 24 82 lakh*
Net loss	*Rs 74.69 lakh*

the existing departmental vans. Instead the department continued to hire private vans and incurred an expenditure of Rs 1.01 crore during the last four years ending March 2004 which was altogether avoidable. The hired vans were also greatly underutilised as out of ten vans only one van carried more than 2000 litres (2090 litres), while the remaining vans carried between 850 and 1840 litres on an average against the carrying capacity of 3000 litres.

Thus, due to low utilisation of carrying capacity of departmental vehicles, an avoidable loss of Rs 1.01 crore was sustained by the dairy. Admitting the fact, the Department stated (January 2005) that hiring of private delivery vans had since been dispensed with and steps were being taken for clubbing of certain routes for optimal utilisation of the carrying capacity of the departmental vans.

HEALTH AND FAMILY WELFARE DEPARTMENT

4.1.3 Loss of Government revenue due to supply of free diet to patients of APL category

Non-realisation of prescribed diet charges from APL indoor patients by Bankura Sammilani Medical College and Hospital and District Hospital, Purulia in disregard of Government order led to loss of revenue of Rs 1.02 crore.

In order to improve the quality of diet supplied in Government hospitals by optimum utilisation of available resources, Health and Family Welfare Department decided (November 2001) to realise 50 *per cent* of the cost of diet from all indoor patients other than those falling under Below Poverty Line (BPL) category and to supply diets free of charge to BPL patients with effect from April 2002.

Audit scrutiny (December 2003 and July 2004) revealed that the Superintendent, Bankura Sammilani Medical College and Hospital (BSMCH) and Superintendent, District Hospital, Purulia failed to realise 50 *per cent* of diet charges realisable from April 2002 from Above Poverty Line (APL) patients. As a result, 7.14 lakh diets were supplied free to APL patients leading to loss of Rs 1.02 crore[2] as of May 2004. Hospital authorities could not offer any reason for non-implementation of the Government order till date.

2

Name of the Hospital	*Period of diet supplied*	*Number of diets*	*Amount recoverable at the rate of Rs 14.25*
Superintendent, BSMCH	*April 2002 to May 2004*	*556502*	*Rs 7930154*
Superintendent, District Hospital Purulia	** November 2002 to May 2004*	*157455*	*Rs 2243734*

** Figures not available prior to November 2002*

Thus, inaction on the part of the hospital authorities to implement the Government order led to loss of revenue of Rs 1.02 crore as of May 2004.

The department in its reply (January 2005) stated that as the patients under emergency treatment or under different national programmes (namely antenatal, postnatal, blindness control programme, etc.) were entitled to get free diet and since pre-operative and post-operative patients are often restricted from taking diet, the number of APL patients would be lesser than worked out by audit. The hospital authorities, however, did not produce any record showing the number of patients exempted from paying diet charges or entitled to free diet as claimed by them. The department, however, assured that utmost importance would be attached in future in collection of diet charges from non-BPL patients by necessary segregation of records.

HOUSING DEPARTMENT

4.1.4 Injudicious sanction of interest subsidy

Government's decision to subsidise the interest payable for the period from June 1999 to October 2002 on a loan taken by the West Bengal Housing Board, for the New Town Project at Rajarhat to the extent of Rs 27.07 crore lacked justification and was avoidable.

In order to prevent congestion in the city, State Government decided (1994-1995) to set up a New Town Project (Project) at Rajarhat in close proximity to Kolkata Initially (January 1999) West Bengal Housing Board (Board) was entrusted with the work of acquiring land and providing key infrastructural facilities for the project. In April 1999, the State Government transferred the entire project activities to the West Bengal Housing Infrastructure Development Corporation Limited (HIDCO).

Against a maximum amount of loan of Rs 100 crore for the project, authorised by the State Government, the Board and HIDCO drew loan of Rs 87.36 crore from West Bengal Infrastructural Development Finance Corporation (WBIDFC) with interest at the rate of 16.25 *per cent* per annum.

As all direct and indirect costs including the interest payable on borrowed funds were to be taken into account for computing the selling price of land, the interest on the said loan was also to be factored into the computation. It was, however, noticed in audit that an interest of Rs 27.07 crore on the said loan was not capitalised and the State Government met the same separately through payment of subsidy to the Board between June 1999 and October 2002. It was further noticed that all other interest on the said loan as well as subsequent loans drawn by HIDCO from other sources for the same project was charged to the project.

The payment of subsidy of Rs 27.07 crore by Government, thus, lacked justification and was avoidable.

Government stated (August 2003) that the interest on the loan was not charged to the project to provide land at reasonable prices. The contention was not acceptable since interest on all other loans obtained for the purpose was charged to the project and land was allotted to weaker sections and lower income groups at a lower price balanced by allotment of plots to middle and high income groups and for commercial use at higher prices involving cross subsidisation.

RELIEF DEPARTMENT

4.1.5 Loss due to failure of contractors to return tarpaulin cut pieces

Failure to return 2.66 lakh kg of remnants of poly tarpaulin by 12 fabricators resulted in loss of Rs 99.03 lakh to Government during April 1999 to December 2003.

With a view to distributing poly tarpaulins to flood victims, Director of Relief, West Bengal supplied 100659 rolls of poly agri films (tarpaulin) each measuring 48 mtr. x 4 mtr. with an average weight of 45.865 kg each to 12 selected contractors for fabrication of poly tarpaulin sheets between April 1999 and December 2003 as per the following specifications and conditions:

Each tarpaulin roll would produce 10 pieces of completely finished ready poly tarpaulin sheets of size 4.57 mtr x 3.76 mtr with 3.81 cm hemmings on all sides and reinforcement with triangular agri film pieces (22.86 cm square film single fold).

- Remnants from each piece of tarpaulin roll not below 125 gms would have to be returned to the Government relief stores immediately on completion of the job at the cost of the fabricators.
- Tarpaulin rolls were required to be cut in presence of the Relief Inspectors (RI) and daily account of agri film fabricated was to be maintained by the fabricators duly countersigned by the RI.

According to the specifications, out of available 192 sqm. (48 mtr x 4 mtr) in each poly tarpaulin roll, 180.33 sqm. was to be used for fabrication of 10 pieces of tarpaulin leaving 11.67 sqm weighing 2.788 kg as remnants, which was to be returned by the fabricators at the Government Relief Stores. Thus, out of 100659 rolls (weighing 46.17 lakh kg) of poly tarpaulin issued to 12 firms for fabrication into poly tarpaulins, 2.81 lakh kg (2.788 kg x 100659) poly tarpaulin remnants were to be returned by the fabricators to the Relief Directorate.

Scrutiny in audit (January 2004) revealed that only 0.15 lakh kg (5 *per cent*) of returnable quantity of remnants were actually returned by the fabricators.

Thus, failure on the part of the Relief Directorate to effectively monitor the actions of the contractors and to enforce correct return of remnants resulted in loss of Rs 99.03 lakh being the sale value of 2.66 lakh kg of remnants at the tendered rate of Rs 37.23 per kg.

Government while accepting the audit finding contended that as per findings of a review team set-up, the returnable poly film remnants would be 1.31 lakh kgs instead of 2.81 lakh kg. Government considered two fold hemmings on all sides contrary to single fold hemming, thus reducing returnable quantity; the contention was not tenable as one fold hemming was specified in work order. However, even on the basis of Government's contention the loss would be Rs 43.13 lakh.

SPORTS DEPARTMENT

4.1.6 Loss due to exemption of Government revenue

The Minister-in-charge, Sports Department granted exemptions to private individuals, non-Government organisations, etc. from payment of rental charges and electricity duty for hiring of Netaji Indoor Stadium and Yuba Bharati Krirangan leading to loss of revenue of Rs 92.21 lakh during April 2000 to August 2003.

Netaji Indoor Stadium

Mention was made in para 3.24 of the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1997 regarding arbitrary exemption of hall rent and electricity charges granted by the Minister-in-charge in respect of Netaji Indoor Stadium (NIS), a fully Government-owned sports complex, to private parties and consequential loss of Government revenue of Rs 48.15 lakh during January 1994 to June 1996.

Subsequent audit revealed that the Sports Department, instead of taking any action to arrest such loss of revenue, went on granting exemptions of Rs 38.43 lakh to private parties and organisations in 65 more cases during April 2000 to March 2003 despite there being no provision for such exemption in the existing orders of the Government.

Yuba Bharati Krirangan

It was seen that during July 2002 to August 2003 rental charges amounting to Rs 53.78 lakh for use of the Yuba Bharati Krirangan (YBK) stadium by private parties (130 cases) in connection with holding wedding parties, exhibitions,

commercial shows, cultural and fashion shows, etc. were exempted without assigning any reason. It was also noticed that Rs 92.40 lakh were realised as rental charges for functions of similar nature from some other private parties during the said period. The exemptions were granted under the orders of the Minister-in-charge. As there was no provision for such exemption, granting of such exemption was irregular.

Thus, irregular exemption to private individuals/organisations for NIS and YBK led to loss of revenue of Rs 92.21 lakh between April 2000 and August 2003 for the State Government.

The Minister-in-charge stated (April 2004) that such exemptions were extended "to promote sports, socio-economic, socio-cultural and academic scenario in the State". The reply was not acceptable since no Government orders or rules empowered any authority to grant exemption from paying rent/charges.

URBAN DEVELOPMENT DEPARTMENT

HALDIA DEVELOPMENT AUTHORITY

4.1.7 Loss due to unauthorised investment in mutual funds

Haldia Development Authority suffered a loss of Rs 1.27 crore due to unauthorised investment of Rs 2 crore in mutual funds in contravention of the Act.

Section 107(2) of West Bengal Town and Country (Planning and Development) Act, 1979 envisages that every development authority shall maintain its own fund received in the form of loans, grants, advances, development charges, fees from Government or any other source by keeping it in current account of State Bank or any other bank approved by the State Government. Any surplus fund shall be invested in such manner as may be approved by State Government.

Consequent upon reduction in interest rates of fixed deposits at nationalised banks, the Chief Executive Officer (CEO) Haldia Development Authority (HDA) proposed (December 1994) to invest the surplus fund in mutual fund schemes which was approved by the Chairman, HDA without obtaining approval of the Government. Accordingly, HDA invested (December 1994) surplus fund of Rs 1 crore with GIC Asset Management Company Limited under the GIC Fortune-1994 Scheme and Rs 1 crore (February 1995) with Canbank Investment Management under the CANGANGA Scheme. Audit scrutiny revealed (June 2004) that from the dates of such investment the Net Asset Value (NAV) remained less than the face value of the units throughout the period of investment and, as a result, HDA could neither redeem the units nor utilise the blocked fund for any development venture considering the loss on long term investment.

After a period of 105 months in case of GIC Fortune-1994 Scheme and 51 months in case of CANGANGA Scheme, HDA redeemed the units in August 2003 and May 1999 respectively at a total value of Rs 2.03 crore. The net return on investment was thus only Rs 2.80 lakh against minimum assured return of Rs 1.30 crore[3] which would have been accrued had investment been made in nationalised banks during the corresponding periods.

Comments of the department have not been received though called for (August 2004). CEO, HDA, however, stated (September 2004) that the intention of such investment was to earn more interest, but unforeseen market fluctuation led to the loss. The reply was not acceptable since investment in mutual fund schemes without Government approval, not being permissible as per provisions of the relevant Act, was irregular even though it could have turned out to be profitable. Besides, not only were Rs 2 crore blocked up for four to eight years preventing its utilisation for development works, but also, HDA had to sustain a loss of at least Rs 1.27 crore on interest.

4.1.8 Loss of revenue due to incorrect billing rates

Failure of HDA in getting defective water meters repaired/replaced promptly and charging abnormally low water rates during the period when water meters were non-functional resulted in loss of revenue of Rs 2.29 crore.

Haldia Development Authority (HDA) had been supplying water to industrial, commercial and domestic consumers of Haldia through its water treatment plant at Geonkhali since December 1992. For such supply, HDA realised water charges at different rates as revised from time to time on the basis of reading of meters installed by Haldia Water Supply Division, Public Health Engineering (PHE) Directorate, Haldia at consumer points.

Scrutiny of records revealed that since 1999-2000 the meters installed at the premises of two industrial consumers viz. Haldia Refinery of Indian Oil Corporation Limited (IOCL) and Kolkata Port Trust (KPT) remained non-functional for a considerable period[4]. Nothing was on record as to whether HDA took up the matter with the concerned division of PHE to get the defective meters repaired or replaced. The defective meters were replaced only in February-March 2003.

[3] *Calculated at the minimum rate of 10 per cent per annum although the corresponding rates in the nationalised banks varied between 10 per cent and 13 per cent at the time of investment*

[4]

Unit	*Period of meter non-functioning*	*Duration*
IOC	*July 2001 to February 2003*	*20 months*
KPT	*January 2000 to March 2001*	*15 months*
	September 2001 to February 2003	*18 months*

During the said spells HDA preferred water charges at a constant rate, the basis of which was not ascertainable in Audit. Audit scrutiny (June 2004) revealed that water charges claimed from IOCL and KPT were much lower[5] as compared to average consumption pertaining to the period prior to the meters becoming non-functional and also after repair or replacement of meters.

HDA also, for reasons not on record, did not claim even the minimum contractual demand from KPT during September 2001 to October 2002. Aggregate of such short claim amounted to Rs 1.58 crore for IOCL (July 2001 to November 2002) and Rs 70.86 lakh for KPT (two spells between January 2000 and October 2002).

Thus, failure of HDA in getting the non-functioning meters repaired or replaced promptly coupled with preference of claims at abnormally low rates led to loss of revenue of Rs 2.29 crore.

The matter was referred to the department in August 2004. The department, in turn referred (August 2004) the matter to Haldia Development Authority for its comments. The HDA, though accepting (November 2004) the fact of non-functioning of meters, did not offer any comments on the reasons behind delay in repairing the same or preferring such low water charge.

KOLKATA METROPOLITAN DEVELOPMENT AUTHORITY

4.1.9 Loss of revenue

There was short and non-collection of toll revenue on the Barrackpore-Kalyani Expressway resulting in loss of revenue of Rs 1.46 crore.

Government of West Bengal approved (October 1998) levy of toll tax on vehicles plying over Barrackpore-Kalyani Expressway constructed and maintained by the Kolkata Metropolitan Development Authority (KMDA). KMDA engaged agencies to collect toll tax at the rates approved by the Government from November 1998.

Audit scrutiny revealed (April 2004) that KMDA suffered a loss of toll revenue of Rs 1 46 crore due to delay in Government's approval and short and non-collection of toll in different phases as under :

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Unit	*Average monthly consumption*		*Monthly consumption charged*
	Prior to meters becoming non-functional	*After repair/ replacement of meters*	
IOCL	*181808 KL*	*396117 KL*	*146075 KL*
KPT	*8601 KL*	*39398 KL*	*3324/6201 KL*

For ensuring proper maintenance of the expressway, the KMDA sent (December 1996) a proposal to the Government for levy of toll tax on different categories of vehicles with effect from 1 January 1997. The Government took 22 months to accord approval and issue necessary notification (October 1998). Considering a period of six months to be adequate for taking a decision in the matter, this delay cost authorities Rs 59.29 lakh (from July 1997 to October 1998) at the daily rate of Rs 12125 per day at which the first toll collector was subsequently engaged (November 1998).

KMDA invited (May 2000) fresh quotations for the next spell in May 2000 without fixing any reserve price. The highest offer of Rs 12400 per day was not accepted by the KMDA on administrative ground. KMDA did neither retender nor negotiate with the existing agency for extension of the term of his engagement nor deployed departmental staff to collect toll tax from 29 May 2000 till 1 March 2001. As a result, KMDA sustained a loss of toll tax of at least Rs 34.22 lakh worked out at the offered rate of Rs 12400 per day for 276 days.

KMDA engaged North 24-Parganas Zilla Parishad to collect toll for two years from 1 March 2001. The daily rate payable by Zilla Parishad to KMDA on this account was fixed at Rs 15500 per day. As per agreement, the Parishad was not authorised to enhance the toll rate without prior approval of the Government/KMDA. If, however, the Government revised the toll rate, the daily rate payable to KMDA would also be revised on pro-rata basis. However, the Parishad enhanced the toll rates from 1 July 2001 without extending the pro-rata benefit to KMDA and without approval of the Government or KMDA. Subsequently, KMDA asked the Parishad to raise the daily rate from Rs 15500 to Rs 20000, but it was not entertained by the Parishad. In spite of that KMDA extended the agreement with the Parishad for another term of two years. This involved a loss of Rs 52.10 lakh (Rs 4500 x 1158 days from 1 July 2001 to 31 August 2004) towards toll revenue.

Total loss of revenue to KMDA on the above accounts amounted to Rs 1.46 crore as of August 2004.

The matter was referred to the Principal Secretary, Urban Development Department demi-officially in August 2004 and followed up with a reminder in October 2004 ; reply had not been received (December 2004).

4.2 Infructuous/Wasteful expenditure and Overpayment

ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

4.2.1 Wasteful expenditure on import of virus infected bulls

Due to failure of the Government to incorporate a specific warranty condition in the agreement, virus infected imported animals could not be deported rendering the expenditure of Rs 83.05 lakh on import of animals wasteful.

Under the National Project for Breeding of Buffalo and Cattle, the Andhra Pradesh Livestock Development Agency (the agency) entered into an agreement (February 2002) with a firm in Australia[6] to import 220 bull calves/pregnant heifers including 45 bull calves for the Government of West Bengal (GOWB). GOWB tied up with the agency to avail of concession of Rs 20000 per animal offered against such bulk purchase.

While according (December 2001) permission, Government of India warned the agency and GOWB not to import such large number of animals in a single cargo in apprehension of possible health problems due to overcrowding of animals at the quarantine station at Chennai. Such warning was ignored on the plea of availing of the price concession. An expert selection committee[7] visited Australia (February/March 2002) and selected 220 animals without conducting any independent enquiry or test before selection.

Of the 220 animals selected, 19 animals were not cleared by the Australian quarantine authorities and 201 animals including 41 bulls meant for West Bengal were received (April 2002) at Chennai airport and put in some makeshift quarantine shed at Chennai.

Tests conducted by the High Security Animals Disease Laboratory, Bhopal within three days of arrival of the consignment disclosed that many of the imported animals tested positive for Bovine Viral Diarrhoea and Malignant Catarrhal Fever. Ministry of Agriculture, GOI held (August 2002) that the animals had been exposed to these infections in Australia itself[8]. The animals were not released from the quarantine station as of June 2004 to avoid possible infection in indigenous stock.

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[6] *M/s RAB Australia Animal Genetics Limited, Australia*

[7] *The committee included two officers from West Bengal*

[8] *concluded by the experts based on the test results from OIE Reference Laboratory, Way Bridge, United Kingdom and HSADL*

In the meantime, 15 out of 41 animals meant for West Bengal died in quarantine. Attempts of the agency and GOI for deportation/replacement of the animals or refund of the cost of animals did not materialise in the absence of warranty clause in the agreement.

Thus, collaboration with the Government of Andhra Pradesh for import of bulls to avail of concession of merely Rs 9 lakh[9] in disregard of GOI warning not to import such huge number of animals in a single cargo coupled with reliance on the suppliers for selection of animals without conducting independent tests and the absence of any warranty clause in the agreement rendered the expenditure of Rs 83.05 lakh[10] wasteful.

Accepting the audit observation, Government stated (January 2005) that the tie-up with the agency had to be resorted to for procuring exotic bulls at a subsidised rate. The reply was not acceptable as the department failed to protect Government interest by not incorporating warranty clause in the agreement.

COMMERCE AND INDUSTRIES DEPARTMENT

4.2.2 Infructuous payment of salaries

Cancellation of appointment of newly appointed copyholders by the Superintendent, West Bengal Government Press, Alipore, without serving notice, non-compliance of High Court's judgment to reinstate them and inordinate delay in appealing to Supreme Court led to infructuous payment of salary of Rs 62.65 lakh between May 1990 and March 2002.

West Bengal Government Press (WBGP), Kolkata appointed fifteen copyholders (between March 1989 and April 1989) after conducting tests of 129 candidates sponsored by eight employment exchanges. Following press reports questioning the genuineness of their appointment, the Director, Employment on being requested by the department, reported that the names of the candidates were fake and not sponsored by the employment exchanges. Subsequently, the Superintendent, West Bengal Government Press cancelled their appointments in June 1989 without serving any show cause notice on the ground that these

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[9] *Concession for 41 bull calves at the rate of Rs 20000 per bull calf*

[10]

Cost of bulls including customs duty, etc.	:	*Rs 74.61 lakh*
Insurance Premium	:	*Rs 03.78 lakh*
Cost of fodder and other charges	:	*Rs 05.06 lakh*
Expenditure towards 2 experts' visit to Australia	:	*Rs 01.24 lakh*
Total		*Rs 84.69 lakh*
Less insurance claim received	:	*Rs 01.64 lakh*
Outstanding liability	:	*Rs 83.05 lakh*

candidates had committed fraud on the Memo of the employment exchange forwarding their names. An FIR was lodged (June 1989) by the Superintendent against the accused copyholders and a criminal case initiated against them in the Court of Sub-Divisional Judicial Magistrate (SDJM), Alipore.

The candidates challenged (July 1989) the order of the Superintendent in Kolkata High Court. The High Court quashed (10 May 1990) the order passed by the Superintendent but allowed two months time for initiation of departmental proceedings against the candidates. During pendency of the departmental proceedings the criminal case against the candidates was dismissed by the SDJM, South 24 Parganas in January 1992 in the absence of any objection from the complainant (i.e. the superintendent). The High Court also reiterated (December 1992) its order for reinstating the candidates. The superintendent, however, did not permit them to join. Instead, on conclusion of the departmental proceedings the Superintendent declared (January 1993) them as unfit to join the press. The aggrieved candidates filed contempt of Court cases three more times in February 1994, January 1995 and September 1997 and the High Court on each occasion upheld its previous order of May 1990 instructing the authorities to reinstate the petitioners with all arrears.

Instead of complying with the High Court's order, the State Government preferred (January 1998) an appeal to the Supreme Court of India and the Apex Court disposed of (October 2001) the appeal upholding the High Court's decision. In compliance, the Superintendent reinstated the twelve petitioners in March 2002 and had to pay (March 2003) arrear salary of Rs 62.65 lakh for the period from May 1990 to March 2002.

Thus, cancellation of appointment without serving notice, failure to raise objection in the court of SDJM, non-compliance of High Court's judgment for twelve years and inordinate delay of eight years in appealing to Supreme Court led to infructuous payment of salary of Rs 62.65 lakh.

The Department in its reply stated (May 2004) that in order to prevent the wrongful act committed by persons in getting their appointments it all along contested the case. The reply, however, failed to offer any cogent reason behind the department's failure in proving its point before court of law and its repeated inaction in dealing with the Court's directive culminating in infructuous expenditure.

FOOD AND SUPPLIES DEPARTMENT

4.2.3 Loss due to procurement of rice unfit for human consumption under mid-day meal scheme

Decision of DM, Howrah for lifting of 5629.69 quintals of rice, declared unfit for human consumption, under mid-day meal scheme resulted in loss of Rs 34.54 lakh besides depriving the students from the benefit of the scheme.

Mention was made in paragraph 3.5.9 in the Audit Report No 2 (Civil) of the Comptroller and Auditor General of India for the year ended March 1999, about lifting of damaged and inferior quality of foodgrains for distribution among primary students under the Mid-Day Meal Programme (the Scheme), funded by GOI. For implementation of the scheme in Howrah, District Magistrate (DM) appointed the District Controller of Food and Supplies, Howrah as nodal officer for lifting of foodgrains from the godowns of Food Corporation of India (FCI) and distribution of the same through distributors and storing agents. To ensure 'fair average quality' of foodgrains, as envisaged in the guidelines of the scheme, inspections of the foodgrains were to be conducted periodically.

Directorate of Inspection and Quality Control, Food and Supplies Department drew (August 2001) samples of rice allotted for the Scheme for the month of September 2001 from FCI godowns during inspection and declared (September 2001) the quality as not acceptable for Public Distribution System (PDS). Audit scrutiny (September 2003) revealed that though the consignment was declared unfit for human consumption, DM Howrah took the view (September 2001) that foodgrains unfit for PDS might be fit for distribution among children under mid-day meal scheme. The reasons for such decision were, however, not on record. Accordingly, 5629.69 quintals of rice valuing Rs 33.31 lakh out of 5733 quintals allotted, was lifted by the distributors from the FCI godowns during September 2001.

Concerned Block Development Officers did not take delivery of the rice for distribution to students and the rice remained stored in twenty different godowns in Howrah district till the same was again declared (February 2002) unfit for human consumption by the Directorate of Quality Control, Food and Supplies Department. Ultimately DM decided (December 2002) with necessary permission from Food and Supplies Department to dispose of the foodgrains as cattle feed. During the period from September 2001 to February 2002 no alternative arrangement was made for supply of rice to students under the mid-day meal scheme.

Thus, decision of DM for procurement of rice declared as 'unfit for human consumption' for distribution among students under mid-day meal scheme

resulted in loss of Rs 34.54 lakh inclusive of transportation and storage cost of Rs 1.23 lakh and deprivation of students from benefit of the scheme.

The matter was referred to Food and Supplies Department in May 2004. The Food and Supplies Department referred (January 2005) the case to School Education Department who assured (January 2005) to clarify the position within a short time.

PUBLIC WORKS (ROADS) DEPARTMENT

4.2.4 Overpayment to contractor

Allowance of carriage cost for longer distance than actual in computation of item rates by Superintending Engineer, State Highway Circle-V led to overpayment of Rs 94.58 lakh to the contractor.

Superintending Engineer (SE), State Highway Circle-V awarded (January 2002) the work of widening and strengthening of Kusumgram-Nandanghat-Samudragarh road from 32 km to 52 km to a contractor at a negotiated price of Rs 18.14 crore for completion by January 2003. Extension of time was allowed up to March 2004. The work was not completed and the contractor was paid Rs 18.68 crore as of March 2004.

Actual road distance from the quarry at Panchami to one end of the work site was 154 km and the average distance to which the stone dust was to be transported worked out to 164 km (154 km + 20 km/2), the length of the road stretch under work being 20 km. Further, in case of stone metal, the actual distance should have been 154 km, as according to tender, rate for stone metal included carrying of materials for 10 km. SE, however, considered the distance as 203 km while preparing estimates and allowed excess carriage for 39 km for stone dust and 49 km for stone metal.

Thus, inclusion of higher carriage charge during fixation of item rates for tendering led to overpayment of Rs 94.58 lakh to the contractor.

Admitting the fact, Executive Engineer, Burdwan Highway Division-I stated (February 2003) that longer carriage distance was not corrected at the time of acceptance of the tender. Government stated (July 2004) that during preparation of the estimate a considerable stretch of the approach road was weak and not in a condition to withstand the load of heavy traffic, for which SE considered the distance of 203 km for carriage.

The reply is not acceptable as by the time the work was awarded (January 2002), the road was well in use by all kinds of vehicles since July 1998.

4.3 Violation of contractual obligations/Undue favour to contractors

HIGHER EDUCATION DEPARTMENT

4.3.1 Non-fulfilment of objective of sale of gifted land

The Calcutta University invited open tenders for sale of a piece of gifted land but instead of acting on the offered bids, subsequently sold the land against an unsolicited offer. No scholarship fund was created out of the sale proceeds of Rs 2.01 crore as originally required under the gift deed nor the revised objective of construction of a technology campus achieved.

A plot of land measuring 950.55 sq meters (14.21 cottahs) at Rowland Road, Kolkata had been gifted (1949) by a lady to the Calcutta University with the condition that the University should create a fund out of the sale proceeds of the property and pay scholarship(s) to the students out of the income from the fund. Contrary to the above stipulation, the Syndicate of the University decided in September 2000 to sell the land and utilise the proceeds for construction of Information Technology Campus at Salt Lake.

Tenders were invited (January 2001) through newspapers for sale of the land without mentioning the minimum price or the last date of submission of tender. In response, only four offers were received as of February 2001, the highest one being for Rupees two crore. The University did neither finalise the deal nor pursue the matter with the highest bidder for a better bargain till May 2001, when a group of three private companies offered Rs 2.01 crore.

Scrutiny revealed that these companies had offered the price on their own accord and not in response to the advertisement of the University. The offer, though only marginally higher than the highest offer received earlier through newspaper advertisement, was accepted by the University hastily within four days of its receipt. The land was sold to the group of companies in January 2002. The University attributed (February 2003) its decision to the fact that no confirmation from the highest bidder had been received and it was in pressing need for fund for fulfillment of its avowed objective to construct an Information Technology Campus of the University at Salt Lake.

There were no records to support the stand of the University that it had indeed pursued with highest bidder of February 2001 for confirmation.

The University, however, did not prepare any plan for construction of the Information Technology Campus for approval of the Syndicate/Senate. The

objective was still at the discussion stage (July 2004); the amount of Rs 2.01 crore had meanwhile been invested in fixed deposit with a bank in February 2002

Thus, neither the original objective of payment of scholarship to students was fulfilled nor the alternative decision of constructing a technology campus implemented. The hasty sale of the land through an unsolicited offer at a price which was virtually the same as the highest bid received shortly earlier, raised a question about the transparency of the earlier action to invite open bids. The plea of immediate need of fund also did not hold good in view of further investment of the sale proceeds in fixed deposit. The University stated (September 2004) that they had acted as per the decision of the Syndicate regarding utilisation of the sale proceeds of the land.

The matter was referred to Government in July 2004; reply had not been received (December 2004).

HILL AFFAIRS DEPARTMENT

DARJEELING GORKHA AUTONOMOUS HILL COUNCIL

4.3.2 Excess expenditure owing to deviation from work order

Darjeeling Gorkha Autonomous Hill Council (DGAHC) not only violated the financial rules by awarding a contract without tender but also incurred extra expenditure of Rs 31.43 lakh by allowing use of costlier materials outside the scope of the work order.

Darjeeling Gorkha Autonomous Hill Council (DGAHC), as per direction of Chairman and Chief Executive Councillor, awarded (January 1999) addition, alteration and renovation work of Gorkha Rangamanch Bhawan, Darjeeling to a contractor without inviting any competitive tender in contravention of Rule 177 of West Bengal Financial Rule (WBFR). It was stipulated *inter alia* in the work order that the work was to be executed strictly in accordance with the specifications in force in Northern Circle, Public Works Department (Roads), Darjeeling schedule of rates. As per the said schedule, all the cement concrete works were to be done with North Bengal variety of stone chips and sand only.

Scrutiny of records of DGAHC (June 2004) revealed that the contractor had done cement concrete works with expensive varieties of stone chips and sand procured from Birbhum and Bardhaman districts respectively. These varieties were not only dearer but involved higher transportation cost. The contractor claimed higher rates for these varieties. Accepting the claim, DGAHC paid Rs 31.43 lakh in excess towards the difference in rates of both the varieties.

Thus, DGAHC not only violated the financial rules by awarding the work to a contractor without inviting any tender but also allowed extra payment of Rs 31.43 lakh for use of costlier materials of different varieties in deviation from the work order.

The Government stated (January 2005) that the dearer varieties were used in view of better quality of the materials as well as seismic nature of the area. The reply was not acceptable as the departmental schedule has been prepared after considering all these aspects.

PUBLIC WORKS AND PUBLIC WORKS (ROADS) DEPARTMENTS

4.3.3 Inadmissible payment of price escalation

Payment of price escalation by the Executive Engineers ignoring contract provision led to inadmissible payment of Rs 5.47 crore to contractors.

(1) Government of West Bengal (GWB) approved (January 2000) strengthening and improvement of 764.40 km stretch of 18 important roads maintained by Public Works Department (PWD) in 18 districts of the State at a cost of Rs 287.34 crore. The work was to be carried out in such a manner that no maintenance and repair of the improved roads would be required in next three years. It was also specified in the Government approval that no price escalation clause should be included in the contracts.

Superintending Engineers (SEs) of Central Circle, Western Circle I & II, Northern Circle and North Bengal Construction Circle II awarded (February 2000 and March 2000) the works of strengthening and improvement of eight roads for an aggregate length of 323.40 km in eight districts at a total cost of Rs 99.52 crore to individual contractors for completion by January 2001. The works were completed between March 2001 and January 2002 at a cost of Rs 102.72 crore inclusive of price escalation of Rs 3.38 crore.

Scrutiny revealed that contrary to the Government order of January 2000, the SEs incorporated a price escalation clause for bitumen and diesel in the contracts, by which the contractors were entitled to price variation due to change in tax structure by legislation. But concerned Divisional Officers actually allowed price escalation on account of price hike of the commodities during the period of construction although there was no change in tax structure. Such payment of price escalation was entirely inadmissible.

At the instance of audit, Chief Engineer, PWD issued (March 2004) a circular instructing the EEs to recover the amount of price escalation paid to the contractors. No recovery was, however, effected till June 2004.

(2) Government of West Bengal approved (January 2000) strengthening and improvement of 442.58 km stretch of 18 important roads maintained by Public Works (Roads) Department (PWRD) in 18 districts of the State at a cost of Rs 156.65 crore with the condition that no maintenance and repair of the improved roads would be required in next three years. Government also instructed that no price escalation clause should be included in the contracts. The works were to be financed out of loan assistance from HUDCO.

Audit scrutiny revealed that price escalation had been paid in five cases ignoring instructions of Government as stated below :

Superintending Engineers (SEs) of State Highway Circle I and V awarded (February 2000 and January 2001) the works of strengthening and improvement of five roads and balance portion of Kalna-Katwa Road for an aggregate length of 144.10 km in five districts at a total cost of Rs 59.78 crore to individual contractors for completion between January 2001 and February 2002. The works were completed between March 2001 and July 2002 at a cost of Rs 63.67 crore inclusive of price escalation of Rs 2.09 crore.

Though prohibited in Government order of January 2000, a price escalation clause for bitumen and diesel had been incorporated in the contracts by the SEs, by which contractors were entitled to price variation due to change in tax structure by legislation. But concerned Divisional Officers allowed price escalation on account of price hike of the commodities during the period of construction although there was no change in tax structure. Payment of the price escalation was entirely inadmissible.

At the instance of audit, Chief Engineer, PWRD issued (October 2003) a circular instructing the EEs to recover the amount of price escalation paid to the contractors. EEs failed to recover any amount from the contractors as of June 2004.

The unauthorised inclusion of a price variation clause in the contracts by SEs in the first instance and secondly, allowance of price escalation due to price hike of the commodities by the Executive Engineers (EEs) led to inadmissible payment of Rs 5.47 crore.

The matters were referred to the Principal Secretary of Public Works Department demi-officially in August 2004; reply had not been received (December 2004).

4.4 Avoidable/Excess/Unfruitful expenditure

DEVELOPMENT AND PLANNING DEPARTMENT

4.4.1 Unfruitful expenditure due to stalling of embankment work

Commencement of construction work for flood protection and prevention of erosion in forest areas initiated by Uttarbanga Unnayan Parshad (UUP) without obtaining prior permission from GOI resulted in stalling of work midway rendering expenditure of Rs 66.43 lakh on the work unfruitful.

Following the prioritisation proposed (August 2000) by the District Planning Committee, Jalpaiguri towards river bank protection works, Uttarbanga Unnayan Parshad (UUP), as a part of anti erosion and flood protection work, accorded (December 2000) administrative approval of Rs 1.12 crore to the project "stabilisation of bank slope and preventing of spilling of river Choto Sankosh on its right bank at villages Sahebpara and Bangdoba in Kumargram" for an estimated cost of Rs 1.15 crore. To protect an area of 1200 hectares (forest area of 600 hectares and village area of 600 hectares), the project envisaged construction of 3500 metres embankment including 2700 metres within the reserved forest land (Buxa Tiger Reserve). The construction of embankment in forest area involved utilisation of 7.976 hectares of forest land for which prior permission of GOI was required under the Forest Conservation (amendment) Act, 1988. UUP placed fund of Rs 1 crore with the District Magistrate, Jalpaiguri during 2000-2001 for reimbursement of the claims to be preferred by the executing agency (Executive Engineer, Alipurduar Irrigation Division).

For obtaining permission from the concerned authority for execution of non-forestry work within the reserved forest area, proposal in the prescribed format was submitted to the Deputy Field Director, Buxa Tiger Reserve in March 2001 by the executing agency. After pursuing the case at various levels,[11] the matter was referred (May 2001) to the GOI, Ministry of Environment and Forests by the Forest Department, Government of West Bengal.

However, without obtaining prior approval from the concerned authority the executing agency tendered for the work and work orders were issued to two contractors splitting it into phase I and II to commence in January 2001 and February 2001 respectively. The contractors continued the work up to June 2001 and completed the construction of embankment to the extent of 1100 metres (300 metres in public area and 800 metres in forest land) at a cost of Rs 66.43 lakh[12] Thereafter the work was stalled (June 2001) by Forest

[11] *North Bengal Flood Control Commission.*
DM Jalpaiguri, Pr. Secretary Forest Department

[12] *Rupees 41.79 lakh paid in August 2001 and Rs 24.64 lakh paid in March 2002*

Department for want of permission for diversion of forestland for non-forestry work.

In April 2003, the Conservator of Forest and Field Director (FD), Buxa Tiger Reserve sought some urgent clarifications from environmental point of view from the executing agency. In July 2003, FD while communicating the rejection of the proposal by GOI due to non-submission of the necessary clarifications, advised the executing agency to take up the matter with GOI afresh. However, the Commissioner, Jalpaiguri Division being the Ex-officio Member Secretary of UUP, decided (July 2003) not to pursue the case. Hence the matter reached a dead end.

Thus, failure of UUP to obtain approval of the competent authority for making use of forest land prior to commencement of work rendered the expenditure of Rs 66.43 lakh unfruitful as the very purpose of the project was not achieved even after four years from commencement of work.

Commissioner, Jalpaiguri Division and Member Secretary, UUP stated (October 2004) that UUP had not abandoned the idea of pursuing the project and added that as the project involved protection of vast chunk of forest land, it had been presumed that Forest Department, Government of West Bengal would themselves take interest in execution of the project. Development and Planning Department also endorsed the views of UUP (December 2004).

The reply is not acceptable as approach of the UUP seemed not to be proactive and inaction on its part in pursuing the matter ultimately stalled the project for almost four years leaving the incomplete construction costing Rs 66.43 lakh vulnerable to erosion.

4.4.2 Unfruitful expenditure on a sanitary sewerage scheme

Revision of the comprehensive drainage and sewerage scheme at Digha without assessing the availability of funds and failure of the department in timely execution of the project resulted in unfruitful expenditure of Rs 4.63 crore and the objective of averting pollution of sea-water and environment remained unfulfilled.

With a view to protecting a population size of 7000 to 17000 from pollution hazards at Digha and preventing pollution of sea-water adjacent to the shore, a comprehensive drainage and sewerage scheme, known as "sanitary sewerage scheme" was sanctioned (September 1996) by the Development and Planning Department at an estimated cost of Rs 4.09 crore. Executive Engineer (EE) Tamluk Division of Public Health Engineering (PHE) Directorate, being the executive agency, started execution of work in 1996-1997. The target date for commissioning of the project was March 2003. After laying about 22 *per cent* of the sewer line, the work was suspended in 1997 due to severe sand boiling and heavy seepage of water in some locations. Consequently, after redesign of sewer

line (July 1999) the work was resumed in March 2000 and continued up to March 2003. An amount of Rs 4.09 crore, released by the Department between September 1996 and March 2003, was spent besides incurring further liability of Rs 0.54 lakh By that time, merely 20 *per cent* of the total target area was covered by the sewerage line.

To complete the project as well as to cover a larger population, a revised project, to be completed in three phases, was proposed (June 2003) by PHE Department and a new estimate was drawn up for Rs 6.10 crore for first phase including Rs 4.09 crore already spent and Rs 2.22 crore for second phase on the ground of price escalation on account of labour and material, revision of sewer design, etc. The estimate for the third phase was to be prepared later. The estimate was, however, not vetted or administratively approved so far.

As there was hardly any scope for provisioning of further funds from Government, the department proposed for taking up the matter with the Housing and Urban Development Corporation (HUDCO) for financing the scheme. Till July 2004 no further development towards either completion of the project or arrangement of funds was noticed and pollution hazards at Digha persisted due to non-commissioning of the project.

Thus, the objective of averting pollution of sea-water was not achieved due to failure of the department in timely execution and drawing up a revised project without assessing fund availability. The expenditure of Rs 4.63 crore on the incomplete project remained unfruitful affecting both tourism and environment.

Government stated (February 2005) that the sewerage scheme would be put to use after the funds were available.

HEALTH AND FAMILY WELFARE DEPARTMENT

4.4.3 Non-functioning of Public Information System on Bed Availability (PISBA) in referral hospitals in Kolkata

Electronic display boards installed in seven referral hospitals in Kolkata at a cost of Rs 42.87 lakh remained inoperative since October 2002 due to failure in providing post-warranty annual maintenance, necessary staff for operating the system and telephone lines for on-line connectivity.

With a view to facilitating admission of patients referred by primary and secondary level hospitals to hospitals of tertiary level, Health and Family Welfare (H&FW) Department decided (January 2000) to instal electronic display boards (EDBs) showing updated position of bed availability in seven referral[13] hospitals

[13] *Nil Ratan Sircar Medical College and Hospital, Kolkata Medical College and Hospital, Calcutta National Medical College and Hospital, RG Kar Medical College and Hospital, SSKM Hospital, Sambhu Nath Pundit Hospital and MR Bangur Hospital*

through a Local Area Network interconnected over dial-up telephone lines. This work was awarded to West Bengal Electronics Industry Development Corporation Limited (WEBEL) in January 2001 at a cost of Rs 42.87 lakh. The contract *inter alia*, included the cost of operation and maintenance of EDBs with warranty period of one year (Rs 5.88 lakh) and imparting training to selected staff (Rs 0.64 lakh) of all the seven user hospitals.

After installation the system, Public Information System – Bed Availability (PISBA), was made functional in January 2001 (six hospitals) and September 2001 (one hospital).

Scrutiny in audit disclosed that training of staff attached to five hospitals only was conducted between August 2002 and September 2003 i.e. after expiry of the warranty period. The department did not arrange for post warranty maintenance and operations either. The EDBs became non-functional in all the seven hospitals due to withdrawal of operators by WEBEL from 1 October 2002. On-line connectivity of EDBs was also disconnected due to non-provision of fund and non-payment of telephone charges. Neither any post of EDB operator was created nor any trained staff was deployed for operation of EDBs.

As a result all the display boards in seven hospitals went out of order rendering the entire expenditure of Rs 42.87 lakh on PISBA project unfruitful.

Government stated (May 2004) that the required manpower had been trained during 2003-2004 at seven hospitals under the project for operation of the EDBs and those could not be operated due to non-completion of on-line connectivity. The contention of the Government is not acceptable because personnel of two out of seven hospitals were not trained as of October 2004. Further, lack of initiative of the department was also apparent from the fact that on-line connectivity commissioned earlier had been disconnected due to non-payment of telephone bills.

4.4.4 Avoidable expenditure due to non-selection of lowest tender

Rejection of lowest tender on the flimsy ground of spelling mistake resulted in excess expenditure of Rs 43.13 lakh towards cost of diets during November 2002 to March 2004.

The Superintendent, Nil Ratan Sircar Medical College and Hospital invited (September 2002) tenders for supplying six categories[14] of cooked diet to its indoor patients for the period from November 2002 to October 2003 based on category-wise estimated costs fixed by the Health and Family Welfare Department. As per the terms and conditions of the notice inviting tender, the

[14] *Category 'B' : Full diet/Salt free; Category 'C' : Boiled/Soft rice; Category 'D' :Diabetic; Category 'E' : Vegetarian; Category 'U' : Ureamic and Category 'FF' : Full Fluid/Convalescent*

rates were to be quoted for each category of diet separately specifying whether above, below or at par with the estimated cost. The terms and conditions of the tender *inter alia* provided that erasing, overwriting or deletions in the tender form would not be accepted.

In response to the tender notice, ten tenderers offered their rates separately for each category of diet. However, six bidders withdrew their offers before opening of the tenders on 28 October 2002 Out of the remaining four, the bidder offering the lowest average rates for six categories was not considered by the Tender Evaluation Committee (TEC) on the grounds that in respect of category 'B' diet, there was overwriting and spelling mistake. Audit scrutiny (November 2003) of the tender papers disclosed that in the bid papers submitted by the lowest bidder, the word 'BELOW' was once wrongly spelt as 'BELOE' in respect of 'B' category of diet though in the 'in words' column it was correctly written leaving no room for doubt. Instead of taking up the matter with the lowest bidder for necessary rectification and clarification, TEC awarded the contract to the second lowest bidder for the period from November 2002 to October 2003 which was subsequently extended upto March 2004.

Such outright cancellation of the lowest bid on the inconsequential ground of spelling mistake resulted in an excess expenditure of Rs 43.13 lakh[15] towards cost of cooked diet for the period from November 2002 to March 2004.

Thus, due to non-acceptance of the lowest offer Government had to incur excess expenditure of Rs 43.13 lakh.

The department while admitting the facts, stated (January 2005) that corrective measure by way of inviting fresh tender has been taken and disciplinary action against the delinquent officers was being contemplated.

JAILS DEPARTMENT

4.4.5 Data storage system remaining inoperative for more than seven years since its installation

Failure of the department in providing training to the staff resulted in the data storage system installed in three Correctional Homes at a cost of Rs 32.96 lakh remaining inoperative for over seven years.

Under the scheme of 'Modernisation of Prison Administration', Jails Department sanctioned Rs 32.96 lakh (March 1997) for installation of Historic Data Storage

15

Amount paid for supplying 582945 adult and 57940 child diets of six categories	*Rs 168 45 lakh*
Amount that would have been payable to the lowest tenderer for the same	*Rs 125.32 lakh*
Excess expenditure	*Rs 43 13 lakh*

System (the system) in three central correctional homes (Dum Dum, Medinipur and Berhampore), with a view to facilitating necessary data storage in respect of the inmates of the three central correctional homes as well as other districts and subsidiary correctional homes under their jurisdiction.

For implementation of this scheme the Superintendent, Dum Dum Central Correctional Home being the Nodal Officer, drew the entire amount of Rs 32.96 lakh by transfer credit (March 1997) to his Personal Ledger Account and placed order (March 1997) to M/s WEBEL Informatics Limited (a State Government Undertaking) for supply and installation of the system at the three central correctional homes. Equipment for the systems was supplied and installed by M/s WEBEL at the three central correctional homes in June 1997.

Scrutiny of records revealed that no effort was made by the Jails Department during June 1997 to August 2003 to arrange for the requisite training. Instructions were issued in August 2003 by Deputy Inspector General of Prison to the superintendents of the central correctional homes to take up the matter with the Technical Director of the National Informatics Centre for developing the software and imparting necessary training to their staff for implementation of the system. In all the three correctional homes, the system remained inoperative as of December 2004, even after seven years of the date of installation.

The Prisons Directorate, in reply, attributed (December 2004) such non-functioning to non-availability of software and trained personnel for operating the systems. However, the Prisons Directorate failed to cite any reason behind such inaction. The department stated (January 2005) that necessary training would be imparted to the officials of correctional homes in February 2005 to make the system operational.

Thus, failure on the part of the department to develop the required software and impart necessary training to its staff for more than seven years rendered the system installed at a cost of Rs 32.96 lakh inoperative depriving the central correctional homes of the intended benefits of the scheme.

MUNICIPAL AFFAIRS DEPARTMENT

4.4.6 Additional burden on State's exchequer

Government had to bear additional expenditure of Rs 4.22 crore on conversion of dry latrines into sanitary latrines under phases I and II of the Integrated Low Cost Sanitation Scheme due to its failure to complete the work within time.

The Municipal Affairs Department (MAD), Government of West Bengal decided (February 1992) to implement Integrated Low Cost Sanitation Scheme (ILCS), a

Centrally sponsored scheme in phases on cost sharing basis[16] for conversion of dry latrines to sanitary latrines in the urban areas and appointed the State Urban Development Agency (SUDA) as the nodal agency for implementation of ILCS through Urban Local Bodies (ULBs).

Against a proposal of the State Government, GOI sanctioned construction of 34557 latrines for phase-I (September 1992) and 77659 latrines for Phase-II (December 1993) at a unit cost of Rs 2500 (25 *per cent* extra cost for hill areas) with the stipulation to complete the works within one year from the date of sanction.

For implementation of this scheme, SUDA received subsidy of Rs 9.47 crore and Rs 3.75 crore during 1992-1995 from GOI and the State Government respectively. Inspite of availability of such funds, SUDA did not commence work till December 1994 due to lack of preparedness amongst the ULBs and non-finalisation of suitable model of latrine. Meanwhile, GOI introduced phase-III (October 1994) with enhanced unit cost of Rs 4500 (25 *per cent* extra for hill areas) for each latrine with the same funding pattern. As the works already sanctioned for both phases (I and II) could not be completed within the scheduled time, SUDA requested (December 1994) GOI to extend the enhanced rate for the remaining works under phases I and II which was turned down.

However, during the years 1998-2004, SUDA continued the construction of the remaining units of phases I and II without any target date of completion and completed 19833 units in plain areas and 1885 units in hill areas at the enhanced rate. As GOI did not provide the excess subsidy necessary for enhanced cost, State Government subsidised the entire cost-difference on this scheme to SUDA during the said period thereby incurring an excess expenditure of Rs 4.22 crore (excess subsidy of Rs 1900 per unit for plain areas and Rs 2375 per unit for hilly areas). Considering the poor performance of the scheme and non-extension of time and non-enhancement of cost of unit rate, SUDA closed the work (January 2004) of the said two phases.

Thus, due to failure to start and complete phases I and II of the work within the scheduled time-frame and decision to execute work at enhanced rate without being entitled to enhanced subsidy from GOI, Government had to bear the additional expenditure of Rs 4.22 crore.

Government while admitting (October 2004) additional expenditure, held factors like people's reluctance to accept new system of latrine, problem of identification of beneficiaries, formulation of methodology for release of fund, etc. responsible for delayed start and consequent price rise. This is not valid as Government on its part was not able to create timely awareness among the people for acceptance of new system of latrine causing delayed start resulting in additional expenditure.

[16] *Government of India 45 per cent, State Government 50 per cent and Beneficiary contribution 5 per cent.*

PUBLIC WORKS DEPARTMENT

4.4.7 Irregular expenditure on unauthorised hiring of vehicles

Executive Engineer City Division, Public Works Department unauthorisedly hired 24 private vehicles violating Government instructions, which resulted in irregular expenditure of Rs 1.08 crore.

Finance (Budget) Department (FD) adopted certain economy measures to cut down avoidable revenue expenditure of the Government and issued (July 1999) instructions for their strict observance. The restrictions on hire and use of vehicles were that no vehicles would be hired without prior approval of FD and vehicles already hired unauthorisedly by the department must be released immediately and that no vehicles would be used on holidays without prior written permission of the departmental Secretaries. Officers up to the rank of Special Secretary were entitled to use separate vehicles; one pool car was to be used by three Joint Secretaries and if any officer of the rank of Joint Secretary or Deputy Secretary was to be provided with a vehicle for his exclusive use for the special nature of work performed by him, specific concurrence of FD was to be taken in each case even in cases where such concurrence was accorded earlier.

Scrutiny revealed that Executive Engineer (EE), City Division, Public Works Department (PWD) had 14 Government vehicles for its day to day activities within a radius of 15 km from its headquarters at Writers' Buildings, Kolkata. Officers belonging to the Division's roll strength used three Government vehicles while eight vehicles were used by the officers outside the roll strength of the division. Remaining three vehicles were under repair. Nevertheless, EE, City Division continuously hired 24 cars on monthly rental basis during 2000-2004 (upto December 2003) of which extra divisional officers used 20, three were used by Divisional Officers and one vehicle was kept stand-by. EE, City Division during 2000-2004 (upto December 2003) incurred an expenditure of Rs 1.08 crore towards hire charges (Rs 79.66 lakh), fuel and lubricants (Rs 23.87 lakh) and overtime allowance (Rs 4.32 lakh) of drivers without any approval from FD as stipulated in the instructions. Actual places travelled by the extra divisional officers using Government and hired vehicles of city division could not be ascertained owing to non-production of the log books to audit.

The hiring of the vehicles by the EE without approval of FD was unauthorised and the expenditure incurred thereon irregular.

Scrutiny further revealed that (i) the vehicles were exclusively used by the officers who were not entitled to use separate vehicles. Approval of the Departmental Secretary was not obtained in such cases; (ii) 15 hired cars were

used on holidays during 2000-2004 without obtaining prior written permission of the Secretary of the PWD; (iii) EE debited the hire and fuel charges to the minor head "Repair and Carriage of Machineries and Equipment" (RCME-052) though this head of account is not meant to cover cost of operation and maintenance of hired vehicles. Thus, to meet the irregular expenditure, the EE misclassified it under the head 052-RCME The irregular expenditure incurred over years points to lack of internal control in PWD and failure of the departmental Secretary to exercise proper financial control over departmental expenditure. This frustrated the move of FD to curtail avoidable revenue expenditure of the Government.

The department stated (May 2004) that the Government reply to the para would be sent within the prescribed period. No reply was received from Government (December 2004).

PUBLIC WORKS (ROADS) DEPARTMENT

NATIONAL HIGHWAY WING

4.4.8 Unauthorised and idle investment

Chief Engineer, National Highway Wing of Public Works (Roads) Department without conducting any survey of demand purchased 2.51 acre of land at Rs 1.15 crore for rehabilitation of persons whose land was acquired for National Highway work and this resulted in idle investment of Rs 1.15 crore.

Executive Engineer (EE), National Highway Division-IV acquired (November 1998) 5.76 acre of private land in Bally Municipal Area of Howrah district under National Highway Act 1956 for construction of approaches to second Vivekananda bridge over river Hooghly at km 670 of National Highway 2. Possession of the land was taken between January 2000 and December 2003 on payment of full compensation of Rs 11.90 crore, as determined under Section 3G of the Act, to the land owners (232 in number).

Government of West Bengal, before finalisation of the process of land acquisition, decided (October 1998) to provide rehabilitation to the affected persons, whose land was to be acquired, after adjustment of cost from the amount of compensation payable to them though there was no such provision in the NH Act. Accordingly, Chief Engineer (CE), National Highway Wing, through newspaper publication (October 1998) offered 138 residential flats at Konnagar and Dankuni as well as 28.45 acre of land at Dakshin Nimta, Bellur and Bally for development of housing complex. The offer, however, did not materialise and the department purchased (March 2000) a plot of land measuring 2.51 acre within

Bally Municipal Area at a cost of Rs 1.15 crore out of works funds for the same purpose without conducting any survey of demand from the affected persons. Approval of the Ministry of Road Transport and Highway (MORTH), Government of India was not obtained for the purchase of land made beyond the scope of the Act, even though the payment was made from the funds released by the MORTH for the work. The Department, however, invited (May 2000) applications from Housing Co-operatives and Co-operatives for Market Complex to be formed exclusively by the affected persons for allotment of the land. But no response was received and the land remained unused for the last four years.

Thus, unauthorised and unplanned purchase of land without any demand survey resulted in idle investment of Rs 1.15 crore.

Government stated (May 2004) that the land could be disposed of at the present market price so that the Government would not suffer any financial loss. But the land was not disposed of as of August 2004.

WOMEN AND CHILD DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT

4.4.9 Excess expenditure in purchase of medicine kits/medicines

Allowance of higher rates for purchase of medicine kits in comparison with those approved by Health and Family Welfare Department resulted in excess expenditure of Rs 32.67 lakh.

With a view to providing essential health care services through different Anganwadi Centres (centres) under the Integrated Child Development Scheme the department of Women and Child Development and Social Welfare, Government of West Bengal started purchasing medicine kits from 2000-2001 onwards, out of grants from Government of India, for distribution among the centres. The tentative cost of each kit was fixed at Rs 600 and each centre was entitled to one medicine kit in a year.

The Social Welfare Directorate, without inviting any tender, directly selected M/s Gluconate Health Limited (M/s GHL), a state based Public Sector Unit (PSU) for supply of medicine kits to centres from 2000-2001 onwards at prices ranging between Rs 578 and Rs 593[17] per kit. The rates were not verified with those of other PSUs approved by the Health and Family Welfare (H&FW) Department.

17

2000-2001 Rs 583.44 per kit
2001-2002 Rs 578 per kit
2002-2003 Rs 583 per kit
2003-2004 Rs 593 per kit

Comparative study of the list of items and their rates approved by the H&FW department vis-a-vis the rates accepted by the Social Welfare Directorate disclosed that out of eight items of medicines contained in the kits supplied by M/s Gluconate Health Limited to the Anganwadi Centres, three items were procured by H&FW Department from other PSUs at rates lower than those offered by M/s Gluconate Health Limited. M/s Gluconate Health Limited also charged higher rates on some medicines in the kit, but supplied them to the H&FW Department at lower rates. As a result, the Social Welfare Directorate had to incur excess expenditure of Rs 32.67 lakh on 1.95 lakh kits supplied to centres during 2000-2004 as shown below:

Year	Number of kits supplied by GHL	Supply price per kit charged by GHL	Supply price per kit including three medicines at H&FWD rates	Excess expenditure per kit	Total excess expenditure
		(in rupees)			
2000-2001	47161	583.44	568.55	14.89	70227
2001-2002	45731	578.00	550.97	27.03	1286109
2002-2003	49466	583.00	573.61	09.39	464486
2003-2004	52330	593 00	576.48	16.52	864491
Total	**194688**				3267313 i.e **Rs 32.67 lakh**

The Social Welfare Directorate took no initiative to take up the matter with M/s Gluconate Health Limited for supplying medicines at rates offered to the Health and Family Welfare Department.

Government attributed (September 2004) acceptance of higher rate to Hon'ble Supreme Court's judgment ordering for price preference in favour of PSUs. The contention of the Government was not valid as the price paid was higher in comparison with that charged by other PSUs only.

4.5 Regularity issues and other points

HIGHER EDUCATION DEPARTMENT

4.5.1 Transactions of Centres functioning in different departments irregularly kept out of University accounts

Transactions of University Centres kept out of University accounts and examination by Statutory Auditor.

The Executive Council of the Jadavpur University from time to time permitted faculty members of different departments to set up teaching centres in the departments. The status of the centres with the University were, however, not specified by the Executive Council in their resolutions. The centres, on realisation of fees, offered different courses using the buildings, infrastructure and name of the University. Twenty two such centres were functioning in 2003-2004 in different departments run by the Administrative Committee or Organising Committee formed for each centre with some faculty members and officials of the University. The Committees themselves fixed the course fees, collected them from participants and paid remuneration to the teachers and staff of the centres for their services at rates determined by them in addition to their regular pay and allowances that they received from the University. Certificates using the name and symbol of the University were issued over the signature of the Director or the Coordinator of the centre to the participants on completion of courses. The University did not exercise any superintendence over the functioning of these centres. Thus, these centres enjoyed all the privileges of being part of the University without any accountability to the University authorities whatsoever.

Receipts and Payments Accounts of three centres alone for the years 1998-2002, made available to Audit, revealed that these centres received Rs 60.27 lakh from various sources including Rs 52.44 lakh as course fees and spent Rs 57.16 lakh during above period. The accounts of the centres were signed by the Registrar or Finance Officer and the concerned Director or Coordinator of the centre in their official capacity under the University. However, the Director/ Coordinator of the concerned centre(s) did not deposit the receipts to the University Fund as required under the Jadavpur University Act nor did the payments made by centre pass through University's Finance department in due observance of financial norms. The University had not yet framed any financial/ accounting rules. Thus, the above receipts and expenditure of the centres (Rs 1.17 crore in total for three years alone) as also those of the remaining 19 centres, since their establishment, were kept out of the University accounts and remained unaudited. Besides, according to agenda notes of the Registrar to Executive Council, remunerations received by the University teachers and staff from the centres were mostly not taken into account by the University for incidence of Income Tax.

The Executive Council, vide its resolution of 10 May 2000, laid down guidelines for functioning of the centres. The guidelines stipulated that the centres should deposit the receipts to the Registrar of the University in cheques or demand drafts and after necessary deduction of overhead charges, the University would transfer the collected amounts to the account of the respective centre. The Registrar of the University stated (October 2004) that the above decisions of the Executive Council were already implemented. However, the cash book of the University revealed that receipts were not deposited by any centre upto 2001-2002. In 2002-2003 and 2003-2004 (upto September 2003), only eight out of twenty two centres deposited Rs 47 lakh and Rs 57.70 lakh respectively. Thus, the decision of the Executive Council was not implemented by most of the centres even after a lapse of four years. Further, even after introduction of the guidelines, the actual expenditure of the centres would not pass through the required financial scrutiny of the University as well as of the Auditors appointed under the Act.

The matter was referred to Government in August 2004; reply had not been received (December 2004).

4.5.2 Huge rent and electricity charges remaining unrealised

Rent and electricity charges of Rs 94.46 lakh were not realised by the Jadavpur University from the Regional Computer Centre since 1977.

The Jadavpur University allowed Regional Computer Centre (RCC), Kolkata, a scientific society, to run a computer centre in the ground floor and first floor of the Computer Centre Building of the University on payment of monthly rent and electricity charges on actual basis with effect from January 1977. Formal agreement with the above terms was, however, entered upon in August 1988 which remained valid upto July 31, 1993. Further, RCC was allowed by the University, as per Executive Council's decision of April 1981, to use the 3rd floor of the building also at an additional monthly rent without any agreement as yet. The actual date of occupation of the third floor by the Centre was not found on records.

Since occupation of the building from 1977, RCC did not pay any rent. Records showed that after adjustment of Rs 60.73 lakh towards charges for Computer Systems availed of by the University upto May 1997, rent of Rs 28.73 lakh remained outstanding from RCC for the years from 1977-78 to 2003-04 without any annual break up. The University did not prefer any bill for rent to the society after May 1997.

The University did not maintain any record regarding electricity consumed by RCC for the periods from June 1997 to March 1999 and April 2000 to March 2001 (i.e. 2 years 10 months) and did not issue any bill for the same. For the remaining months of 1977-78 to 2003-04, RCC paid only Rs 7.70 lakh and Rs 65.73 lakh remained outstanding towards electricity charges.

Thus, inaction by the executives of the University led to accumulation of dues of Rs 94.46 lakh as of March 2004 In the absence of any agreement, realisation of the above dues from the society was a remote possibility. Realisation of the aforesaid dues would have helped the University to reduce its burden of bank overdraft, which rose to Rs 4.87 crore in March 1999 (upto which accounts were finalised), and reduce the payment of interest on overdraft.

The matter was referred to Government in July 2004; reply had not been received (December 2004).

MUNICIPAL AFFAIRS DEPARTMENT

STATE URBAN DEVELOPMENT AGENCY

4.5.3 Unauthorised diversion and misutilisation of programme funds

In violation of guidelines of National Slum Development Programme, State Urban Development Agency (SUDA) diverted Rs 6.29 crore of programme funds.

For implementation and monitoring of different Centrally sponsored programmes in urban areas, Government of West Bengal set up (May 1991) State Urban Development Agency (SUDA). SUDA was to meet its administrative and operational expenses (A&OE) out of the programme funds as would be permitted in terms of the programme guidelines.

Test-check (June 2004) of records of different programmes revealed that during 2000-2003, SUDA unauthorisedly deducted Rs 2.52 crore from National Slum Development Programme (NSDP) funds and credited it to administrative and operation expenses (A & OE) fund account, although no such provision was made in the guidelines for NSDP. Further, interest of Rs 3.77 crore[18] earned during that period on investment of programme funds was also unauthorisedly retained in bank without approval of Government, instead of crediting the same to the respective programme funds.

The Government, accepting the audit observations, stated (January 2005) that apportionment of funds under NSDP had been discontinued since 2003-2004.

[18] *Interest earned on unspent programme funds under Basic Minimum Service Programme, Bidhayak Elaka Unnayan Prakalpa, Integrated Low Cost Sanitation Schemes (ILCS), etc.-Rs 3.77 crore*

SPORTS, INFORMATION AND CULTURAL AFFAIRS AND TOURISM DEPARTMENTS

4.5.4 Retention of Government revenue outside Government Account and unauthorised expenditure therefrom

In contravention of West Bengal Treasury Rules, departmental receipts of Rs 1.59 crore were not remitted into Government account and Rs 1.04 crore were spent unauthorisedly therefrom by three drawing and disbursing officers.

West Bengal Treasury Rules provide that all monies received as revenue of the State shall without undue delay be deposited in the Government Account and such receipt shall not be appropriated for departmental expenditure. Scrutiny of records of the following three Drawing and Disbursing Officers (DDOs) of three departments revealed that in gross violation of the said Rule, Rs 1.04 crore were spent out of departmental receipts.

Chief Executive Officer, Yuba Bharati Krirangan

Scrutiny (October 2003) of records of Chief Executive Officer, Yuba Bharati Krirangan revealed that departmental revenue of Rs 92.40 lakh received by letting out the stadium complex during the period from July 2002 to August 2003 was irregularly kept in the bank account[19] of West Bengal State Council of Sports, a State Government undertaking in terms of an existing order dated May 1992 of the Miniter-in-charge, Sports instead of remitting the same to Government Account. Further, out of the revenue receipt, Rs 56.65 lakh were spent towards entertainment, donation, grants, loans, etc. to different individuals, organisations and private parties.

The Principal Secretary while admitting the fact of lapse on the part of the department, assured (April 2002) audit to regularise the matter shortly by depositing the revenues into government account. The matter was not regularised as of May 2004. The department stated (October 2003) that the existing practice was being followed for meeting urgent expenditure on repair and maintenance of the stadium since fund flow from the Finance Department was irregular. The reply was not valid as the department could not even utilise the budget provision during 2002-2003[20].

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[19] *Originally opened for depositing membership renewal fees only, but for all practical purposes used exclusively for YBK activities*

[20]

Year	*Budget provision under the relevant head (other charges) (Rupees in lakh)*	*Sanctioned and actual expenditure (Rupees in lakh)*
2002-2003	*122.50*	*84.69*

Chief Executive Officer, Nandan

Records of Chief Executive Officer, Nandan revealed that during 2002-2003 sale proceeds of tickets and other revenue receipts of Rs 51.04 lakh were deposited in the Current Bank Account of the West Bengal Film Development Corporation, a State Government undertaking instead of remitting to Government Account and Rs 33.82 lakh were spent unauthorisedly from the deposit during that period.

Director of Films, Nandan stated (May 2004) that Government had been moved for re-introduction of Personal Ledger Account where receipts of Nandan could be deposited. The contention of Nandan authority was not acceptable as departmental receipts could not be deposited directly into Personal Ledger Account.

Deputy Director of Tourism (Regional Tourist Officer)

Scrutiny (May 2003) of records of Deputy Director of Tourism (Regional Tourist Officer), Kolkata revealed that Rs 68 lakh were collected as departmental receipts between November 2001 and April 2003, out of which Rs 52.76 lakh were remitted into Government Account, Rs 13.22 lakh was appropriated unauthorisedly towards contingent expenses and balance of Rs 2.02 lakh was retained in hand.

The Tourism department stated (January 2005) that the balance had been deposited and steps would be taken to deposit the unadjusted amount.

Thus, non-remittance of departmental receipts of Rs 1.59 crore into Government Account by three drawing and disbursing officers and incurring unauthorised expenditure of Rs 1.04 crore therefrom led to violation of Treasury Rules and contravened the basic tenet of actual expenditure conforming to appropriation made by law.

General

4.5.5 Lack of response of Government to audit

Principal Accountant General (Audit) (PAG) arranges to conduct periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs).

When important irregularities and other points detected during inspection are not settled on the spot, these find place in IRs and are issued to the heads of offices inspected with copies to the next higher authorities. Government of West Bengal, Finance Department Memo No 5703(72)/FB dated 29 August 1972 provides for

prompt response by the executive to the IRs issued by the PAG to ensure rectificatory action in compliance with the prescribed rules and procedures and secure accountability for the deficiencies, lapses, etc. noticed during inspection.

The heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report compliance to the PAG. Serious irregularities are also brought to the notice of the Government by the office of the PAG. A six monthly report showing the pendency of IRs is sent to the Principal Secretary/Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto December 2003 relating to 347 offices of Mass Education Extension Department, Backward Classes Welfare Department, Tourism Department, Women and Child Development and Social Welfare Department, Co-operation Department, Housing Department, Public Works (Roads) Department and 12 commercial undertakings[21] disclosed that 2489 paragraphs relating to 806 IRs remained outstanding at the end of June 2004. Of these, 102 IRs containing 188 paragraphs had been lying un-settled for more than 10 years.

Year-wise position of the outstanding IRs and Paragraphs are detailed in ***Appendix 36***. Even the initial replies, which were required to be received from the heads of offices within six weeks from the date of issue, were not received upto August 2004 in respect of 145 IRs of 100 offices (from 1985-1986).

A review of the IRs which were pending due to non receipt of replies, in respect of the aforementioned Departments revealed that the heads of the offices and the Government departments did not send any reply to a large number of IRs/Paragraphs indicating failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs. Though the position was brought to their notice regularly through the six monthly reports, they failed to ensure prompt and timely action.

Audit committees, comprising the Principal Secretary/Secretary of the administrative department and representatives of the Finance Department and the PAG were formed in 48 out of 56 departments of Government for expeditious settlement of the outstanding inspection reports. Of the 48 departments where audit committees were formed, meetings were held only by eight departments on 12 occasions from July 2003 to June 2004. As a result of the meetings of these committees, it was possible to settle 201 paragraphs and 60 inspection reports. No meetings were held by 40 other departments. Matter was taken up with the Government to form audit committees in the remaining departments.

[21] *Under Commerce and Industries, Cottage and Small Scale Industries, Animal Resources Development, Housing and Food & Supplies Departments.*

No information on follow-up action, if any, taken by the Finance department to settle the paras/ IRs was available. This showed the lack of initiative by Government to ensure accountability.

It is recommended that Government should ensure that a procedure is in place for (a) action against the officials failing to send replies to IRs/paras as per the prescribed time schedule, (b) action to recover loss/outstanding advances/ overpayments in a time-bound manner and (c) holding at least one meeting of each audit committee in a year.

The matter was referred to Government in September 2004; reply had not been received (December 2004).

4.5.6 Misappropriation and Misutilisation of Cash

Non-adherence to the provisions of Treasury and Financial Rules by 21 Drawing and Disbursing Officers in Kolkata and five districts resulted in shortage of cash of Rs 2.71 crore.

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

Scrutiny (March 2003 to April 2004) of records pertaining to 21 DDOs in five districts and Kolkata revealed serious financial irregularities due to non-compliance of the above provisions resulting in misutilisation of undisbursed cash, theft and suspected misappropriation of huge sum of Government money (Rs 2.71 crore) as detailed in ***Appendix 37***.

Shortage of cash

In course of physical verification of cash conducted at the instance of audit by 21 DDOs during March 2003 to April 2004, against the closing cash balance of Rs 14.40 crore as per cash books, only Rs 11.69 crore was physically found, indicating a shortage of cash of Rs 2.71 crore. Out of Rs 2.71 crore, physical shortage of cash and theft constituted Rs 0.09 crore (as detailed in ***Appendix 38***); while Rs 1.66 crore was shown as advance from undisbursed cash to different staff, unadjusted vouchers accounted for Rs 0.16 crore and Rs 0.80 crore represented fake notes and lapsed cheques/demand drafts. As the amounts

remained outside the cash book, this practice tantamounted to temporary misappropriation.

Counterfeit Notes

Counterfeit notes amounting to Rs 1000 were included in the physical cash by one DDO (Sl. No. 3 of col-10 of the ***Appendix 37***) which needs an enquiry.

Misutilisation of undisbursed cash balance

Kutcha receipt against payment of Rs 16.16 lakh out of undisbursed cash for various purposes (such as procurement of oxygen, nitrous oxide, life saving drugs, purchase of kerosene oil, carrying cost of medicine/instruments, payment of wages for casual labours and telephone bills and on account of Pujali Municipal election) which had been incurred without any allotment and approval of the fund sanctioning authority, were treated as vouchers by 13 DDOs (Sl. Nos. 2 to 4, 8, 10 to 13, 15, 17, 19 to 21 of col-7, ***Appendix 37***) but adjustment of the same by drawing bills from treasury was awaited. As these vouchers did not constitute cash balance, these amounts could be construed as temporary misappropriation. Of the above expenditure, Rs 2.41 lakh were made out of hospital receipt by two DDOs (Sl Nos 8 and 13 of the ***Appendix 37***) in contravention of rule 7 (1) WBTR Volume I.

Unauthorised advances from undisbursed cash

Five DDOs (Sl Nos 5,6,9,12 and 15 of Col 8, ***Appendix 37***) paid Rs 1.66 crore out of undisbursed cash irregularly as advance to different officials. Payment of advances out of undisbursed cash was entirely contrary to the provisions of the rules. None of the DDOs maintained any advance register to watch the recovery of such advances. Out of Rs 1.66 crore, unauthorised advances made by the Accounts Officer (Finance), West Bengal Secretariat alone amounted to Rs 1.64 crore. Use of undisbursed cash in this manner for meeting expenses, without any supporting budget provision totally vitiated the system of budgetary and legislative control.

Lapsed cheques burdening the cash balance

Lapsed cheques/drafts for Rs 0.80 crore were shown by four DDOs (Sl Nos 6, 10, 15 and 18 of Col. 11 of ***Appendix 37***) as a part of physical cash balance. Since these cheques/drafts had lost their currency, the same should not be considered as a part of cash balance. Steps need be taken to cancel the lapsed cheques/drafts after observing prescribed procedure.

Physical cash balance of one DDO (Sl No 10 of ***Appendix 37***) included bank balance of Rs 0.39 lakh which remained in-operative since August 1981. Despite repeated comments in earlier inspection reports, no action was taken to close the Bank Account.

Action taken by Government

Cases of misappropriation and misutilisation of cash due to non-adherence to the provisions of Financial Rules by DDOs were mentioned repeatedly in the reports of the Comptroller and Auditor general of India for the years ended March 1997 to 2002. Nevertheless such irregularities were persisting due to inaction on the part of the concerned Government Departments. Even the Accounts Officer (Finance) of West Bengal Secretariat resorted to payment of indiscriminate advances and incurring expenditure on different counts unauthorisedly out of undisbursed cash balance.

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

4.5.7 Follow up action on earlier Audit Reports

Review of outstanding Action Taken Notes (ATNs) on paragraphs included in the Reports from 1992-1993 to 2002-2003 of the Comptroller and Auditor General of India, Government of West Bengal revealed that Action Taken Notes on 318 paragraphs (selected: 90 from 1992-1993 to 2002-2003, not selected: 228 from 1981-1982 to 2002-2003) involving 39 departments[22] remained outstanding as of December 2004. Out of 90 selected paragraphs involving 29[23] departments, some important paragraphs have been listed in ***Appendix 39***.

The administrative departments were required to take suitable action on the recommendations made in the Report of the Public Accounts Committee (PAC) presented to the State Legislature. Following the circulation of the Reports of the PAC, heads of Departments were to prepare comments on action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat.

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[22] *Agriculture, Animal Resources Development, Backward Classes and Welfare, Commerce and Industries, Commercial Taxes, Consumers Affairs, Co-operation, Cottage and Small Scale Industries, Development and Planning, Excise, Fisheries, Food process and Horticulture, Food and Supplies, Forest, Health and Family Welfare, Higher Education, Hill Affairs, Home (Const. and Elec.), Home (Political), Home (Police), Industrial Reconstruction, Irrigation and Waterways, Judicial, Labour, Land and Land Reforms, Mass Education Extension, Municipal Affairs, Panchayats and Rural Development, Public Health Engineering, Public Works, Public Works (Roads), School Education, Sports and Youth Services, Technical Education and Training, Transport, Urban Development, Water Investigation and Development, Women & Child Welfare & Social Welfare and Finance*

[23] *Agriculture, Animal Resource Development, Backward Classes Welfare, Commerce and Industries, Co-operation, Cottage and Small Scale Industries, Development and Planning, Fisheries, Food and Supplies, Health & Family Welfare, Higher Education, Home (Cons. & Election), Home (Police), Industrial Reconstruction, Judicial, Land & Land Reforms, Municipal Affairs, Panchayat & Rural Dev., Public Health Engineering, Public Works, Public Works (Roads), School Education, Sports and Youth Services, Technical Education and Training, Transport, Urban Development, Water Investigation and Development, Women & Child Welfare & Social Welfare and Finance*

It was observed that the Action Taken Notes on 18 Reports of the PAC, presented to the Legislature between May 1991 and March 2004 had not been submitted by 14 departments[24] to the Assembly Secretariat as of December 2004. Thus, the fate of the valuable recommendations contained in the said reports of the PAC and whether they were being acted upon by the Administrative Departments could not be ascertained in audit.

The apex committee headed by the Chief Secretary of the State held its last meeting on 29 September 2004 to review the position of outstanding replies on selected paragraphs in the earlier Audit Reports and ATN on PAC recommendations wherein most of the grossly defaulting departments agreed to submit outstanding ATNs within one month or two.

The matter was referred to Government in November 2004; response had been received from 13[25] out of 43 departments (January 2005).

[24] *Agriculture, Fisheries, Home (Police), Housing, Municipal Affairs, Panchayats and Rural Development, Public Health Engineering, Public Works, Public Works (Roads), Refugee, Relief and Rehabilitation, School Education, Women and Child Welfare and Social Welfare, Transport and Urban Development*

[25] *Backward Classes and Welfare, Commerce and Industries, Home (Police), Housing, Jails, Municipal Affairs, Relief, School Education, Sundarban Affairs, Sports & Youth Services, Transport, Tourism and Finance*

CHAPTER V

INTERNAL CONTROL MECHANISM IN GOVERNMENT DEPARTMENTS

CHAPTER-V

Internal Control Mechanism in Government Departments

FOOD AND SUPPLIES DEPARTMENT

5.1 INTERNAL CONTROL MECHANISM IN FOOD AND SUPPLIES DEPARTMENT

HIGHLIGHTS

Internal control mechanism in an organisation is meant to ensure that its operations are carried out according to the applicable laws and regulations and in an economical, efficient and effective manner. Non-compliance to internal control measures in Food and Supplies Department led to preparation of unrealistic budget, holding of huge cash in hand, incurring of avoidable expenditure, non-preparation of annual accounts, failure in achieving the targets and non-deployment of required personnel in key areas.

Due to non-observance of budgeting procedure such as compilation of inputs from the field officers, previous year's expenditure, actual men on roll, etc. the budget provisions became unrealistic and resulted in huge savings during 1999-2004.

(Paragraph 5.1.4)

In violation of all norms of financial propriety, Director of Finance used the funds available in cash credit account to meet office expenses and travelling allowances and as of 31 March 2004, Rs 3.16 crore spent on such purposes remained unrecouped to the cash credit account for want of budget provision.

(Paragraph 5.1.5)

Cash balances were not physically verified either by the Assistant Director of Finance or by the Director of Finance. Due to inadequate control over cash management huge amount of undisbursed cash ranging from Rs 26.84 lakh to Rs 1.08 crore were retained in the cash chest.

(Paragraph 5.1.6)

The department failed to claim subsidy of Rs 49.35 crore from GOI as it did not prepare the accounts for the years 1999-2000 to 2003-2004. Consequently, the department had to incur extra expenditure of Rs 48.52 crore on account of interest on cash credit.

(Paragraph 5.1.7)

Abbreviations used in this review have been listed in the glossary in Appendix40 (page 216)

Advance amounting to Rs 17.96 crore remained unrealised from the agencies entrusted with procurement of rice as of December 2004, which adversely affected the cash credit account of the department.

(Paragraph 5.1.9)

Due to inadequate infrastructure and insufficient manpower the directorate failed to ensure the quality of foodgrains stored in the departmental godowns. Against 9230 inspections required to be conducted during 1999-2004, only 891 inspections (10 *per cent*) were conducted.

(Paragraph 5.1.10)

The internal audit wing did not conduct audit of any unit of the department during 1999-2004 rendering the entire expenditure of Rs 29.30 lakh incurred on their pay and allowances unfruitful.

(Paragraph 5.1.12)

5.1.1 Introduction

The Food & Supplies Department (Department) comprises 11 Directorates[1] engaged in the areas of procurement of food-grains, their storage, ensuring quality and its distribution to the targeted population of the State through different field offices under the scheme of Public Distribution System.

While overall financial control was exercised by the Finance Department, the control over specific functional activities was exercised by the respective departments themselves. In November 1998, the State Government set up an Internal Audit Wing (IAW) within the Finance Department for conducting internal audit of all State Government departments, their field offices, etc. In addition to this arrangement, the Food and Supplies Department had its own Internal Audit Wing.

5.1.2 Audit Objective

The audit objective was to ascertain adequacy of various internal controls in the department and the performance of Internal Audit wing in the following major areas:

- budgetary and expenditure controls;
- operational controls; and
- internal audit

[1] *Directorate of District Distribution, Procurement & Supply (DDPS), Directorate of Rationing, Directorate of Finance, Directorate of Storage, Directorate of Inspection and Quality Control, Directorate of Consumer Goods, Directorate of Transportation, Directorate of Textiles, Directorate of Statistics and Economic & Statistical Adviser, Directorate of Non-cereal Essential Commodities and the Controller of Sugar*

5.1.3 Audit coverage

The internal control mechanism and performance of Internal Audit Wing of Food and Supplies Department (Department) covering the period 1999-2004 were reviewed during March-April 2004 through test-check of records of four[2] out of 11 directorates.

Budgetary and expenditure controls

Expenditure of the department excluding funds for procurement of foodgrains was met out of budgetary allocations while procurement operations were managed through cash credit facilities with the Reserve Bank of India. Scrutiny revealed that the department did not follow the budgeting procedure as prescribed in the West Bengal Financial Rules (WBFR). The expenditure control measures prescribed in Government rules and manuals were not followed and the operation of cash credit account with the bank was deficient as discussed in the succeeding paragraphs:

5.1.4. Budgeting procedures ignored

Budget estimates were prepared without considering previous year's expenditure and obtaining approval of head of the department

West Bengal Financial Rules (WBFR) envisaged that each budgeting authority was required to prepare budget estimates (BE) on the basis of actuals of the previous year, revised estimate of the current year and to submit the same to the Finance Department (FD) within 31 October each year. Scrutiny revealed that the Department sent its estimates to the FD after a delay of one to two months without the approval of the Head of the Department and without incorporating the actual expenditure of the previous year. The Department also failed to prepare Departmental Accounts and to reconcile the same with those booked by the Accountant General (A&E) as required under Rule 385 of WBFR.

The table below indicates budget provision *vis-à-vis* actual expenditure and savings during 1999-2004:

Year	Budget provision		Expenditure		Excess (-) / savings (+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
	(Rupees in crore)					
1999-2000	104.38	2.30	96.15	1.01	8 23	1.29
2000-2001	120.15	0.87	108.07	0.73	12.08	0.14
2001-2002	124.79	0.96	98.78	2.06	26.01	(-) 1 10
2002-2003	354.92	0.82	182.27	0.78	172.65	0.04
2003-2004	347.63	0.95	216.61	0.06	131.02	0.89
	1,051.87	**5.90**	**701.88**	**4.64**	**349.99**	**1.26**

The sudden spurt in the budget provision as well as expenditure under revenue account during 2002-2003 was due to introduction of Antodaya Anna Yojana during the year and the large savings during 2002-2004 was due to under-spending under the scheme. Besides, savings in revenue budget also occurred due to preparation of estimates against salaries without considering

[2] *Directorate of District Distribution, Procurement & Supply (DDPS), Directorate of Finance, Directorate of Storage, Directorate of Inspection and Quality Control*

the actual number of employees on roll and expenditure on account of POL, etc, incurred out of cash credit account instead of budgetary allocation as discussed below. The savings in the capital outlay occurred due to non-receipt of comprehensive work proposals along with the estimates from the field offices. Thus, the budget estimates proposed by the department were not realistic.

The Department stated (October 2004) that the matter was being looked into and necessary remedial measures would be taken.

5.1.5 Expenditure control was deficient

The Accounts Officer, Food and Supplies (AO, F&S) acted as the Drawing and Disbursing Officer (DDO) for the establishment of the department and ten directorates and the Assistant Director of Finance acted as DDO for the Finance Directorate.

Claims for meeting contingent charges and payment were preferred in violation of Treasury Rules

The AO (F&S) had been operating a current account with the SBI since July 1993 without approval of Finance Department. The current account was funded initially by the Director of Finance out of his cash credit account and the amount spent from this account was to be later recouped after drawing bills against regular budget provision. The AO (F&S) paid Rs 4.47 crore as advance out of this account during 1999-2004 for meeting contingent charges and travelling allowances. As of March 2004, Rs 1.31 crore only were adjusted leaving Rs 3.16 crore unadjusted for want of budget provision. The practice adopted was a clear violation of all norms of financial propriety. The Department did not close the current account though the Finance Department passed order in March 2001 for closure of the account.

The AO (F&S) stated (January 2005) that necessary steps would be taken for adjustment of advances.

5.1.6 Irregularities in Cash Management

Monthly cash balances were not physically verified

Withdrawal of money from the treasury was not permissible unless required for immediate disbursement. It was, however, seen that AO (F&S) retained huge amounts of undisbursed cash ranging between Rs 26.84 lakh and Rs 1.08 crore during 1999-2004 including an unspent amount of Rs 7.59 lakh drawn prior to 1997-1998. No details were available regarding the purpose for which these amounts were drawn. Further, an advance of Rs 68.19 lakh drawn in January 2003 for meeting cost of printing of ration cards remained unadjusted as of December 2004. The entries in the cashbook during August 2003 to March 2004 were also found unattested.

The AO (F&S) agreeing to the audit observations stated (January 2005) that the unspent amount relating to the period prior to 1997-1998 was retained in cash chest as bill-wise analysis of cash balances was not made prior to April 1997, attestation of cash book entries was being done from 23 November 2004 and the audit findings had been noted for future guidance.

Physical verification of cash balance held in the cash chest was required to be done every month by the DDO as well as by the Director of Finance being the

head of the Directorate. No such physical verification was, however, conducted during the period under review either by the Director of Finance or by the Assistant Director of Finance as the DDO.

The Directorate stated (January 2005) that physical verification of cash balance was done every three or six months. Necessary action for physical verification of closing cash balance every month will be taken henceforth.

5.1.7 Failure in preparation of annual account

In terms of GOI's order of January 1998, 90 *per cent* of subsidy claimed in a particular month by the State Government was to be released by GOI as provisional subsidy and the remaining 10 *per cent* was payable on submission of audited annual accounts not later than six months after the close of the respective marketing session.

Scrutiny revealed that the department made delays ranging from one to 12 months in submitting subsidy bills during 1997-1998 to 2003-2004 and received subsidy (90 *per cent*) at a later date from GOI. This had an adverse impact on the Cash Credit Account. Further, the balance of 10 *percent* subsidy was not released by GOI due to non-submission of accounts by the department.

Delay in preparation of accounts led to non-claiming of subsidy of Rs 49.35 crore from GOI resulting in extra expenditure of Rs 48.52 crore on interest on cash credit

The department also failed to claim the balance of subsidy (Rs 49.35 crore) for the years from 1999-2000 to 2003-2004 as the accounts had not yet been prepared (January 2005). Due to such delayed receipt of subsidy, the department had to incur extra expenditure of Rs 48.52 crore on account of interest on cash credit.

Operational Controls

Government of West Bengal started procurement of rice on behalf of Government of India (GOI) commencing from Kharif Marketing Season (KMS) 1997-1998. As per Memorandum of Understanding (November 1997), the State Government was to be paid differential between the economic cost (cost of procurement and distribution) and the Central Issue Price for BPL/APL families on a monthly basis.

The fund for procurement was being arranged through cash credit sanctioned by RBI and extended by SBI. Sale proceeds of foodgrains were deposited by the field and district offices of the department into non-operable collection accounts (current accounts). The funds so deposited were to be transferred by the local branches of the SBI within two days to the cash credit account with SBI, Park Street Branch, Kolkata. Subsidy received from GOI was also deposited into this account. The Director of Finance (DF) remitted funds out of cash credit account to the district offices for meeting expenditure related to procurement and distribution of foodgrains. RBI determined cash credit limits in association with the SBI against hypothecation of closing stock of foodgrains.

For effective monitoring of the fund, the district offices were required to send details of funds deposited in the non-operable bank accounts indicating the dates, amounts and remittance to cash credit accounts along with copies of pay-in-slips and bank statements. Scrutiny revealed that none of the districts except DCFS, Birbhum for a few months in 2003-2004, sent the required information/ documents in the absence of which the DF failed to monitor timely remittance of funds from non-operable collection accounts to the cash credit accounts at Kolkata as discussed below:

Delay in remittance of fund to cash credit account- burden of additional interest of Rs 7.44 lakh

5.1.8 Operation of cash credit

Test check revealed that the local branches delayed remittance of fund to the cash credit account at Kolkata, which ranged between 2 and 655 days during May 2001 to September 2003. As a result, the department had to pay additional interest of Rs 7.44 lakh. The district offices did not reconcile the cashbook balances with the bank statements on monthly basis.

Failure in entering into agreement resulted in non-recovery of advance of Rs 17.96 crore

5.1.9 Non-realisation of advance

The department, without entering into any agreement, paid advance of Rs 202 crore to ECSC[3] and BENFED[4] for procurement of 3.45 lakh MT of rice from the farmers during 2002-2004. These agencies supplied 2.05 lakh MT valuing Rs 184.04 crore. The balance of Rs 17.96 crore was not refunded as of December 2004, which adversely affected the cash credit account of the department.

5.1.10 Failure to carry out periodic inspection

The Directorate of Inspection and Quality Control was responsible for ensuring quality of foodgrains and its scientific storage. No post of separate director for this directorate was sanctioned by the department. The Director, who was responsible for procurement and distribution of foodgrains, was in charge of this directorate also.

The department neither prepared any manual for this directorate nor even specified the duties and responsibilities of the quality control personnel. Further, there were only two State level laboratories, both in Kolkata, and these lacked modern equipment (gaschromatograph, photo-electric calorimeter, tintometer, etc.). No district level laboratory had been established as yet by the department although GOI emphasised (October 2002) on the creation of adequate laboratory facilities for analysis of foodgrains at district level also.

According to the Bureau of Indian Standards' specification, stacks of foodgrains in the godowns were to be inspected at least once in two weeks for checking moisture content, damage by pests and condition of foodgrains. The quality inspectors were to be equipped with analysis kit and moisture meters for this purpose.

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[3] *ECSC : West Bengal Essential Commodities Supply Corporation Limited*

[4] *BENFED : West Bengal State Co-operative Marketing Federation Limited*

Scrutiny revealed that against 9230 inspections required to be conducted in 71 godowns being used by the department itself during 1999-2004, only 891 inspections (10 *per cent*) were conducted. Further, none of the quality inspectors were provided with analysis kits and moisture meters. Due to inadequate infrastructure coupled with insufficient manpower the directorate failed to ensure the quality of foodgrains stored in the departmental godowns.

The Directorate stated (January 2005) that inadequate laboratory facilities, non-availability of modern equipment in state level laboratory and huge shortage of technical staff were the main reasons for its poor performance.

5.1.11 Deficient manpower management

Absence of planning in manpower management led to non-deployment of need based staff

The department did not maintain any consolidated records or registers showing the sanctioned strength vis-à-vis men-in-position in respect of each category of post to review deployment of manpower and actual requirement. However, at the behest of Chief Secretary to the Government of West Bengal (September 2003), an overall assessment of manpower was made by the department in May 2004, which disclosed that 7936 officers/officials of four groups (A, B, C and D) were in position against the sanctioned strength of 13123 leaving 5187 posts (40 *per cent*) vacant. No assessment of optimal requirement of manpower as desired by the Chief Secretary along with evaluation of deployment of available manpower was conducted. In the absence of any planning on manpower management the department did not take any action for revision of the sanctioned strength and also for need based deployment of staff of all categories.

The Department stated (October 2004) that the matter was being looked into and necessary remedial measures, if any, would be taken.

Performance of Internal Audit Wing

No audit was conducted in any unit of FSD during 1999-2004

Internal audit is an important management tool of a department to examine and evaluate the level of compliance with departmental rules and procedures. The department had an Internal Audit wing of its own, which was entrusted with the audit of accounts of procurement and distribution schemes of 79 DDOs spread over 19 districts of the State. Director of Finance was responsible for deployment of internal audit teams on quarterly basis. Other accounts and transactions of FSD remained outside the purview of internal audit. Internal Audit Wing of Finance Department also did not conduct audit of any unit of FSD during 1999-2004. Scrutiny of records revealed several shortcomings in the functioning of Internal Audit such as available resources not being utilised and absence of audit planning as discussed below:

5.1.12 Non-utilisation of Internal Audit Wing

Inspectors were not entrusted with audit job disregarding instructions

Scrutiny of records revealed that the Director of Finance never entrusted the Chief Inspector and the Inspectors with audit of any unit of PDS disregarding administrative instructions nor utilised their services for any other job during 1999-2004 though Rs 29.30 lakh were spent by FSD towards payment of

salaries of the staff of Internal Audit Wing during 1999-2004. The strength of inspectors was also reduced from five in 1999-2000 to two in 2003-2004.

During 1999-2004 only one unit out of 1580 units of PDS was audited

The Assistant Director of the Directorate of Finance himself conducted internal audit of District Controller of Food and Supplies, Malda in January 2004 and thus only one unit of PDS was audited during 1999-2004 out of 1580. The Inspection Report issued in February 2004 contained some minor objections like non-verification of daily stock, improper maintenance of delivery register of foodgrains, non-maintenance of distance register (required for verification of transportation charges), non-reconciliation of bank balances, etc. No follow up action was taken to regularise these shortcomings.

The Director of Finance stated (March 2004) that services of the inspectors would be utilised after imparting training to them in the newly started Training Centre of the Department.

5.1.13 Absence of Audit planning and Audit Manual

The Department had neither formulated any auditing standard nor prepared any audit plan. No internal audit manual was also prepared. No register indicating the number of auditable units and periodicity of audit was maintained to monitor audit coverage. No action was also taken to impart training to audit personnel.

The Department stated (October 2004) that appropriate and adequate steps for introducing internal audit, as suggested by Audit, was under consideration.

5.1.14 Lack of response to Audit

Principal Accountant General (Audit) West Bengal arranges to conduct periodical inspection of the Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. The audit findings are communicated through Inspection Reports (IRs) to the heads of the offices/departments to comply with the audit observations and rectify the defects and report compliance to the Principal Accountant General. A half yearly report on the pending inspection reports is sent to the Principal Secretary/Secretary of the department to facilitate monitoring and compliance of audit observations.

296 paragraphs relating to 85 inspection reports were pending settlement

As of 31 March 2004, 296 paragraphs relating to 85 inspections reports of Food and Supplies Department issued upto 31 December 2003 were pending settlement. Of these, 68 paragraphs relating to 24 inspection reports of Food and Supplies Department were more than 10 years old.

5.1.15 Conclusions

The budget estimates prepared by the department were not realistic and there were huge savings of allotted funds. Due to deficient cash management, substantial amount of undisbursed cash was retained in the cash chest and huge amounts of advances remained unadjusted. The department failed to

prepare the annual accounts of the public distribution system for years together, which resulted in delay in release of price support subsidy by GOI and the department had to incur extra expenditure towards interest on cash credit. Due to inadequate laboratory facilities, non-availability of modern equipment in state level laboratory and huge shortage of technical staff, the department failed to ensure the quality of foodgrains distributed through the PDS. The Internal Audit Wing of the department was ineffective.

5.1.16 Recommendations

- Adequate steps need be taken to regularise budgeting procedure as well as to utilise the entire amount of budget provisions.
- Cash management system should be improved to avoid unnecessary holding of cash in chest and expenditure towards payment of avoidable interest and also to adjust long outstanding advances.
- A time bound effort should be initiated to prepare the annual accounts of public distribution system so as to clear the arrears.
- Quality control mechanism should be strengthened by providing adequate infrastructure.
- The department should revamp the internal audit wing to ensure compliance to the departmental rules and procedures.

KOLKATA
The 26 APR 2005

(M. CHATTERJEE)
Principal Accountant General (Audit)
West Bengal

Countersigned

NEW DELHI
The 3 MAY 2005

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

APPENDICES

Appendix 1

(Refer Paragraph 1.4, Page 4)

Statement showing structure of Government Accounts and list of Indices/ratio and basis for their calculation

A. Government Accounts

I. Structure

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II Contingency Fund

This Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs 20 crore.

Part III Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts present the details of expenditure by the State Government vis-a-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

B List of Indices/ratios and basis for their calculation

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter / GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of the parameter (X) / Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	[(Current year amount/Previous year Amount)-1] * 100
Trend/Average	Trend of growth over a period of 5 years [(LOGEST Amount of 1999-2000 : Amount of 2003-2004)-1] * 100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	Interest Payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2] * 100
Interest spread	GSDP growth – Weighted Interest rates
Interest received as *per cent* to Loans Advances	Interest Received [(Opening balance + Closing balance of Loans and Advances)/2] * 100
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipt minus all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048-Appropriation for Reduction or Avoidance of Debt

Appendix 2

(Refer Paragraph 1.7.1, Page14)

Statement showing Utilisation Certificates for grants outstanding from departments

Sl. No.	Department	Up to 2000-2001		2001-2002		2002-2003 (up to 31-12-2002)		Total	
		No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount
			(Rupees in lakh)						
1	Agriculture	-	-	12	3570.70	156	3323.16	168	6893.86
2	Animal Resources Development	12	112.62	2	4.30	11	47.17	25	164.09
3	Commerce and Industries	26	3822.62	-	-	6	154.07	32	3976.69
4	Co-operation	-	-	-	-	16	143.15	16	143.15
5	Cottage and Small Scale Industries	146	4550.37	126	4023.60	22	703.74	294	9277.71
6	Development and Planning	-	-	-	-	66	3973.00	66	3973.00
7	Education	-	-	-	-	5501	128891.52	5501	128891.52
8	Environment	-	-	-	-	1	3.30	1	3.30
9	Finance	1	28.00	-	-	7	106.04	8	134.04
10	Fisheries	103	2229.59	-	-	35	294.62	138	2524.21
11	Food Processing and Horticulture	-	-	-	-	2	11.90	2	11.90
12	Food and Supply	-	-	-	-	5	6429.48	5	6429.48
13	Forest	-	-	-	-	1	2.78	1	2.78
14	Health and Family Welfare	1	2.24	6	579.60	92	26680.51	99	27262.35
15	Hill Affairs	-	-	-	-	1	25.00	1	25.00
16	Home (Parliamentary Affairs)	-	-	-	-	211	1511.89	211	1511.89
17	Information and Cultural Affairs	-	-	-	-	7	27.89	7	27.89
18	Irrigation and Waterways	-	-	-	-	2	20.00	2	20.00
19	Judicial	-	-	10	347.75	3	4.73	13	352.48
20	Labour	-	-	16	28.00	216	307.16	232	335.16
21	Land Revenue	-	-	-	-	206	1911.67	206	1911.67
22	Law	-	-	-	-	3	147.00	3	147.00
23	Municipal Affairs	10	317.01	3	292.18	1030	20515.18	1043	21124.38
24	Power	-	-	-	-	5	33.58	5	33.58
25	Public Health Engineering	2	26.08	-	-	9	106.60	11	132.69
26	Public Works	20	1147.26	-	-	9	149.48	29	1296.74
27	Relief	-	-	-	-	1	0.46	1	0.46
28	Rural Development	4	160.40	-	-	1058	3408.27	1062	3568.67
29	SC&ST Welfare	-	-	-	-	154	2241.18	154	2241.18
30	Science and Technology	28	168.74	5	32.89	7	116.10	40	217.73
31	Social Welfare	-	-	-	-	1202	935.57	1202	935.57
32	Sports and Youth Services	-	-	-	-	196	463.51	196	463.51
33	Sunderban Affairs	-	-	-	-	2	50.40	2	50.40
34	Tourism	-	-	-	-	1	25.00	1	25.00
35	Transport	-	-	-	-	29	6909.73	29	6909.73
36	Urban Development	-	-	-	-	37	133.31	37	133.31
37	Water Investigation and Development	14	502.40	-	-	3	376.80	17	879.20
	Total	**367**	**13067.33**	**180**	**8879.02**	**10313**	**210084.97**	**10860**	**232031.32**

Appendix 3

(Refer paragraph 1.7.1, Page14)

Statement showing Audit Reports not laid before the Legislature

Sl No	Organisation	Department responsible for laying the Report	Year(s) of Accounts for which Audit Report has been issued but not laid	Month of issue of Audit Report(s)
1	Hooghly River Bridge Commissioners	Transport	1999-2000 2000-2001 2001-2002	October 2002 December 2002 June 2004
2	Kolkata Metropolitan Development Authority	Urban Development	1999-2000	August 2003
3	West Bengal Comprehensive Area Development Corporation	Development and Planning	1996-1997	February 2003
4	West Bengal Human Rights Commission	Home (Special Cell) and Human Rights Cell	2001-2002	June 2003
5	West Bengal Commission for Women	Women & Child Development & Social Welfare	1992-1993 to 1999-2000 2000-2001 2001-2002	June 2002 November 2003 December 2003
6	State Legal Services Authority	Judicial	1998-1999 1999-2000 2000-2001 2001-2002	October, 2001 April 2002 November 2002 March 2003
7	West Bengal University of Animal & Fishery Sciences	Animal Resources Development	1995-1996 1996-1997 1997-1998 1998-1999	March 2004 April 2004 June 2004 July 2004
8	West Bengal Housing Board	Housing	2002-2003	November 2003

Appendix 4

(Refer paragraph 1.7.1, Page 14)

Statement showing status of audit

Sl No	Name of the Body/ Authority	Period upto which audit is entrusted	Year upto which Accounts due for submission	Year upto which Accounts were submitted	Period upto which Audit Report had been issued	Date of issue of audit report	Year upto which Audit Report had been laid before the legislature	Remarks
1.	Commissioners for Rabindra Setu	1999-2004	2003-2004	2002-2003	2002-2003	10.06.2004	2001-2002	Reminder for laying of AR and A/cs issued in June 2004
2.	Hooghly River Bridge Commissioners	2002-2007	2003-2004	2001-2002	2001-2002	25.06.2004	1998-1999	Reminder for laying of AR and A/cs issued in June 2004
3.	Kolkata Metropolitan Development Authority	2002-2007	2003-2004	2001-2002	1999-2000	27.08.2003	1998-1999	Reminder for laying of AR and A/cs issued in June 2004
4.	West Bengal Housing Board	2002-2007	2003-2004	2003-2004	2002-2003	27.11.2003	2001-2002	Reminder for laying of AR for 2002-2003 issued in June 2004
5.	West Bengal Comprehensive Area Development Corporation	1999-2004	2003-2004	2001-2002	1996-1997	26.02.2003	1995-1996	Audit of accounts for 1997-2000 completed; SAR under process. Reminder for laying of AR and A/Cs issued in June 2004.
6.	West Bengal University of Animal & Fishery Sciences	2000-2005	2003-2004	1999-2000	1998-1999	22.07.2004	-	SAR for the year 1999-2000 under process. Reminder for laying of AR and A/Cs issued in June 2004.
7.	Darjeeling Gorkha Hill Council	2003-2008	2003-2004	Nil	Nil	Nil	Nil	Latest reminder for submission of accounts issued in June 2004
8.	West Bengal Commission for Women	2006-2007	2003-2004	2002-2003	2001-2002	17.12.2003	Nil	Reminder for laying of AR and A/Cs in June 2004. Audit of A/Cs for 2002-2003 is being taken up.
9.	West Bengal Human Rights Commission	Permanent entrustment	2003-2004	2001-2002	2001-2002	25.06.2003	2000-2001	Reminder for laying of AR for 2001-2002 issued in June 2004
10.	State Legal Services Authority, West Bengal	Permanent entrustment	2003-2004	2002-2003	2001-2002	25.03.2003	1997-1998	Reminder for laying of AR for 1998-1999 to 2001-2002 issued in June 2004

Appendix 5

(Refer paragraph 1.7.1, page 15)

Statement showing arrears in preparation of accounts

Name of the bodies	Number of years	Accounts in arrear	Number of accounts in arrears
Universities and other Educational Institutions	1-23	1981-1982 to 2003-2004	57
District Primary School Councils	1-3	2001-2002 to 2003-2004	27
District Library Authorities	2-23	1981-1982 to 2003-2004)	227
Fish Farmers' Development Agencies	1-24	1980-1981 to 2003-2004)	175
Miscellaneous	1-10	1994-1995 to 2003-2004	19

Appendix 6

(Refer paragraph 1.7.1, Page 15)

Statement showing unutilised Government Grant as on 31 March 2004

Sl. No.	Name of the institution	Year of accounts	Unutilised grants (Rupees in lakh)
District Primary School Council			
1	Bankura	2002-2003	298.39
2	Birbhum	2001-2002	166.00
3	Bardhaman	2002-2003	409.99
4	Coochbehar	2002-2003	1379.43
5	Dakshin Dinajpur	2000-2002	471.81
6	Howrah	2002-2003	160.52
7	Jalpaiguri	2001-2002	1308.99
8	Paschim Medinipur	2001-2003	329.75
9	Murshidabad	2001-2003	1335.87
10	Nadia	2001-2002 (Transaction Audit)	418.74
11	North 24 Parganas	2001-2002 (Transaction Audit)	2575.98
12	South 24 Parganas	2002-2003 (Transaction Audit)	279.32
13	Uttar Dinajpur	2001-2002	1401.36
District Library Authority			
14	Bankura	2002-2003 (Transaction Audit)	83.34
15	Bardhaman	2001-2002 (Transaction Audit)	116.80
16	Birbhum	2001-2002	35.06
17	Coochbehar	1988-2002 (Transaction Audit)	64.64
18	Dakshin Dinajpur	2001-2002 (Transaction Audit)	18.03
19	Darjeeling	2002-2003 (Transaction Audit)	1.57
20	Hooghly	2002-2003 (Transaction Audit)	78.35
21	Howrah	2002-2003 (Transaction Audit)	164.84
22	Jalpaiguri	2001-2002 (Transaction Audit)	74.47
23	Paschim Medinipur	2002-2003 (Transaction Audit)	155.74
24	Murshidabad	2000-2002 (Transaction Audit)	113.92
25	Nadia	2002-2003 (Transaction Audit)	94.00
26	North 24 Parganas	2001-2002 (Transaction Audit)	151.22
27	Purulia	2002-2003 (Transaction Audit)	139.56
28	Uttar Dinajpur	2001-2002 (Transaction Audit)	23.66
Fish Farmers' Development Agency			
29	Bankura	2002-2003 (Transaction Audit)	32.21
30	Bardhaman	2002-2003 (Transaction Audit)	51.02
31	Howrah	2002-2003 (Transaction Audit)	45.45
32	Jalpaiguri	2002-2003	16.22
33	Malda	1991-2002	3.85
34	Medinipur	2002-2003 (Transaction Audit)	0.73
35	North 24 Parganas	2002-2003 (Transaction Audit)	53.07
36	Purulia	2002-2003 (Transaction Audit)	20.27
37	South 24 Parganas	2002-2003	49.61
Miscellaneous			
38	Central Valuation Board	1999-2003	63.78
39	West Bengal Board of Primary Education	2002-2003	86.56
		Total	**12274.12**

Appendix 7

(Refer Paragraph 1.7 2, page 15)

Statement showing year-wise and department-wise analysis of cases of misappropriation, losses, etc. awaiting final action at the end of March 2004

Sl. No	Name of the Department	Reported up to 31 March 2002		Reported in 2002-2003		Reported in 2003-2004		Total	
		Number	Amount (Rupees)	Number	Amount (Rupees)	Number	Amount (Rupees)	Number	Amount (Rupees)
1	Agriculture	57	1677932	-	-	-	-	57	1677932
2	Animal Resources Development	23	1823524	-	-	-	-	23	1823524
3	Commerce and Industries	2	331311	-	-	-	-	2	331311
4	Cottage and Small Scale Industries	2	1180314	-	-	-	-	2	1180314
5	Finance	10	1386489	-	-	-	-	10	1386489
6	Fisheries	1	912384	-	-	-	-	1	912384
7	Food and Supplies	3	50157	-	-	-	-	3	50157
8	Forests	2	653529	-	-	4	564084	6	1217613
9	Health and Family Welfare	65	3045741	2	987676	12	3116489	79	7149906
10	Higher Education	1	31800	-	-	-	-	1	31800
11	Home (Civil Defence)	1	190892	-	-	-	-	1	190892
12	Home (Police)	11	634910	-	-	-	-	11	634910
13	Home (Political)	1	121372	-	-	-	-	1	121372
14	Housing	1	177875	-	-	-	-	1	177875
15	Irrigation and Waterways	19	9731355	-	-	1	150000	20	9881355
16	Judicial	4	586759	-	-	-	-	4	586759
17	Labour	11	168190	-	-	-	-	11	168190
18	Land and Land Reforms	347	3970705	1	142110	4	280691	352	4393506
19	Mass Education Extension	2	80504	-		-	-	2	80504
20	Municipal Affairs	1	187000	-	-	-	-	1	187000
21	Public Health Engineering	2	2932711	-	-	-	-	2	2932711
22	Public Works	5	174437	-	-	-	-	5	174437
23	Public Works (Roads)	4	1104762	1	1149610	-	-	5	2254372
24	Refugee, Relief and Rehabilitation	2	250352	-	-	-	-	2	250352
25	Relief	4	2082971	-	-	-	-	4	2082971
26	Rural Development	34	3694747	1	71229	1	1470186	36	5236162
27	School Education	5	5430393	1	126854	-	-	6	5557247
28	Social Welfare	3	2227976	-	-	-	-	3	2227976
29	Sports and Youth Services	1	323731	-	-	-	-	1	323731
30	Technical Education and Training	10	1816768	-	-	-	-	10	1816768
31	Urban Development	2	149920	-	-	-	-	2	149920
32	Water Investigation and Development	23	142450	-	-	-	-	23	142450
	Total:	**659**	**47273961**	**6**	**2477479**	**22**	**5581450**	**687**	**55332890**
	Total amount (Rupees in lakh)		**472.74**		**24.77**		**55.81**		**553.32**

Appendix 8

(Refer paragraph 1.8, Page 15)

Statement showing summarised financial position of the State Government as on 31 March 2004

Amount as on 31 March 2003	Liabilities		Amount as on 31March 2004	Amount as on 31 March 2003	Assets		Amount as on 31 March 2004
(	Rupees		in		crore	)	
40963.14	Internal debt including Ways and Means Advance (Market Loans, Loans from LIC and others)		58106.77	13284.96	Gross Capital outlay		14041.10
				4203 70	Investments in shares of Companies, Corporations	4372 94	
	9284 95 Market loans bearing interest	14414 41			9081 26 Other Capital outlay	9668 16	
	7 50 Market loans not bearing interest	298 34		12679.51	Loans and Advances		15644.81
				635 09	Loans for Social Services	641 32	
	47 37 Loans from Life Insurance Corporation of India	42 63			8371 84 Loans for Energy	11205 62	
	8030 26 Loans from other Institutions	10940 22			3354 58 Loans for Economic Services excluding Energy	3520 93	
	162 33 Ways and Means Advances including Overdraft	830 50			317 42 Loans to Government Servants	276 36	
					0 58 Loans for Miscellaneous purposes	0 58	
	23430 73 Spl Securities issued to NSS Fund of Central Government	31580 67					
24653.70	Loans and Advances from the Central Government		19335.85	28.89	Advances		29.30
				401.64	Remittance Balance		358.13
	489 81 Pre 1984-85 Loans	390 53		56.81	Suspense and Miscellaneous		(-) 778.99
	14373 44 Non-Plan Loans	8245 55		0 60	Investment in earmarked Funds		0.60
	9723 81 Loans for State Plan Schemes	10636 17		572.84	Cash		425.16
	60 69 Loans for Centrally sponsored Plan Schemes	58 01			1 10 Cash in treasuries and local remittances	0 93	
					13 03 Departmental cash balance including permanent advance	14 69	
	5 95 Loans for Central Plan Schemes	5 59			105 57 Deposit with Reserve Bank of India	(-) 43 60	
19.11	Contingency Fund		18.47		453 14 Cash Balance Investment Account	453 14	
4265.82	Small Savings, Provident Funds, etc		4505.02	50537.53	Deficit on Government Account		59686.51
7398.16	Deposits		6947.16		41902 21 Accumulated deficit up to 31 March 2003	50537 53	
262.85	Reserve Funds		493.35		8635 32 Add Deficit of Current year	9148 98	
					Nil Less Net Miscellaneous receipt	Nil	
77562.78			89406.62	77562.78			89406.62

Appendix 9

(Refer paragraph 1.8, Page 16)

Statement showing abstract of receipts and disbursements for the year 2003-2004

2002-2003	Receipts			2003-2004	2002-2003	Disbursements	Non-Plan	Plan	Total	2003-2004
		Section A : Revenue								
14525 45	I	Revenue Receipts		16608.49	23160.77	I Revenue Expenditure	23836 06	1921 41	25757 47	25757.47
					12588.03	General Services	14388.93	30.70	14419.63	
7046 40		- Tax revenue	8767 91		7599.03	Social Services	6861.55	1174.25	8035.80	
					4400 81	- Education, Sports, Arts and Culture	4376 03	143 16	4519 19	
654.33		- Non-tax revenue	605 84		1329 07	- Health and Family Welfare	1071 77	283 02	1354 79	
4586 74		- State's share of Union taxes and duties	5341 65		855 22	- Water Supply, Sanitation, Housing and Urban Development	795 38	263 31	1058 69	
951 28		- Non-Plan grants	382 12		32 79	- Information and Broadcasting	29 10	3 05	32 15	
						- Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	95 73	109 89	205 62	
746 58		- Grants for State Plan Scheme	826 64		180 92					
540 12		- Grants for Central and Centrally sponsored Plan Schemes	684.33		53 17	- Labour and Labour Welfare	52 36	0 32	52 68	
					697 56	- Social Welfare and Nutrition	410 61	328 55	739 16	
					49 49	- Others	30 57	42 95	73 52	
					2742.00	Economic Services	2328.99	715.46	3044.45	
					751 58	- Agriculture and Allied Activities	658 73	75 65	734 38	
					611 57	- Rural Development	435 85	300 41	736 26	
					328 16	- Special Areas Programmes	151 13	151 59	302 72	
					454 42	- Irrigation and Flood Control	420 13	23 62	443 75	
					2 13	- Energy	0 20	2 91	3 11	
					107 20	- Industry and Minerals	70 52	97 08	167 60	
					411 64	- Transport	521 26	57 19	578 45	
					1 28	- Science, Technology and Environment	0 07	1 50	1 57	
					74 02	- General Economic Services	71 10	5 51	76 61	
					231.71	- Grants-in-aid and Contributions	256.59	1.00	257.59	
8635.32	II	Revenue deficit carried over to Section B		9148.98						
23160.77				25757.47	23160.77	Total				25757.47

Differences of 0.01 due to rounding

2002-2003	Receipts		2003-2004	2002-2003	Disbursements	Non-Plan	Plan	Total	2003-2004
	Section B								
458.36	III Opening Cash Balance including Permanent Advances and Cash Balance Investment		573 44	1355 86	III Opening Overdraft from RBI				-
Nil	IV Miscellaneous Capital receipts		Nil	784.35	IV Capital Outlay	13.54	742.60	756 14	756.14
				31 97	General Services	0.35	15.15	15.50	
				122 69	Social Services	5 44	134.58	140 02	
				4 91	Education, Sports, Arts And Culture	-	3 41	3 41	
				41 53	Health and Family Welfare	0 01	48 70	48 71	
				70 55	Water Supply, Sanitation, Housing and Urban Development	5 43	70 51	75 94	
				0 46	- Information and Broadcasting	-	1 37	1 37	
				1 56	- Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	2 96	2 96	
				Nil	- Labour and Labour Welfare	-	-	-	
				2 92	- Social Welfare and Nutrition	-	-	-	
				-	- Social Security and Welfare	-	7 16	7 16	
				0 76	- Other Social Services	-	0 47	0 47	
				629.69	Economic Services	7.75	592.87	600 62	
				17 91	- Agriculture and Allied Activities	(-) 2 29**	14 27	11 98	
				21 35	- Special Areas Programmes	-	30 17	30 17	
				164 83	- Irrigation and Flood Control	0 41	154 31	154 72	
				141 84	Energy	-	141 84	141 84	
				38 47	- Industry and Minerals	-	13 65	13 65	
				242 95	- Transport	9 60	238 43	248 03	
				Nil	- Science, Technology and Environment	-	-	-	
				2 34	- General Economic Services	0 03	0 20	0 23	
213.35	V Recoveries of Loans and Advances		91.03	1362 78	V Loans and Advances disbursed	2402.56	653 77	3056 33	3056.33
				1123 75	- For Power Projects	-	650 10	650 10	
141 84	- From Power Projects	141 84		36 27	- To Government Servants	13 34	-	13 34	
52 86	- From Government Servants	54 40		202 76	- To Others	2389 22	3 67	2392 89	
18 65	From Others	(-)105 21*							

* Minus figure due to *proforma* correction of Ledger Balance

** Minus figure due to excess adjustment on Capital Heads

2002-2003	Receipts		2003-2004	2002-2003	Disbursements	Non-Plan	Plan	Total	2003-2004
				8635.32	VI Revenue deficit brought down				9148 98
15576.31	VII Public debt receipts		20676.92	2990 98	VII Repayment of Public Debt				8851.14
13007 88	- Internal debt other than Ways and Means Advances and Overdraft	18637 88		776 28	- Internal debt other than Ways and Means Advances and Overdraft	2162 42			
	- Ways and Means Advances	668 17		582 61	- Ways and Means Advances				
2568 43	- Loans and Advances from Central Government	1370 87		1632 09	- Repayment of Loans and Advances to Central Government	6688 72			
	VIII Amount transferred to Contingency Fund		0.22	0.23	VIII Expenditure from Contingency Fund				0.86
24060 16	IX Public Account receipts		29800.27	24605.22	IX Public Account disbursements				28902.67
1077 26	- Small Savings and Provident Funds	1066 78		889 96	- Small Savings and Provident Funds	827 57			
81 91	- Reserve Funds	328 42		(-)83 77	Reserve Funds	97 92			
11382 44	- Suspense and Miscellaneous	14180 85		12577 35	- Suspense and Miscellaneous	13345 05			
1756 42	- Remittances	1747 37		1808 13	- Remittances	1703 86			
9762 13	- Deposits and Advances	12476 85		9413 55	- Deposits and Advances	12928 27			
				Nil	- Miscellaneous Government Account				
Nil	X Closing Overdraft from Reserve Bank of India		Nil	573.44	X Cash balance at end				425.76
				1 10	- Cash in Treasuries and Local Remittances	0 93			
				105 57	- Deposits with Reserve Bank	(-) 43 60*			
				13 03	- Departmental Cash Balance including Permanent Advances	14 69			
				0 60	- Investment in earmarked funds	0 60			
				453 14	- Cash Balance Investment	453 14			
40308.18	Total		51141.88	40308.18	Total				51141.88

*Minus balance under reconciliation with RBI

Appendix 10

(Refer paragraph 1.8, Page 16)

Statement showing sources and application of funds

(Rupees in crore)

2002-2003		Sources	2003-2004
14525.45	1.	Revenue receipts	16608.49
213.35	2.	Recoveries of Loans and Advances	91.03
11229.48	3(a)	Increase in Public debt other than overdraft	11825.78
	4.	Net receipts from Public account	
187.30		Increase in Small Savings	239.21
348.58		Increase in Deposits and Advances	
		Net effect of Remittance	43.51
		Net effect of suspense and Miscellaneous	835.80
165.68	5.	Increase in Reserve Funds	230.50
	6.	Decrease in closing cash balance	147.68
26669.84		**Total**	**30022.00**

2002-2003		Applications	
23160.77	1.	Revenue expenditure	25757.47
1362.78	2.	Lending for development and other purposes	3056.33
784.35	3.	Capital expenditure	756.14
-	4.	Net effect of Miscellaneous Government Account	
115.08	5.	Increase in closing cash balance	
1194.92	6.	Net effect of Suspense and Miscellaneous	
	7.	Net effect of Deposits and Advances	451.42
51.71	8.	Net effect of remittance	
0.23	9	Net effect of Contingency Fund	0.64
26669.84		**Total**	**30022.00**

Explanatory Notes for Appendices 8, 9 and 10

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.

2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in ***Appendix 8*** indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc. do not figure in the accounts.

3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement etc.

4. There was an unreconciled difference of Rs 11.43 crore (credit) between the figures reflected in the accounts and that intimated by the RBI under "Deposit with Reserve Bank". The difference was under reconciliation (September 2004).

Appendix 11

(Refer paragraph 1.8, Page 16)

Statement showing time series data on state government finances

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
	(Rupees in Crore)				
Part A. Receipts					
1. Revenue Receipts	**10211**	**14522**	**14538**	**14525**	**16608**
(i) Tax Revenue	5101(50)	5945(41)	6534(45)	7046(48)	8768(53)
Taxes on Agricultural Income	8	3	1	2	1
Taxes on Sales, Trade, etc.	3429(67)	3671(62)	3802(58)	4192(60)	4831(55)
State Excise	443(9)	462(8)	512(8)	567(8)	620(7)
Taxes on Vehicles	186(4)	283(5)	209(3)	249(4)	535(6)
Stamps and Registration fees	412(8)	474(8)	555(9)	720(10)	795(9)
Land Revenue	148(3)	511(8)	711(11)	658(9)	933(11)
Other taxes	475(9)	541(9)	744(11)	658(9)	993(11)
(ii) Non Tax Revenue	587(6)	1215(8)	776(5)	654(5)	606(4)
(iii) State's share of Union taxes and duties	2984(29)	4208(29)	4289(30)	4587(32)	5341(32)
(iv) Grants in aid from GOI	1539(15)	3154(22)	2939(20)	2238(15)	1893(11
2. Misc. Capital Receipts	Nil	Nil	Nil	Nil	Nil
3. Total revenue and Non debt capital receipts (1+2)	**10211**	**14522**	**14538**	**14525**	**16608**
4. Recoveries of Loans and Advances	37	93	168	213	91
5. Public Debt Receipts	**8350**	**10925**	**12205**	**15575**	**20677**
Internal Debt (excluding Ways and Means Advances and Overdrafts)	5554(66)	9361(86)	9783(80)	13007(84)	18638(90)
Net transactions under Ways and Means Advances and Overdrafts	1326(16)	25	750(6)	-	668(3)
Loans and Advances from Government of India[1]	1470(18)	1539(14)	1672(14)	2568(16)	1371(7)
6. Total receipts in the Consolidated Fund (3+4+5)	**18598**	**25540**	**26911**	**30313**	**37376**
7. Contingency Fund Receipts	0.10	0.35	-	-	-
8. Public Account receipts	22229	22749	26438	24060	29800
9. Total receipts of the State (6+7+8)	**40827.10**	**48289.35**	**53349.00**	**54373**	**67176**
Part B. Expenditure /Disbursement					
10. Revenue Expenditure	**19498(89)**	**22103(87)**	**23395(88)**	**23161(92)**	**25757(87)**
Plan	2214(11)	3121(14)	2876(12)	1784(8)	1921(7)
Non-Plan	17284(89)	18982(86)	20519(88)	21377(92)	23836(93)
General Services (including Interests Payments)	8041(41)	9713(44)	11243(48)	12588(54)	14419(56)
Social Services	8189(42)	8415(38)	8304(36)	7599(33)	8036(31)
Economic Services	3026(16)	3755(17)	3586(15)	2742(12)	3044(12)
Grants-in-aid and Contribution	242(1)	220(1)	261(1)	232(1)	258(1)
11. Capital Expenditure	**1006(5)**	**1323(5)**	**1265(5)**	**784(3)**	**756(3)**
Plan	985(98)	1263(95)	1240(98)	764(97)	743(98)
Non-Plan	21(2)	60(5)	25(2)	20(3)	13(2)
General Services	93(9)	44(3)	47(4)	32(4)	15(2)
Social Services	183(18)	197(15)	149(12)	123(16)	140(19)
Economic Services	730(73)	1082(82)	1069(84)	629(80)	601(79)
12. Disbursement of Loans and Advances	**1410(6)**	**2109(8)**	**1850(7)**	**1363(5)**	**3056**
13. Total (10+11+12)	**21914**	**25535**	**26510**	**25308**	**29569**
14. Repayments of Public Debt	762	1205	1568	2991	8851
Internal Debt (excluding Ways and Means Advances and Overdrafts)	175	297	508	776	2162
Net transactions under Ways and Means Advances and Overdrafts	Nil	Nil	Nil	583	668
Loans and Advances from Government of India	587	908	1060	1632	6689
15. Appropriation to Contingency Fund	Nil	Nil	Nil	Nil	Nil
16. Total disbursement out of Consolidated Fund (13+14+15)	**22676**	**26740**	**28078**	**28299**	**38420**
17. Contingency Fund disbursements	0.28	0.07	0.59	0.23	0.86
18. Public Account disbursements	17959	21518	25356	24605	28903
19. Total disbursement by the state (16+17+18)	**40635.28**	**48258.07**	**53434.59**	**54259.23**	**67323.86**
Part C Deficits					
20. Revenue Deficit (1-10)	9287	7581	8856	8635	9149
21 Fiscal Deficit (3+4-13)	11666	10920	11804	10570	12870
22. Primary Deficit (21-23)	7492	5582	5309	2760	3516
Part D Other data					
23 Interest Payments (included in revenue exp.)	4174	5338	6495	7810	9354
24 Arrears of Revenue (Percentage of Tax & non-tax Revenue Receipts)	558(10)	305(4)	NA	211(3)	1489
25 Financial Assistance to local bodies etc.	4795	4766	5367	6529	5146
26 Ways and Means Advances/Overdraft availed (days)	336	360	365	348	361
27 Interest on WMA/Overdraft	22	37	63	76	61
28 Gross State Domestic Product (GSDP)	115543(A)	143411(A)	148218(A)	158875(A)	171415(A)
29 Outstanding Debt (year end)	43227	54119	65583	77515	89167
30. Outstanding guarantees (year end0	3907	6960	7643	11194	11044
31 Maximum amount guaranteed(year end)	5606	9677	12912	17649	17256
32 Number of incomplete projects	19	19	19	19	20
33 Capital blocked in incomplete projects[2]	1006	1083	1137	1159	1552

[1] *Includes Ways and Means Advances from GOI* **Note : Figures in brackets represent percentage (rounded)**

[2] *Represents progressive amount blocked in incomplete projects at the end of the year based on figures collected from departmental heads (Details in Appendix 2)*

Appendix 12

(Refer Paragraph.1.8.2, Page 16)

Statement showing amount locked in incomplete projects

Name of the project		Progressive Expenditure for the year ended				
		1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
		(Rupees in crore)				
Teesta Barrage Project	(Major)	890.38	960.74	1011.70	1032.32	1060.47
Parga Irrigation Scheme	(Medium)	2.95	3.05	3.05	3.05	3.06
Moiuotorjore Irrigation Scheme	(Medium)	1.56	1.59	1.62	1.64	1.67
Tatko Irrigation Scheme	(Medium)	7.51	9.61	9.61	9.61	9.61
Lipaniajore Irrigation Scheme	(Medium)	2.77	2.80	2.85	2.87	2.89
Barabhume Irrigation Scheme	(Medium)	2.95	2.98	3.02	3.02	3.05
Extension Bandhu Irrigation Scheme	(Medium)	4.63	4.79	5.20	5.28	5.38
Beko Irrigation Scheme	(Medium)	4.02	4.08	4.26	4.95	4.95
Ramchandrapur Irrigation Scheme	(Medium)	6.06	6.19	6.34	6.34	6.42
Hanumata Irrigation Scheme	(Medium)	5.79	6.70	8.12	8.28	8.78
Futiary Irrigation Scheme	(Medium)	10.91	11.16	11.26	11.42	11.43
Patloi Irrigation Scheme	(Medium)	4.85	7.06	7.06	7.43	7.97
Golamajore Irrigation Scheme	(Medium)	2.77	2.92	3.06	3.14	3.23
Karrior Irrigation Scheme	(Medium)	3.09	3.26	3.37	3.46	3.57
Khairabera Irrigation Scheme	(Medium)	2.88	3.02	3.19	3.32	3.35
Sali Diversion Scheme	(Medium)	3.27	3.27	3.27	3.27	3.27
Sali Reservoir Scheme	(Medium)	1.82	1.82	1.82	1.82	1.82
Ghea Kunti Basin Drainage Scheme	(Drainage)	41.78	42.50	42.50	42.53	42.58
Subarnarekha Barrage Project	(Major)	-	25.58	31.44	34.25	34.87
Kangsabati Reservoir Project	(Major)	-	278.34	313.83	330.08	333.97
Total		**999.99**	**1381.46**	**1476.57**	**1518.08**	**1552.34**

***Nowi Basin Drainage Scheme has since been completed**

Appendix-13

(Refer paragraph 1.8.5, Page 18)

Statement showing department-wise position of non preparation of *pro forma* accounts since inception

Sl. No.	Department	Number of undertakings under the Department	Name of undertakings	Year of formation	Year from which accounts are due	Remarks
1.	Agriculture	1	Sisal Plantation Scheme	1955	1955-56	Accounts not prepared since inception The Department proposed (July 2003) to move the Finance department for waiving the requirement of submitting proforma accounts. Further developments are awaited (June 2004)
2.	Commerce and Industries	1	Oriental Gas Company's Undertakings	1960	1960-61 to 1989-90	Vested in newly set up company from 02.04.1990. The proforma accounts for 1988-89 and 1989-90 were submitted (March 2002) by the company in which the undertaking was vested, instead of by the Department. Proforma accounts for 1984-85 to 1987-88 were submitted by the winding - up cell in July 2002. All those accounts were returned.
3.	Cottage and Small Scale Industries	6	(1) Government Sales Emporia in Calcutta and Howrah	1951	1951-52 to 1962-63 and 1969-70 to 1980-81	Merged with another Government company from September 1980 Accounts not prepared since inception.
			(2) Silk reeling scheme	1956	1956-57	Accounts not prepared since inception. The Department had approached the Finance Department in December 2000 to consider waiving preparation of proforma accounts
			(3) Training-cum-Production Centre - Mechanical Toys, Hooghly	1972	1972-73 to 1986-87	Wound up from 21.06.1986. Accounts not prepared since inception.
			(4) Central Lock Factory, Bargachia, Howrah	1972	1972-73 to 1994-95	Closed from 17.02.1995. Accounts not prepared since inception.
			(5) Industrial Estate, Manicktola	1983	1983-84 to 1995-96	Merged with another Company from 17.07.1995. Accounts not prepared since inception.
			(6) Industrial Estate, Saktigarh	1983	1983-84 to 1995-96	Merged with another Company from 09.08.1995. Accounts not prepared since inception.

Appendix 14

(Refer paragraph 1.8.5, Page 19)

Statement showing department-wise position of arrears in preparation of *proforma* accounts.

Sl. No.	Department	Number of undertakings under the Department	Name of undertakings	Year of formation	Objectives	Reasons for losses	Year from which accounts are due	Investment as per last Accounts (Rupees in crore)	Remarks
1.	Commerce and Industries	1	Directorate of Cinchona and other Medicinal plants	1888	To process quinine from dry bark of Cinchona Plants To produce emetine and diosgenin from Ipecac root and dioscorea tubes respectively.	Failure to achieve production targets, low productivity of plantation labour, under utilisation of plant capacity, high production cost, low selling price and inadequate demand	1994-1995	128.76	Department stated (June 2004) due to non- availability of old records arrears in accounts could not be pulled up.
2	Cottage & Small Scale Industries	6	(1) Central Engineering Organisation, Howrah	1956	To assist small scale industrial units and local artisans by providing them with necessary infrastructure, appropriate technology and marketing facilities.	Inadequate set up to procure orders for SSI units.	1998-1999	5.13	
			(2) Surgical Instruments Servicing Station, Baruipur	1956	To assist small scale industrial units and local artisans by providing them with necessary infrastructure, appropriate technology and marketing facilities.	Low production due to labour unrest, leading to idle wages	1998-1999	1.76	
			(3) Industrial Estate, Howrah.	N.A	To assist small scale industrial units and local artisans by providing them with necessary infrastructure, appropriate technology and marketing facilities	-	1995-1996	1.26	Merged with another Company from 07.08 1995

Sl. No.	Department	Number of undertakings under the Department	Name of undertakings	Year of formation	Objectives	Reasons for losses	Year from which accounts are due	Investment as per last Accounts (Rupees in crore)	Remarks
	Cottage & Small Scale Industries		(4) Training-cum-production centre for Wood Industries, Siliguri	1956	For training of local craftsmen and production of seasoned timber and quality of wooden articles	Low productivity of workers, under utilisation of capacity	1998-1999	2 95	
			(5) Integrated Wood Industries Scheme, Durgapur	1956	For training of local craftsmen and production of seasoned timber and quality of wooden articles	Low productivity of workers, under utilisation of capacity	1998-1999	4 45	
			(6) Integrated Wood Industries Scheme, Kalyani	1956	For training of local craftsmen and production of seasoned timber and quality of wooden articles	Low productivity of workers, under utilisation of capacity	1998-1999	6 36	
3	Public Enterprises	1	Undertaking of Darjeeling Ropeway Company Limited	1977	Carriage of goods by ropeway from Bijanbari to Darjeeling	Low capacity utilisation and non-installation of procured equipment	1983-1984	0 26	The Department stated (June 2004) that accounts could not be prepared as there were no staff except one or two security staff
4	Housing	2	(i) Directorate of Brick Production (Manual) (ii) Mechanical Brick Factory, Palta	1965 1965	To stabilise the price of bricks through large scale production by manual and mechanical process and conserving agricultural land by using river silt as raw material	High cost of production due to higher administrative and maintenance cost, low production, huge inventory and wastage/ shortage of stores and stocks	1991-1992 1991-1992	4 49 10 31	The Department proposed (June 2004) to pull up the arrears by engaging a chartered accountant firm and posting a Chief Commercial Accountant to the Directorate of Brick Production

Sl. No.	Department	Number of undertakings under the Department	Name of undertakings	Year of formation	Objectives	Reasons for losses	Year from which accounts are due	Investment as per last Accounts (Rupees in crore)	Remarks
5	Animal Resources Development	4	i) Durgapur Milk Supply Scheme	1972	To procure milk from rural areas to improve economic conditions of villages. To supply good quality milk and milk products a reasonable rates.	Low utilisation of chilling plants and processing capacity Inability to procure adequate raw milk. Higher loss of fat and SNF. Transportation loss.	1998-1999	22.44	
			ii) Krishnanagar Milk Supply Scheme	1977	To procure milk from rural areas to improve economic conditions of villages. To supply good quality milk and milk products a reasonable rates.	Low utilisation of chilling plants and processing capacity. Inability to procure adequate raw milk Higher loss of fat and SNF. Transportation loss.	2001-2002	30.61	
			iii) Greater Calcutta Milk Supply Scheme	1950	To procure milk from rural areas to improve economic conditions of villages. To supply good quality milk and milk products a reasonable rates.	Low utilisation of chilling plants and processing capacity. Inability to procure adequate raw milk Higher loss of fat and SNF. Transportation loss	2003-2004	864.51	
			iv) Burdwan Milk Supply Scheme	1982	To procure milk from rural areas to improve economic conditions of villages. To supply good quality milk and milk products a reasonable rates.	Low utilisation of chilling plants and processing capacity. Inability to procure adequate raw milk. Higher loss of fat and SNF. Transportation loss.	2001-2002	27.44	

Sl. No.	Department	Number of undertakings under the Department	Name of undertakings	Year of formation	Objectives	Reasons for losses	Year from which accounts are due	Investment as per last Accounts (Rupees in crore)	Remarks
6.	Food and Supplies	1	Scheme for Public Distribution of Foodgrains (PDS)	1986	Supply of foodgrains and food stuff to the consumers at reasonable and affordable price throughout the year. To distribute foodgrains through distributors. Price security to farmers. Food security to people BPL.	Does not arise	1998-1999	81.78	The Department stated (June 2004) that three years accounts would be completed by March 2005.
7.	Fisheries	1	Scheme for production of shark liver oil, fish meal, etc.	1961	To produce shark liver oil as a substitute of cod liver oil to meet the demand of vitamin A and to produce partly feed and fertilizer by converting trash fish into fish meal.	Production was stopped in 1982-83 due to non-availability of selected variety of shark. Due to stiff competition from private sector and high establishment cost the production because unremunerative and ultimately stopped in 1992-93.	1994-1995	0.01	The Department stated (June 2004) that the scheme has been non-functional since 1995-96. Steps would be taken to omit the scheme from list of Departmentally managed commercial undertakings.
								1,192.52	

Total Capital Investment against loss-incurring undertakings (1,192.52-81.78) = Rs 1,110.74 Crore

Appendix 15

(Refer Paragraph 2.3.1, Page 28)

Statement showing Major Savings

Grant No.	Head of Account	Savings (Rupees in crore)
15	2202-General Education-Elementary Education-Assistance to Non-Government Primary Schools	13.84
	Secondary Education-Payment of service charges to banks	7.25
	Elementary Education-Printing of Nationalised Text Books for the Children at primary stage (PMGY)(ES)	4.00
	Assistance for Upgradation for Development of Elementary Education as recommended by the Eleventh Finance Commission (EFC)(ES)	6.44
	Implementation of Expanded Operation Black Board (ES)	10.78
18	2071-Pensions and Other Retirement benefits-Pension to Employees of Primary, Secondary School, Other Educational Institution/Organisation Colleges Pension Commuted value of Pension to Employees of State-Aided Educational Institution, Ad-hoc Relief	45.99
	2049-Interest Payment-Interest on loan from WBIDFC	129.57
	Interest on Deposits of WBIDFC	100.00
	Interest on Loans from WBIDFC (HUDCO)	44.34
	Interest on General Provident Fund	44.16
21	2235-Social Security and Welfare-Supply of Rice to the APL/BPL families in the TPDS at the subsidised rate	104.54
	2408-Food Storage and Warehousing-Food-District Distribution	9.47
	4408-Capital Outlay on Food Storage and Warehousing-Supply of Rice to the people below poverty line under TPDS at subsidised rate	220.78
24	2211-Family Welfare-Establishment and Maintenance of Rural Family Welfare Centre	20.28
	2210-Medical and Public Health-State Health System Development Project-II	33.48
25	2059-Public Works – Maintenance of other Government non-residential buildings PWD (Civil)	19.21
	Public Works Directorate– Suspense	96.19
	4210-Capital Outlay on Medical and Public Health- Basic Health Project for Upgradation of Primary Health Care Services (EAP) (HF)	38.38
	5054-Capital Outlay on Roads and Bridges-Improvement and Strengthening of flood affected State roads with loan assistance from HUDCO-PWD	15.61
	Scheme under RIDF PW Department	16.41
27	2055-Police-District Police	35.34
	Kolkata Police	23.10
39	2217-Urban Development-Kolkata Urban Services for the Poor (DIFD)(EAP)	57.04
40	2515-Other Rural Development Programmes-Assistance to Panchayati Raj Bodies as recommended by EFC	91.54
44	2852-Industries-Expenditure against ACA received under DFID assisted restructuring of Public Sector Enterprises in WB	65.23
	Total	**1252.97**

Appendix 16

(Refer Paragraph 2.3.1, Page 28)

Statement showing cases where expenditure fell short by more than Rs 1 crore in each case and also in excess of 10 *per cent* of the total provision

	Description of the grant/appropriation	Amount of Savings (Percentage) (Rupees in crore)	Reasons for savings
	Revenue Voted		
1 -	State Legislature	5.64 (36)	Not intimated (June 2004)
3 -	Council of Ministers	1.12 (27)	Not intimated (June 2004)
4 -	Agricultural Marketing	1.51 (17)	Not intimated (June 2004)
5 -	Agriculture	46.82 (18)	Not intimated (June 2004)
8 -	Co-operation	9.79 (21)	Savings (Rs 2.88 crore) was due to creation of fund by supplementary provision in March 2004 was stated to be required for meeting the establishment charges. Reasons for final savings in all the cases have not been intimated (June 2004).
10 -	Consumer Affairs	2.59 (13)	Savings (Rs 0.47 crore) was due to supplementary grant required for meeting establishment charges. Reasons for savings in other cases not intimated. Reasons for final saving have not been intimated (June 2004)
11 -	Cottage and Small Scale Industries	13.69 (16)	Not intimated (June 2004)
12 -	Development and Planning	38.98 (23)	Not intimated (June 2004)
17 -	Excise	7.43 (16)	Not intimated (June 2004)
19 -	Fire Services	12.54 (15)	Not intimated (June 2004)
21 -	Food and Supplies	131.01 (38)	Not intimated (June 2004)
22 -	Food Processing Industries and Horticulture	3.39 (27)	Not intimated (June 2004)
23 -	Forest	30.67 (19)	Savings (Rs 8.75 crore) was stated to be non-release of fund by the department due to 10 *per cent* cut imposed by the Finance Department in case of non-salary items. Reasons for final savings have not been intimated (June 2004)
25 -	Public Works	197.83 (25)	Not intimated (June 2004)
28 -	Housing	10.95 (19)	Not intimated (June 2004)

	Description of the grant/appropriation	Amount of Savings (Percentage) (Rupees in crore)	Reasons for savings
30 -	Information and Cultural Affairs	6.15 (12)	Savings (Rs 1 84 crore) was due to augmentation of fund by supplementary provision in March 2004 required for meeting establishment charges Reasons for savings in other cases and for final savings have not been intimated (June 2004)
32 -	Irrigation and Waterways	58.51 (22)	Not intimated (June 2004)
33 -	Jails	15.78 (20)	Not intimated (June 2004)
34 -	Judicial	20 97 (17)	Not intimated (June 2004)
35 -	Labour	34 04 (20)	Savings (Rs 9.31 crore) was due to augmentation of fund by supplementary provision in March 2004 required for financial assistance to increase number of workers in locked out industries and for government contribution to provident fund scheme for un-organised workers Reasons for savings in other cases and for final saving in all cases have not been intimated (June 2004)
40 -	Panchayat and Rural Development	110 73 (13)	Savings (Rs 91.54 crore) was due to creation of fund by supplementary provision obtained in March 2004 required for meeting the non-plan expenditure on account of Local Bodies Grants under EFC recommendation which has been transferred from state plan to non-plan. Savings (Rs 7 92 crore) was due to creation of funds by supplementary provision in March 2004 required to provide the matching state share to the Central Assistance under IAY and SGRY Reasons for savings in other cases have not been intimated (June 2004). Reasons for final savings in all cases except the former one have not been intimated
42 -	Personnel and Administrative Reforms	1.46 (12)	Not intimated (June 2004)
43 -	Power and Non-conventional Energy Sources	51.56 (91)	Not intimated (June 2004)
44 -	Public Enterprises	70 93 (98)	Savings was due to creation of fund by supplementary grant required for arrear payment of the early retirement scheme for employees towards payment of grants under DFID assisted restructuring of Public Sector Enterprises Scheme in West Bengal
46 -	Refugee Relief and Rehabilitation	5.47 (26)	Not intimated (June 2004)
48 -	Science and Technology	1.27 (40)	Not intimated (June 2004)
51 -	Technical Education and Training	13 99 (21)	Not intimated (June 2004)

	Description of the grant/appropriation	Amount of Savings (Percentage) (Rupees in crore)	Reasons for savings
52 -	Tourism	5.15 (33)	Not intimated (June 2004)
53 -	Transport	104.35 (27)	Not intimated (June 2004)
54 -	Urban Development	84.71 (42)	Not intimated (June 2004)
	Capital Voted		
5 -	Agriculture	8.06 (100)	Not intimated (June 2004)
6 -	Animal Resources Development	6.96 (91)	Reasons were stated to be due to non-release of fund by the Finance Department
7 -	Backward Classes Welfare	5.56 (75)	Creation of fund by supplementary provision in March 2004 was stated to be required for larger investment in West Bengal Scheduled Castes and Scheduled Tribes Development and Finance Corporation. Reasons for non-utilisation of fund have not been intimated (June 2004)
8 -	Co-operation	2.23 (37)	Saving was attributed to correction of misclassification in ledger balance corresponding to sub-head '002', '008' and '011' under the same major head
11 -	Cottage and Small Scale industries	4.00 (14)	Not intimated (June 2004)
14 -	Education (Mass)	6.21 (96)	Not intimated (June 2004)
15 -	Education (School)	10.44 (97)	Not intimated (June 2004)
18 -	Finance	17.17 (54)	Savings (Rs 8.39 crore) was due to creation of fund by obtaining supplementary provision in March 2004 required for payment of non-plan loan to the Government servants. Reasons for savings in other cases have not been intimated. Reasons for final savings have not been intimated (June 2004)
19 -	Fire Services	3.97 (79)	Not intimated (June 2004)
20 -	Fisheries	16.24 (81)	Savings (Rs 3.99 crore) was due to creation of fund by obtaining supplementary provision required for creation of infrastructure facilities for Fisheries programme under RIDF. Reasons for savings in other cases have not been intimated. Reasons for final savings have not been intimated (June 2004)
21 -	Food and Supplies	230.28 (100)	Not intimated (June 2004)
23 -	Forest	13.43 (100)	Not intimated (June 2004)

	Description of the grant/appropriation	Amount of Savings (Percentage) (Rupees in crore)	Reasons for savings
24 -	Health and Family Welfare	13.32 (83)	Savings (Rs 2.25 crore) was due to augmentation of fund by supplementary provision in March 2004 required for purchase of new machinery and equipment for Medical Education and Medical Colleges and Infrastructure development in Government Hospitals. Reasons for savings in other cases and for final savings in all cases have not been intimated (June 2004).
25 -	Public Works	2.12 (44)	Not intimated (June 2004)
28 -	Housing	13.75 (88)	Not intimated (June 2004)
31 -	Information Technology	13.43 (100)	Not intimated (June 2004)
32 -	Irrigation and Waterways	30.37 (20)	Not intimated (June 2004)
38 -	Minorities Development and Welfare	1.05 (21)	Not intimated (June 2004)
44 -	Public Enterprises	19.66 (27)	Not intimated (June 2004)
45 -	Public Health Engineering	12.81 (16)	Not intimated (June 2004)
46 -	Refugee Relief and Rehabilitation	4.25 (80)	Savings was due to non-issue of sanction by the Finance Department within the time frame and occurrence of minus expenditure due to correction of misclassification in Proforma Accounts. Reasons for final saving have not been intimated (June 2004)
50 -	Sunderban Affairs	4.83 (58)	Not intimated (June 2004)
52 -	Tourism	2.64 (93)	Not intimated (June 2004)
53 -	Transport	103.55 (52)	Not intimated (June 2004)
56 -	Women and Child Development and Social Welfare	8.42 (78)	Not intimated (June 2004)
	Revenue Charged		
25 -	Public Works	2.32 (43)	Not intimated (June 2004)
34 -	Judicial	6.73 (20)	Not intimated (June 2004)
46 -	Refugee Relief and Rehabilitation	3.07 (54)	Savings was due to adoption of economic measures. Reasons for final savings have not been intimated (June 2004)
	Total	**1659.90**	

Appendix 17

(Refer Paragraph 2.3.2, Page 28)

Statement showing persistent savings in excess of Rs 1 crore in each case and 20 *per cent* or more of the provisions

Description of the Grant	Savings / percentage (Rupees in crore)		
	2001-2002	2002-2003	2003-2004
Revenue – Voted			
1 - State Legislature	4 73 (25)	6 90 (34)	5 64 (36)
3 - Council of Ministers	1 53 (34)	1.58 (37)	1.12 (27)
8 - Co-operation	13 02 (25)	9.51 (21)	9 79 (21)
33 - Jails	20 60 (27)	15 81 (22)	15 78 (20)
52 - Tourism	6.06 (38)	5 50 (44)	5 15 (33)
Capital – Voted			
8 - Cooperation	11.81 (43)	9 64 (39)	2 23 (37)
20 - Fisheries	2 01 (67)	12 93 (44)	16 24 (81)
24 - Health and Family Welfare	1 97 (88)	1 98 (100)	13.32 (83)
25 - Public Works	126 67 (46)	118 47 (59)	211 99 (44)
28 - Housing	126.67 (46)	8.32 (28)	13.75 (88)
52 - Tourism	2 56 (55)	4 77 (79)	2 64 (93)

Appendix 18

(Refer Paragraph 2.3.5, Page 30)

Statement showing cases where supplementary provisions proved unnecessary

	Description of the grant/appropriation	Section	Original grant/ appropriation	Supplementary grant/ appropriation	Actual expenditure	Savings
			Rupees	Rupees	Rupees	Rupees
A -	Voted					
7 -	Backward Classes Welfare	Capital	74152000	11038000	29579421	55610579
8 -	Co-operation	Revenue	406229000	64653000	372979628	97902372
10 -	Consumer Affairs	Revenue	174062000	20171000	168301166	25931834
11 -	Cottage and Small Scale Industries	Capital	264876000	28324000	253174123	40025877
12 -	Development and Planning	Revenue	1438995000	233732000	1282930560	389796440
17 -	Excise	Revenue	437080000	24780000	387575450	74284550
18 -	Finance	Capital	220910000	95000000	144245724	171664276
20 -	Fisheries	Capital	183745000	17755000	39080275	162419725
24 -	Health and Family Welfare	Revenue	13444575000	193777000	12839396471	798955529
		Capital	80583000	80165000	27519883	133228117
30 -	Information and Cultural Affairs	Revenue	465366000	40811000	444725300	61451700
33 -	Jails	Revenue	741898000	36802000	620902676	157797324
35 -	Labour	Revenue	1575852000	148932000	1384389839	340394161
		Capital	600000	400000	345628	654372
42 -	Personnel and Administrative Reforms	Revenue	112020000	4703000	102157659	14565341
44 -	Public Enterprises	Revenue	14535000	707489000	12749031	709274969
		Capital	712225000	6275000	521889143	196610857
	Total : A - Voted		**20347703000**	**1714807000**	**18631941977**	**3430568023**
B -	**Charged**					
2 -	Governor	Revenue	27132000	658000	25823638	1966362
30 -	Information and Cultural Affairs	Revenue	-	437000	-	437000
35 -	Labour	Revenue	-	8600000	-	8600000
	Total : B – Charged		**27132000**	**9695000**	**25823638**	**11003362**
	Total: A and B		**20374835000**	**1724502000**	**18657765615**	**3441571385**

Appendix 19

(Refer Paragraph 2.3.5, Page30)

Statement showing cases where supplementary provision obtained proved excessive (Saving in each case being more than Rs 10 lakh)

	Description of the grant/ appropriation	Section	Original grant/ appropriation	Supplementary provision	Actual expenditure	Saving
			Rupees	Rupees	Rupees	Rupees
A -	Voted					
4 -	Agricultural Marketing	Capital	25629000	7581000	29643233	3566767
38 -	Minorities Development and Welfare	Revenue	21457000	4020000	22251662	3225338
39 -	Municipal Affairs	Revenue	8701048000	1076052000	8852525131	924574869
40 -	Panchayat and Rural Development	Revenue	6462875000	2014666000	7370194201	1107346799
43 -	Power and Non-Conventional Energy Sources	Capital	21743800000	9925000000	31174589000	494211000
45 -	Public Health Engineering	Revenue	2273478000	414043000	2575573084	111947916
49 -	Sports and Youth Services	Revenue	232365000	240505000	466245839	6624161
50 -	Sunderban Affairs	Revenue	143109000	94405000	216175070	21338930
		Capital	26880000	56920000	35471697	48328303
	Total : A - Voted		**39630641000**	**13833192000**	**50742668917**	**2721164083**
B -	Charged					
25 -	Public Works	Capital	3880000	2663000	4935044	1607956
27 -	Home	Revenue	78102000	2862000	80361913	602087
53 -	Transport	Capital	114583000	471000	114858032	195968
	Total : B - Charged		**196565000**	**5996000**	**200154989**	**2406011**
	Total : A + B		**39827206000**	**13839188000**	**50942823906**	**2723570094**

Appendix 20

(Refer Paragraph 2.3.5, Page 30)

Statement showing cases where supplementary provision proved insufficient

	Description of the grant/ appropriation	Section	Original grant/ appropriation Rupees	Supplementary provision Rupees	Actual expenditure Rupees	Final excess Rupees
A	- Voted					
7	- Backward Classes Welfare	Revenue	1916250000	18633000	2063109368	128226368
29	- Industrial Reconstruction	Capital	146200000	31155000	316600418	139245418
31	- Information Technology	Revenue	31715000	23023000	59303576	4565576
51	- Technical Education and Training	Capital	7333000	5807000	142000643	128860643
54	- Urban Development	Capital	153268000	4534000	256884158	99082158
55	- Water Investigation and Development	Capital	258891000	94090000	360776267	7795267
56	- Women and Child Development and Social Welfare	Revenue	2837189000	596113000	3469387491	36085491
	Total : A - Voted		**5350846000**	**773355000**	**6668061921**	**543860921**
B	- Charged					
9	- Commerce and Industries	Revenue	-	18689000	20064904	1375904
18	- Finance	Capital	80553901000	35376568000	221001856908	105071387908
27	- Home	Capital	34962000	3240000	38211376	9376
47	- Relief	Revenue	48400000	126517000	422084000	247167000
	Total : B - Charged		**80637263000**	**35525014000**	**221482217188**	**105319940188**
	Total : A and B		**85988109000**	**36298369000**	**228150279109**	**105863801109**

Appendix 21

(Refer Paragraph 2.3.5, Page 30)

Statement showing cases where expenditure exceeded the Budget Provision but no supplementary grant was obtained

	Description of the grant/ appropriation	Section	Original grant/ appropriation Rupees	Actual expenditure Rupees	Final excess Rupees
A	- Voted				
9	- Commerce and Industries	Revenue	753990000	1301347313	547357313
16	- Environment	Revenue	48767000	79155523	30388523
37	- Law	Capital	-	16800000	16800000
47	- Relief	Capital	-	2680000	2680000
	Total : A – Voted		**802757000**	**1399982836**	**597225836**
B	- Charged				
5	- Agriculture	Capital	9837000	10263015	426015
36	- Land and Land Reforms	Revenue	26612000	905193969	878581969
43	- Power and Non-Conventional Energy Sources	Capital	21628000	21777408	149408
	Total : B - Charged		**58077000**	**937234392**	**879157392**
	Total : A and B		**860834000**	**2337217228**	**1476383228**

Appendix 22

(Refer Paragraph 2.3.6, Page 30)

Statement showing injudicious re-appropriation resulting in excess expenditure

Serial Number	Grant Number	Major head affecting the grant	Total provision	Re-appropriation	Total grant	Expenditure	Amount of excess
			(Rupees in crore)				
1	5	2401-Crop Husbandry	0.60	(+) 0.02	0.62	1.55	(+) 0.93
2	15	2202-General Education	29.44	(-) 11.79	17.65	19.38	(+) 1.73
			26.94	(-) 26.85	0.09	5.23	(+) 5.14
			13.52	(-) 12.68	0.84	10.29	(+) 9.45
			1963.62	(-) 39.80	1923.82	2012.16	(+) 88.34
			96.48	(-) 32.50	63.98	102.28	(+) 38.30
			2.69	(-) 1.93	0.76	4.33	(+) 3.57
3	23	2406-Forestry and Wild Life	2.29	(-) 2.29	-	0.96	(+) 0.96
4	25	5054-Capital Outlay on Roads and Bridges	15.00	(-) 13.45	1.55	2.13	(+) 0.58
			20.00	(-) 15.40	4.60	9.82	(+) 5.22
			0.85	(+)2.56	3.41	4.39	(+) 0 98
			0.14	(+)2.49	2.63	5.03	(+) 2.40
			20.23	(-) 6.63	13.60	29.71	(+) 16.11
5	29	6860-Loans for Consumer Industries	5.62	(+) 5.00	10.62	19.80	(+) 9.18
6	31	2251-Secretariat Social Services	0.50	(+) 1.00	1.50	2.42	(+) 0.92
7	32	2711-Flood Control and Drainage	16.62	(-) 7.51	9.11	10.93	(+) 1.82
			15.62	(-) 4 44	11.18	11.81	(+) 0.63
		4711-Capital Outlay on Flood Control Projects	3.50	(+) 2.12	5.62	6.67	(+) 1.05
			15.24	(+) 12.11	27.35	30.95	(+) 3.60
8	35	2235-Social Security and Welfare	1.22	(+) 1.23	2.45	6.95	(+) 4.50
			11.48	(-) 0.20	11.28	17.12	(+) 5.84
9	43	6801-Loans for Power Projects	120.00	(-) 74.62	45.38	46.18	(+) 0.80
10	44	6857-Loans for Chemical and Pharmaceutical Industries	855.66	(+) 431.00	1286.66	1850.61	(+) 663.95
			7.00	(+) 0.63	7.63	11.56	(+) 3.93
11	55	4702-Capital Outlay on Minor Irrigation	14.45	(+) 4.77	19.22	20.96	(+) 1.74

Appendix 23

(Refer Paragraph 2.3.6, Page 30)

Statement showing injudicious re-appropriation resulting in savings

Serial Number	Grant Number	Major head affecting the grant	Total provision	Re-appropriation	Total grant	Expenditure	Amount of savings
			(Rupees in crore)				
1	5	2401-Crop Husbandry	2.40	(-) 1.98	0.41	0.27	(-) 0.14
			20.00	(-) 6.81	13.19	12.59	(-) 0.60
			4.05	(-) 1.34	2.71	-	(-) 2.71
2	6	2403-Animal Husbandry	14.62	(-) 0.06	14.56	11.41	(-) 3.15
			4.06	(+) 0.24	4.30	3.09	(-) 1.21
3	15	2202-General Education	1389.27	(-) 56.16	1333.11	1319.27	(-) 13.84
			28.46	(-) 4.12	24.34	22.71	(-) 1.63
			26.86	(-) 1.77	25.09	24.46	(-) 0.63
			17.41	(-) 2.76	14.65	11.65	(-) 3.00
			22.46	(+) 1.92	24.38	17.13	(-) 7.25
4	22	2401-Crop Husbandry	3.50	(-) 0.72	2.78	1.88	(-) 0.90
		6860-Loans for Consumer Industries	0.25	(-) 0.25	-	2.21	(-) 2.21
5	23	2406-Forestry and Wild Life	10.01	(-) 2.89	7.12	6.22	(-) 0.90
			12.31	(-) 7.71	4.60	3.39	(-) 1.21
			0.39	(-) 0.39	-	0.53	(-) 0.53
6	25	2059-Public Works	1.98	(-) 0.56	1.42	(-) 10.52	(-) 11.94
			9.10	(-) 2.60	6.50	5.07	(-) 1.43
			104.35	(-)18.25	86.10	77.69	(-) 8.41
			2.08	(-) 0.38	1.70	0.73	(-) 0.97
		5054-Capital Outlay on Roads and Bridges	40.00	(-)12.35	27.65	17.30	(-) 10.35
			17.00	(-) 6.36	10.64	4.31	(-) 6.33
			36.88	(-) 2.06	34.82	26.98	(-) 7.84
7	29	6858-Loans for Engineering Industries	4.00	(-) 4.00	-	(-) 16.21	(-) 16.21
8	30	2220-Information and Publicity	10.00	(+) 1.83	11.83	9.99	(-) 1.84
9	32	2701-Major and Medium Irrigation	20.90	(-) 3.17	17.73	17.21	(-) 0.52
			30.02	(-) 2.45	27.57	23.65	(-) 3.92
			6.91	(-) 2.42	4.49	0.23	(-) 4.72
			2.69	(-) 0.51	2.18	1.04	(-) 1.14
			2.13	(-) 0.79	1.34	0.20	(-) 1.14
			26.28	(-) 0.94	25.34	21.38	(-) 3.96
			21.81	(+) 6.32	28.13	25.30	(-) 2.83
		4701-Capital Outlay on Major and Medium Irrigation	30.00	(-) 22.16	7.84	5.23	(-) 2.61
		4711-Capital Outlay on Flood Control Projects	11.92	(-) 4.31	7.61	3.43	(-) 4.18
			10.00	(-) 2.44	7.56	5.18	(-) 2.38
10	35	2210-Medical and Public Health	43.91	(+) 0.28	44.19	34.52	(-) 9.67
11	43	6801-Loans for Power Projects	60.00	(-) 52.07	7.93	-	(-) 7.93
			36.60	(+) 9.68	46.28	37.56	(-) 8.72
		6860-Loans for Consumer Industries	5.00	(-) 1.00	4.00	-	(-) 4.00
		4801-Capital Outlay on Power Projects	136.84	(+) 10.00	146.84	141.84	(-) 5.00
12	46	2235-Social Security and Welfare	5.65	(-) 2.41	3.24	2.58	(-) 0.66
13	47	2245-Relief on Account of Natural Calamities	19.50	(-) 2.18	17.32	3.13	(-) 14.19
			6.00	(-) 0.09	5.91	2.47	(-) 3.44
14	53	3055-Road Transport	92.78	(-) 2.02	90.76	88.57	(-) 2.19
15	54	3451-Secretariat Economic Services	6.36	(-) 2.63	3.72	2.81	(-) 0.91
		3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	106.00	(-) 22.27	83.73	39.92	(-) 43.81

Appendix 24

(Refer Paragraph 2.3.8, Page 31)

Statement showing cases where the whole amount of savings (Rs 1 crore and above) remained unsurrendered

	Description of the grant	Savings	Amount Surrendered
		(Rupees in crore)	
	Revenue (Voted)		
1 -	State Legislature	5 64	-
3 -	Council of Ministers	1 12	-
4 -	Agricultural Marketing	1 51	-
10 -	Consumer Affairs	2.59	-
11 -	Cottage and Small Scale Industries	13 69	-
12 -	Development and Planning	38 98	-
17 -	Excise	7 43	-
19 -	Fire Services	12.54	-
20 -	Fisheries	2 48	-
21 -	Food and Supplies	131.01	-
24 -	Health and Family Welfare	79.90	-
26 -	Hill Affairs	4 47	-
30 -	Information and Cultural Affairs	6 15	-
32 -	Irrigation and Waterways	58.51	-
33 -	Jails	15.78	-
34 -	Judicial	20 97	-
36 -	Land and Land Reforms	8 77	-
40 -	Panchayat and Rural Development	110.73	-
42 -	Personnel and Administrative Reforms	1 46	-
44 -	Public Enterprises	70 93	-
45 -	Public Health Engineering	11 19	-
48 -	Science and Technology	1.27	-
50 -	Sunderban Affairs	2 13	-
51 -	Technical Education and Training	13.99	-
52 -	Tourism	5.15	-
55 -	Water Investigation and Development	6.31	
	Revenue (Charged)		-
18 -	Finance	343 46	-
	Capital (Voted)		
5 -	Agriculture	8 06	-
7 -	Backward Classes Welfare	5.56	-
8 -	Co-operation	2 23	-
11 -	Cottage and Small Scale Industries	4 00	-
14 -	Education (Mass)	6.21	-
15 -	Education (School)	10 44	-
19 -	Fire Services	3.97	-
20 -	Fisheries	16.24	-
21 -	Food and Supplies	230 28	-
23 -	Forest	13.43	-
24 -	Health and Family Welfare	13.32	-
27 -	Home	1.52	-
28 -	Housing	13.75	-
31 -	Information Technology	13 43	-
32 -	Irrigation and Waterways	30.37	-
34 -	Judicial	6.73	-
38 -	Minorities Development and Welfare	1.05	-
39 -	Municipal Affairs	53.38	-
44 -	Public Enterprises	19.66	-
45 -	Public Health Engineering	12.81	-
50 -	Sunderban Affairs	4 83	-
52 -	Tourism	2.64	-
53 -	Transport	103.55	-
56 -	Women and Child Development and Social Welfare	8.42	
	Total	**1564.04**	-

Appendix 25

(Refer Paragraph 2.3.8, Page 31)

Statement showing Grants/Appropriations in which large savings (Rs 1 crore and above) had not been surrendered

	Description of the grant	Total Savings	Amount surrendered	Amount not surrendered	Percentage not surrendered
		(Rupees in crore)			
	Revenue (Voted)				
5 -	Agriculture	46.82	11.81	35.01	75
6 -	Animal Resources Development	26.20	2.84	23.36	89
8 -	Co-operation	9.79	0.62	9.17	94
13 -	Education (Higher)	16.77	0.11	16.66	99
18 -	Finance	213.05	0.31	212.74	99
23 -	Forest	30.68	21.34	9.34	30
25 -	Public Works	197.83	22.29	175.54	88
27 -	Home	102.38	0.22	102.16	99
28 -	Housing	10.95	7.60	3.35	31
35 -	Labour	34.04	1.45	32.59	96
39 -	Municipal Affairs	92.46	0.52	91.94	99
43 -	Power and Non-Conventional Energy Sources	51.56	2.17	49.39	96
47 -	Relief	22.92	3.98	18.94	83
53 -	Transport	104.35	0.03	104.32	99
	Revenue (Charged)				
25 -	Public Works	2.32	0.10	2.22	96
	Capital (Voted)				
6 -	Animal Resources Development	6.96	5.22	1.74	25
22 -	Food Processing and Horticulture	6.03	3.88	2.15	36
54 -	Urban Development	84.71	45.10	39.61	47
	Total	**959.82**	**129.59**	**830.23**	

Appendix 26

(Refer Paragraph 2.3.8, Page 31)

Statement showing Grants/Appropriations in which amount surrendered in March 2004

	Description of the grant/appropriation	Grant/ Appropriation	Amount Surrendered (Rupees in crore)
2 -	Governor	Revenue (Voted)	0 14
5 -	Agriculture	Revenue (Voted)	11 81
6 -	Animal Resources Development	Revenue (Voted)	2 84
		Capital (Voted)	5.22
8 -	Co-operation	Revenue (Voted)	0 62
13 -	Education (Higher)	Revenue (Voted)	0 11
18 -	Finance	Revenue (Voted)	0 31
22 -	Food Processing Industries and Horticulture	Capital (Voted)	3 88
23 -	Forest	Revenue (Voted)	21 34
25 -	Public Works	Revenue (Voted)	0.22
		Revenue (Charged)	0 10
		Capital (Voted)	1.27
		Capital (Charged)	0.16
35 -	Labour	Revenue (Voted)	1 45
39 -	Municipal Affairs	Revenue (Voted)	0 52
43 -	Power and Non-conventional Energy Sources	Revenue (Voted)	2.17
		Capital (Voted)	709 61
46 -	Refugee Relief and Rehabilitation	Revenue (Voted)	6.62
		Capital (Voted)	3.99
47 -	Relief	Revenue (Voted)	3.98
53 -	Transport	Revenue (Voted)	0.03
		Total	**776.39**

Appendix 27

(Refer Paragraph 2.3 9, Page 31)

Statement showing expenditure incurred without provision

(Rupees in lakh)

	Description of Grant and Major Head	Expenditure incurred
Grant No 4 –	2435-Other Agricultural Programme-01-Marketing and Quality Control-800-Other Expenditure-Plan State Plan (Annual Plan and Tenth Plan)-SP 012-Subsidy for marketing of Potatoes produced in West Bengal	70 00
Grant No 5 –	2402-Soil and Water Conservation-102-Soil Conservation-Plan – Centrally Sponsored (New Schemes)-CS 002-Soil Conservation in the Catchment of River Valley Project, Teesta	153 43
Grant No 7 -	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes-02-Welfare of Scheduled Tribes-796-Tribal Areas Sub-Plan-Plan-State Plan (Annual Plan and Tenth Plan)-SP 050-Provision against SCA for Tribal Sub Plan	1982 31
Grant No 8 -	6425 Loans for Co-operation -00-106 Loans to Multipurpose Rural Co-operatives-Non Plan 002 Warehousing and Marketing Co-operatives–Loans for Establishment of Co-operative Storage Godowns and Cold Storage	776 40
	011-Processing Co-operatives-Loans for Development of Co-operative Processing Societies and Cold Storage	314 14
	107-Loans to Credit Co operatives-Non-Plan-008 Loans for Integrated Co-operative Development Project	370 91
Grant No 9 –	Commerce and Industries-6860 Loans for Consumer Industries 60 Others - Plan-State Plan (Annual Plan and Tenth Plan)	854 68
Grant No 11-	6851-Loans for Village and Small Industries-00-190-Loans to Public Sector and Other Undertakings-Non Plan-011-Public Undertakings Loans to West Bengal Small Industries Corporation	1105 93
Grant No 16	2215 Water Supply and Sanitation-02-Sewerage and Sanitation-106-Prevention of Air and Water Pollution Plan-State Plan (Annual Plan and Tenth Plan)-SP 018 Industrial Pollution Control Project (OECF)	450 31
Grant No 18-	2049 Interest Payment 01-Interest on Internal Debt-101-Interest on Market Loans (Charged)-Non-Plan 053-7 *per cent* loan 1993 WB	5948 13
	059-6 20 *per cent* West Bengal-SDL-2013	7894 38
	04-Interest on Loans and Advances from Central Government – 104 – Interest on Loans for Non-Plan Schemes (Charged) – Non-Plan-001-Interest on special medium term Non-Plan Loan	2014 80
	60-Interest on Other Obligations-701-Miscellaneous – Non-Plan-007-8 5 *per cent* Special Bonds (Power Bonds)	25038 14
	6003-Internal Debt of the State Government -109-Loans from other Institutions-Non-Plan 014 Loans for West Bengal Infrastructure Development Finance Corporation	66665 08
	020-Loans from WBIDFC (HUDCO)	5236 39
Grant No 18-	110-Ways and Means Advances from the Reserve Bank of India – Non Plan-002-Ways and Means Advances from the Reserve Bank of India – Special	243903 00
	003-Ways and Means Advances from the Reserve Bank of India-Shortfall	3600 58
	004-Ways and Means Advances from the Reserve Bank of India - Overdraft	684049 10
	111-Special Securities issued to National Small Savings Funds of the Central Government Non-Plan-004-Government of West Bengal (NSSF) (Non-transferable) Special Securities	90416 00

	Description of Grant and Major Head	Expenditure incurred
Grant No 20-	4405-Capital Outlay on Fisheries-00-101-Inland Fisheries-Plan-State Plan (Annual Plan and Tenth Plan)-SP 005-Infrastructure facilities for fisheries programme under RIDF-II	241 05
Grant No 23 -	2406-Forestry and Wild Life-02-Environmental Forestry and Wild Life-800-Other Expenditure-Plan-Central Sector(New Schemes)-CS 001-Conservation and Management of Sunderban Mangrove in West Bengal	112 00
Grant No 25-	3054-Roads and Bridges-80-General-001-Direction and Administration-Non-Plan-001-Establishment charges transferred from the revenue head '2059'-Public Works	406 14
Grant No 27-	2055-Police-00-800-Other Expenditure-Non-Plan-002-Additional Police appointed for the performance of Agency Functions	243 00
Grant No 28-	2216-Housing-80-General-800-Other Expenditure-Non-Plan-001- Grants to WBHB for payment of Interest Liabilities to WBIDFC- Subsidy	478 40
Grant No 29-	6860-Loans for Consumer Industries-60-Others-190-Loans to Public Sector and Other Undertakings-Non-Plan-002-Loans to Krishna Silicate	2113 92
Grant No 30-	2205-Art and Culture-800-Other Expenditure-Plan-State Plan (Annual Plan and Tenth Plan)-SP 046-ACA as Grant for Swami Vivekananda Memorial and Cultural Centre, Shimla Street, Kolkata	250 00
Grant No 34-	2014-Administration of Justice-00-105-Civil and Session Courts-Plan-Centrally Sponsored (New Schemes)-CS 001-Computerisation and Networking of City Civil Courts in Kolkata	197 00
Grant No 37-	6217-Loans for Urban Development-01-State Capital Development- 191 – "Loans to Local Bodies, Corporations, etc "-Plan-State Plan (Annual Plan and Tenth Plan)-SP 017-Loans to KMDA for Surface Water Supply to South Dum Dum and Dum Dum Municipalities and Bidhannagar Township	124 00
Grant No 38-	4235-Capital Outlay on Social Security and Welfare-Plan-State Plan (Annual Plan and Tenth Plan)-SP-001-Investment in Scheme of Share Capital of NMDFC(MD)	100 00
Grant No 39-	2217-Urban Development -05-Other Urban Development Schemes-Plan-State Plan (Annual Plan and Tenth Plan)-SP 041-Municipal Development (World Bank)	502 82
	80-General-800-Other Expenditure-Non-Plan-005-Assistance to Urban Local Bodies as recommended by Eleventh Finance Commission	3727 92
Grant No 40-	2515-Other Rural Development Programmes-00-800-Other Expenditure-Plan-State Plan (Annual Plan and Tenth Plan)-SP 022-Assistance to Panchayati Raj Bodies for meeting its committed liability for completion of infrastructure schemes	2000 00
Grant No 43-	6801-Loans for Power Projects-00-202-Thermal Power Generation – Non-Plan-010-Loans to WBPDCL towards adjustment of dues to CPSUS converted to Power Bonds	11316 00
	Plan-State Plan (Annual Plan and Tenth Plan)-SP 001-Loans to West Bengal State Electricity Board on Account of OECF Teesta Canal Fall	791 00
	Non-Plan-003-Loans to WB Powr Development Corporation Limited	50000 00

	Description of Grant and Major Head	Expenditure incurred
Grant No 44-	6858-Loans for Engineering Industries-Non-Plan-004-Loans to Westinghouse Saxby Farmer Limited	691 28
	6860-Loans for Consumer Industries-Non-Plan-003-Loans to West Bengal Plywood Limited	1116 60
	004-Loans to Lily Biscuit	1661 41
	501-Loans to West Bengal Industrial Development Corporation	2978 00
	Plan-State Plan(Annual Plan and Tenth Plan)-SP 002-Loans to Krishna Silicate	501 80
Grant No 46-	6250-Loans for Other Social Services-800-Other Loans-Plan-State Plan (Annual Plan and Tenth Plan)- SP 001-Loans under Additional Employment Programme	1594 31
Grant No 47-	2245-Relief on Account of Natural Calamities-02-Floods and Cyclones etc -106-Repairs and restoration of damaged roads and bridges-Non-Plan-011-Emergent repair of roads, culverts, bridges, etc damaged/destroyed by natural calamities	596 57
	114-Assistance to Farmers for purchase of Agricultural inputs-Non-Plan-001-Supply of seeds/fertilisers etc for raising alternative crops in flood/cyclone affected areas	468 08
	003-Contribution of States towards the Corpus fund under national Agriculture Insurance Scheme (NAIS)	1454 30
Grant No 49-	2403-Animal Husbandry-001-Dirction and Administration-Plan- Centrally Sponsored (New Schemes)-CS 001-17th Quinquential Livestock Census (AD)	202 58
Grant No 51-	2405-Loans for Fisheries-195-Loans to Fisheries Co-operatives-Non-Plan – ND 001-Loans to Primary/Central Fishermen's Co-operative Societies to avail NCDC assistance	1379 35
Grant No 53-	5055-Capital Outlay on Road Transport-800-Other Expenditure-Non-Plan – 011-Calcutta Transport Infrastructure Development Project Design and Construction of Fly-over Improvement of Road Inter sections through OECF loan Assistance	958 70
Grant No 54-	2215-Water Supply and Sanitation-Plan-Centrally Sponsored (New Schemes)-CS 001- Central share for implementation of the scheme under Ganga Action Plan-Plan Phase-II	1500 00
	6217-Loans for Urban Development –Plan-State Plan (Annual Plan and Tenth Plan)-SP-017-Loans to KMDA for Surface Water Supply to South Dum Dum and Dum Dum Municipalities and Bidhannagar Township	1908 24
	Total	**1230418.18**

Appendix 28

(Refer Paragraph 2.3.10, Page 31)

Statement showing inadequate budgetary control

a) Surrender in excess of actual savings

		Description of the grant/appropriation	Section	Savings (Rupees in crore)	Surrendered (Rupees in crore)
15	-	Education (School)	Revenue – Voted	249.28	375.08
22	-	Food Processing Industries and Horticulture	Revenue – Voted	3.39	4.41
29	-	Industrial Reconstruction	Revenue – Voted	0.41	0.44
43	-	Power and Non-Conventional Energy Sources	Capital – Voted	49.42	709.61
46	-	Refugee Relief and Rehabilitation	Revenue – Voted	5.47	6.62
			Total	**307.97**	**1096.16**

b) Surrender in spite of excess expenditure

		Description of the grant/appropriation	Section	Excess (Rupees in crore)	Surrendered (Rupees in crore)
9	-	Commerce and Industries	Revenue – Voted	54.74	0.56
29	-	Industrial Reconstruction	Capital – Voted	13.92	1.43
54	-	Urban Development	Capital – Voted	9.91	1.86
			Total	**78.57**	**3.85**

Appendix 29

(Refer Paragraph 2.6, Page 33)

Statement showing DDOs operating PLAs and continuing the same over the years

Sl. No.	Name of the DDO	Year of opening of PLA	Closing balance as on 31.3.2004 (Rupees in crore)	
1	DM, Nadia	1990-1991	4 87	
2	DM, South 24 Parganas	1990-1991	3.34	
3	DM, North 24 Parganas	1990-1991	15.33	
4	DM, Coochbehar	1990-1991	5.52	
5	DM, Uttar Dinajpur	1994-1995	13.23	
6	DM, Dakshin Dinajpur	1991-1992	7.78	
7	DM, Hooghly	1994-1995	1.86	
8	DM, Purulia	1990-1991	5.57	
9	DM, Bardhaman	1994-1995	13.23	
10	DM, Birbhum	1990-1991	4.51	
11	DM, Purba Medinipur	2001-2002	3.59	
12	DM, Paschim Medinipur	1990-1991	5.39	
13	DM, Bankura	1995-1996	4.39	
14	DM, Jalpaiguri	1993-1994	17.31	
15	DM, Darjeeling	1990-1991	6.12	
16	DM, Malda	1990-1991	13.64	
17	DM, Murshidabad	1990-1991	4 96	
18	DM, Howrah	1990-1991	4 76	
19	SP, Bardhaman*	1966-1967	1 15	
20	DG & IG of Police, W.B.	1994-1995	0 18	
21	Addl Director, ARD, Haringhata Farm, Nadia*	1968-1969	0 0004	
		1977-1978	0 0016	0.51
		1975-1976	0.35	
		1968-1969	0.16	
22	Joint. Director, ARD(Poultry), Kolkata*	1966-1967		0.04
		1971-1972		0 73
23	Superintendent, Medical College Hospital, Kolkata.	1997-1998		0.95
24	Superintendent, National Medical College Hospital, Kolkata.	1996-97		0 48
	Total			**139.44**

* *These three DDOs opened PLAs in consultation with the Accountant General (Accounts and Entitlement)*

Appendix 30

(Refer Paragraph 2.6, Page 33)

Statement showing year-wise retention of unspent balances in the PLAs over the years

Sl. No.	Name of the DDO	1990-1991	1991-1992	1992-1993	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Total amount of unspent balances as on 31.3.04
		(Rupees in lakh)														
1	DM, South 24 Parganas	1 10	-	-	-	0 07	1 02	11 11	0 15	-	2 59	28 15	11 32	78 20	200 47	334.18
2	DM, North 24 Parganas	-	-	0 22	0 36	1 24	0 43	0 99	11 10	-	1 90	0 03	16 03	284 30	1216 64	1533.24
3	DM, Hooghly	-	-	-	-	-	1 00	33 76	-	-	0 21	12 90	0 05	27 34	110 26	185.52
4	DM, Nadia	-	0 20	-	0 13	0 01	0 03	10 24	0 31	4 95	0 07	0.23	0 65	134 94	335 29	487.05
5	DM, Purba Medinipur	-	-	-	-	-	-	-	-	-	-	-	0 94	303 79	1 84	306.57
6	DM, Paschim Medinipur	-	0 72	0 01	-	0 40	0 16	41 86	7.50	-	0 13	2 63	65 87	381 15	39 05	539.48
7	DM, Malda	-	-	-	-	0 16	0 32	8 31	-	1 45	3 62	615 97	26 63	187 30	520 26	1364.02
8	DM, Jalpaiguri	-	-	-	0 11	1 37	0 94	35 02	3 34	1 19	-	106 46	109 10	923 23	550 12	1730.88
9	DG & IG of Police, West Bengal	-	-	-	-	8 04	-	-	-	-	-	9 73	-	-	-	17.77
	GRAND TOTAL	1.10	0.92	0.23	0.60	11.29	3.90	141.29	22.40	7.59	8.52	776.10	230.59	2320.25	2973.93	6498.71

(Rs 64.99 crore)

Appendix 31

(Refer Paragraph 2.6, Page 33)

Statement showing unauthorized drawal of fund in advance and deposit thereof in the PLAs

Sl. No.	Name of the DDO	Date of drawal of advance and deposit thereof in PLA	Amount drawn in advance (Rupees in crore)
1.	DM, South 24 Parganas	31.03.2004	0.61
2.	DM, North 24 Parganas	During October 2003 to 31.03.2004	8.06
3.	DM, Nadia	16.02.2004 & 31.03.2004	1.07
	Total		**9.74**

Appendix 32

(Refer Paragraph 2.6, Page 33)

Statement showing PLAs remaining inoperative over the years

Sl. No.	Name of the DDO	Purpose of opening of the PLA	Date of opening of the PLA	Date from which the PLA remained inoperative	Balance held in the PLA on 31.03.2004 (Rupees in lakh)
1	Director General & Inspector General of Police.	No specific purpose.	29.03.1995	16.12.2002	17.77
2	Superintendent of Police, Bardhaman.	For running distribution of Police Ration (scheme discontinued).	1966	July 1998	115.09
3	Additional Director, ARD, Haringhata Farm, Nadia	A/c No. I For running different schemes	March 1969	1977	0.04
		A/c No. II For running different programmes under World Food Programme	April 1977	19.03.1980	0.16
		A/c No. III For running different programmes under World Food Programme	11.02.1976	21.01.2002	34.90
4	Superintendent, National Medical College Hospital, Kolkata.	For holding departmental receipts (an undue course) as deposit in the PLA	09.01.1997	28.05.1999	47.78
5	Superintendent, Medical College Hospital, Kolkata.	For holding departmental receipts (an undue course) as deposit in the PLA	May 1997	1998-99	95.01
	Total				**310.75**

Appendix 33

(Refer Paragraph 2.7, Page 34)

Statement showing department wise drawals of AC Bills during 1987-2004 and adjustment awaited there against upto 2003-2004

Sl. No.	Name of Department	Amount drawn	Amount awaiting adjustment
		(Rupees in Lakh)	
1	Animal Resources Development	783.76	710.75
2	Backward Classes Welfare	2.04	-
3	Commerce & Industries	123.88	123.88
4	Development & Planning	25.00	25.00
5	Education	227.39	208 14
6	Finance	212.55	173.81
7	Health and Family Welfare	810 59	624 72
8	Personnel and Administrative Reforms	28.40	28.40
9	Home (Police)	2996.55	2874.57
10	Home(Transport)	50.00	50 00
11	Information and Cultural Affairs	4.95	4 95
12	Labour	15.36	15.36
13	Land & Land Reforms	4025.47	3462.60
14	Panchayats and Rural Development	181 88	49.17
15	Public Service Commission	9.63	9 63
16	Relief Department	552.21	394 92
17	Social Welfare	1198.95	910.58
18	Tourism	84.74	84.74
	Total	**11333.35**	**9751.22**

Total drawals	**113.33 crore**
Total adjustment	**15.82 crore**
Total unadjusted advance	**97.51 crore**

Appendix 34

(Refer to in Paragraph 3.2.21, Page 65)

Statement showing number and percentage of couples protected during 2000-2001 to 2002-2003

(Figures in lakh)

District	Eligible couple as on 31.03.01	Couples effectively protected by all methods		Eligible couple as on 31.03.02	Couples effectively protected by all methods		Eligible couple as on 31.03.03	Couples effectively protected by all methods	
		Number	Percentage		Number	Percentage		Number	Percentage
North 24-Parganas	13.40	3.25	24.29	13.61	3.32	24.42	15.01	3.17	21.14
Paschim Medinipur	8 43	3.35	39.74	8 56	3.32	38 76	8.80	3.34	37.89
Cooch Behar	3.97	1.95	41.10	4.04	2.03	50.32	4.20	2.03	48.31
Bankura	5.15	2.25	48.75	5.23	2.29	43.81	5.42	2.32	42.90
West Bengal	**125.11**	**44.21**	**35.34**	**127.12**	**44.26**	**34.82**	**135.57**	**45.58**	**33.62**

Appendix 35

(Refer Paragraphs 3.5.5 Page 92)

Statement showing financial position in respect of major schemes implemented by Panchayats and Rural Development Department in Murshidabad district during 1999-2004

Sl. No.	Name of the programme	Period	Allocation	Opening Balance	Fund Received		Misc. Receipt	Total fund	Fund spent (Percentage)	Unspent fund (Percentage)	Percentage of yearly unspent fund
					Central	State					
			(Rupees in lakh)								
1.	REGP										
	a) EAS/SGRY-I	1999-2004	2708 32	722.87	1822.43	607.46	65.47	3218.23	2731.42 (85)	486.81 (15)	36 to 58
	b) JGSY/SGRY-II	1999-2004	2669.69	112.69	2050 92	657.02	156.56	2977.19	2608.68 (88)	368.51 (12)	32 to 51 (except 11 *percent* in 2000-2001)
	Total of REGP	--	5378.01	835.56	3873 35	1264.48	222 03	6195 42	5340.10 (86)	855.32 (14)	32 to 58
2.	PAP/SGSY	1999-2004	2402.12	401.08	656.40	150.33	289.81	1497.62	1221.82 (82)	275.80 (18)	46 to 83
3.	RHS										
	i) a) IAY New Construction	1999-2004	1902.88	275 05	1108.09	369.37	42.98	1795.49	1453.45 (81)	342.04 (19)	12 to 64
	b) IAY Up-gradation	2000-2004	475 73	NIL	232.14	77.37	0.89	310.40	220.35 (71)	90.05 (29)	6 to 97
	ii) PMGY (GA)	2000-2004	NIL	NIL	85.35	X	0.85	86.20	30.62 (36)	55.58 (64)	12 to 100
	iii) Credit cum Subsidy Scheme	2001-2004	NIL	NIL	104.63	34.88	558.05 (HUDCO loan) and 36.36 (Interest earned)	733.92	137.30 (19) (Loan 109.84 and Subsidy 27.46)	596.62 (81)	--

Appendix 36

(Refer Paragraph 4.5.5, Page 146)

Statement showing Year-wise position of Inspection Reports and Paragraphs pending settlement

Year	Mass Education Extension Department		Backward Classes Welfare Department		Tourism Department		Women and Child Development and Social Welfare Department		Co-operation Department		Commercial *		Housing Department		Public Works (Roads) Department		Grand Total	
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1974-1975	-	-	-	-	1	4	-	-	-	-	-	-	-	-	-	-	1	4
1975-1976																		
1976-1977																		
1977-1978																		
1978-1979																		
1979-1980																		
1980-1981	-	-	3	3	-	-	-	-	-								3	3
1981-1982	-	-	-	-	-	-	-	-	1	1							1	1
1982-1983	-	-	-	-	-	-	-	-	-									
1983-1984	-	-	1	2	-	-	-	-	-								1	2
1984-1985	-	-	-	-	-	-	-	-	-								-	-
1985-1986	-	-	2	2	1	3	-	-	-						1	1	4	6
1986-1987	1	2	1	2	1	6	-	-	1	1	-	-	-	-	2	2	6	13
1987-1988	4	5	1	1	-	-	-	-	1	1	-	-	-	-	2	2	8	9
1988-1989	5	8	-	-	-	-	-	-	1	1	-	-	1	1	-	-	7	10
1989-1990	5	10	1	4	-	-	-	-	-	-	-	-	-	-	-	-	6	14
1990-1991	5	14	2	4	1	4	2	11	-	-	-	-	2	3	-	-	12	36

* *Under Commerce and Industries Department, Cottage and Small Scale Industries Department, Animal Resources Development Department, Housing Department and Food and Supplies Department*

Year	Mass Education Extension Department		Backward Classes Welfare Department		Tourism Department		Women and Child Development and Social Welfare Department		Co-operation Department		Commercial *		Housing Department		Public Works (Roads) Department		Grand Total	
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1991-1992	4	11	2	3	-	-	2	3	-	-	-	-	-	-	-	-	8	17
1992-1993	3	7	-	-	-	-	1	3	1	1	-	-	1	1	-	-	6	12
1993-1994	6	15	3	5	-	-	6	11	4	9	-	-	4	5	16	16	39	61
1994-1995	6	10	-	-	1	1	4	5	6	18	-	-	3	3	18	18	38	55
1995-1996	12	33	5	8	-	-	22	76	8	19	-	-	5	8	22	22	74	166
1996-1997	11	24	4	11	1	1	25	52	5	10	-	-	5	11	30	32	81	141
1997-1998	14	40	5	11	-	-	21	91	10	26	1	1	6	14	29	52	86	235
1998-1999	7	29	2	6	1	1	11	33	-	-	1	4	5	8	25	41	52	122
1999-2000	7	23	6	9	3	5	8	18	6	17	1	1	5	9	24	128	60	210
2000-2001	5	16	9	46	2	5	11	38	9	49	2	6	6	10	32	131	76	301
2001-2002	3	13	2	6	2	4	7	20	15	73	1	3	5	8	24	70	59	197
2002-2003	16	101	16	87	-	-	21	89	4	25	8	15	10	45	36	179	111	541
2003-2004	2	12	-	-	2	17	9	44	6	23	-	-	1	4	47	233	67	333
Total	**116**	**373**	**65**	**210**	**16**	**51**	**150**	**494**	**78**	**274**	**14**	**30**	**59**	**130**	**308**	**927**	**806**	**2489**
More than 10 years	**33**	**72**	**16**	**26**	**4**	**17**	**11**	**28**	**9**	**14**	**-**	**-**	**8**	**10**	**21**	**21**	**102**	**188**

Appendix 37

(Refer Paragraph 4 5.6, Pages 147 and 148)

Statement showing details of misutilisation

Sl. No.	Name of the office	Date of verification by DDO at the instance of audit	Book balance as per Cash Book on the date of verification	Cash actually found on verification	Total shortage	Nature of shortage				
						Unadjusted vouchers	Unauthorized advance from undisbursed cash	Unexplained cash shortage/ theft	Fake note	Lapsed cheques/ drafts
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
			(	I N	R	U	P E	E S	)	
1	Jt Director of ARD & Instt of AH & Vety Biological, Kolkata	01-10-2003	183192 25	151350 00	31842 25			31842 25		
2.	Supdt B N Bose S D Hospital, Barrackpore, North 24 Parganas	05-12-2003 & 15-12-2003	418027 76	416208 76	1819 00	1819 00				
3	Director, Bangur Institute of Neurology, Kolkata	05-01-2004	222169 20	173001 20	49168 00	48168 00			1000 00	
4	Supdt, North 24 Parganas District Hospital, Barasat	18-11-2003 & 02-12-2003	234807 00	193715 00	41092 00	41092 00				
5	Medical Supdt, Lady Duffrine Victoria Hospital, Kolkata	10-10-2003 & 14-10-2003	630757 34	466644 45	164112 89		107163 97	56948 92		
6	A O (Finance) W B Sectt, Pay & Allowances GPF of Gr 'D' etc, Kolkata	06-11-2003	76415589 05	52195092 19	24220496 86		16368362 83			7852134 03
7	CMOH, Murshidabad, Berhampore	08-05-2003	10503056 00	10226852 00	276204 00			276204 00		
8	Supdt S D Hospital Chandannagar, Hooghly	15-09-2003	159050 00	11040 00	148010 00	148010 00				
9	Principal Medical College, Kolkata	07-04-2003	7578576 42	7524046 92	54529 50		54529 50			
10	Dy Director of H S (Equipment & Stores) including CMS Store A/cs etc Kolkata	02-01-2004	495802 57	451147 98	44654 59	1998 87				42655 72
11	Supdt, Spl Correctional Home, Alipore, 24 Pgs (South)	05-04-2004	248371 85	200102 25	48269 60	48269 60				

Sl. No.	Name of the office	Date of verification by DDO at the instance of audit	Book balance as per Cash Book on the date of verification	Cash actually found on verification	Total shortage	Nature of shortage				
						Unadjusted vouchers	Unauthorized advance from undisbursed cash	Unexplained cash shortage/ theft	Fake note	Lapsed cheques/ drafts
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
			(	I N	R	U	P E	E S	)	
12.	Supdt Dum Dum Central Correctional Home	03-04-2004	3509572.19	3293899.72	215672.47	199641 29	16031.18			
13	Supdt. Dist. Hospital, Chinsurah, Imambara (Sadar Hospital)	12-05-2003	286122 20	185767.23	100354.97	100354.97				
14	B D.O., Krishnagar-II, Dhubulia, Nadia	18-12-2003	3309686 00	3009914.75	299771.25			299771.25		
15	Dr B.C. Roy Memorial Hospital for Children, Kolkata	01-01-2004	1505410.00	1261584.43	243825.57	134468 62	8140.00			101216 95
16	B.D.O., Deganga, 24 Pgs (North)	15-03-2004	298067 55	285392.55	12675.00			12675.00		
17.	Supdt. of Police, 24 Pgs. (South)	28-01-2004	3633794 15	2951639.15	682155.00	682155.00				
18.	D.M., Nadia	18-11-2003	26853619 61	26618816 82	234802 79			232206.79		2596.00
19.	Supdt NRS, Medical College Hospital, Kolkata	13-10-2003	7054504.78	6875251 09	179253.69	179253.69				
20.	B D.O., Baruipur, 24 Pgs (South)	07-03-2003	469308.30	454460.70	14847 60	1785 00		13062 60		
21.	The Instructor, Community Canning Centre, Kolkata	28-07-2003	29115.00	276.90	28838.10	28838.10				
			144038599.22	116946204.09	27092395.13	1615854.14	16554227.48	922710.81	1000.00	7998602.70

Appendix 38

(Refer Paragraph 4.5.6, Page 147)

Statement showing cases of physical shortage of cash and theft

Sl. No	Name of Auditee Unit	Sl. No. of Appendix	Nature of shortage	Amount (Rupees)	Remarks
1	Joint. Director of ARD & Institute of Animal Husbandry & Veterinary Biological, Kolkata	1	Theft	31842.25	On receipt of final report from the Police authority, the matter was taken up with the Director, ARD for writing off the robbed cash which was awaited.
2	Medical Superintendent, lady Duffrin Victoria Hospital, Kolkata	5	Misappropriation	56948.92	After fixation of responsibility, recovery of Rs. 0.55 lakh was ordered and the rest remained unidentified.
3	CMOH, Murshidabad, Berhampore	7	Suspected misappropriation	276204.00	Reasons for shortage not explained.
4	BDO, Krishnagar II, Dhubulia, Nadia	14	Misappropriation	299771.25	FIR lodged (July 2003) but neither departmental proceeding nor any investigation was started by the Police Authority
5	BDO, Deganga, 24 Parganas (North)	17	Temporary defalcation	12675.00	Amount collected through D.C.R.B between July 1997 and July 2003 was not taken in the Cash Book.
6	DM, Nadia	19	Misappropriation	232206.79	As an outcome of departmental proceeding, Ex-Nazir was asked to refund Rs 0.98 lakh and to retire prematurely. Against this order, Ex-nazir filed a suit in the Hon'ble High Court, Kolkata which is pending.
7	BDO, Baruipur, 24 Parganas (South)	21	Non-reconciliation of Bank balance with Cash Book balance	10960.60	Lying short since 1983 for non-reconciliation of Bank Account.
			Amount deposited to Treasury out of undisbursed Cash	2102.00	Excess amount deposited to Treasury from un-disbursed cash
				922710.81	

Appendix 39

(Refer paragraph 4.5.7, Page 149)

Statement showing some important selected paragraphs on which Action Taken Notes remained outstanding

Name of the Department	Year of Audit Report	Number and brief subject of the reviews and paragraphs
Agriculture	2002-2003	3.1 **Integrated Audit of Agriculture Department** The Agriculture Department implemented different schemes with the aim of increasing agricultural products The implementation of the schemes was deficient in utilising seed producing land, introducing latest variety of seeds/minikits among farmers, use of seeds of certified quality and imparting training to farmers and workers Budget provision of the department was unrealistic resulting in continuous savings under plan head Physical and financial achievements were over-reported to GOI Procurement and distribution of seeds, fertilisers, chemicals and equipment, etc through WBSSC over-burdened the Government exchequer Distribution of untested seeds, fertilisers and chemicals frustrated the very purpose of the programmes
Animal Resource Development	1996-1997 No 3	3.3 **Retention of money outside Government Accounts** Out of sanctioned amount of Rs 2 crore for establishment of a Bull Station and a Semen Freezing Laboratory at Haringhata Farm retention of unspent balance of Rs 1 20 crore together with the accrued interest of Rs 12 lakh till February 1997 was made out of Government account
Backward Classes Welfare	2000 2001 Vol I	3.1 (R) **Utilisation of fund for schemes for SC/ST during the period 1996-2001** Rupees 69 26 crore remained unspent from departmental account till March 2001 A Government owned Corporation parked Rs 127 65 crore in short term deposits Belated release of fund was made from department to corporation as well as from corporation to the executing agencies Utilisation certificate for Rs 191 17 crore was submitted to GOI either without allotting funds to the implementing agencies or before receipt of UCs from them There was short release of subsidy/margin money and project costs by the implementing banks Rupees 2 98 crore as subsidy and margin money was refunded by the implementing banks without implementing the schemes 54729 projects valued at Rs 54 42 crore failed to generate additional income There was unfruitful expenditure of Rs 16 94 crore, Rs 4 14 crore remained unspent due to non-implementation of scheme for scavengers, Rs 1 81 crore was diverted
Finance	1994-1995 No 3	3.4 **Nugatory Expenditure** Government had to bear extra financial burden of Rs 86 16 lakh towards payment of solatium for securing deposit of Rs50 crore for 37 days only from the West Bengal State Fishermen's Co-operative Federation Limited without fulfillment for any specific purpose and objective
	2000-2001 Vol I	3.13 **Loss on printing and subsequent destruction of unperforated and ungummed Entertainment Tax Stamps.** Loss of Rs 73 14 lakh was made towards cost of printing of entertainment tax stamps and destruction thereof
Food and Supplies	1998-1999 No 2	3.1 (R) **Public Distribution System/Revamped Public Distribution System/Targeted Public Distribution System** There were huge savings under the programme (Capital Rs 32 24 crore, Revenue Rs 38 74 crore) Nine (9) *per cent* of rice and 19 *per cent* of wheat of total requirement were distributed PDS commodities of Rs 730 66 crore in statutory rationing areas of three districts and Rs 14 51 crore in modified rationing areas were distributed through bogus ration cards From surplus fund generated through PDS operation, Rs 7 63 crore was diverted

Name of the Department	Year of Audit Report	Number and brief subject of the reviews and paragraphs
Food and Supplies	2001-2002	**5.2 Take over of Procurement of rice by State Government** There was inefficient operation of Cash Credit Account, loss/avoidable payment of interest of Rs 26.80 crore. Undue favour for Rs 31.79 crore to rice millers was made. Excess payment of Rs 1.72 crore to contractors was made on handling operation. Rice unfit for human consumption was distributed to BPL consumers. There was lack of monitoring.
Health & Family Welfare	1996-1997 No. 3	**3.9 (R) Working of Health and Family Welfare Department** Non-acceptance of lowest tenders (1992-1997) by the CMOH resulted in an extra expenditure of Rs 44.36 lakh. Medicine worth Rs 45.50 lakh were not traceable. Rupees 1.20 crore of surrendered amount was unnecessarily re-allotted. Equipment worth Rs 4.50 crore (1981-1996) was non-functional Rupees 4.69 crore spent on excess staff.
	1997-1998 No. 3	**3.7 Delay in commissioning of equipment for treatment of cancer.** Failure in commissioning of equipment imported in 1996 for cancer patients resulting blocking up of Rs 2.17 crore
	1998-1999 No. 2	**3.2 (R) Procurement, Maintenance and Utilisation of Hospital Equipment** Procurement of stock without assessment accumulated stock worth Rs 8.81 crore. For want of infrastructure and manpower, equipment worth Rs 3.50 crore remained unused. Equipment worth Rs 1.31 crore remained non-operational for want of repairs. Equipment worth Rs 1.77 crore procured for imparting PG teaching to medical students were not used for the purpose.
		3.11 A primary health centre building not used for four years. Due to failure to take timely decision, asset created for Rs 51.07 lakh was lying unused for four years depriving local tribal people.
	1999-2000 Vol I	**3.2 (R) National Family Welfare Programme** Shortage of 33 *per cent* to 81 *per cent* sub-centres, primary/community health centres deprived 2.15 crore to 5.18 crore rural people of the benefit of adequate health care and family welfare service. First Referral Units remained non-functional. There was absence of antenatal/post natal check up and new born care, inadequate training/non-utilisation of trained workers, declination in couple protection measures. Despite expenditure of Rs 606.04 crore, the achievement of the programme in the state was 35 *per cent* against 60 *per cent* to be achieved.
	1999-2000 Vol I	**3.11 Implementation of prevention of food adulteration act and rules** Non-enforcement of licensing provisions caused loss of revenue. 7979 samples out of targeted 24192 were drawn in the most populous 5 districts. Twenty two key posts remained vacant for 10 years. Out of five, 4 state food laboratories remained non-functional for 6 to 16 years.
		3.14 Fake appointment in Government Hospital Fraudulent payment from government exchequer for 13 years was made to 7 General Duty Attendants appointed on fake orders.
	2000-2001 Vol I	**3.3 (R) National tuberculosis control programme** State share for Rs 1.50 crore for NTCP was not released. Out of Rs 4.21 crore of GOI assistance, Rs 3.38 crore was spent in NTCP. Under RNTCP expansion programme only 281 centres were functioning depriving 2.81 crore targeted population. During 1996-2001, there were shortfall in sputum examination and identification of new spear positive cases. No steps were taken to curb increasing trend of sputum positive cases. Unfruitful expenditure of Rs 8.02 crore was found on 2.72 lakh drop-out cases. Diagnostic centres were remained unutilised. There was fictitious issue of medicines valuing Rs 3.13 crore, excess purchase of medicine of Rs 4.15 crore and irregular purchase of medicine of Rs 3.10 crore.

Name of the Department	Year of Audit Report	Number and brief subject of the reviews and paragraphs
Health & Family Welfare	2000-2001 Vol I	**3.4 (R) National programme for control of blindness** During 1996-2001 against GOI target of 9 13 lakh cataract operations, achievement was 8 42 lakh 533 corneas could not be transplanted due to lack of communication Despite expenditure of Rs 1 81 crore in addition to cash assistance provided by GOI to 17 district blindness control societies, Govt failed to develop infrastructural facilities to achieve the target **3.14 National Leprosy Elimination Programme** There was diversion of Rs 5 66 crore of GOI grant Incorrect and inadequate survey led to low detection of new leprosy patients The Govt not only failed to achieve the target even after 19 years of implementation of the programme but also reported a low prevalence rate **3.15 AIDS prevention and control Programme** GOI assistance could not be utilised There was lack in modernisation of blood banks, shortfall in HIV test for blood, inadequate IEC activities The programme suffered for lack of monitoring **3.16 State Health System development project-II(1996-2001)** Implementation of IDA sponsored schemes for the secondary health care system suffered from tardy progress of civil work and delay in providing infrastructural facilities Equipment valuing Rs 18 38 crore procured had not been put to use Extra expenditure and diversion of fund amounted to Rs 2 11 crore **3.17 Non-functional rural hospital in Purulia** Rural hospital constructed at a cost of Rs 67 71 lakh remained unutilised for over 7 years Rupees 54 59 lakh were spent on repair/ replacement of stolen materials
Health & Family Welfare	2002-2003	**3.2 (R) Implementation of Drugs and Cosmetics Act, 1940** The Drugs and Cosmetics Act, 1940 was enacted to combat production and marketing of spurious/ not of standard quality drugs and cosmetics causing serious health hazards and even death of consumers Forty two cases were instituted by the Government during 1998-2003 for violation of Drugs and Cosmetics Act and Rules Decisions of three cases went against the Government and only in one case, the accused was punished Decisions in the remaining 38 cases were awaited Of the sixty writ petitions filed against the Government during 1998-2002, the decisions of seven cases went against the Government, details of 52 cases were not on record The department made little impact in combating the marketing of spurious/sub-standard drugs due to poor coverage of sampling, inordinate delay in sending test reports as well as failure to send the reports in proper form There was poor control over licensing, tax supervision, lack of monitoring and co-ordination Production of not of standard quality and banned drugs continued unabated due to inaction/belated action of the department against the manufacturer **4.1.1 Fraudulent drawal due to fake appointment in Government hospitals** Non-adherence to the prescribed norms of verification of transfer orders resulted in fraudulent drawal of Rs 10 47 lakh due to fake appointment of three General Duty Attendants in Government hospitals
Higher Education	2000 2001 Vol II	**2.5 Unjustified release of funds on unrealistic budget estimation** Unjustified demand led to excess release of Rs 9 99 crore **2.1 (R) Working of State Universities** Budget proposals were not prepared on realistic basis Most of the 7 universities did not prepare annual accounts regularly In 4 universities no internal audit was conducted during 1995-2000 There were low teacher - student ratio, staff record not maintained universities libraries were not managed properly Endowment funds valued Rs 4 70 crore in 2 universities remained inoperative for five years and equipment worth Rs 3 29 crore remained idle

Name of the Department	Year of Audit Report	Number and brief subject of the reviews and paragraphs
Home (Cons & Election)	1998 1999 No 2	**3.19 Overdrawal of fund** Non-observance of Financial Rules and orders by DM as well as Treasury Officer led to overdrawal of Rs 64 13 lakh
Home (Police)	1998-1999 No 2	**3.3 (R) Manpower Management** There were 5189 vacancies in the category of armed and unarmed policemen in West Bengal and Calcutta Police while 1513 temporary posts were retained without extension order Deployment of police personnel was inconsistent with crime rates in districts Large number of police personnel was deployed for VIP duty Department spent avoidable expenditure of Rs 38 27 lakh in procurement of ammunitions
	2000-2001 Vol I	**3.19 Ineffective implementation of National Crime Criminal Information System** The scheme launched with investment of Rs 2 crore remained unimplemented for over 7 years
Industrial Reconstruction	1999-2000 Vol I	**3.20 Undue financial benefit to a private company** Government showed an undue favour of Rs 14 82 lakh to a private party by allowing an interest free loan of Rs 8 29 lakh in disregard of its policy in addition to the waiver of interest on arrear Sales Tax amounting to Rs 8 03 lakh
Municipal Affairs	1999-2000 Vol II	**2.2 (R) Working of Krishnanagar Municipality** Rupees 1 78 crore remained to be realized as collection of rates and taxes Municipality had an unpaid liability of Rs 68 01 crore Delay in assessment of property tax caused loss of Rs 3 05 crore to the Municipality
	2000-2001 Vol II	**2.16 Lack of accountability in Kolkata Municipal Corporation (KMC)** KMC did not prepare annual accounts in the prescribed format since 1991 There was huge accumulation of dishonoured cheques 84 dishonoured cheques valuing Rs 32 89 lakh were cancelled without any reason
Panchayat and Rural Development	1997-1998 No 4	**2.14 Failure of the scheme for providing arsenic free drinking water** Scheme for supply of arsenic free water, taken up without adequate survey resulted in incurring fruitless expenditure of Rs 13 61 lakh defeating the very purpose
	1999 2000 Vol I	**3.3 (R) Working of the Department of Panchayat and Rural Development** There was poor budgetary and expenditure control mechanism - Rs 372 21 crore remained unspent in Local Fund and PL account not being considered during preparation of Budget Estimates Actual expenditure of Rs 3294 10 crore was not reconciled with the figures booked in the accounts of Accountant General (A&E) Central grants of Rs 222 57 crore during 1995 2000 for Jawahar Rozgar Yojana, Million Wells Scheme and Integrated Rural Development Programme could not be availed of by the Department 1 23 crore mandays were short generated No employment was extended to 44268 youths trained at a cost of Rs 12 16 crore Private assets were created out of government money (Rs 6 57 crore) Funds worth Rs 7 71 crore were diverted Only 12 *per cent* families were assisted, 82 *per cent* assisted families remained BPL Programme for poverty alleviation remained un achieved
	1999 2000 Vol II	**2.4 Results of audit of Panchayat Samities in West Bengal** Despite release of Rs 1868 59 crore during 1983-2000 accounts of Panchayat Samitis were in arrears and hence audit thereof could not be taken up for 10 to 17 years 52 PSs diverted JRY, EAS funds (Rs 14 04 crore) During 1990-99, 27 PSs engaged contractor for works (Rs 9 74 crore), thus 14 60 lakh mandays could not be generated
		2.22 Unauthorised deposit of developmental funds in the Local Funds In Bankura and Howrah districts Rs 50 57 crore of departmental funds were deposited to LFDA during 1997-2000

Name of the Department	Year of Audit Report	Number and brief subject of the reviews and paragraphs
Panchayat and Rural Development	2001-2002	**3.9 Swarnjayanti Gram Swarozgar Yojana** Due to poor utilisation of fund Government was deprived of central assistance of Rs 81.69 crore during 2000-2002. During 1999-2002 in the State only 1.26 lakh families were covered out of 8.85 lakh targeted There was insignificant generation of income and deficiencies in programme implementation
Sports and Youth Services	2002-2003	**4.3.5 Loss of Revenue** Undue favour extended by the Department to a Limited Company for holding 'Hrithik Roshan Show' led to loss of revenue of Rs 20 98 lakh
Urban Development	2000-2001 Vol II	**2.17 (R) Kolkata Improvement Trust** KIT submitted accounts only upto 1994-1995 As per balance sheet collection account in the banks showed minus balances of Rs 12 66 crore and these abnormal state of affairs were not reconciled Assets were not reflected in the balance sheet Rupees 12 16 crore shown to have been utilised to meet revenue deficit was not replenished due to insufficient revenue position Incorrect determination of gross turn over resulted in short levy of tax of Rs 2 65 crore There was under assessment of tax of Rs 2.35 crore Inaction to access electricity duty in time led to non-assessment and non-realisation of revenue of Rs 3.44 crore There was non levy of profession tax of Rs 2 62 crore and non-realisation of revenue of Rs 4 87 crore
	2002-2003	**4.2.6 Infructuous expenditure on construction of a Housing Complex** Injudicious decision of Haldia Development Authority to construct a housing complex without any market survey led to infructuous expenditure of Rs 1 54 crore on construction
Women and Child Development and Social Welfare	1996-1997 No 3	**3.22 (R) Integrated Child Development Services** During 1992-1997 out of central assistance of Rs 192 04 crore only Rs 171.75 crore were spent Expenditure on state projects also fell short by Rs 1.49 crore There was shortfall in providing supplementary nutrition by 64 *per cent* Health check up programme covered only 3 *per cent* of eligible beneficiaries (1993-1997) During 1992-1995, Rs 1 17 crore were only released against Rs 2 09 crore received from GOI for construction of Anganwadi Centres.
	2002-2003	**3.4 (R) Welfare of Handicapped** Due to lack of supervision and monitoring in implementing various programmes, handicapped people were deprived of medical aids, prosthetic aids, education and employment opportunities. In implementing the NPRPD schemes under the Acts, Government failed to create awareness for prevention of disabilities and to provide medical, educational and training facilities to the disabled A workshop for manufacturing various aids and appliances for the handicapped in the District Rehabilitation Centre (DRC) remained non-functional for want of infrastructural facilities depriving rural disabled from comprehensive rehabilitation services Under the scheme on Prosthetic Aid, Government failed to provide standard durable aids and appliances to disabled persons The State Government could provide employment to only 662 handicapped people out of 0 73 lakh registered in the Employment Exchanges Barrier-free environment facilities were also not ensured to disabled persons Department had also not taken steps for wide publicity to bring the disabled persons under the self employment scheme in collaboration with NHFDC The department neither evaluated the impact of implementation of different welfare schemes nor introduced systematic monitoring and control mechanism

Name of the Department	Year of Audit Report	Number and brief subject of the reviews and paragraphs
Co-operation/ Fisheries/ Cottage and Small Scale Industries	2001-2002	**3.1 Government's investment in Co-operative Sector during 1997-2002** Out of total budget allotment of Rs 487 67 crore, Rs 122 45 crore could not be spent by the Government during 1997-2002 Rupees 21 74 crore of redeemable shares were lying overdue till March 2002 Out of Rs 34 90 crore of overdue loan only Rs 1 73 crore could be recovered Investment in Co-operative societies without assessing financial credibility defaulted repaying older loan and share capital Only 35 *per cent* of the targeted population could be covered under the Universal Membership Scheme The number of defunct societies was on the rise Government's assistance of Rs 2 29 crore in 5351 societies was rendered infructuous as these were identified for liquidation as of March 2002 Profitability of the Societies shown downward trend Audit fees of Rs 1 23 crore remained outstanding The basic aim of making the co-operative societies viable and self-reliant remained unachieved
Backward Classes Welfare/ Municipal Affairs/ Urban Development	2001-2002	**3.2 (R) National Scheme for Liberation and Rehabilitation of Scavengers and their dependents** Survey for identifying scavengers was inadequate No survey was conducted in Kolkata Municipal Corporation Lower target for training remained unachieved During 1997-2002 only 3 *per cent* were rehabilitated indicating poor implementation of the scheme Government failed to arrest the continuance of manual scavenging by rehabilitation of the scavengers and the scheme was treated as a routine relief act

Appendix 40

GLOSSARY OF ABBREVIATIONS

ACMOH	Assistant Chief Medical Officer of Health
ADF	Assistant Director of Finance
AO, F&S	Accounts Officer, Food and Supplies
ARDD	Animal Resources Development Department
AWR	All Weather Road
BADP	Border Area Development Programme
BENFED	West Bengal State Co-operative Marketing Federation Limited
BMOH	Block Medical Officer of Health
BPHC	Block Primary Health Centre
BYO	Block Youth Officer
CCH	Central Council of Homoeopathy
CCIM	Central council of Indian Medicine
CDS	Community Development Scheme
CHG	Community Health Guide
CMOH	Chief Medical Officer of Health
DCFS	District Controller of Food and Fupplies
DI	District Inspector of School
DOR	Drop Out Rate
DPC	District Planning Committee
DPEP	District Primary Education Programme
DPO	District Project Officer
DRC	District Research Cell
DRDC	District Rural Development Cell
DRS	District Reserve Stores
DS	Director of Storage
DYO	District Youth Officer
EAS	Employment Assurance Scheme
ECCR	Eligible Couple and Children Registers
ECE	Early Childhood Education
FSS	Frozen Semen Straw
H&FW	Health and Family Welfare
HA	Health Assistant
IAY	Indira Awas Yojana
IEC	Information, Education and Communication
IMR	Infant Mortality Rate
IPGMER	Institute of Post Graduate Medical Education and Research
ISM&H	Indian System of Medicine and Homoeopathy
JGSY	Jawhar Gram Samriddhi Yojana
KMDA	Kolkata Metropolitan Development Authority

KMS	Kharif Marketing Season
KMWSA	Kolkata Metropolitan Water and Sanitation Authority
MDR	Major District Road
MEED	Mass Education Extension Department
MLL	Minimum Level of Learning
MYO	Municipal Youth Officer
MZSSPS	Murshidabad Zilla Sarbik Saksharata Prasar Samiti
NCLP	National Child Labour Project
NGOs	Non-Government Organisations
NIT	Notice Inviting Tender
NQM	National Quality Monitor
NRRDA	National Rural Road Development Agency
PAP	Poverty Alleviation Programme
PDS	Public Distribution System
PHC	Primary Health Centre
PIC	Project Implementation Committee
PIU	Programme Implementation Unit
PMGSY	Pradhan Mantri Gram Sadak Yojana
PMGY	Pradhan Mantri Gramodaya Yojna
PMGYGA	Pradhan Mantri Gramodaya Yojna – Gramin Awas
PRDD	Panchayat and Rural Development Department
PRIs	Panchayat Raj Institutions
PSs	Panchayat Samitis
PTR	Pupil-teacher ratio
RCH	Reproductive and Child Health
REGP	Rural Employment Generation Programme
RH	Rural Hospital
RHS	Rural Housing Scheme
SC	Sub Centre
SED	School Education Department
SGRY	Sampoorna Gramin Rozgar Yojana
SGSY	Swarnjayanti Gram Swarozgar Yojana
SHG	Self Help Group
SLSC	State Level Standing Committee
SSN	Social Safety Net
STA	State Technical Agency
VHV	Village Health Volunteer
WBECSC	West Bengal Essential Commodities Supply Corporation
WBFC	West Bengal Finance Corporation
WBIDFC	West Bengal Infrastructure Development Finance Corporation

IX 53B-1

WEST BENGAL LIBRARY