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**REPORT OF THE  
COMPTROLLER AND AUDITOR GENERAL  
OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 2009**

**(CIVIL)**

**GOVERNMENT OF WEST BENGAL**

সম্মতি পূর্বক প্রাপ্ত  
Legislative Assembly.  
পশ্চিম বঙ্গ বিধানসভা  
কোম্পিট্রল সিস্টেম

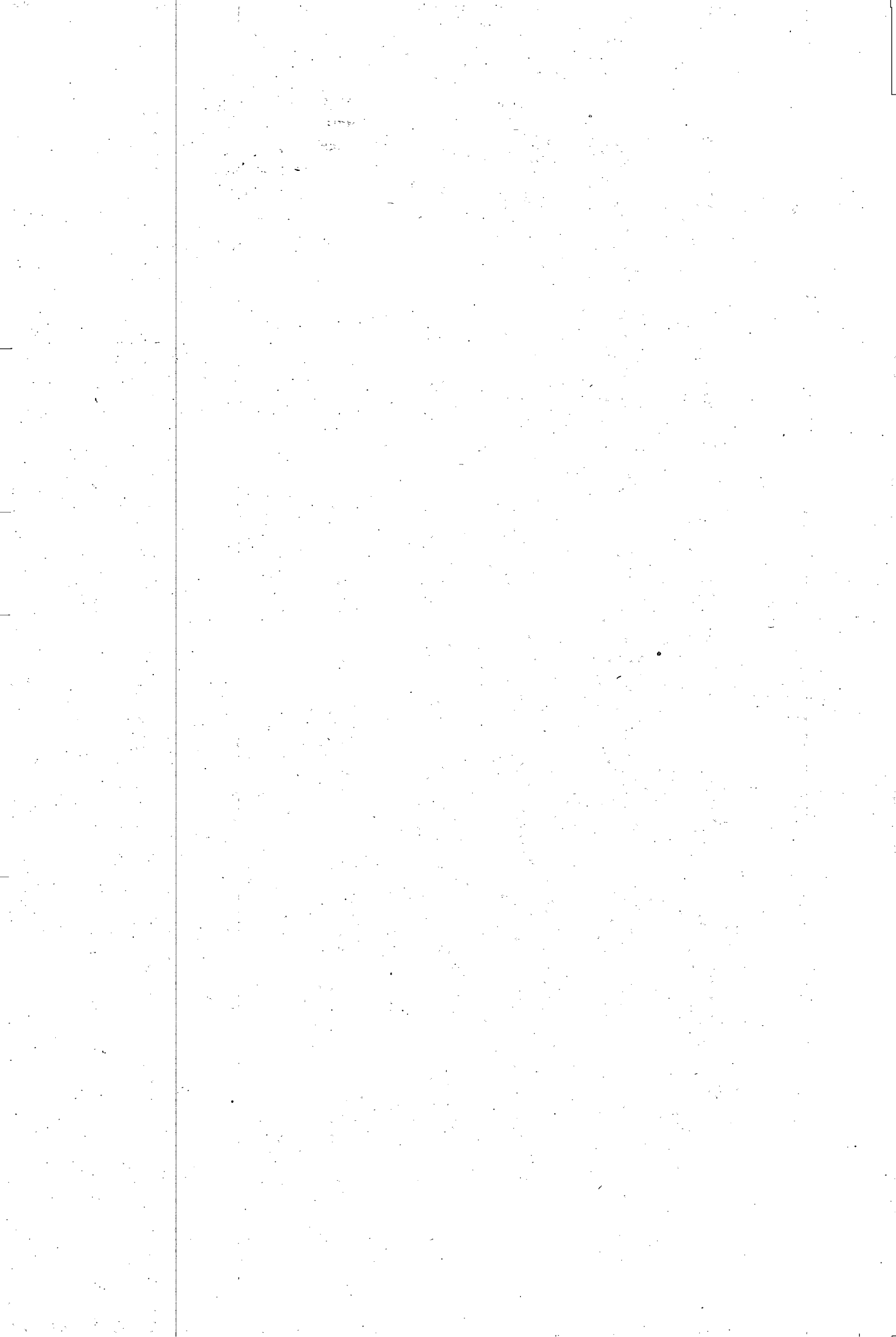
30 JUL 2010

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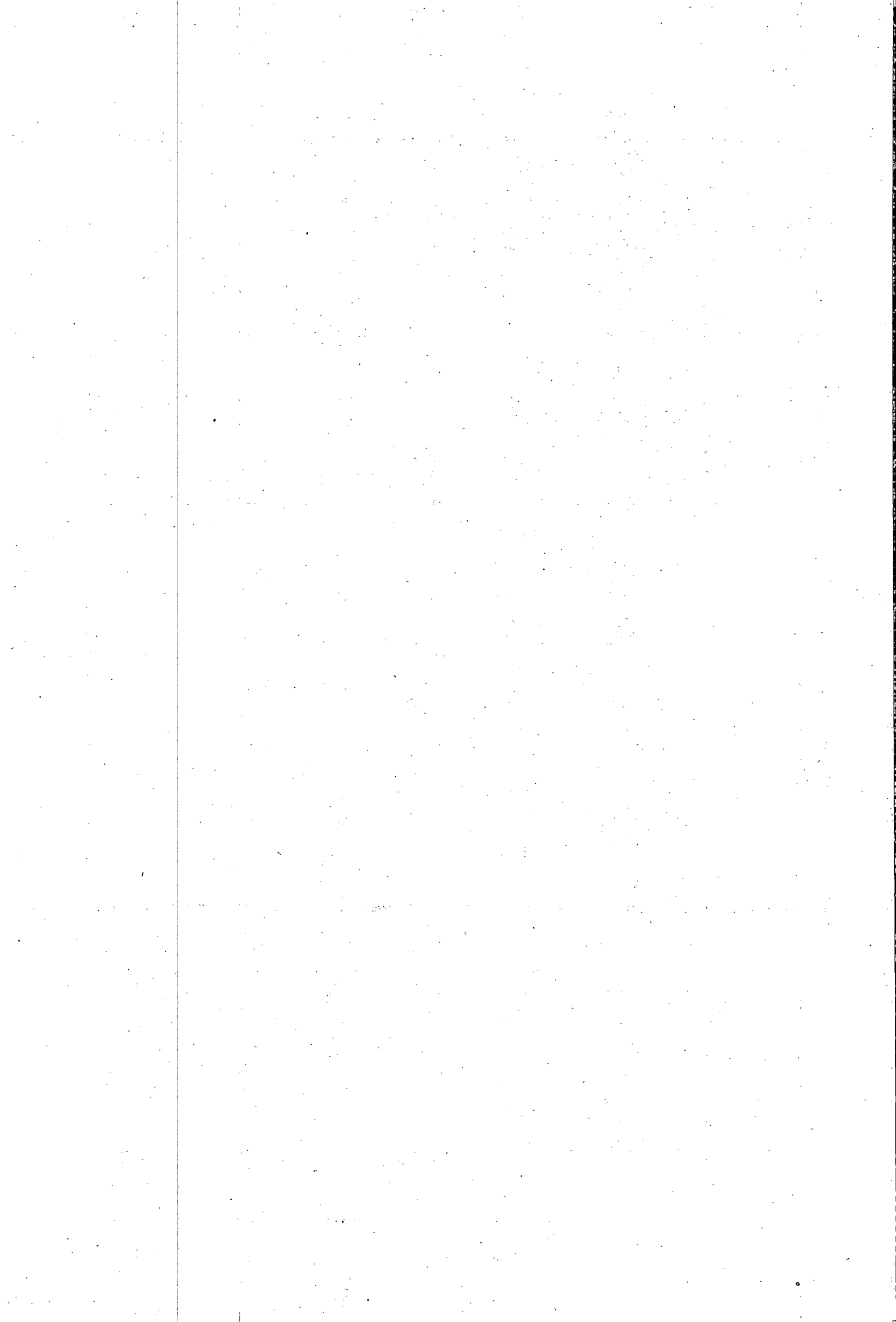
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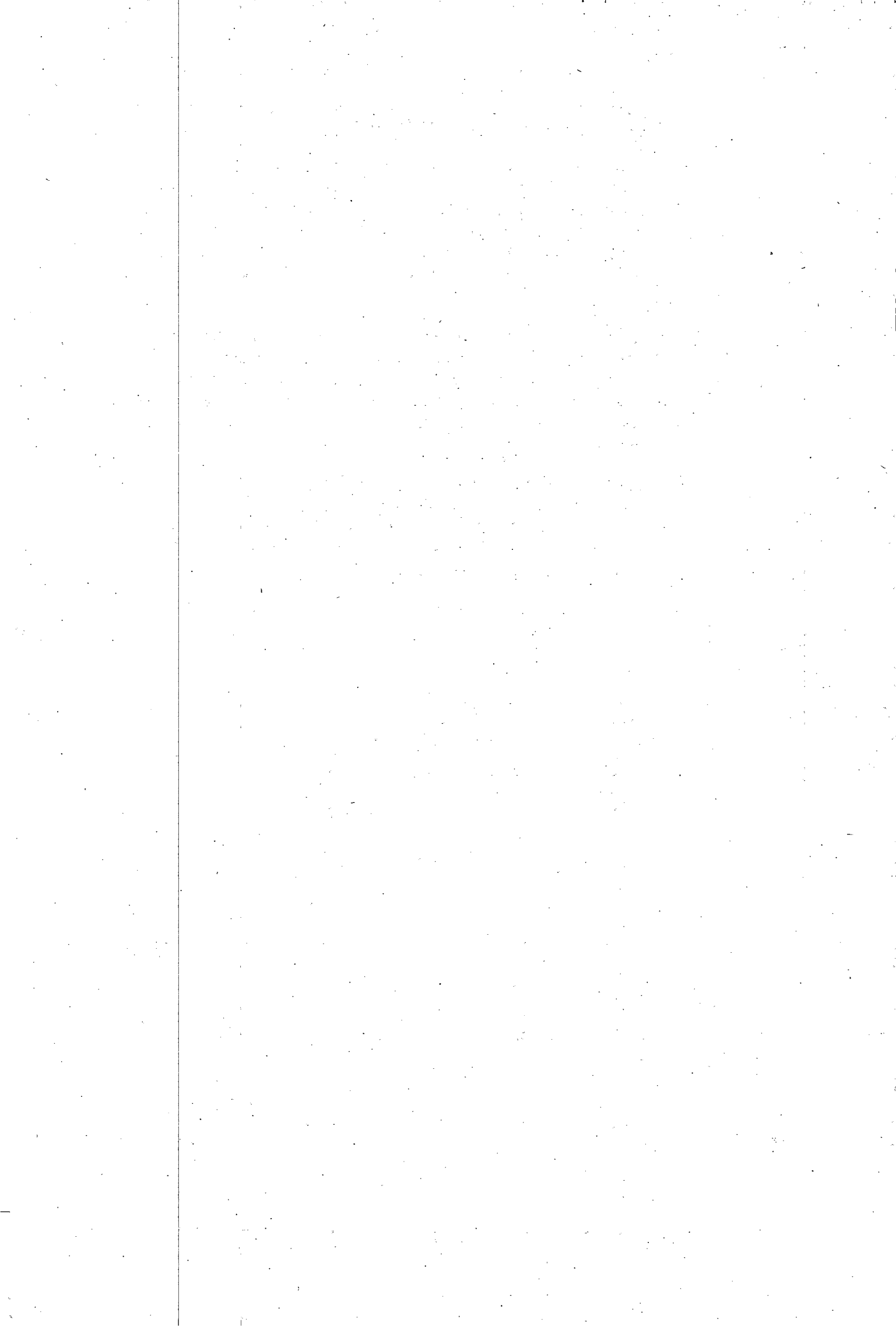
Preface

This Report on the audit of expenditure incurred by the Government of West Bengal has been prepared for submission to the Governor under Article 151 of the Constitution. The Report covers significant matters arising out of the compliance and performance audits of various departments including autonomous bodies. Audit observations on the Annual Accounts of the Government would form part of a Report on State Finances, which is being presented separately.

The Report starts with an introductory Chapter outlining the audit scope, mandate and the key audit findings which emerged during the year-long audit exercise. Chapter 2 of the Report covers performance audits while Chapter 3 discusses material findings emerging from compliance audits. Chapter 4 includes the findings arising out of the integrated audit of Housing Department.

The cases mentioned in this Report are among those which came to notice in the course of test-audit of accounts during the year 2008-09 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2008-09 have also been included wherever necessary.





# **CHAPTER 1**

## **INTRODUCTION**



## Chapter 1: Introduction

### 1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from performance review of one selected project and two organisations as well as compliance audit of transactions of the various departments of the Government of West Bengal.

Compliance audit relates to examination of transactions relating to expenditure, receipts, assets and liabilities of the audited entities to ascertain whether the provisions of Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by competent authorities are being complied with.

Performance audit or value for money audit involves comprehensive review of the projects, programmes, schemes, organisations, etc. in terms of their goals and objectives. It aims at ascertaining the extent to which the expected results have been achieved from the available resources of money, men and materials expended. In the process it evaluates the economy, efficiency and effectiveness of development schemes, projects or organisations both financially and socio-economically.

The primary purpose of this Report is to bring to the notice of the Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the authority, planning and extent of audit, provides a synopsis of significant audit observations, a brief analysis of the expenditure of the Government for the last three years, budget and expenditure controls of the Government, response of Government to draft paras/reviews and follow up action on Audit Reports. Chapters 2 and 3 present findings/ observations arising out of the performance review of National Rural Health Mission (NRHM) and Working of State Urban Development Agency (SUDA) as well as compliance audit of various departments. The findings of integrated audit of Housing Department have been highlighted in Chapter 4 of the Report.

### 1.2 Auditee profile

There are 56 Departments in the State, headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Directors/Commissioners and subordinate officers. Office of the Principal Accountant

General (Audit), West Bengal conducts audit of 2805 units of various levels under those Departments. Besides, this office audits 98 bodies/authorities either substantially financed from the Consolidated fund of the State or audit of which have been entrusted by the Government under various sections of the C&AG's DPC Act.

The Works Audit Wing in the Office of the Accountant General (Receipt, Works and Local Bodies Audit), West Bengal is responsible for audit of eight Departments and directorates of the Government of West Bengal and four autonomous bodies (total 599 units spread all over the State).

The comparative position of expenditure incurred by the Government of West Bengal during the year 2008-09 and in the preceding two years is given in Table 1.1.

Table 1.1: Comparative position of expenditure for 2006-07 to 2008-09

(Rupees in crore)

Particulars	2006-07			2007-08			2008-09		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
<b>Revenue expenditure</b>									
General services	17862.09	39.21	17901.30	18794.27	72.31	18866.58	20700.51	74.93	20775.44
Social services	8178.11	3201.87	11379.98	9409.30	4053.70	13463.00	10823.92	5560.90	16384.82
Economic services	2950.10	1553.83	4503.93	2947.45	2606.36	5553.81	11637.21	2388.20	14025.41
Grants-in-aid	369.15	6.91	376.06	411.83	19.20	431.03	406.38	21.26	427.64
<b>Total</b>	<b>29359.45</b>	<b>4801.82</b>	<b>34161.27</b>	<b>31562.85</b>	<b>6751.57</b>	<b>38314.42</b>	<b>43568.02</b>	<b>8045.29</b>	<b>51613.31</b>
<b>Capital expenditure</b>									
Capital Outlay	8.64	2009.59	2018.23	19.25	2668.48	2687.73	(-) 23.68	3728.98	3705.30
Loans and Advances disbursed	85.91	1231.35	1317.26	46.98	1015.14	1062.12	64.40	695.25	759.65
Payment of Public Debt	3706.38	-	3706.38	4579.80	-	4579.80	4854.86	-	4854.86
Public Accounts disbursement	33185.41	-	33185.41	49076.77	-	49076.77	54915.45	-	54915.45
<b>Total</b>	<b>36986.34</b>	<b>3240.94</b>	<b>40227.28</b>	<b>53722.80</b>	<b>3683.62</b>	<b>57406.42</b>	<b>59811.03</b>	<b>4424.23</b>	<b>64235.26</b>
<b>Grand Total</b>	<b>66435.79</b>	<b>8042.76</b>	<b>74388.55</b>	<b>85285.65</b>	<b>10435.19</b>	<b>95720.84</b>	<b>103379.05</b>	<b>12469.52</b>	<b>115848.57</b>

Source : Finance Accounts

### 1.3 Authority for Audit

The Comptroller and Auditor General (C&AG) of India has been empowered to conduct audit in accordance with Articles 149 and 151 of the Constitution of India and C&AG's (Duties, Powers and Conditions of Service) Act, 1971. C&AG conducts audit of expenditure of State Government departments under Section 13<sup>1</sup> of the C&AG's (DP&C) Act. Besides, there are units audited under Sections 14<sup>2</sup> (60 units), 19<sup>3</sup> (31 units) and 20 (1)<sup>4</sup> (11 units) of the said

<sup>1</sup> Audit of (i) all expenditure from the Consolidated Fund of State (ii) all transactions relating to Contingency Funds and Public accounts and (iii) all trading, manufacturing, profit & loss accounts, balance-sheets & other subsidiary accounts.

<sup>2</sup> Several non-Commercial Autonomous/ Semi-Autonomous Bodies, established to implement Schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment etc. and substantially financed by the Government, are audited under Section 14.

<sup>3</sup> Audit of the accounts of Corporations (not being Companies) established by or under law made by the State Legislature in accordance with the provisions of the respective legislations or as per request of the Governor of the State in the public interest.

<sup>4</sup> Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the C&AG and the Government

Act. The principles and methodology adopted for audit are prescribed in the Regulation of Audit & Accounts, 2007, Auditing Standards and Performance Audit guidelines issued by the Indian Audit & Accounts Department.

#### **1.4 Organisational Structure/Jurisdiction of Audit Office**

Inspection Civil Wing of the Office of the Pr. Accountant General (Audit), West Bengal conducts audit of all expenditure incurred by Civil Departments (except those covered by the Works Audit wing) of the State Government, Autonomous Bodies and authorities, etc. (total 2903 units spread all over the State). The Works Audit Department under the Accountant General (Receipt Works & Local Bodies Audit), West Bengal is responsible for the audit of eight<sup>5</sup> Departments/ Directorates of the Government of West Bengal and four Autonomous Bodies comprising 599 units.

#### **1.5 Planning and Conduct of Audit**

Transaction audit is conducted as per the annual audit plan. The units are selected on the basis of risk assessment. Areas taken up for Performance Audit and Integrated Audit are selected on the basis of topicality, financial significance, social relevance and the findings of previous Audit/Inspection Reports.

Inspection Reports are issued to the heads of units after completion of audit. Based on replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed further as draft paragraphs for inclusion in the Audit Report of C&AG.

In case of Performance Audit and Integrated Audit, objectives and criteria are framed and discussed in entry conferences with the concerned organisation. After conducting of audit, the draft report is issued to the concerned Department. Formal replies furnished by the Department as well as views expressed by the Heads of Departments in exit conferences are carefully considered while finalising the material for inclusion in the Audit Report. Audit Reports are laid before the State Legislature under Article 151 of the Constitution of India.

#### **1.6 Significant audit observations**

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities through performance audits, which impact the success of programmes. Topics of such performance Audits featuring in the recent years' State Civil Audit Reports included the flagship programmes of immense social relevance, namely, Sarva Shiksha Abhiyan, Nutritional Support to Primary Education (Mid Day Meal), Accelerated Rural

<sup>5</sup> Public Works, Public Works (Roads), Public Works (Construction Board), Housing, Irrigation & Waterways, Public Health Engineering, Forest and Transport

Water Supply Programme, etc. Besides, the deficiencies noticed during assessment of internal control mechanism of some Government departments as well as during compliance audit of the Government departments/functionaries were also reported.

### ***1.6.1 Performance audits of programmes/activities/department***

The present report contains two performance audits (in Chapter 2) and Integrated Audit of Housing Department (Chapter 4).

Performance Audit of the National Rural Health Mission (NRHM), a GoI flagship scheme, was taken up in view of its immense social significance in terms of human development index. The State Urban Development Agency (SUDA) is the State level nodal agency for implementation of significant schemes of employment generation, poverty alleviation and upliftment of standard of living in urban slums. Working of SUDA was subjected to a performance review in view of the potential risk perception in implementation of schemes and handling of scheme funds. Housing Department, on the other hand, was selected for an integrated audit to ascertain whether the Department has effectively fulfilled the objective of providing affordable housing, given the recent increase in its activities.

The major observations arising out of the performance audits are outlined in the following paragraphs.

#### ***(i) National Rural Health Mission***

Government of India launched National Rural Health Mission (NRHM) for providing accessible, affordable, effective and reliable health care facilities in rural areas. Implementation of NRHM was affected by the absence of reliable baseline data, as household and facilities surveys were not conducted. Village Health and Sanitation Committees (VHSCs) had not been formed by Gram Unnayan Samitis. Rogi Kalyan Samitis are yet to adequately fulfill their role in monitoring and supervising the functioning of health care centres. The population-health centre ratio was much higher than that prescribed under NRHM. Health centres often lacked basic infrastructure (good quality building, electricity and water supply, etc.) as well as guaranteed facilities (inpatient services, operation theatre, labour room, pathological tests, X-ray, emergency care, etc.). Shortage of specialist medical and nursing staff at different levels of health centres continued to be a cause for concern. There was also substantial shortfall in engagement and training of Accredited Social Health Activists.

#### ***(ii) Working of State Urban Development Agency (SUDA)***

State Urban Development Agency (SUDA) is responsible for ensuring proper implementation and monitoring of centrally assisted schemes for employment generation and poverty alleviation in urban areas. Performance review on the activities of SUDA showed that the contemplated benefits of self-employment and wage-employment to accrue to the urban poor living below poverty line could not be fully realised. Inefficient financial management was apparent from the instances of irregular parking of substantial amounts of scheme funds

in local fund account for years together, failure to avail of full amount of GoI grants for different schemes and diversion of scheme funds for unintended purposes. Shortfall in construction of dwelling units and toilets was noticed under the Valmiki Ambedkar Awas Yojana and Integrated Housing and Slum Development Programme.

### (iii) *Integrated Audit of Housing Department*

Housing Department constructs and maintains housing estates for State Government employees as well as general public in urban areas. Integrated performance review of the Housing Department showed that despite the enormity of the task, the Department had not developed any master plan or detailed action plans to achieve its mandate. Inefficient financial management resulted in substantial annual savings though the Department stated that housing requirements could not be met due to budgetary constraints. There were cost over-runs in completing housing projects owing to ineffective monitoring. Cases of projects remaining incomplete for years together owing to land acquisition disputes, faulty planning and defective construction leading to non-allotment of flats for two to ten years were also noticed under West Bengal Housing Board. Incorrect fixation of rent led to loss to Government, while collection of rent was in to arrears in absence of monitoring.

### 1.6.2 *Compliance audit*

Audit has also reported on several significant deficiencies in critical areas which impact the effective functioning of Government departments/organisations. These are broadly categorised and grouped as (i) audit of non-compliance with rules, (ii) audit against propriety/ expenditure without justification, (iii) persistent/pervasive irregularities and (iv) failure of oversight/governance.

Some irregularities arising out of compliance audit are illustrated below:

**Failure to ensure installation of individual meters at Government quarters under Home (Police) and Health & Family Welfare Departments led to avoidable expenditure of Rs 4.52 crore on payment of electricity charges.**

#### *Paragraph 3.1.2*

**The decision of Kolkata Metropolitan Development Authority (KMDA) under the Urban Development Department to lease out the Sealdah commercial complex to a private party for 99 years resulted in a loss of Rs 18.80 crore on salami and in annual recurring loss of Rs 17.93 lakh on rent.**

#### *Paragraph 3.2.1*

**During Joint Venture transformation of a Public Sector Undertaking, the value of equity had been reduced by Rs 2 crore in view of its loan liability. Later on, Government itself took over the joint venture's liability and settled its loan. This resulted in extending an undue financial benefit of Rs 2 crore to the joint venture (74 per cent stake was held by the private strategic partner).**



*Paragraph 3.2.3*

Flawed decision of the Public Health Engineering department to construct a temporary structure led to loss of Rs 1.21 crore and avoidable expenditure of Rs 11.33 lakh on retrieval of material.

*Paragraph 3.2.4*

The Irrigation and Waterways Department's decision to undertake repair and construction works in a river during monsoon led to wasteful expenditure of Rs 1.38 crore.

*Paragraph 3.2.5*

The Irrigation and Waterways Department allowed inadmissible higher rate resulting in extra expenditure of Rs 70.41 lakh without valid justification, which was tantamount to undue financial benefit to the contractor in violation of the terms and conditions of the contract.

*Paragraph 3.2.6*

Failure of the Food and Supplies Department to ensure timely transfer of the sale proceeds of food grains of the Public Distribution System to the cash credit account led to an avoidable interest payment of Rs 94.84 lakh.

*Paragraph 3.3.1*

Kolkata Municipal Corporation (KMC), without tender, awarded to a private company a contract for construction of multi-level car parking systems at Rowdon Street and Lindsay Street, Kolkata including shopping mall at Lindsay Street on Build, Own, Operate & Transfer basis. Audit scrutiny showed various instances of compromise in the financial interest of the KMC through control failure. Though land valuing Rs 29.14 crore was provided by the KMC, no part of the premium (Rs 24.66 crore) realised from leasing out of shopping outlets was passed on to KMC by the contractor. Though the revenues of the projects were to be shared, in absence of enabling provision in agreement, KMC could not check the actual revenue collected by the contractor leading to short realisation of revenue. On the other hand, undue advantage was extended to the contractor by allowing an interest free loan of Rs 3 crore resulting in loss of Rs 3.53 crore towards interest. The State Government was also deprived of stamp duty of Rs 2.04 crore owing to non-registration of the agreement.

*Paragraph 3.4.1*

Weak oversight coupled with inexperience of both field level officers and the agency under Irrigation and Waterways Department in executing geotubes work and non-compliance with recommendations of the Monitoring Committee led to unfruitful expenditure of Rs 3.59 crore.

*Paragraph 3.4.2*

The objective of establishing a Food Park in Malda remained un-fulfilled owing to lack of co-ordination between Food Processing Industries & Horticulture and Land & Land Reforms Departments. This also resulted in blockage of an investment of Rs 7.86 crore.

*Paragraph 3.4.4*

The Co-operation Department could not utilise a substantial portion of loans taken from the National Co-operative Development Corporation for

funding construction of mini cold storages in the co-operative sector, leading to infructuous expenditure of Rs 1.01 crore on interest.

*Paragraph 3.4.5*

### 1.7 Budget and expenditure controls

A summary of Appropriation Accounts for 2008-09 in respect of the Government of West Bengal is given in Table 1.2.

**Table 1.2 : Summary of Appropriation Accounts for 2008-09 (Rupees in crore)**

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	31151.75	10478.05	41629.80	39773.84	(-) 1855.96
	II Capital	3296.74	1294.95	4591.69	4038.19	(-) 553.50
	III Loans and Advances	958.93	83.67	1042.60	759.65	(-) 282.95
	IV. Public Debt	0.40	-	0.40	-	(-) 0.40
<b>Total Voted</b>		<b>35407.82</b>	<b>11856.67</b>	<b>47264.49</b>	<b>44571.68</b>	<b>(-) 2692.81</b>
Charged	IV Revenue	13125.10	31.53	13156.63	12815.32	(-) 341.31
	V Capital	-	3.69	3.69	2.61	(-) 1.08
	VI Public Debt-Repayment	5923.97	8035.56	13959.53	14118.77	(+) 159.24
<b>Total Charged</b>		<b>19049.07</b>	<b>8070.78</b>	<b>27119.85</b>	<b>26936.70</b>	<b>(-) 183.15</b>
<b>Grand Total</b>		<b>54456.89</b>	<b>19927.45</b>	<b>74384.34</b>	<b>71508.38</b>	<b>(-) 2875.96</b>

*Source : Appropriation Accounts*

The overall saving of Rs 2875.96 crore was the result of saving of Rs 3581.85 crore in 53 grants and 27 appropriations under Revenue Section and 43 grants and 20 appropriations under Capital Section, offset by excess of Rs 705.89 crore in eight grants under Revenue Section and nine grants under Capital Section.

#### 1.7.1 Excess expenditure over available provisions

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess expenditure over a grant/appropriation regularised by the State Legislature. Regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). Excess expenditure amounting to Rs 28200.65 crore for the years 2003-2008 is yet to be regularised. Moreover, excess expenditure under 13 grants and four appropriations amounting to Rs 705.89 crore incurred during 2008-09 from the Consolidated Fund of the State over the amounts authorised by the State Legislature requires regularisation under Article 205 of the Constitution.

#### 1.7.2 Unnecessary/excessive/inadequate supplementary provision

Supplementary provision aggregating Rs 846.86 crore obtained in 24 cases (Rs 50 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision. On the other hand, in 10 cases, supplementary provision of Rs 8689.91 crore proved

insufficient by more than Rs 1 crore in each case leaving an aggregate uncovered excess expenditure of Rs 689.06 crore.

### **1.8 Response of the Ministries/Departments to Draft Audit Paragraphs**

Finance (Budget) department issued directions to the departments in June 1982 to send their response to draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within one month.

The Draft paragraphs are forwarded to the Secretaries of the Ministries/ departments concerned drawing their attention to the audit findings and requesting them to send their response within prescribed time frame. It is brought to their personal attention that in view of likely inclusion of such paragraphs in the Audit Reports of the Comptroller and Auditor General of India, which are placed before the Legislature, it would be desirable to include their comments in the matter.

Draft Paragraphs proposed for inclusion in this report were forwarded to the Secretaries concerned between March 2009 and July 2009 through letters addressed to them personally.

Concerned Ministries/Departments did not send replies to 19 out of 34 Paragraphs featured in Chapters 2 to 4. The responses of concerned Ministries/Departments received in respect of 15 paragraphs have been suitably incorporated in the Report.

### **1.9 Follow up on Audit Reports**

Review of outstanding Action Taken Notes on paragraphs included in the Reports of the Comptroller and Auditor General of India, Government of West Bengal up to 2007-08 revealed that Action Taken Notes on 292 paragraphs (selected: 41 from 1997-98 to 2007-08 and not selected: 251 from 1981-82 to 2007-08) involving 45 Departments remained outstanding as of September 2009.

Further, Action Taken Notes on 31 Reports of the Public Accounts Committee, presented to the Legislature between 1991-92 and 2008-09 had not been submitted by 18 Departments to the Assembly Secretariat. The matter has been discussed in detail in para 3.3.3 of this Report.

# **CHAPTER 2**

## **PERFORMANCE AUDIT**

<b>2.1</b>	<b><i>National Rural Health Mission (NRHM)</i></b>	<b>9</b>
<b>2.2</b>	<b><i>Working of State Urban Development Agency (SUDA)</i></b>	<b>34</b>



## HEALTH &amp; FAMILY WELFARE DEPARTMENT

## 2.1 NATIONAL RURAL HEALTH MISSION (NRHM)

## Executive Summary

Government of India (GoI) launched the National Rural Health Mission (NRHM) in April 2005 for providing accessible, affordable, effective and reliable health care facilities in rural areas.

Given the extensive coverage of this ambitious scheme and enormity of the delivery mechanism there are some notable achievements under certain components of the Mission, namely, increase in in-patient numbers over the years, number of institutional deliveries, coverage of families under family planning, medical examination under Revised National Tuberculosis Control Programme. The availability of funds under the scheme also steadily increased over the years.

However, the above-mentioned achievements notwithstanding, there were certain shortcomings in the execution/management of the scheme which adversely affected the expected outcome of the scheme. Implementation suffered from the absence of reliable baseline data, as the household and facilities surveys were not conducted. Rogi Kalyan Samitis are yet to adequately fulfill their role in monitoring and supervising the functioning of health care centres. Staffing of the health care centres, at different levels, continues to remain a cause for concern, since the stipulated complement of specialist medical and nursing staff was not available in most of the test-checked centres. Deficiencies of physical infrastructure also persisted, as works of construction of many health centre buildings and staff quarters either remained incomplete or were not started.

The significant findings are indicated below

- Household and facilities surveys, required to identify the health care needs of the rural areas, were not conducted. The Perspective Plan for the Mission period was also not prepared.
- Village Health and Sanitation Committees (VHSCs) to be formed by Gram Unnayan Samitis, were not formed in any village.
- The population-health centre ratio was much higher than that prescribed under NRHM and no action was taken by Government for setting up new health centres during 2005-09. The health centres often lacked basic infrastructure (good quality building, electricity and water supply, etc.) as well as guaranteed services (inpatient services, operation theatre, labour room, pathological tests, X-ray, emergency care, etc.).
- While 72 Sub-centre (SC) buildings and 24 ANM<sup>1</sup> quarters completed at a cost of Rs 4.44 crore were not taken over even after two to 13 months of their completion, construction of 133 SC buildings and 284 ANM quarters was not started within the scheduled time frame.

<sup>1</sup> Auxiliary Nursing Midwife

### **2.1.1 Introduction**

The Government of India (GoI) launched the National Rural Health Mission (NRHM) in April 2005 with a view to providing accessible, affordable, accountable, effective and reliable health care facilities in the rural areas, especially to poor and vulnerable sections of the population. The underlying strategy of NRHM was to bridge gaps in health care facilities, facilitate decentralised planning in the health sector and provide an overarching umbrella for the existing programmes of Health and Family Welfare including Reproductive and Child Health-II, Vector Borne Disease Control Programme, Tuberculosis, Leprosy and Blindness Control Programmes. The primary objectives of NRHM are to:

- involve the community in planning and monitoring;
- reduce infant mortality rate, maternal mortality rate and total fertility rate for population stabilisation; and
- prevent and control communicable and non-communicable diseases, including locally endemic diseases.

### **2.1.2 Organisational Structure**

At the State level, NRHM functions under the overall guidance of the State Health Mission (SHM), headed by the Chief Minister, for providing health system oversight, consideration of policy issues in health sector, review of progress in implementation of NRHM and inter-sectoral co-ordination, etc. The activities under NRHM are carried out through the State Health and Family Welfare Society (SHS), which was formed by integrating all earlier societies set up for implementation of various disease control programmes. The Governing Body of the SHS is headed by the Minister-in-Charge of Health and Family Welfare (H&FW) Department. The Executive Committee of the SHS is headed by the Principal Secretary of H&FW Department. In each of the 18 districts, there is a District Health & Family Welfare Society (DHS) headed by the District Magistrate. Its Executive Committee, headed by Chief Medical Officer of Health (CMOH), is responsible for planning, monitoring, evaluation, as well as for accounting and database management in respect of implementation of NRHM. The implementation of various disease control programmes is supervised by the Heads of the respective Disease Control Programmes. Various components/activities of NRHM are implemented through 346 Community Health Centres (CHCs), 922 Primary Health Centres (PHCs) and 10356 Sub-Centres (SCs) in the State. The DHS is to supervise and monitor the overall implementation of NRHM at the district level.

### **2.1.3 Audit Objectives**

The performance audit aimed to assess whether -

- release and utilisation of funds and accounting thereof in the decentralised set up were adequate;

- planning and monitoring procedures at the level of village, block, district and State were oriented towards the principal objective of ensuring accessible, effective and reliable health care to the rural population;
- the level of community participation in planning, implementation and monitoring of the Mission was adequate and effective;
- the Mission achieved capacity building, as targeted, and strengthening of physical and human infrastructure at different levels, as planned;
- system of procurement of medicines and equipment and logistic management were efficient and ensured improved availability of medicines and services;
- the performance indicators and targets fixed specially in respect of reproductive and child health care, immunisation and disease control programmes were achieved.

#### 2.1.4 Scope and methodology of audit

The performance audit of NRHM was conducted from April to July 2008 and from February to March 2009. It covered the period from 2005-06 to 2008-09 through a test-check of records in H&FW Department, the SHS, five DHSs<sup>2</sup>, five District Hospitals (DHs), 15 CHCs, 30 PHCs and 60 SCs. An entry conference with the Additional Chief Secretary to the Government of West Bengal, H&FW Department was held on 4 April 2008, wherein the audit objectives and criteria were discussed. Audit findings were discussed in an exit conference held on 27 January 2009 with the Director of NRHM.

### Audit Findings

#### 2.1.5 Financial Outlays

##### 2.1.5.1 Expenditure on NRHM

The Table 2.1.1 shows the expenditure incurred by the State on NRHM activities.

Table 2.1.1: Position of receipt and expenditure of funds under NRHM (Rupees in crore)

Year	Approved PIP	Opening balance	Amount released by Govt	State share	Total amount available for the year	Expenditure incurred during the year	Balance amount	Percentage of balance amount to total amount available
2005-06	NIL*	13.13	119.41	0.28	132.82	85.65	47.17	35.51
2006-07	208.93	47.17	241.39	0	288.56	152.98	135.58	46.99
2007-08	594.41	135.58	391.40	0	526.98	301.60	225.38	42.77
2008-09#	685.78	225.38	443.55	0	668.93	244.27	424.66	63.48
<b>Total</b>	<b>1489.12</b>	<b>13.13</b>	<b>1195.75</b>	<b>0.28</b>	<b>1209.16</b>	<b>784.50</b>	<b>424.66</b>	<b>35.12</b>

\*PIP for the year 2005-06 had not been prepared.

#Figures for the year 2008-09 are provisional as the Accounts have not been finalised.

Source : Accounts of State Health Society

<sup>2</sup> Birbhum, Howrah, Jalpaiguri, Purulia and Uttar Dinajpur



During 2005-09, 37 to 64 per cent of available funds were utilised

It would be evident from Table 2.1.1 that during 2005-09, availability of funds under NRHM has steadily increased, 37 to 64 per cent of total available funds were utilised each year. As of March 2009, Rs 424.66 crore (35 per cent of total available funds during 2005-09) remained parked with the SHS. The component wise receipts and expenditures on NRHM are shown in Appendix 2.1.1.

### 2.1.5.2 Release and utilisation of untied funds

Table 2.1.2 indicates the untied funds<sup>3</sup> received and utilised by the health centres in the test-checked districts during 2005-06 to 2008-09 (up to December 2008):

Table 2.1.2: Release and utilisation of untied funds (Rupees in lakh)

Year	Number of health centres	Untied Funds received	Untied funds utilised	Unspent untied funds	
				Amount	Percentage to funds received
<b>SC level</b>					
Birbhum	484	193.60	154.24	39.36	20.3
Howrah	448	179.20	111.81	67.39	37.6
Jalpaiguri	537	214.80	159.33	55.47	25.8
Purulia	485	194.00	104.45	89.55	46.2
Uttar Dinajpur	344	137.60	96.88	40.72	29.6
<b>Total</b>	<b>2298</b>	<b>919.20</b>	<b>626.71</b>	<b>292.49</b>	<b>31.8</b>
<b>PHC level</b>					
Birbhum	58	43.50	36.48	7.02	16.1
Howrah	41	30.75	15.23	15.52	50.5
Jalpaiguri	38	28.50	13.56	14.94	52.4
Purulia	51	39.75	15.78	23.97	60.3
Uttar Dinajpur	19	16.50	8.59	7.91	47.9
<b>Total</b>	<b>207</b>	<b>159.00</b>	<b>89.64</b>	<b>69.36</b>	<b>43.6</b>
<b>CHC level</b>					
Birbhum	19	9.50	5.03	4.47	47.1
Howrah	15	7.50	2.55	4.95	66.0
Jalpaiguri	14	7.00	3.74	3.26	46.6
Purulia	20	10.00	6.33	3.67	36.7
Uttar Dinajpur	9	4.00	2.85	1.15	28.8
<b>Total</b>	<b>77</b>	<b>38.00</b>	<b>20.50</b>	<b>17.50</b>	<b>46.1</b>

Source : Records of District Health Societies

There was no annual/quarterly programme for use of untied funds and such funds aggregating Rs 3.79 crore (34 per cent of available fund of Rs 11.16 crore) remained unutilised at CHCs, PHCs and SCs of the five test-checked districts as of December 2008.

### 2.1.5.3 Diversion of untied funds

Untied funds at the SC level were to be utilised towards payments for cleaning, transport of emergency cases to appropriate referral centres, transport of blood samples during epidemics, purchase of bleaching powder and disinfectants for use in common areas of the village, etc. Similarly, untied funds of PHCs was to be used for minor repairs of PHCs, provision of running

<sup>3</sup> Funds not linked to any specific programme and which are to be used for some specific purposes according to local needs

Thirty four per cent of untied funds available with the health centres remained unutilised

water supply and electricity, repair of soak pits, transport of emergency cases to appropriate referral centres, transport of samples during epidemics, etc.

Untied funds, aggregating Rs 5.62 lakh during 2005-09, were used for purposes not covered under the scheme, such as purchase of office stationery, equipment, drugs, etc, at 56 sub centres. Similarly, untied funds of Rs 7.75 lakh at 28 PHCs during 2006-09 were utilised for purchase of office stationery and equipment, drugs, furniture, payment of wages and payment towards advertisements and IEC<sup>4</sup> related activities, etc.

## 2.1.6 Planning for implementation of NRHM

### 2.1.6.1 Absence of Baseline survey

The Annual District Health Action Plans (DHAPs) were to be prepared on the basis of preparatory studies, mapping of services, and household and facility surveys conducted at village and block levels through the Village Health and Sanitation Committees (VHSCs). Household surveys were essential to assess the health care requirements and identify underserved and unserved areas. Similarly, in order to establish benchmarks for quality of services and to identify input needs, facility surveys were to be conducted in each facility i.e. CHC, PHC and SC.

There are 40798 villages in 341 blocks in the State. As regards facilities, there are 346 CHCs, 922 PHCs and 10356 SCs. The H&FW Department did not formulate a plan for conducting household and facility surveys. Consequently, no targets were fixed for conducting such surveys and these surveys were not conducted in any district. The ground work required for effective implementation of the objectives of NRHM had thus not been done.

### 2.1.6.2 Non-preparation of Perspective Plan

In terms of the NRHM guidelines, the SHS and DHSs were to identify the gaps in health care facilities, areas of interventions and probable investment for the entire Mission period (2005-12). They were to set financial and physical targets in Perspective Plans for each district and the State, based on which the annual requirements of funds and targets were to be set annually. However, Perspective Plans were not prepared by the SHS and DHSs in any district.

### 2.1.6.3 Delayed preparation of Project Implementation Plans

The State Project Implementation Plan (PIP) was to be prepared by 30 November of the preceding year and was to be sent to GoI for approval by 15 December after approval of the Governing Body of SHS. The State and District PIPs for the year 2005-06 were not prepared. The State PIPs for the years 2006-07, 2007-08 and 2008-09 were sent to GoI on 16 October 2006, 30 July 2007 and 20 March 2008 after delays of ten, seven and three months respectively. Moreover, in 2006-07 the State PIP was prepared without

<sup>4</sup> Information, Education and Communication

Household and facility surveys at the village and block level were not conducted

Perspective Plan was not prepared in any district

considering District PIPs since none of the DHSs had prepared the District PIP.

**Recommendation**

*The SHS should expedite the completion of household and facility surveys which would provide reliable inputs for the preparation of State and district perspective plans. The future annual state and district PIPs should be based on long term requirements and results of baseline surveys.*

**2.1.7. Community participation in planning and implementation**

**2.1.7.1 Non-formation of Village Health and Sanitation Committees**

The Village Health and Sanitation Committee (VHSC) was to undertake various activities like conducting a village level household survey, maintaining the village health register, preparing village health action plans, generating public awareness and motivating villagers to avail of the medical facilities available at village level, etc. In terms of the H&FW Department's order (July 2007), VHSCs were to be constructed by the Gram Unnayan Samiti (GUS). The VHSC was to be headed by the Chairman of GUS and consist of other members including one member of GUS, at least three women members of GUS, three members of women self help groups, Auxiliary Nursing Midwife (ANM), Anganwadi Worker (AWW) and Accredited Social Health Activist (ASHA) or link volunteer working in the area.

No VHSCs were formed in any of the five test-checked districts adversely impacting the level of community participation

However, in the five audited districts, GUSs did not form the VHSC and the untied funds meant for VHSCs were disbursed to GUSs. The primary duties of VHSCs viz. village level household survey and maintaining village health register were not being performed by GUSs. The failure to establish the VHSCs adversely impacted the level of community participation in implementing the Mission's activities.

**2.1.7.2 Non-creation of village level revolving fund**

The Mission envisaged setting up of a revolving fund at the village level by VHSC for providing referral and transport facilities for emergency deliveries, as well as immediate financial needs for hospitalisation. It has been prescribed that households may draw money from the revolving fund at the time of need, which may be returned in instalments. The revolving fund was not set up by any GUS in 323 test-checked GUSs in the 12 audited Blocks.

**2.1.7.3 Parking of untied grants for VHSC**

Untied grants of Rs 45.54 crore were released by H&FW Department in July 2007 (Rs 16.77 crore) and February 2008 (Rs 28.77 crore) to the Panchayat & Rural Development (P&RD) Department. The grants were meant for releasing Rs 10000 to each of the 16770 VHSCs in 2007-08 and 28770 VHSCs in 2008-09. However, the P&RD Department released Rs 26.03 crore (at the rate of Rs 8000 for 16540 GUSs in 2007-08 and Rs 10000 for 12801 GUSs in 2008-09) to 132 Panchayat Samities (PSs) in eight districts between November 2007 and October 2008 for disbursement to GUSs, as VHSCs were not formed in any village. Further, the Department procured 16540 machines for weighing

babies at a cost of Rs 1.22 crore in September 2008 for distribution to each of 16540 GUSs.

The P & RD Department had irregularly retained untied grants of Rs 18.29 crore

Thus, the P&RD Department retained Rs 18.29 crore since February 2008, without releasing it to GUSs on the grounds that the NRHM programme under the State Public Health Cell of P&RD Department had been launched only in eight districts. The contention of the Department was not acceptable since H&FW Department released untied funds for 16770 GUSs in 2007-08 and 28770 GUSs in 2008-09 against 16540 and 13077 GUSs available in eight districts during 2007-08 and 2008-09 respectively.

In the 12 test-checked Blocks of four districts, out of Rs 2.22 crore received by PSs, the PSs released Rs 1.41 crore to 1682 GUSs in 2007-08 and 875 GUSs in 2008-09, while Rs 0.81 crore remained parked with PSs.

It was also noticed that GUSs were often not following prescribed procedures with respect to untied grants, as evidenced by the following illustrations:

- i. Out of 323 GUSs, separate bank accounts for VHSC funds were not opened by 81 GUSs.
- ii. Bank accounts were to be jointly operated by the ASHA/AWW or Health Link Worker and the Chairman of GUS. However, in all cases, bank accounts were being operated jointly by the Chairman and another member of GUS.
- iii. Separate cash books for VHSC funds were not maintained by GUSs.
- iv. Receipts and payments, out of VHSC funds, were not inspected by the ANM/Gram Panchayat (GP)/Multi Purpose Worker (MPW).
- v. Alipurduar-II PS released Rs 4000, instead of Rs 8000, to each of 113 GUSs during 2007-08 and unauthorisedly retained Rs 7.08 lakh.
- vi. Murarai-II PS in Birbhum unauthorisedly retained the entire amount of untied grants of Rs 18.38 lakh (Rs 9.68 lakh in November 2007 for 121 GUSs at Rs 8000 each and Rs 8.70 lakh in November 2008 for 87 GUSs at Rs 10000 each) meant for the GUSs. It deposited the entire amount in a bank account and utilised the interest of Rs 0.44 lakh for purchasing fuel for its vehicle and on refreshments for office staff.
- vii. Out of 16540 weighing machines purchased by P&RD Department in December 2008 for distribution to GUSs, 196 machines were lying with P&RD Department as of May 2009. Further, 473 machines costing Rs 3.49 lakh, stated to have been delivered to Howrah Zilla Parisad (ZP) on 18 December 2008 by the transport contractor, had not been received by ZP. The consignment could not be traced by P&RD Department.

#### 2.1.7.4 Rogi Kalyan Samitis

Deficiencies were noticed in the composition and performance of the RKS

In term of the NRHM guidelines, a Rogi Kalyan Samiti (RKS) is to be constituted and registered under the Society Registration Act, 1860 for health care centres up to PHC level. The RKS, which was designed as the most important and pro-active intervention under the Mission to ensure delivery of

reliable and accountable health services through community ownership of the health centres, was not functioning as prescribed under the NRHM framework. Although RKSs were formed in each of 15 district hospitals (DHs), 346 CHCs and 922 PHCs during April to September 2006, the composition of the membership under the RKSs indicated deviation from the norms required to ensure broad-based participation. Further, none of the RKSs was registered under the Society Registration Act. The accountability structure under the RKS framework was further weakened by the non-institutionalisation of a grievance redressal mechanism, non-display of citizen charters at the health centres and non-formation of monitoring committees under the RKS, etc, as discussed in the subsequent paragraphs.

**(i) Shortfall in holding meetings of RKS**

The RKSs were required to meet at least once in a month for reviewing the functioning of health care facilities. None of the test-checked five DHs, 15 CHCs and 30 PHCs, held monthly meetings of RKS each month. During 2006-09, 63, 165 and 239 meetings were held in these DHs, CHCs and PHCs against the requirement of 180, 540 and 900 meetings respectively. No report/proposal was submitted by the RKS of any of the test-checked DHs/CHCs/PHCs.

**(ii) Non-constitution of Monitoring Committee by RKS**

A monitoring committee was to be constituted by each RKS to visit hospital wards/health centres and collect patient feedback for further improvement. The monitoring committee was, however, not constituted in any of the test-checked DHs, CHCs and PHCs. Thus, the objective of introducing a mechanism for redressal of complaints of the community regarding demand/need, coverage, access, quality, effectiveness, behaviour and presence of health care personnel at service points, denial of care and negligence, etc, was not achieved.

**(iii) Poor utilisation of funds available with RKSs**

In terms of the NRHM framework, RKSs were to levy user charges from non-BPL patients for various services rendered by the health centres to meet authorised local needs. In addition, specified funds were to be released to the RKSs to carry out the functions devolved on them. The RKSs at district hospitals and CHCs received annual grants of Rs 5 lakh and Rs 1 lakh respectively for operation/ functioning. Further, at CHCs and PHCs, the RKSs received annual untied grants of Rs 50000 and Rs 25000 respectively and annual maintenance grants of Rs 1 lakh and Rs 50000 respectively.

However, the utilisation of funds by the RKSs was very low. The status of funds received and utilised by test-checked RKSs is given below:

Meetings of RKS were not held monthly

In absence of monitoring committee in any of the audited health centres, the monitoring and redressal mechanism was ineffective

**Table 2.1.3: Position of funds available with RKS** (Rupees in lakh)

No of RKS	Year	Opening Balance	Funds received during the year	Total funds available	Expenditure incurred during the year	Closing Balance (Percentage to available funds)
5 DHs	2006-07	Nil	76.09	76.09	43.38	32.71(43)
	2007-08	32.71	124.20	156.91	113.61	43.30 (28)
	2008-09	43.30	102.82	146.12	92.84	53.28(37)
15 CHCs	2006-07	1.28	23.21	24.49	8.12	16.37(67)
	2007-08	16.37	40.54	56.91	31.70	25.21 (44)
	2008-09	25.21	51.58	76.79	48.70	28.09(37)
30 PHCs	2006-07	Nil	6.01	6.01	4.28	1.73(29)
	2007-08	1.73	7.54	9.27	4.11	5.16 (56)
	2008-09	5.16	5.75	10.91	3.05	7.86(72)

Source : Records of District Health Societies

The table indicates that balances, ranging from 28 to 72 per cent of available funds during the years 2006-09, remained unutilised with RKSs.

(iv) *Misutilisation of corpus funds*

According to the department's order dated 13 February 2006, the Corpus Fund of DHS was to be utilised through RKSs in the district on the basis of needs of each facility. In the following cases the Corpus Fund was utilised for inadmissible purposes:

One photocopy machine (Rs 0.97 lakh), one computer (Rs 0.33 lakh), one laptop (Rs 0.47 lakh), one printer (Rs 0.06 lakh) and one digital camera (Rs 0.15 lakh) purchased by Howrah DHS between May 2007 and June 2008 were retained in the office of District Magistrate, Howrah. Besides, DHS, Howrah also spent Rs 4.64 lakh for printing of 5000 guidebooks for Anganwadi workers, even though such expenditure was not admissible.

- *The RKSs at all the health centres should be registered under the West Bengal Societies Registration Act, 1860.*
- *The RKSs should play a more meaningful role in supervision and monitoring of the functioning of health centres as well as in redressal of the patients' grievances through holding regular meetings, constitution of monitoring Committees, etc.*
- *Further, the monthly reporting by RKSs to DHS on the performance of health centres and their requirements for improvement of health care services should be effectively implemented.*

**2.1.7.5 Shortfall in arranging health camps**

To enhance access to primary health care by the poor as well as for extending the reach of Reproductive and Child Health (RCH), immunisation, family welfare and clinical services to the larger population, the Department decided (June 2006) to arrange health camps on a specific day each week at each Gram Panchayat (GP) Headquarter Sub-Centre, except those which were operating from PHC or any other health facility where regular out-patient services were provided. An expenditure, not exceeding Rs 1100, was sanctioned for each

**Recommendations**

camp towards purchase of drugs (Rs 500), mobility support (Rs 500) and contingencies (Rs 100).

Audit noticed that against the target of conducting 65191 health camps<sup>5</sup> at 469 SCs in the five test-checked districts during August 2006 to March 2009, only 32227 health camps were organised as detailed below:

**Table 2.1.4: Position of organisation of Health Camps** (Rupees in lakh)

Name of district	No. of SCs	No. of health camps required	No. of health camps organised	Shortfall in camps	No. of patients treated	Total funds received	Expenditure for mobility support			Expenditure for purchase of medicine		
							Admi- sable	Actual	Excess Expendi- ture	Admi- sable	Actual	Excess
Howrah	104	14456	8023	6433	636868	131.08	48.14	43.32	-	40.12	35.36	-
Purulia	102	14178	7768	6410	455259	141.81	46.61	52.59	5.98	38.84	51.52	12.68
Birbhum	94	13066	4877	8189	292396	120.97	29.26	24.39	-	24.39	42.35	17.96
Uttar Dinajpur	69	9591	4636	4955	362903	85.63	27.82	24.78	-	23.18	24.28	1.10
Jalpaiguri	100	13900	6923	6977	431445	129.60	41.54	49.31	7.77	34.62	42.37	7.75
<b>Total</b>	<b>469</b>	<b>65191</b>	<b>32227</b>	<b>32964</b>	<b>2178871</b>	<b>609.09</b>	<b>193.37</b>	<b>194.39</b>	<b>13.75</b>	<b>161.15</b>	<b>195.88</b>	<b>39.49</b>

Source : Records of District Health Societies

The shortfall in organising targeted number of camps was due to non-availability of sufficient doctors. Audit scrutiny revealed the following:

- (i) The shortfall in organising the targeted number of health camps during 2006-2009, led to non-utilisation of funds of Rs 2.19 crore by DHSs.
- (ii) Against sanctioned expenditure of Rs 46.61 lakh and Rs 41.54 lakh towards mobility support for organising 7768 and 6923 health camps (at the rate of Rs 600 per camp) in Purulia and Jalpaiguri respectively, Rs 52.59 lakh and Rs 49.31 lakh were spent resulting in excess expenditure of Rs 5.98 lakh and Rs 7.77 lakh respectively.
- (iii) Against sanctioned expenditure of Rs 121.03 lakh for purchase of medicines for 24204 camps (at the rate of Rs 500 per camp) in four districts, Rs 160.52 lakh were spent resulting in excess procurement of medicines worth Rs 39.49 lakh. As the District Reserve Stores (DRSs) do not maintain separate stock registers for the medicines purchased for health camps, the utilisation of medicines purchased in excess of requirement could not be verified in audit.

## 2.1.8 Capacity building and strengthening of physical and human infrastructure

### 2.1.8.1 Non-availability of required number of health centres

The NRHM implementation framework set targets of providing one Sub-Centre for population of 5000 (3000 in tribal areas), one PHC for population of 30000 (20000 in tribal/desert areas) and one CHC for population of 100000 (80000 in tribal/desert areas). For the total rural population of 577.49 lakh in West Bengal (164.58 lakh in tribal areas and 412.91 lakh in other areas) as per 2001 Census, 10356 Sub-Centres, 922 PHCs and 346 CHCs existed even before the commencement of the Mission. There was an additional

No action was taken for setting up new health centres, though 3388 SCs, 1277 PHCs and 273 CHCs are still required to be set up in terms of NRHM norms

<sup>5</sup> 35 camps during August 2006 to March 2007 and 104 camps during 2007-08 and 2008-09 in each SC

requirement of 3388 Sub Centres, 1277 PHCs and 273 CHCs to be set up during the Mission period (2005-12), without taking into account the increase in the population since 2001. No action was taken by the Department for setting up of new CHCs, PHCs, and SCs in tandem with the requirements, as per norms.

**Recommendation**

*The Government should consider setting up of new health centres in the under-served areas.*

**2.1.8.2 Inadequate physical infrastructure at health centres**

In a number of audited health centres, basic infrastructure and the required services were not available

The NRHM implementation framework and Indian Public Health Standards (IPHS) had set targets of providing certain guaranteed services at SCs, PHCs and CHCs. Test-checks, however, revealed that the basic infrastructure (good quality building, OPD rooms/cubicles for out patients, hygienic environment, water supply system, sewerage facility, medical waste disposal facility, electricity connection or standby power supply system, ambulance, etc.) and the required services such as inpatient services, operation theatre, labour room, pathological tests, X-ray, emergency care, etc, were not available in a number of audited health centres, as briefly indicated in *Appendix-2.1.2*. This indicated that the physical infrastructure of health centres required improvement and that gaps present in critical areas required to be addressed. Test-check in audit revealed the following:

- (i) Twenty four PHCs had no beds against sanctioned two to ten beds for each PHC. In two PHCs, five beds were available but in-patient service was not operational due to non-deployment of medical officer, nurses, etc, and due to the dilapidated condition of inpatient wards.
- (ii) Out of 15 test-checked CHCs, five had the full complement of 30 beds while ten CHCs were functioning with only 10 to 25 beds.
- (iii) Out of 12 CHCs with Operation Theatres (OTs), only minor surgery was carried out in OTs of seven CHCs due to the absence of specialist surgeons and required equipment. Five CHCs had non-working OTs. None of the OTs was equipped with the essential equipment as detailed in *Appendix-2.1.3*.
- (iv) The blood storage equipment<sup>6</sup> costing Rs 18.90 lakh supplied (May 2007) to ten CHCs for creating blood storage units (BSUs) were not installed till May 2009 due to non availability of required infrastructure<sup>7</sup> (Purulia:2, Uttar Dinajpur:2), non-receipt of licence for blood storage from Director of Drug Control (Purulia:2, Uttar Dinajpur:2, Howrah:2) and non-deployment of trained lab-technician (Purulia:2, Howrah:2, Jalpaiguri:2, Birbhum:2).
- (v) The staff quarters of 24 PHCs were dilapidated and were being used by villagers for storing straw, cow dung cake, etc.

<sup>6</sup> Vertical autoclave, RH view box, incubator, binocular microscope, centrifuge and blood bank refrigerator

<sup>7</sup> Adequate room for BSU with air conditioning, etc.



- (vi) Sixteen PHCs (Jalpaiguri:6, Purulia: 3 and Birbhum:7) upgraded between March 2006 and October 2008 by constructing additional buildings and providing required equipment as per IPHS norms for rendering 24 x 7 service, could not provide 24 x 7 services due to shortage of medical officers and other staff. As a result, equipment costing Rs 1.14 crore supplied to these PHCs remained unutilised as of March 2009.
- (vii) Forty eight generators (Jalpaiguri:17, Purulia:15 and Birbhum:16) costing Rs 21.50 lakh supplied to ten CHCs and 38 PHCs between March 2006 and October 2008 were lying unused (March 2009) as funds required to meet fuel and operating costs were not provided.

**Recommendation**

*The issue of infrastructural shortcomings at CHCs/PHCs need to be addressed immediately by operationalising the installed facilities and supplementing essential manpower.*

**2.1.8.3 Delayed construction of sub-centre buildings**

Against the target of construction of 676 SC buildings with ANM's quarters, construction of 133 SC buildings and 284 ANM's quarters had not started as of March 2009

The SHS released Rs 223.67 crore to 18 DHSs for construction of buildings and ANMs' quarters for 3095 SCs during 2005-09. The SHS did not have the State-wide overall position of construction of buildings and quarters, indicating inadequate monitoring. The status of construction of SC buildings and quarters in five test-checked districts as of March 2009 was as under:

Table 2.1.5: Progress in construction work

	No of SC building and ANM quarter to be constructed		Fund released to DHS (Rs in crore)	No. of construction completed		No. of construction works in progress		No. of construction not yet started		Unutilised funds retained by DHSs (Rs in crore)
	SC Building	ANM Quarter		SC Building	ANM Quarter	SC Building	ANM Quarter	SC Building	ANM Quarter	
Howrah	133	133	10.18	74	74	53	53	6	6	0
Purulia	150	150	12.75	45	0	31	49	74	101	6.86
Birbhum	177	177	13.69	112	21	37	110	28	46	2.43
Jalpaiguri	98	98	8.33	65	0	28	28	5	70	4.79
Uttar Dinajpur	118	118	9.39	82	18	16	39	20	61	0
<b>Total</b>	<b>676</b>	<b>676</b>	<b>54.34</b>	<b>378</b>	<b>113</b>	<b>165</b>	<b>279</b>	<b>133</b>	<b>284</b>	<b>14.06</b>

Source : Records of District Health Societies

It would be evident from the above table that against the target of construction of 676 SC buildings with ANM's quarters, construction of only 378 SC buildings and 113 ANM's quarters was completed while construction of 133 SC buildings and 284 ANM's quarters had not started as of March 2009. Unutilised funds of Rs 14.08 crore remained parked with three DHSs. Audit scrutiny revealed the following:

- (i) Seventy two SC buildings and 24 ANM quarters constructed at a cost of Rs 4.44 crore were not handed over to DHSs by PSs (executing agencies) for over two to 13 months. This was due to non-completion of sanitation and electrical works and water supply arrangements by contractors (69 SCs) and agitation amongst local people against shifting of SC to new buildings in a different locality (three SCs).

- (ii) Despite release of Rs 73.95 lakh to eight PSs in Purulia for construction of 19 SC buildings with quarters during May 2007 to February 2008, the works were not started by PSs as of March 2009 without assigning any reason.
- (iii) SHS released funds amounting to Rs 2.89 crore (Rs 1.20 crore in May 2006 and Rs 1.69 crore in August 2006) to Purulia DHS for 34 SCs which already had their own buildings. DHS did not refund the surplus funds to SHS resulting in blocking of funds amounting to Rs 2.89 crore.
- (iv) Construction of three SC buildings with quarters was suspended (August 2008) as the SC buildings were constructed without making provision for construction of ANM's quarter on the first floor of SC buildings.
- (v) An amount of Rs 3.50 lakh, paid (April 2007) to Fulur GP in Birbhum for construction of ANM quarters, was unauthorisedly utilised for supply of drinking water in Gram Panchayat area.
- (vi) Construction was to be completed within three months from the dates of placement of work orders. However, construction of nine SC buildings in Howrah, for which work orders were placed between September 2007 and February 2008 were not completed by the contractors as of March 2009, even though advances of Rs 0.36 crore were paid to them by PSs. Despite non-completion of works within the scheduled timeframe, PSs did not take any action against the contractors.
- (vii) In Howrah, construction of one SC building with ANM quarter remained suspended due to existence of overhead high tension line over the SC building since August 2007 after payment of Rs 1.70 lakh to contractor in March 2007. Construction of three SC buildings was not started due to non-availability of suitable land, even though Rs 17.69 lakh were paid to PSs in December 2007.

**Recommendation**

*Bottlenecks for non-commencement/non-completion of construction of SC buildings need to be identified and initiative is to be taken to complete the works in a time bound manner.*

**2.1.9 Staffing of health facilities****2.1.9.1 Non-deployment of manpower in terms of NRHM norm**

There were acute shortages of medical service providers at all levels in the health centres in the five audited districts in terms of the NRHM framework. The shortages were striking in the case of specialist doctors at CHCs, staff nurses at PHCs and CHCs, AYUSH doctors at PHCs and second ANMs and MPWs at SCs as detailed in *Appendix 2.1.4*. Test-check revealed the following:

(i) *Sub Centres (SCs)*

Each SC was to be run by two ANMs, with the second ANM being appointed on a contract basis, and a MPW (male). The Mission aimed at ensuring two ANMs. Out of 2298 SCs in five audited districts, 414 had no ANM while 923 had no MPW. Further, none of 2298 SCs had employed a second ANM on contract basis. Out of 529 SCs in 15 test-checked blocks, 39 (7.4 per cent) had no ANM and 326 (62 per cent) had no MPW while 16 SCs were functioning without an ANM or MPW.

Out of 2298 SCs in five districts, 414 had no ANM and 923 had no MPW, while none has a second ANM

(ii) *Primary Health Centres (PHCs)*

The PHC, being the first point of interaction of the rural population with a doctor, was to be manned by a medical officer. NRHM also aimed to provide an AYUSH doctor at each PHC, on contract basis. Since NRHM aimed to run PHCs on 24x7 basis, three staff nurses were to be deployed at each PHC. Support para medical staff, such as Nursing Midwife, Pharmacist, Lab-Technician and Lady Health Visitor, were also to be deployed at PHCs.

Six PHCs, out of 30 test checked, had no staff nurse

Out of 30 test-checked PHCs, 23 did not have an AYUSH doctor and three staff nurses had not been posted in 22 PHCs. Six PHCs were functioning without even a single staff nurse. Further, two PHCs at Bhramarkole and Iswarpur in Birbhum had no doctor from May 2007 to February 2009 and April 2007 to February 2009 respectively. The availability of other para medical staff was also not satisfactory, as depicted in Table 2.1.6.

Table 2.1.6: Position of posting of paramedical staff

Post/Designation	Number of PHCs where not posted	Per cent of the total sample
Nursing Mid-wife	24	80
Lab Technician	27	90
Pharmacist	8	27
Lady Health Visitor	24	80

Source : Records of District Health Societies

(iii) *Community Health Centres (CHCs)*

According to NRHM norm, one general physician, general surgeon, gynaecologist, anaesthetist, paediatrician, radiologist, pathologist and AYUSH practitioner should be posted to each CHC.

Out of 15 test-checked CHCs, only four had gynaecologists, three had paediatricians, two had anaesthetists, and three had AYUSH practitioners. General surgeons, radiologists and pathologists were not posted to any CHC. As regards availability of nine staff nurses, 12 CHCs did not have the full strength of nurses, out of which five CHCs did not have even five staff nurses. Radiographers were not posted to ten CHCs while a lab-technician was not available in one CHC.

There were acute shortages of specialist doctors in the test-checked CHCs

Thus, the essential medical and para-medical staff required to be deployed in CHCs, PHCs and SCs in terms of NRHM norms were not available which depicts poor management of prime services.

## Recommendation

*The Department should fill the posts of medical and support staff at health centres to meet the NRHM requirements.*

*2.1.9.2 Engagement of Accredited Social Health Activist*

Under the NRHM, a trained female community health worker called Accredited Social Health Activist (ASHA) was to be provided in each village in the ratio of one per 1000 population. The ASHA was to be an interface between the community and the public health system. ASHAs were required to be provided with drug kits containing medicines for minor ailments, oral re-hydration solution (ORS), contraceptives, etc.

In terms of the NRHM norm, 0.58 lakh ASHAs were required in the State for a rural population of 5.77 crore (2001 Census). Against the target of selection and training of 25034 ASHAs during 2006-09, 14310 were selected, of which 5409 were imparted induction training over a period of 12 months up to March 2009.

According to PIP for 2007-08, 14511 drug kits costing Rs 1.45 crore were to be distributed to 14511 ASHAs. Despite availability of funds, drug kits were not distributed to them till March 2009, mainly due to non-completion of training of targeted number of ASHAs. Thus, the shortfall in selection and training of ASHAs resulted in their not being deployed in health care activities under NRHM.

*Targeted number of ASHAs should be engaged and trained to make their services viable and effective.*

*2.1.9.3 Extra expenditure due to delayed selection of ASHAs*

According to the ASHA implementation guidelines, one co-facilitator was to be engaged for training of each group of 25 ASHAs, while one co-ordinator was to be engaged for 200 ASHAs. Unplanned engagement of co-facilitators and co-ordinators resulted in an extra expenditure of Rs 0.84 crore as detailed below:

- (a) The State Mission Director engaged Mother Non-Government Organisations (MNGOs) in August 2006 for selection of co-facilitators and co-ordinators by September 2006 without first selecting ASHAs. MNGOs engaged 142 co-facilitators and 26 co-ordinators from November 2006 to March 2007 in 21 blocks. However, 2768 ASHAs were selected only between April 2007 and November 2007, after delays ranging from five to ten months from the dates of engagement of co-facilitators and co-ordinators. The engagement of co-facilitators and co-ordinators before selection of ASHAs resulted in an extra expenditure of Rs 41.51 lakh towards their remuneration for the periods when no training was imparted.
- (b) Despite non-selection of targeted number of ASHAs, targeted number of co-facilitators and co-ordinators were engaged by MNGOs. This resulted in an extra expenditure of Rs 42.32 lakh towards remuneration

Only 14310 ASHAs were engaged against the target of 25034; of them only 5409 were trained; no drug kits were, however, issued to them

## Recommendation

Faulty engagement of co-facilitators and co-ordinators resulted in an extra expenditure of Rs 0.84 crore

of 111 co-facilitators and 12 co-ordinators engaged in excess of requirements during 2006-09.

## 2.1.10 Inventory management

### 2.1.10.1 Non availability of essential drugs in health centre

Under NRHM, two months' stock of essential drugs was to be maintained in each health centre. Audit scrutiny revealed that stock of essential drugs<sup>8</sup> adequate for two months consumption were not available in any of the test-checked 15 CHCs, 30 PHCs and 60 SCs. Nil stock of 13 groups of essential drugs was found in 15 CHCs and four PHCs and nil stock of 17 groups of essential drugs was found in 26 PHCs.

### 2.1.10.2 Non availability of essential equipment

The number of essential equipment required vis-à-vis available in the test-checked CHCs, PHCs and SCs in the five audited districts is shown in Table 2.1.7 below:

Table 2.1.7: Position of availability of equipment (in numbers)

Name of district	Equipment required as per norms in test-checked health centres	Equipment available			Shortfall (Percentage to requirement)
		Working condition	Non working condition	Total	
Birbhum	978	512	4	516	462 (47.2)
Howrah	978	233	8	241	737 (75.4)
Jalpaiguri	978	298	14	312	666 (68.1)
Purulia	978	197	8	205	773 (79.0)
Uttar Dinajpur	978	496	0	496	482 (49.3)
<b>TOTAL</b>	<b>4890</b>	<b>1736</b>	<b>34</b>	<b>1770</b>	<b>3120 (63.8)</b>

(Three CHCs, six PHCs and 12 SCs were test-checked in each district)

Source : Records of District Health Societies

It is evident from the above table that in many cases, essential equipment was either not available in the centres or were non-functional.

### 2.1.10.3 Loss on expired and substandard drugs

Substandard drugs valuing Rs 16.44 lakh and expired drugs valuing Rs 50.37 lakh were lying in stores as detailed below:

Table 2.1.8: Substandard and expired drugs (Rupees in lakh)

Name of the procurement agency	Places where the drugs were lying in stock	Value of date expired drugs	Value of substandard drugs	Total
CMOH, Birbhum	District Reserve Store (DRS)	2.09	5.90	7.99
CMOH, Howrah	DRS and 14 CHCs	4.05	3.34	7.39
CMOH, Jalpaiguri	DRS, two CHCs and one PHC	1.13	4.28	5.41
CMOH, Purulia	DRS and ten CHCs	12.96	1.39	14.35
CMOH, Uttar Dinajpur	DRS and nine CHCs	30.14	1.53	31.67
	<b>Total</b>	<b>50.37</b>	<b>16.44</b>	<b>66.81</b>

Source : Records of CMOHs

Unplanned procurement of drugs coupled with procurement of substandard drugs resulted in an extra expenditure of Rs 0.67 crore.

<sup>8</sup> CHC: 35 groups of drugs; PHC (Bedded): 35 groups and PHC (Non-bedded): 29 groups

<sup>9</sup> CHC: 126 items of equipment; PHC: 28 items and SC: 36 items

### 2.1.10.4 *Irregular procurement and distribution of drugs and equipment*

(a) Under the NRHM Flexipool scheme for procurement of drugs for first referral unit kits for conducting caesarean deliveries in CHCs, the SHM released (July 2006) Rs 5.35 crore to 18 DHSs. The funds were meant for procurement of drugs as per list provided by GoI under the scheme and their distribution to District/Sub-Divisional/State General Hospitals in the respective districts where caesarean deliveries were done. Scrutiny in audit revealed the following:

- (i) Howrah DHS procured drugs and equipment costing Rs 32.49 lakh. Of this, drugs worth Rs 6.07 lakh and equipment costing Rs 0.84 lakh were supplied to 14 CHCs and 10 PHCs during February-June 2007. However, no caesarean delivery was done in these CHCs at all. Similarly, out of drugs costing Rs 20 lakh purchased by Purulia DHS, drugs costing Rs 12.99 lakh were supplied to 20 CHCs where caesarean delivery was not done.
- (ii) Howrah DHS purchased seven drugs costing Rs 9.21 lakh and six items of equipment costing Rs 2.55 lakh, not included in GoI approved list of drugs/equipment. Similarly Jalpaiguri DHS purchased nine drugs costing Rs 5.18 lakh and Birbhum DHS purchased six drugs costing Rs 2.09 lakh. Jalpaiguri DHS and Purulia DHS diverted Rs 3.61 lakh and Rs 0.26 lakh respectively for purchase of cleaning materials.
- (b) Birbhum DHS purchased (August 2006) 58 sets of equipment costing Rs 17.73 lakh for ligation operations (female sterilisation) and supplied them to 58 PHCs in the district. However, none of the PHCs had operation theatres and gynaecologists. As a result, the equipment remained idle for over two and half years.

### 2.1.11 Performance indicators

The impact of NRHM can be assessed in terms of certain performance indicators, such as level of institutional deliveries, status of immunisation, prevalence of contraceptive usage-both termination and spacing, and number of patients reaching out-patient and in-patient departments in health centres, etc.

#### 2.1.11.1 *In-patient and out-patient cases*

The impact on the number of in-patient and out-patient cases is an important indicator to assess the effectiveness of various interventions under NRHM. The SHS could not provide the overall status of increase/decrease in number of patients visiting PHCs and SCs during 2005-09. The data in respect of number of patients visiting CHCs in the State during 2005-09 was as under:

Table 2.1.9: Position of in-patient and out-patient cases

Year	Number of out-patient cases	Percentage increase(+) / decrease (-) as compared to previous year	Number of in-patient cases	Percentage increase(+) / decrease (-) as compared to previous year
2005-06	26728633	(+) 9.15	888721	(+) 11.03
2006-07	26022662	(-) 2.64	920796	(+) 3.61
2007-08	25745114	(-) 1.07	1070981	(+) 16.31
2008-09	25485044	(-) 1.01	1123582	(+) 4.91

Source : Records of State Health Society

It is evident that the total number of in-patients registered increases over the period 2005-09. Similarly, there was a significant increase in out-patient cases in 2005-06, followed by marginal decreases in subsequent years. Overall, access to health care in rural areas has increased.

### 2.1.11.2 Reproductive and Child Health (RCH)

RCH-II is the major programme under NRHM and aims to reduce the maternal mortality rate, infant mortality rate and total fertility rate; promote family planning, immunisation, etc. to achieve population stability.

#### (a) Antenatal care

One of the objectives of the safe motherhood programme is to register all pregnant women before they attain 12 weeks of pregnancy and provide them with services, such as a minimum of three antenatal check-ups, 100 Iron Folic Acid (IFA) tablets, two doses of tetanus toxoid (TT) and advice on the correct diet and vitamin supplements. In case of complications, they are to be referred to more specialised gynaecological care.

Out of 6851528 pregnant women registered during 2005-09, 4339341 (63 per cent) received three antenatal checkups, 5146705 women (75 per cent) were provided 100 days of IFA tablets and 6138434 women (89.6 per cent) were fully immunised from TT. While the reasons for shortfall in three antenatal checkups (37 per cent) were not analysed by the SHS/DHS, shortfall in administration of IFA tablets (25 per cent) and TT (10.4 per cent) was mainly due to non-supply or short supply of IFA tablets and doses of TT to SCs.

#### (b) Shortfall in institutional deliveries

In order to encourage institutional delivery, Janani Suraksha Yojana (JSY) provided all BPL pregnant women (above 19 years of age) a cash compensation of Rs 1000 (Rs 500 for antenatal care and Rs 500 for undergoing institutional delivery) irrespective of their age and number of previous children. The SHS did not fix any target of institutional deliveries. The shortfall in institutional deliveries as compared to registered pregnant women in five test-checked districts during 2005-09 is depicted below:

Table 2.1.10: Position of institutional deliveries

Year	No. of pregnant women registered	No. of institutional deliveries	Shortfall in institutional deliveries	Percentage of shortfall to registered women	No. of beneficiaries receiving cash payments
2005-06	383738	124270	259468	68	2800
2006-07	387780	131148	256632	66	31910
2007-08	367502	137578	229924	63	67712
2008-09	366383	161062	205321	56	101910
Total	1505403	554058	951345	63	204332

Source : Records of District Health Societies

Non-availability of delivery services at PHCs owing to absence of labour room, medical officer, staff nurses, etc, was the main reason for shortfall in institutional deliveries.

Test-check revealed that the equipment required for normal delivery was not available in any Sub-Centre and in 26 out of 30 PHCs test-checked. In 14 out of 15 CHCs checked, emergency obstetric care, including the facility to conduct caesarean section was not available. The reasons of non-availability of emergency obstetric care at CHCs were attributable to absence of specialists in obstetrics and gynaecology, anaesthetists, non-functional operation theatre, lack of adequate infrastructure, support staff, blood storage facility, etc. The equipment for neonatal care and neonatal resuscitation were also not available in any of the test-checked SCs, PHCs and CHCs. SCs and PHCs were also not supplied drugs for obstetric care.

Although the financial assistance of Rs 500 for antenatal care under JSY was to be given to pregnant women between 28<sup>th</sup> and 32<sup>nd</sup> weeks of pregnancy, in most of the cases it was paid after delivery. Out of 5156 test-checked cases in 60 audited SCs, 2798 beneficiaries were paid the assistance after delays ranging from two to 35 months while 933 beneficiaries were yet to receive the cash assistance as of December 2008.

## Recommendation

*The monitoring mechanism under JSY should be strengthened to ensure availability of reliable infrastructure for institutional delivery and to mitigate risks of delay and irregularities in grant of cash assistance.*

### (c) Postnatal care

Postnatal services include immunisation, monitoring weight of the child, physical examination of the mother, advice on breast feeding and family planning, etc. In five audited districts only 58, 65, 59 and 53 per cent of women were reaching a health centre for postpartum care during 2005-06, 2006-07, 2007-08 and 2008-09 respectively. The shortfall may be attributed to lack of motivation amongst women owing to non-deployment of ASHAs in villages.

### (d) Maternal deaths

RCH II aims to reduce maternal and infant mortality rates to 100 per one lakh and 30 per thousand respectively by 2010. The maternal and neonatal deaths reported in the State were 1808, 2091, 2406, 1817 (on an average 274 per lakh) and 21735, 27658, 32748, 29621 (on an average 38 per 1000) during



2005-06, 2006-07, 2007-08 and 2008-09 respectively. Thus, the objective of reducing maternal and infant mortality rates to 100 per one lakh and 30 per thousand respectively by 2010 is unlikely to be achieved.

### 2.1.11.3 Family planning

RCH-II has launched a number of initiatives for family planning and has continued prevailing methods to achieve the goal of population stability through reduction of total fertility rate.

#### (a) Terminal method

The terminal method of family planning includes vasectomy for males and tubectomy for females. The target and achievement in various terminal methods in the state was as under:

Table 2.1.11: Targets and achievements in sterilisation (in numbers)

Year	Target of sterilisation	Achievement			Total	Shortfall (percent)
		Vasectomy	Tubectomy	Laproscopy		
2005-06	353019	824	115672	78863	195359	157660 (45)
2006-07	332335	1828	104234	30695	136757	195578 (59)
2007-08	342178	20718	269866*	-	290584	51594 (15)
2008-09	404485	41064	260928*	-	301992	102493 (25)
<b>Total</b>	<b>1432017</b>	<b>64434</b>	<b>759700</b>	<b>109558</b>	<b>924692</b>	<b>507325 (35)</b>

\* This includes the cases of laproscopy also. Separate figure for laproscopy was not available.

Source : Records of State Health Society

It would be evident that the target of sterilisation could not be achieved and the shortfall during each of the years 2005-09 varied from 15 to 59 per cent.

#### (b) Irregular payment for sterilisation

According to GoI guidelines for sterilisation services for BPL, SC and ST categories of people, the accredited private Nursing Homes (NHs) were to receive payment of Rs 1500 for sterilisation (Rs 1300 or Rs 1350 as charges of NHs for male or female sterilisation and Rs 200 or Rs 150 as service charge of motivator viz. ANM/ASHA/AWW). The DHS was to check at least 10 per cent of the cases of sterilisation done by NHs, before releasing payments in order to ensure the validity of the cases.

The DHS of Birbhum paid Rs 30.22 lakh (Rs 4.69 lakh in September 2008 and Rs 25.53 lakh in January 2009) to five NHs for 2015 cases of sterilisation during June-August 2008. Further claims of NHs for Rs 47.31 lakh for sterilisation of 3154 male/female was yet to be paid by DHS as of March 2009. Scrutiny in audit revealed the following:

- (i) Out of 2015 cases of sterilisation for which payments had been made, only 35 cases (1.7 per cent) were verified against the target of checking at least 10 per cent.
- (ii) Out of 35 cases verified, in 21 cases post operation removal of stitches was not done by NHs and the same was done by beneficiaries at their own cost.

- (iii) In 34 cases, medicines were not given by NHs and the same was purchased by the beneficiaries at their own cost.
- (iv) In none of the cases were pre operation pathological tests done by NHs.
- (v) In ten cases, the payments were stated to have been made to the motivators even though the motivators were not known to the beneficiaries.
- (c) *Spacing methods*

The oral pills, condoms and inter uterine device (IUD) insertion are three methods for spacing child birth. The year-wise details on target and achievement of use of spacing contraceptives in the state were as under:

Table 2.1.12: Target and achievement in spacing method of family planning  
(in numbers)

Year	Oral pills users		IUD insertion		Condom user	
	Target	Achievement	Target	Achievement	Target	Achievement
2005-06	545738	523908	101145	76820	617846	647852
2006-07	728660	600167	102244	74842	783481	674866
2007-08	707481	671064	98734	89350	932932	753479
2008-09	759170	691763	204718	90721	889030	745815
Total	2741049	2486902	506841	331733	3223289	2822012

Source : Records of State Health Society

The target (18.53 lakh couple) fixed for 2008-09 was much on the lower side as compared to the total eligible couple (170.92 lakh). Although 87 per cent of target was achieved, condom users accounted for around 50 per cent, while 44 and six per cent used oral pills and IUDs. The shortfall in IUD insertions was due to lack of trained doctors and nurses.

#### 2.1.11.4 Immunisation and child health

##### (a) Routine Immunisation

The immunisation of children against six preventable diseases viz. tuberculosis, diphtheria, pertussis, tetanus, polio and measles has been the cornerstone of routine immunisation under the Universal Immunisation Programme. The targets and achievements under routine immunisation during each of the years from 2005-06 to 2008-09 are shown in *Appendix-2.1.5*.

The overall shortfall in achievements of full immunisation of children, belonging to zero to one year age group, covering BCG, Measles, DPT and OPV ranged from 17 to 29 per cent during 2005-09. The shortfall in secondary immunisation (DT for five to six years age group and two doses of TT at the age of 10 and 16 years respectively) ranged from 21 to 57 per cent for DT, 30 to 45 per cent for TT (10) and 43 to 56 per cent for TT (16).

The shortfall in immunisation resulted in prevalence of vaccine preventable infant and child diseases. The year wise details of reported incidence of infant and child diseases in the five audited districts were as under:

Table 2.1.13: Incidence of infant/child diseases

Year	Number of cases reported					
	Neonatal tetanus	Diphtheria	Tetanus	Whooping cough	Measles	Total
2005-06	13	6	38	40	3291	3388
2006-07	11	3	37	44	3847	3942
2007-08	06	10	21	03	2909	2949
2008-09	5	119	12	3	3495	3634
Total	35	138	108	90	13542	13913

Source : Records of District Health Societies

(b) Vitamin A solution

RCH II programme emphasised administering Vitamin A solution to all children between nine months and five years of age for prevention of blindness due to Vitamin A deficiency. The targets and achievements for Vitamin A administration during 2005-09 were as per Table 2.1.14.

Table 2.1.14: Target and administration in administering vitamin A solution

(in numbers)

Year	Target	Achievement	Shortfall	Percentage of shortfall to target
2005-06	3235011	2512284	722727	22.3
2006-07	3330992	2663457	667535	20.0
2007-08	4083454	3026665	1056789	25.9
2008-09	3562198	2845463	716735	20.1
Total	14211655	11047869	3163786	22.3

Source : Records of State Health Society

Audit noticed that short supply of Vitamin A solution to the sub-centres was the main reason for shortfall in achievement of targets.

2.1.11.5 National Programme for Control of Blindness (NPCB)

NPCB aimed to reduce prevalence of blindness cases to 0.8% by 2007 through increased cataract surgery, school eye screening and free distribution of spectacles and strengthening of infrastructure by way of supply of equipment and training of eye surgeons and nurses.

(a) Cataract operation

Cataract operations are performed by doctors in Government hospitals, by NGOs and private practitioners in clinics and eye camps. The Table 2.1.15 gives the position of cataract surgery performed in the state:

Table 2.1.15: Position of cataract operation

(in numbers)

Year	Performance of cataract operations in Government sector		Performance of cataract operations in NGO		Performance of cataract operations by private practitioner and others		Total cataract operations
	Number	Percentage	Number	Percentage	Number	Percentage	
2005-06	52672	19.58	127110	47.26	89205	33.16	268987
2006-07	49040	21.44	104659	45.75	75048	32.81	228747
2007-08	65108	22.78	132751	46.45	87932	30.77	285791
2008-09	41895	22.35	94726	50.53	50860	27.13	187481
Total	208715	21.5	459246	47.3	303045	31.2	971006

Source : Records of State Health Society

Against the target of distribution of workload between private and public sectors in the ratio of 1:1, the contribution of NGOs and private sector exceeded 78.5 per cent. The shortfall in achievement against target for cataract operation in Government sector was attributed mainly to non-availability of eye surgeons in the health centres. Against the norm of deployment of one eye surgeon in each CHC, no eye surgeon was posted to any of 15 test-checked CHCs.

(b) *Refractive error and free distribution of spectacles*

The programme envisaged training of teachers in Government and Government aided schools, for screening students for refractive errors and free distribution of spectacles to such students. As against 59250 such schools in the State, only 37208 teachers were trained during 2005-09. Against total detection of 131917 cases of refractive errors during 2005-09, 65252 spectacles (49.5 per cent) were issued to the students. Short supply of spectacles was the main reason for shortfall.

2.1.11.6 *Revised National Tuberculosis Control Programme (RNTCP)*

The main objective of RNTCP was to diagnose as large a number of cases as possible and to ensure cure rate of at least 85 per cent of smear positive cases through Direct Observed Treatment Short Course (DOTS). The targets and achievements regarding sputum examination and case detection under RNTCP during 2005-09 were as under:

Table 2.1.16: Targets and achievements under RNTPC

Year	Sputum examination			Detection of new Sputum positive cases		
	Target	Achievement		Target	Achievement	
		Number	Percent		Number	Percent
2005-06	546758	525218	96	52522	63981	122
2006-07	588056	560008	95	56001	65677	117
2007-08	643269	533968	83	53397	63989	120
2008-09	579580	540971	93	54097	57884	107
<b>Total</b>	<b>2387663</b>	<b>2160165</b>	<b>92</b>	<b>216017</b>	<b>251531</b>	<b>116</b>

Source : Records of State Health Society

While the targets of sputum examination were largely achieved, the number of sputum positive cases was high. The overall cure rate was 84 per cent against the target of 85 per cent under RNTCP. The cases of failure, defaulter and death (64312) represented 14.8 per cent of cases evaluated as would be evident from the following table:

Table 2.1.17: Cases of failure, defaulter and death under RNTPC (in numbers)

Year	No. of cases evaluated	Cured and treatment completed (Per cent)	Death	Failures	Defaulter	Transferred out
2005-06	107794	91799 (85)	4784	2284	8517	327
2006-07	109320	91748 (84)	5032	2247	8479	605
2007-08	107226	89915 (84)	5216	2225	8584	1284
2008-09	110584	91872 (83)	5616	2428	8900	1768
<b>Total</b>	<b>434924</b>	<b>365334 (84)</b>	<b>20648</b>	<b>9184</b>	<b>34480</b>	<b>3984</b>

Source : Records of State Health Society

**2.1.11.7 National Vector Borne Disease Control Programme (NVBDCP)**

NVBDCP aims to control vector borne diseases by reducing mortality and morbidity due to malaria, filaria, kala azar, dengue, chikungunia and Japanese encephalitis in endemic areas.

**(a) Annual Blood Examination Rate and Annual Parasitic Incidence for malaria**

NRHM stipulated to achieve Annual Blood Examination Rate (ABER)<sup>10</sup> of 10 per cent and Annual Parasite Incidence (API)<sup>11</sup> of less than 0.5 per thousand by 2007-08. The target could not be achieved in the State as ABER was 5.5, 6.15, 5.63 and 5.39 and API was 2.32, 1.86, 1.06 and 1.08 during 2005-06, 2006-07, 2007-08 and 2008-09 respectively.

**(b) Incidence of vector borne diseases**

Morbidity and mortality due to various vector borne diseases during 2005-09 were as under:

Table 2.1.18: Incidence of vector borne diseases

Year	Kala Azar		Malaria		Filaria		Japanese Encephalitis		Dengue	
	Cases	Deaths	Cases	Deaths	Cases	Deaths	Cases	Deaths	Cases	Deaths
2005-06	2710	15	185964	175	130	Nil	72	07	6375	34
2006-07	1843	10	159646	203	1483	Nil	24	03	1064	08
2007-08	1817	09	87754	96	67003	Nil	25	01	150	01
2008-09	1256	03	89443	104	84224	Nil	17	01	690	06
Total	7626	37	522807	578	152840	Nil	138	12	8279	49

Source : Records of State Health Society

The Mass Drug Administration Programme was undertaken in 12 filarial endemic districts in November 2007 and November 2008 and subsequently, 67003 and 84224 disease positive cases were detected during 2007-08 and 2008-09 respectively. Thus, the target of ABER and API could not be achieved as well as the incidence of and death due to vector borne diseases could not be prevented.

**2.1.12 Conclusions**

- Availability of funds under NRHM steadily increased during 2005-09, this had a positive impact on providing health care in rural areas.
- The required household and facilities surveys for identifying unserved and underserved areas in the State were not conducted, resulting in the absence of baseline data. State and district perspective plans for the Mission period (2005-12) have also not been prepared, which can adversely affect long term planning.

<sup>10</sup> ABER- percentage to the total population, covered every year by blood examination, for surveillance against Malaria; It is calculated as (No of slides examined in a year / Total population) X 100.

<sup>11</sup> API-Positive malaria cases per thousand population

- Rogi Kalyan Samitis are yet to adequately fulfill their role in monitoring and supervising the functioning of health care centres, as well as addressing issues raised through patient feedback.
- Staffing the health care centres, at different levels, continues to remain a cause for concern, since the stipulated complement of specialist medical and nursing staff is not available in most of the centres audited. Effective measures need to be taken to accelerate the recruitment and training of ASHAs.
- Issues pertaining to physical infrastructure continue to persist including delays in construction of health centre buildings and staff quarters. In some cases, there are inadequacies in providing the required equipment or cases of non-functioning equipment.
- While there was an increasing trend in Institutional deliveries, more progress is required to be made towards meeting targeted rates of maternal and infant mortality.

The matter was referred to Government in June 2009; reply had not been received (November 2009).

#### **Summary of Recommendations**

- *The SHS should expedite the completion of household and facility surveys, which would provide reliable inputs for the preparation of State and district perspective plans. The future annual state and district PIPs should be based on long-term requirements and results of baseline surveys.*
- *The RKSSs should play a more effective and meaningful role in supervision and monitoring of the functioning of health centres as well as in redressal of the patient's grievances through holding regular meetings, constitution of monitoring Committees, etc.*
- *Targeted number of ASHAs should be engaged and trained to make their services viable and effective.*
- *Bottlenecks for non-commencement/non-completion of construction of SC buildings need to be identified and initiative is to be taken to complete the works in a time bound manner.*

**MUNICIPAL AFFAIRS DEPARTMENT**

**2.2 WORKING OF STATE URBAN DEVELOPMENT AGENCY (SUDA)**

**Executive Summary**

State Urban Development Agency (SUDA) was formed in October 1991 with the objective of ensuring proper implementation and monitoring of the Centrally Assisted Schemes (CAS) for generating employment opportunities and alleviation of urban poverty. SUDA being the State nodal agency for implementation of CASs for providing shelters to slum dwellers and generating employment opportunities amongst BPL families, provided houses to 5950 BPL families in urban slums and created employment opportunities for 23267 male and 21212 female members of BPL families during 2004-09. Besides, more than 2 lakh water borne latrines were constructed in urban slums leading to liberation of scavengers from their hereditary occupation.

The performance of SUDA, however, suffered from inadequate financial management leading to parking of substantial funds in its local fund account, unauthorised utilisation of interest earned on the scheme funds and diversion of scheme funds for other purposes. There were instances of avoidable expenditure due to delayed execution of works, payments to contractors at higher rates, etc. These deficiencies coupled with lack of monitoring by SUDA over scheme implementation not only affected the fulfillment of the objectives of the schemes adversely but also led to shortfalls in achievement of targets.

Some of the significant findings are enumerated below:

- According to the guidelines of the Central schemes, the scheme funds should be kept in separate bank accounts opened for each scheme. Interest earned on such funds was to be credited to the respective schemes. However, scheme funds of Rs 3.28 crore were retained by SUDA in its local fund account. Interest of Rs 3.18 crore earned on different scheme funds during 2003-08 was credited to SUDA's own account, instead of crediting the same to respective scheme funds.
- The State Government paid (March 2000) Rs 200 crore to SUDA for crediting the arrears of pay and allowances to the Provident Fund accounts of the employees of Urban Local Bodies (ULBs) during 1999-2000 under the scheme 'Revision of Pay and Allowances, 1998'. However, the unutilised amount of Rs 44.51 crore remained parked with SUDA for over nine years.
- Against the target of construction of 6100 dwelling units (DUs), 1809 toilets and upgradation of 1101 DUs during 2001-2006 under Valmiki Ambedkar Awas Yojana, 2611 DUs and 941 toilets were constructed while 222 DUs were upgraded upto March 2008. As the scheme was closed in March 2008, 4368 BPL families were deprived of the benefits of the scheme due to non-construction of targeted 3489 DUs and non-upgradation of 879 DUs.

- Against the target of construction of 12824 DUs in 16 municipalities by September 2008 under the Integrated Housing and Slum Development Programme, 3339 DUs were constructed up to March 2009, though fund was not a constraint. Consequently, out of Rs 215.76 crore released to ULBs, Rs 136.97 crore remained unutilised.
- Under the Urban Infrastructure Development Scheme for Small and Medium Towns, due to delayed execution of works, estimated costs of Rs 187.45 crore of 15 projects were revised to Rs 283.01 crore.
- Under Urban Self Employment Programme (USEP) only 28 per cent of targeted individual urban poor beneficiaries were paid subsidy for setting up gainful self-employment ventures. Although 49 per cent of targeted beneficiaries were imparted training in different trades during 1997-2009, half of the trained persons were not employed as of March 2009. Further, shortfall in coverage of Scheduled Castes, Scheduled Tribes and disabled persons ranged between 47 and 78 per cent.

### 2.2.1 Introduction

To ensure proper implementation and monitoring of the Centrally Assisted Schemes for generating employment opportunities and alleviation of urban poverty throughout the State, the State Government constituted the State Urban Development Agency (SUDA) under the administrative control of the Municipal Affairs Department and was registered under the West Bengal Societies Registration Act, 1961 in October 1991. The objectives of SUDA are to—

- (a) identify, with the help of Urban Local Bodies (ULBs), the weaker sections of the urban community below poverty line (BPL) and ascertain their socio-economic conditions for initiating and pursuing income and employment opportunities for them;
- (b) implement the Centrally sponsored schemes for employment generation amongst BPL families, infrastructure development in urban slums, shelter upgradation, etc;
- (c) promote infrastructural facilities to meet the needs of the beneficiaries of income and employment generation programmes; and
- (d) monitor the progress of execution of the schemes and evaluate their impact on the urban poor.

### 2.2.2 Organisational set-up

SUDA consists of 23 members including the Minister of State, Municipal Affairs Department, who is the Chairperson of SUDA. The Principal Secretary, Municipal Affairs Department, is the Chairman of the Governing Body of SUDA. The administrative head of SUDA is the Director cum



Secretary of the Governing Body. He is assisted by four Finance/Technical/Administrative officers, three Technical Advisors and 17 other staff. The organisational chart is given in *Appendix 2.2.1*.

### *2.2.3 Audit coverage*

The performance audit of SUDA was conducted during April to June 2009 for the first time covering its activities during 2004-2009. Out of six Centrally sponsored schemes implemented by SUDA during 2004-09, five schemes viz. Valmiki Ambedkar Awas Yojana (VAMBAY), Integrated Housing and Slum Development Programme (IHSDP), Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT), Swarna Jayanti Sahari Rozgar Yojana (SJSRY) and Integrated Low Cost Sanitation Programme (ILCS) were reviewed in audit. Before commencing audit, the objectives of the audit were discussed with the Joint Secretary of Municipal Affairs Department and the Director of SUDA. As the Central schemes were executed by SUDA through 126 ULBs, records of 17 ULBs were also test-checked. On completion of audit, findings were discussed with the Director of SUDA.

### *2.2.4 Audit objectives*

The main objectives of audit were to assess whether-

- the funds received by SUDA for different schemes were utilised properly and the expenditures incurred on the schemes were in accordance with the provisions of the scheme guidelines;
- schemes were executed efficiently and effectively in conformity with respective scheme guidelines and whether targets fixed for each component of the respective schemes were achieved;
- the benefits of the schemes were extended to the targeted people; and
- monitoring of scheme execution was adequate and effective.

## ***Audit Findings***

### *2.2.5 Funding*

SUDA received funds from Union and State Governments for implementation of the Central schemes. In respect of State schemes for which SUDA was not the implementing agency, the State Government paid the scheme funds to SUDA for depositing into its Local Fund (LF) account or bank account in order to avoid lapse of budget grants. Thus, in Government accounts, the scheme funds were booked as spent even though the same remained parked with SUDA. These funds were released by SUDA to the respective executing agencies on the basis of instructions of the State Government.

The funds received by SUDA, payments made during the year and unutilised funds lying with SUDA at the end of each of the years 2004-2009 were as follows:

Table 2.2.1: Funds received and disbursed by SUDA

Year	Opening Balance	Receipts	Payments	Closing Balance
(Rupees in crore)				
2004-05	188.96	71.45	58.31	202.10
2005-06	202.10	98.42	133.54	166.98
2006-07	166.98	174.69	54.36	287.31
2007-08	287.31	275.09	222.28	340.12
2008-09	340.12	426.04	382.09	384.07
Total		1045.69	850.58	

Source: Audited accounts of SUDA

The closing balance of Rs 384.07 crore as on 31 March 2009, included unutilised scheme funds of Rs 353.20 crore as indicated below:

Table 2.2.2: Position of unutilised scheme funds

Year	Number of Schemes	Opening balance	Funds received	Total available funds	Expenditure incurred	Closing balance
(Rupees in crore)						
2004-05	29	177.54	67.26	244.80	53.90	190.90
2005-06	34	190.90	80.13	271.03	115.00	156.03
2006-07	35	156.03	156.16	312.19	39.60	272.59
2007-08	39	272.59	261.02	533.61	200.89	332.72
2008-09	43	332.72	335.33	668.05	314.85	353.20

Source: Audited accounts of SUDA

The scheme wise details are shown in *Appendix 2.2.2*. Audit scrutiny revealed the following:

SUDA did not open separate bank accounts for most of the schemes and credited an interest of Rs 3.18 crore in its A&OE Account

(i) Scheme funds are to be kept in separate bank accounts opened for each scheme. Interest earned on such funds, is to be credited to the respective schemes. However, SUDA did not open separate bank accounts<sup>12</sup> for the schemes and interest of Rs 3.18 crore, earned on scheme funds during 2003-08, was credited to Administrative and Office Expenses (A&OE) account of SUDA.

SUDA stated (June 2009) that the interest income was spent on programme related expenses and on organising various seminars, workshops, fairs, etc, on regular basis and were not utilised to meet the administrative and operational expenses. It further stated (October 2009) that the separate bank accounts for left out schemes would be opened very shortly.

The contention of SUDA is not acceptable since interest earned on scheme funds was to be credited to the respective scheme account and was to be utilised only for the specific scheme. Thus, transfer of interest of Rs 3.18 crore earned on various schemes, to SUDA's Account was irregular.

*SUDA should take measures to open separate bank accounts for each Centrally sponsored scheme as well as to ensure efficient utilisation of available scheme funds. The interest earned on scheme funds should be credited to the respective scheme fund account.*

#### Recommendation

<sup>12</sup> Except in the cases of Valmiki Ambedkar Awas Yojana (VAMBAY), Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) and Integrated Housing and Slum Development Programme (IHSDP) where separate accounts were opened

Retention of scheme funds in LF accounts, instead of bank, resulted in loss of interest of Rs 23.78 lakh

(ii) Out of Rs 62.55 crore paid by State Government to SUDA between February 2007 and March 2009 for two schemes<sup>13</sup>, Rs 3.28 crore (UIDSSMT: Rs 1.78 crore received in February 2007 and Rs 0.62 crore in March 2007, IHSDP: Rs 0.88 crore received in February 2007) was retained in the non-interest bearing Local Fund (LF) account of SUDA instead of transferring the same to the bank accounts of respective schemes. This resulted in a loss of Rs 23.78 lakh<sup>14</sup> to the schemes on account of interest up to March 2009.

SUDA stated (June 2009) that according to Government orders sanctioning the funds, the amounts were to be deposited into the local fund account and that it would utilise the said funds at the earliest.

The fact remains that scheme funds aggregating Rs 3.28 crore were incorrectly kept out of the respective scheme accounts i.e. in LF accounts and SUDA did not transfer the amounts from LF account to the bank accounts of the respective schemes for over two years which had resulted in loss of interest of Rs 23.78 lakh.

### Recommendation

*SUDA should immediately transfer the scheme funds to the bank accounts of the respective schemes.*

SUDA retained unutilised funds of Rs 1.45 crore of a closed scheme for over 12 years

(iii) Although the scheme for 'Strengthening of housing and shelter upgradation', was closed in October 1997, SUDA did not refund the unutilised funds of Rs 1.45 crore for over 12 years and retained the funds in its local fund account (Rs 93.78 lakh) and bank account (Rs 51.33 lakh). The Department took no measures to recover the unutilised funds from SUDA. SUDA subsequently diverted Rs 14.84 lakh during April 2008 to March 2009 for imparting training to urban unemployed youths by engaging Non-Government Organisations (NGOs).

SUDA stated (October 2009) that the unutilised funds of Rs 1.45 crore would be refunded to Government. As regards diversion of Rs 14.84 lakh, SUDA stated (October 2009) that the same would be compensated from SJSRY fund.

(iv) The State Government released (March 2000) Rs 200 crore to SUDA for disbursement to ULBs for crediting arrears of pay and allowances to ULB employees for the period from April 1997 to January 1999 to their Provident Fund (PF) accounts under the scheme 'Revision of Pay and Allowances, 1998'.

Release of funds in excess of requirement leading to parking of Rs 44.51 crore with SUDA for over nine years

Although the arrears were to be credited during 1999-2000, SUDA paid Rs 156.93 crore to ULBs between August 2000 and March 2009 on the basis of the instructions of the Department received from time to time. Further, out of Rs 25.37 crore paid to 30 ULBs during August 2000 to August 2001, Rs 1.44 crore were refunded to SUDA during October 2002 to May 2008, 14 to 86 months after the dates of payments as the funds were paid to these ULBs in excess of requirement. Thus, due to release of funds to SUDA without assessing actual requirement, the unutilised amount of Rs 44.51 crore

<sup>13</sup> UIDSSMT and IHSDP

<sup>14</sup> calculated at the rate of 3.5 per cent per annum

remained parked with SUDA for over nine years resulting in blockage of public money to the extent of Rs 44.51 crore.

SUDA stated (October 2009) that the balance fund of Rs 44.51 crore had been lying with it for want of specific direction from GoWB.

## Recommendation

*The Department should take immediate action to get the utilised funds relating to ROPA 1998 and closed schemes refunded by SUDA, as the same was lying out of Government accounts for years together.*

### 2.2.5.1 Diversion of programme funds

Eleven ULBs diverted Rs 4.45 crore for purposes not covered under scheme guidelines

Executing agencies were to deposit all programme funds in the designated bank account of each scheme. No part of the fund was to be utilised for any other purpose. However, 11 ULBs unauthorisedly utilised scheme funds aggregating Rs 4.45 crore for construction of a bus terminus (Rs 1.10 crore), payment of salary and pension to the staff of ULBs (Rs 0.53 crore), payment of interest on bank loans (Rs 0.62 crore), purchase of land (Rs 0.97 crore), purchase of raw materials for works not related to the schemes (Rs 0.30 crore) and other purposes (Rs 0.93 crore) as detailed in *Appendix 2.2.3*.

SUDA stated (July 2009) that ULBs had been requested to replenish the diverted funds. However, no action against ULBs responsible for unauthorised use of Government Fund was initiated.

## Recommendation

*SUDA should issue necessary instructions to ULBs to prevent unauthorised diversion of scheme funds by ULBs as well as for replenishing the funds already diverted by them.*

### 2.2.6 Execution of schemes

#### 2.2.6.1 Valmiki Ambedkar Awas Yojana (VAMBAY)

To achieve the goal of 'Shelter for All', the GoI launched VAMBAY in December 2001 for providing shelter to BPL people living in urban slums. According to the scheme guidelines, out of the maximum construction cost of Rs 40000 for each dwelling unit, Rs 20000 was to be given by GoI as subsidy. The remaining Rs 20000 was to be provided by mobilising a matching grant from beneficiaries, ULB, State Government, loan from HUDCO or from other sources. SUDA was to identify the beneficiaries, in consultation with the ULBs, and formulate projects, prepare estimates and submit the same for sanction of State Government, which in turn would send the same to GoI for release of funds.

#### 2.2.6.1.1 Funding for the scheme

Against the GoI pledged subsidy of Rs 16.92 crore for construction/up-gradation of targeted 7201 DUs and 1809 toilets, SUDA received GoI subsidy aggregating Rs 9.10 crore during May 2002 to January 2006. GoI did not provide additional funds as the released amount of Rs 9.10 crore was not fully utilised.

For construction of 2611 DUs and 941 toilets and upgradation of 222 DUs, GoI subsidy of Rs 7.33 crore was admissible to SUDA. Accordingly out of Rs 9.10 crore received, unutilised subsidy of Rs 1.77 crore was refundable to GoI. SUDA refunded Rs 1.05 crore to GoI during August 2004 to July 2008. Out of the balance of Rs 0.72 crore, Rs 18.60 lakh was retained by SUDA and Rs 53.40 lakh was retained by different ULBs. Thus, Rs 0.72 crore was yet to be refunded to Government as of November 2009. Test-check in audit revealed the following:

(i) In violation of the scheme guidelines for providing 50 *per cent* cost of upgradation of DUs as GoI subsidy, the Jalpaiguri Municipality fully utilised GoI subsidy of Rs 17.80 lakh for upgradation of 89 DUs (Rs 20000 each) against the admissible subsidy of Rs 8.90 lakh (Rs 10000 each). SUDA did not take any action for recovery of the excess amount of Rs 8.90 lakh spent from the Municipality.

(ii) Four ULBs<sup>15</sup> incurred expenditure of Rs 1.83 crore for construction of 344 DUs, against the admissible cost of Rs 1.38 crore (344 x Rs 40000) resulting in extra expenditure of Rs 0.45 crore. Construction of four storied buildings by two ULBs<sup>16</sup> (16+45=61 DUs) instead of small DUs and construction of DUs by two ULBs<sup>17</sup> according to the choice of allottees were the main reasons for excess expenditure.

SUDA did not furnish any reply (November 2009).

***SUDA should immediately recover the unutilised funds retained by ULBs and refund the entire amount of unutilised scheme funds to GoI.***

## Recommendation

### 2.2.6.1.2 Non-achievement of target

SUDA fixed targets for construction of dwelling units (DUs), toilets and upgradation of DUs on the basis of the requirements intimated by the ULBs. The ULBs, however, assessed requirements on *ad-hoc* basis without conducting a survey to ascertain the number of the homeless BPL families living in the urban slums.

Against the target of construction of 6100 DUs, 1809 toilets and upgradation of 1101 DUs during 2001-2006, 2611 DUs and 941 toilets were constructed and 222 DUs were upgraded during 2001-08. As the scheme was closed in March 2008, 4368 BPL families were deprived of the benefit of the scheme due to non-construction of targeted 3489 DUs and non-upgradation of 879 DUs. Test-check of records of eight ULBs revealed the following:

(i) Although 50 *per cent* of the cost of construction of DUs was to be financed by loan or matching grant from ULB or State Government or beneficiaries, six ULBs<sup>18</sup> constructed DUs only for those beneficiaries

4368 BPL families were deprived of dwelling units owing to non-achievement of target under VAMBAY

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<sup>15</sup> Siliguri Municipal Corporation, Berhampur, Krishnanagar and Old Malda Municipalities

<sup>16</sup> Siliguri Municipal Corporation and Berhampur Municipality

<sup>17</sup> Krishnanagar and Old Malda Municipalities

<sup>18</sup> Bardhaman, Kalna, Raiganj, Gangarampur, Old Malda and Khardah Municipalities

(1134 beneficiaries) who had contributed 25 to 50 per cent of the construction cost of DUs. Thus, ULBs did not explore the other sources of funding.

(ii) Three ULBs<sup>19</sup> could not achieve the target due to non-receipt of beneficiaries' contributions from the targeted number of BPL families (they constructed 466 DUs against the target of 1008). Two ULBs<sup>20</sup> could not identify the targeted number of beneficiaries (constructed 99 DUs against the target of 336) even though 50 per cent of the construction cost of DUs was contributed by ULBs. Thus, ULBs failed to motivate the targeted group of BPL families to get the dwelling units under the scheme.

It would be evident from the above that due to ambiguity in the scheme guidelines regarding collection of 50 per cent cost of DUs, various ULBs collected beneficiaries' contribution as per their whims which had resulted in mismatch in beneficiaries contribution and shortfall in achievement of targets.

SUDA stated (June 2009) that non-availability of land in the names of intending beneficiaries, litigation over title to land, in-capability of the intending beneficiaries to deposit their shares and enhancement of cost of building materials were the key reasons for non-achievement of the target.

The contention of SUDA is not tenable because according to the scheme guidelines, land was to be provided by Government and 50 per cent cost of construction of DUs was to be met by beneficiaries' contribution or grants from ULB or State Government or loan from HUDCO or other sources. Thus, the target could not be achieved due to non-allocation of required land by the Department and non-mobilisation of required funds by SUDA/ULBs. State Government also failed to provide land for construction of DUs which has resulted in shortfall in achievement of intended benefits of BPL beneficiaries.

#### Recommendation

*Government should lay down a uniform policy for collection of beneficiaries' contribution by ULBs pertaining to BPL category.*

#### 2.2.6.1.3 Irregular allotment of dwelling units

(i) The guidelines of VAMBAY provide that allotment of dwelling unit should be in the name of the female member of the household or in the joint names of the husband and wife. Houses cannot be allotted in the sole name of the male member. Out of 1025 DUs, 503 were allotted in the sole name of male members, which was not in order.

(ii) Despite completion of construction of 45 DUs in April 2008, the Berhampur Municipality did not handover possession of DUs to beneficiaries till date of audit (March 2009) because the Minister-in-charge, Municipal Affairs Department could not spare time for the inaugural programme though such programme was not necessary according to scheme guidelines. Thus, beneficiaries were deprived of their houses for over a year.

<sup>19</sup> Bardhaman, Old Malda and Raiganj Municipalities

<sup>20</sup> Siliguri Municipal Corporation and Krishnanagar Municipality

SUDA stated (June 2009) that the Berhampur Municipality had been requested to distribute the DUs amongst beneficiaries immediately. However, the DUs were not distributed as of October 2009.

(iii) Without conducting any survey to assess the requirement of BPL families, Siliguri Municipal Corporation (SMC) constructed 16 DUs at a total cost of Rs 21.60 lakh, which includes GoI contribution of Rs 7.20 lakh (50 per cent cost of construction of 36 DUs) plus State Government contribution of Rs 0.80 lakh plus SMC's contribution of Rs 13.60 lakh. Out of 16 DUs, 14 were allotted to conservancy staff of SMC in October 2005 while two DUs were not allotted till May 2009. This was a violation of the very objective of providing shelter to homeless BPL families.

(iv) Out of 83 DUs constructed by Krishnanagar Municipality against 110 identified BPL families, 77 were allotted to beneficiaries during July 2006 to May 2007 while six DUs were allotted to the Chairman of the Municipality in May 2007 in violation of the scheme guidelines. However, there was no record indicating the purpose of actual utilisation of these DUs by the Chairman.

#### **2.2.6.2 Integrated Housing and Slum Development Programme (IHSDP)**

The GoI launched IHSDP in December 2005 for holistic slum development with a healthy and enabling urban environment, by providing adequate shelter and basic infrastructure facilities to the slum dwellers of identified urban areas. The cost of land required for such projects would not be provided under the programme funds and such cost was to be borne by the State Government. Programme funding was to be shared in the ratio of 80:20 between GoI and State Government/ULB. The cost of each dwelling unit (DU) was fixed at Rs 80000. DUs were not to be provided to the beneficiaries free of cost and a minimum 12 per cent beneficiary contribution was to be collected. The GoI revised the cost of each DU to Rs one lakh in February 2009 for construction of the DUs sanctioned during 2008-09.

Seventy three per cent of IHSDP funds lying unutilised with SUDA and ULBs

GoI sanctioned (February 2007 to March 2009) construction of 52591 DUs (cost: Rs 499.54 crore) and required infrastructure like roads and pavements, water supply system, sewerage and drainage, etc, (total cost: Rs 426.31 crore) in 80 municipalities at a cost of Rs 925.85 crore. Between February 2007 and March 2009, SUDA received Rs 295.05 crore (GoI: Rs 267.60 crore and GoWB: Rs 27.45 crore) and released Rs 215.76 crore to ULBs, out of which expenditure of Rs 78.79 crore had been incurred and balance Rs 136.97 crore remained unutilised with the ULBs.

SUDA stated (July 2009) that all the ULBs were being requested to utilise the fund parked at their disposal and to ensure that no fund remain idle for a longer period.

Audit scrutiny revealed the following:

### 2.2.6.2.1 Non-payment of ULB's share

According to the detailed project reports (DPRs) for infrastructure development in 12 test-checked municipalities, the project cost of Rs 77.85 crore was to be contributed by GoI (Rs 61.61 crore), State Government (Rs 11.55 crore) and ULBs (Rs 4.69 crore) and the projects were to be completed between August 2008 and March 2010. Audit noticed that out of proportionate amount of Rs 2.17 crore payable by ULBs by March 2009 (proportionate to GoI/State Government contributions of Rs 35.82 crore received by 12 ULBs), Rs 1.38 crore was paid by seven ULBs<sup>21</sup>. The remaining five ULBs<sup>22</sup> did not contribute any amount for this purpose even though these ULBs were liable to pay proportionate amount of Rs 40.11 lakh by March 2009. Out of available fund of Rs 36.71 crore, expenditure of Rs 17.16 crore was incurred up to March 2009 while none of the projects scheduled to be completed by September 2008 in seven ULBs were completed as of March 2009.

SUDA stated (October 2009) that it insisted on the ULBs to deposit their proportionate share after the first installment was released to them. It also stated that by the time expenditure level reached 70 per cent, the ULB share is invariably deposited.

The reply of SUDA is not acceptable as it made merely a general statement as to payment of ULB's share of the scheme fund instead of indicating whether the errant ULBs had actually paid their shares.

#### Recommendation

*SUDA should pursue the ULBs for payment of ULBs' shares to the project costs without further delay.*

### 2.2.6.2.2 Non-achievement of target

Against the target of construction of 12824 DUs in 16 municipalities by September 2008, 3339 DUs were constructed up to March 2009. Out of 20061 DUs sanctioned in 2007-08 (target of completion of construction by October 2009) for 41 municipalities, only 921 DUs were constructed as of March 2009.

In seven test-checked municipalities, against the target of construction of 8904 DUs by March 2009, construction of 3233 DUs was completed as of March 2009. Construction work of 2516 DUs was in progress while contractors were yet to start work for 1053 DUs, despite placement of work orders during May 2007 to February 2009 and municipalities did not place work orders for 2102 DUs. Due to non-completion of construction of the DUs within the scheduled timeframe, 5671 beneficiaries including 3488 who had already paid their contribution towards cost of construction of the DUs, were deprived of the benefit of the scheme.

Against a target of completion of 12824 DUs by September 2008, only 3339 were constructed as of March 2009

<sup>21</sup> Haldia (Rs 17.25 lakh), Gangarampur (Rs 29.06 lakh), Chakdah (Rs 15 lakh), Kalna (Rs 12.21 lakh), Raiganj (Rs 9.97 lakh) and Barahampur (Rs 1.51 lakh) Municipalities and Siliguri Municipal Corporation (Rs 53 lakh)

<sup>22</sup> Bardhaman, Dhulian, Old Malda, Dalkhola and Kaliaganj Municipalities



Delays ranging from seven to 21 months in placement of work orders, coupled with delayed commencement of works by contractors owing to belated handing over of vacant land to contractors, labour problems, etc, were the reasons ascribed for non-achievement of target of construction of DUs.

**Recommendation**

*SUDA should effectively monitor implementation of the project through field visits so that DUs are constructed within the scheduled timeframe in order to provide benefit of the scheme to targeted slum dwellers without further delay.*

**2.2.6.2.3 Extra expenditure due to payment at higher rates**

Allowance of higher construction cost for DUs as compared to norms leading to excess expenditure of Rs 1.97 crore

According to the programme guidelines, the construction cost of each DU was fixed at Rs 80000. GoI revised the cost of each DU to Rs one lakh in February 2009 for construction of the DUs sanctioned during 2008-09, while the State Government revised (July 2008) the cost of each DU to Rs 1 lakh with effect from January 2008. Three ULBs<sup>23</sup> paid to the contractors Rs one lakh for each of 987 DUs even though the work orders for these DUs were placed on the contractors during May 2007 to November 2007 at Rs 80000 each on the basis of the tenders submitted by the contractors and the works were started before January 2008. Such payments at the higher rate resulted in an extra expenditure of Rs 1.97 crore.

SUDA stated (October 2009) that the revised rate was applicable for DUs for which either the work order was issued after 01 January 2008 or the work order was issued prior to 01 January 2008 but the work commenced after 01 January 2008. The additional expenditure incurred was, therefore, in conformity with the Government order.

The contention of SUDA was not acceptable because in respect of all the 987 DUs the construction works were started before January 2008.

**2.2.6.2.4 Construction of smaller sized dwelling units**

Eleven ULBs constructed DUs, smaller than the normative size specified in the guidelines

According to scheme guidelines, the floor area of each DU was to be not less than 25 square metres. Eleven ULBs<sup>24</sup> had modified the design of DUs, violating the scheme guidelines and floor areas of the modified DUs varied from 18.8 to 21.9 sq. metres. However, the construction work for 8220 such DUs of smaller size were awarded to contractors between May 2007 and February 2009 at the specified cost of Rs 0.80 lakh or Rs 1 lakh each. Of 8220 DUs, construction of 3305 DUs (292 DUs at Rs 80000 each and 3013 DUs at Rs 1.00 lakh each) had been completed as of March 2009. Further, the scheme envisaged construction of two rooms with a kitchen and a toilet but, two ULBs<sup>25</sup> awarded work orders for construction of 2371 DUs (1570 completed) without toilets and one ULB (Dalkhola Municipality) awarded work orders for 360 DUs without any kitchen and toilet.

<sup>23</sup> Chakdah, Haldia Municipalities and Siliguri Municipal Corporation

<sup>24</sup> Siliguri Municipal Corporation and Haldia, Chakdah, Bardhaman, Kalna, Gamngarampur, Raiganj, Dhulian, Old Malda, Dalkhola and Kaliaganj Municipalities

<sup>25</sup> Kalna Municipality (1031) and Siliguri Municipal Corporation (1340)

Dalkhola Municipality stated (June 2009) that in most of cases land constraints compelled to change the shape of DUs while Siliguri Municipal Corporation stated (July 2009) that it had decided to construct toilets at each dwelling unit later to bring the plinth area to 25 square metres. It, however, remained silent in respect of the source of funds required for construction of toilets.

Raiganj Municipality stated that it had constructed the DUs as per drawings approved by the Executive Engineer of Municipal Engineering Directorate, who was in-charge of the scheme.

Replies are not tenable since DUs have been constructed in violation of the GoI guidelines.

#### **2.2.6.2.5 Irregular allotment of DUs**

According to the scheme guidelines, the DUs were to be allotted to urban slum dwellers only. In violation of the same, Old Malda Municipality constructed 52 DUs in non-slum areas and allotted (February 2009) the same to the people not living in urban slums.

SUDA stated (July 2009) that all the ULBs were being requested by the Government to act strictly in compliance with the guidelines of the scheme.

#### **2.2.6.3 Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)**

To improve infrastructural facilities and to create durable public assets and quality services in towns, the GoI launched (December 2005) Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT). The duration of the scheme was seven years starting from 2005-06. Ninety *per cent* of the cost of each project was to be contributed by GoI (80 *per cent*) and State Government (10 *per cent*). The balance 10 *per cent* was to be shared by the respective ULB out of its internal sources or by raising loans from financial institutions. Assets created under the scheme were to be taken over by the respective ULBs.

GoI sanctioned (January 2007 to March 2009) 26 projects with project cost of Rs 385.65 crore in 25 municipal areas in the State. The projects included construction of 22 water supply (Rs 316.60 crore), two drainage (Rs 49.22 crore), one sewerage (Rs 12.52 crore) and one road (Rs 7.31 crore) projects. As of March 2009, SUDA received Rs 193.83 crore (GoI share: Rs 158.73 crore and State share: Rs 35.10 crore) and released Rs 154.53 crore to 22 ULBs, out of which expenditure of Rs 86.55 crore was incurred upto March 2009. The status of the projects as of March 2009 is shown in *Appendix-2.2.4*.

#### **2.2.6.3.1 Non-payment of ULB's share**

As the nodal agency for implementation, SUDA, was responsible for techno-economic appraisal of draft project reports (DPRs) of infrastructure

development projects received from ULBs and forwarding them to GoI for approval. While appraising the DPRs submitted by ULBs, SUDA did not assess their capacity to provide their contribution of 10 per cent of the project cost. Consequently, considering the difficulties on the part of ULBs to mobilise resources for their contribution the Department decided (July 2007) to enhance the State contribution from 10 per cent to 15 per cent. As a result, additional financial burden of Rs 19.28 crore devolved on the State exchequer. As of March 2009, the Department incurred additional expenditure of Rs 11.70 crore in order to compensate the ULBs' share of contribution for the projects. SUDA should have taken action to provide/arrange loan to ULBs to bear their contribution to avoid extra burden on the State exchequer.

Further, out of eight test-checked ULBs, only two<sup>26</sup> had contributed their proportionate amount of five per cent, while four<sup>27</sup> did not pay any amount against Rs 1.74 crore up to March 2009. Two<sup>28</sup> contributed Rs 19.14 lakh against their proportionate amount of Rs 55.44 lakh payable by March 2009. It was noticed in audit that out of Rs 10.88 lakh contributed by Katwa Municipality, Rs 4.17 lakh was diverted from other scheme funds.

SUDA stated (July 2009) that ULBs were being requested to deposit ULB's share in the project immediately. However, SUDA was yet to take any action against defaulting ULBs (November 2009).

#### **2.2.6.3.2 Delay in completion of projects**

It would be evident from *Appendix 2.2.4* that none of the eleven projects scheduled to be completed between January 2009 and March 2009 were completed as of March 2009. This was mainly due to delays in issuing tender notices, placement of purchase orders/work orders, supply of materials, handing over work sites to contractors coupled with delayed execution of works by the contractors. Due to delayed execution of works, the estimated cost of Rs 187.45 crore of 15 projects was revised to Rs 283.01 crore between July 2008 and January 2009. GoI's approval to the revised project costs had not been obtained by SUDA as of May 2009. Resultantly, the 80 per cent contribution of GoI towards the enhanced cost of the projects had not been received by SUDA as of May 2009. Further, due to non-completion of the water supply projects in four<sup>29</sup> test-checked municipalities within the scheduled timeframe, 1.88 lakh people were deprived of the supply of safe drinking water.

Scrutiny of records of test-checked ULBs revealed the following:

- (i) Under the water supply scheme at Siliguri, the work order for construction of overhead reservoir at Zone IXB was placed by Siliguri Municipal Corporation (SMC) in June 2005 at a cost of Rs 41.26 lakh. The work was to be completed within 12 months. Due to delay of about two years in handing over (April 2007) the work site to the

Two works under Siliguri Municipal Corporation was suspended even after incurring an expenditure of Rs 47.75 lakh

<sup>26</sup> Haldia and Berhampur Municipalities

<sup>27</sup> Old Malda, Krishnanagar, Kaliaganj Municipalities and Siliguri Municipal Corporation

<sup>28</sup> Suri Municipality (Rs 8.26 lakh) and Katwa Municipality (Rs 10.88 lakh)

<sup>29</sup> Katwa (0.91 lakh), Suri (0.25 lakh), Krishnanagar (0.56 lakh) and Haldia (0.16 lakh)

contractor owing to litigation, the work was completed only in April 2009 at a cost of Rs 65 lakh, resulting in an extra expenditure of Rs 23.74 lakh.

- (ii) The work order for construction of overhead reservoir at Zone IXA was placed by Siliguri Municipal Corporation in March 2005 at a cost of Rs 55 lakh with completion scheduled within 12 months. The work remained suspended since July 2007 under an order of the Hon'ble High Court of Kolkata, on a petition filed by the owner of the adjacent land on the ground that a portion of his land was encroached. The work order was terminated in March 2008 after incurring expenditure of Rs 42.49 lakh. Similarly, the work order for construction of overhead reservoir at Zone VIIIA placed in August 2008 was terminated in March 2009 after incurring expenditure of Rs 5.26 lakh due to a dispute raised by the land owner. Thus, due to construction of overhead reservoirs on the disputed sites, the works remained suspended after incurring expenditure of Rs 47.75 lakh.

## Recommendation

*SUDA should take effective measures for timely completion of the projects in order to avoid cost escalation as well as to extend the desired benefits to the urban people without delay.*

### 2.2.6.3.3 Extra expenditure on a project

A hydrographic survey was required to be conducted by Kolkata Port Trust (KPT) for drawal of water from the river, for the intake system of the water supply projects at Berhampur, Katwa and Shantipur municipal areas. The cost of survey was not included in the estimated cost (Rs 42.92 crore) in the DPRs of the projects submitted in February 2007 by SUDA to GoI. Subsequently, SUDA paid Rs 32.96 lakh (Rs 22.54 lakh in August 2008 and Rs 10.42 lakh in October 2008) to KPT for the hydrographic survey in these three areas out of its own sources, since no funds for surveys were available from GoI/State Government due to non-inclusion of the cost in the project estimate. Thus, SUDA incurred an extra expenditure of Rs 32.96 lakh due to non-inclusion of the expenditure in the project estimates.

SUDA stated (June 2009) that it was not aware that a hydrographic survey was necessary for drawal of water from the river for the intake system and hence the cost of survey was not included in the DPRs submitted to GoI for approval of projects. SUDA further stated that the expenditure was unavoidable and it would be included in the revised project cost, irrespective of who would bear the additional costs.

Thus, due to improper project planning, the cost of hydrographic survey was not included in the project estimates and consequently SUDA had to incur the expenditure of Rs 32.96 lakh out of its own sources.

### 2.2.6.4 Swarna Jayanti Sahari Rojgar Yojana (SJSRY)

Swarna Jayanti Shahari Rojgar Yojana (SJSRY) was launched by GoI in December 1997 in order to provide gainful self-employment/wage employment to the urban people living below poverty line. The scheme was to

be funded by the Central and the State Governments in a ratio of 75:25 and was to be implemented by SUDA in co-ordination with the urban local bodies (ULBs) through two special programmes viz. Urban Self Employment Programme (USEP) and Urban Wage Employment Programme (UWEP).

Out of the total funds of Rs 82.10 crore available with SUDA for SJSRY during 2004-09, Rs 63.77 crore was released to ULBs and the balance of Rs 18.33 crore was lying with SUDA as shown below:

Table 2.2.3: Position of funds under SJSRY (Rupees in crore)

Year	Opening balance	Fund Received by SUDA		Total funds available	Amount disbursed to ULBs	Closing balance
		Central	State			
2004-05	12.42	4.24	1.41	18.07	11.14	6.93
2005-06	6.93	6.17	2.06	15.16	10.25	4.91
2006-07	4.91	10.63	3.54	19.08	10.76	8.32
2007-08	8.32	12.05	4.02	24.39	11.92	12.47
2008-09	12.47	19.48	6.08	38.03	19.70	18.33
Total		52.57	17.11		63.77	

Source: MIS of the scheme as of 31 March 2009

Although SUDA released Rs 63.77 crore to 124 ULBs during 2004-09 for implementation of SJSRY, it did not maintain any data regarding scheme funds utilised by ULBs vis-à-vis unutilised funds lying with them. Out of 17 test-checked ULBs, Bhadreswar Municipality did not maintain a separate account for SJSRY funds in violation of the scheme guidelines. Accordingly, unutilised scheme funds parked with it was not ascertainable. Out of Rs 20.09 crore (including opening balance of Rs 1.86 crore as of April 2004 and interest of Rs 15.46 lakh earned during 2004-09) received by 16 ULBs during 2004-09, Rs 16.39 crore were utilised and the balance of Rs 3.70 crore was lying with the ULBs as of March 2009.

SUDA stated (October 2009) that Bhadreswar Municipality had been instructed to open a dedicated account for SJSRY.

#### 2.2.6.4.1 Urban Self Employment Programme

The Urban Self Employment Programme (USEP) had three main components, namely payment of subsidy, imparting training and formation of Development of Women and Children in Urban Areas (DECUA) Groups and Thrift and Credit Societies (TCS).

##### (a) Payment of Subsidy

Assistance, in the form of subsidy at the rate of 15 per cent (subject to a maximum of Rs 7500) of each project cost, was to be given to the selected individual urban poor beneficiaries for setting up gainful self-employment ventures. 80 per cent of project cost was to be contributed by the beneficiary from banks as loan while five per cent was to be contributed by the beneficiary. The amount of subsidy was released by SUDA to the banks (through ULBs) for disbursement to the beneficiaries along with the bank loans.

Against 39.93 lakh beneficiaries identified in the State, the target for payment of subsidy during 1997-2009 was fixed at 119802 beneficiaries, of which only

33222 beneficiaries (28 per cent) were paid subsidy (Rs 10.01 crore) as of March 2009. The shortfall in achievement of target of self employment during 2004-2009 ranged between 41 and 87 per cent as shown below:

**Table 2.2.4: Target and achievement in payment of subsidy**

Number of persons	2004-05	2005-06	2006-07	2007-08	2008-09
Targeted for payment of subsidy	9195	9255	27750	25250	13550
Achievement	2693	5489	3648	5940	5497
Shortfall (per cent)	6502 (71)	3766 (41)	24102 (87)	19310 (76)	8053 (59)

Source: Physical performance report of the scheme

Non-submission of viable projects by the beneficiaries, coupled with non-sanction of loans by banks was the main reason for non-achievement of the target of employment generation. Neither did SUDA nor ULBs persuade the banks for disbursement of loans to the beneficiaries, even though they forwarded the applications to banks. Further, neither did SUDA nor the ULBs maintain data regarding performance or discontinuation of business by the beneficiaries who were provided subsidy for setting up self employment ventures.

SUDA stated (June 2009) that the performances in bank-linked components under SJSRY depended significantly on the attitude of the banks over which SUDA had little control. The apathy of the banks towards loan applications submitted under SJSRY adversely affected the beneficiaries who gradually tended to show lesser interest in bank loans. This ultimately contributed to low performance level of the ULBs and the State. All bank related problems were often discussed at district level but noticeable progress had not been achieved yet.

The fact remains that due to non-release of loans by banks to the recommended beneficiaries, the target of generating self employment ventures remained unachieved to a considerable extent.

***Project proposals for grant of loan/subsidy under USEP should be thoroughly assessed by ULBs to avoid rejection of the proposals by banks.***

**(b) *Unauthorised retention of funds by banks***

Audit scrutiny revealed that on the recommendations of Bongaon Municipality, banks sanctioned loans aggregating Rs 9.42 crore to 4710 beneficiaries during 2004-09. Accordingly, SUDA released subsidy of Rs 1.77 crore to the municipality, which was deposited into the banks, for payment to the beneficiaries along with the loans. The banks, however, disbursed subsidy of Rs 1.12 crore to 2997 beneficiaries during 2004-09. Out of the undisbursed amount of Rs 64.24 lakh, Rs 1.46 lakh (39 beneficiaries) was refunded by banks to SUDA in February 2007 (Rs 0.71 lakh) and April 2009 (Rs 0.75 lakh) while the balance Rs 62.78 lakh was retained by banks resulting in blockage of fund with consequential loss of interest of Rs 5.26 lakh<sup>30</sup> to the scheme fund. SUDA did not take action to get the

<sup>30</sup> interest calculated at the rate of 3.5 per cent per annum

unutilised amount of Rs 62.78 lakh refunded by banks, even though subsidies payable to 1674 beneficiaries remained undisbursed for over one to four years.

While admitting the fact SUDA stated (October 2009) that steps were being taken to improve the situation.

**(c) Training programmes**

The programme provided training in various trades to selected beneficiaries and other persons associated with urban employment programme for upgradation and acquisition of vocational and entrepreneurial skills for two to six months.

Against the target of 1.42 lakh beneficiaries to be trained in different trades during 1997-2009, 0.70 lakh beneficiaries were imparted training as of March 2009, resulting in a shortfall of 0.72 lakh (51 per cent).

There was  
51 per cent  
shortfall in  
training of  
targeted  
beneficiaries  
under USEP

Records, indicating the details of beneficiaries who were benefited after being trained in various trades, were not maintained by SUDA. In 17 test-checked ULBs, out of 15052 beneficiaries trained up to March 2009, 7591 were gainfully employed and 7461 trained persons (50 per cent) were not employed as of March 2009.

According to SJSRY guidelines, tool kits at a cost not exceeding Rs 600 were to be provided to each trainee who completed the vocational training satisfactorily. Audit noticed that 3346 trainees in seven ULBs were paid Rs 600 in cash, instead of tool kits.

SUDA stated (October 2009) that there is no standardised set of tools kits for the training courses. The multiple choices of the successful trainees could not always be accommodated by the ULBs. To tide over this problem the ULBs may have resorted to cash disbursement in lieu of distribution of tools kits.

The reply of SUDA was not acceptable as it violated the scheme guidelines.

**(d) Development of Women and Children in Urban Areas (DWCUA)**

The scheme aimed at providing special incentives to groups of at least 10 urban poor women, who decided to set up self employment ventures suited to their skills, aptitude and local conditions. Such groups were entitled to a subsidy of Rs 1.25 lakh or 50 per cent of the project cost whichever is less.

Against the target of formation of 2464 DWCUA groups during 1997-2009 in the State, 1697 groups consisting of 21212 members were formed as of March 2009 resulting in shortfall of 767 (31 per cent). Further, out of 1697 groups, 840 groups (49 per cent) consisting of 10470 members received Government subsidy (Rs 8.76 crore) and bank loans (Rs 7.89 crore) for setting up self-employment ventures. Thus, due to failure to form the targeted number of DWCUA groups coupled with non-release of loans by banks, about 16240 urban poor women were deprived of the self-employment opportunities.

In this regard bank related problems were discussed at District Level Review Committee, but of no avail.

**(e) Thrift and credit societies**

Formation of TCS fell short by 47 per cent in the State as compared to the target. Rs 1.28 crore payable to the TCS were parked with the ULBs

Where a group of urban poor women sets itself up as a Thrift and Credit Society (TCS), the group is entitled to a lump sum grant of Rs 1000 per member, subject to a maximum amount of Rs 25000 per group as revolving fund for income generating and other activities. Against the target of 54580 TCSs to be set up in the State during 1997-2009, 28896 TCSs were formed as of March 2009 resulting in shortfall of 25684 (47 per cent). SUDA released Rs 26.05 crore to ULBs for disbursement of lump sum grants to the TCSs during 1997-2009 but, the records/ details of grants paid by ULBs to TCSs were not maintained with SUDA to watch actual utilisation. Out of Rs 5.11 crore received by 15 test-checked ULBs, Rs 3.83 crore were paid to the TCSs and the balance of Rs 1.28 crore remained parked with the ULBs.

**Recommendation**

*The overall shortfall in achieving the targets under various components of USEP coupled with retention of unutilised funds by ULBs indicates that SUDA should be more effective in monitoring the programme implementation through frequent field visits and arranging awareness meetings with the targeted group of BPL people.*

**(f) Expenditure on unidentified beneficiaries**

According to the scheme guidelines, the benefit of USEP was to be extended only to BPL families. As per the GoI guidelines (October 1997) identification of BPL families was to be completed by June 1998.

Out of 17 test-checked ULBs, only five had prepared the list of BPL families by June 1998 and another five ULBs prepared the same during August 2002 to March 2007. These ULBs had incurred total expenditure of Rs 3.43 crore on various components of USEP before identification of BPL beneficiaries. The remaining seven ULBs could neither produce the list of BPL families during audit nor communicate the dates of preparation of such list.

SUDA stated (July 2009) that the BPL lists had been prepared by ULBs on different dates and these were being updated/modified on the basis of data collected during household survey conducted in 2006.

**(g) Sponsoring of unviable project proposals**

According to the scheme guidelines, applications received for assistance under USEP were to be screened thoroughly to minimise the rejection of project proposals by the banks. In 17 test-checked ULBs, against the target of 23193 beneficiaries to be paid subsidy during 1997-2009, 21026 applications were forwarded to banks. Of these, 11260 applications were rejected due to non-viability of the projects. Thus, submission of project proposals without proper screening resulted in rejection of 54 per cent of proposals and consequential denial of contemplated benefits to the beneficiaries under the scheme.

SUDA stated (October 2009) that the aspect of preparation of projects would be looked into and the rejection of projects would be reduced gradually.



**(h) Shortfall in representation of targeted group of beneficiaries**

According to the scheme guidelines, the percentage of women beneficiaries should not be less than 30 and the Scheduled Castes (SC) and Scheduled Tribes (ST) must be benefited at least to the extent of the proportion of their strength in the local population. A special provision of three per cent was made for disabled persons. The number of beneficiaries identified and sponsored from these groups is shown below:

**Table 2.2.5: Number of beneficiaries identified and sponsored under different categories**

Category	Number of beneficiaries identified	Percentage of reservation	Proportionate number of applications to be sponsored	Number of applications actually sponsored	Shortfall	Percentage of shortfall
Scheduled Castes	1069987	27	22800	10785	12015	53
Scheduled Tribes	116069	3	2533	1330	1203	47
Disabled	41470	3	2533	550	1983	78
Others	2765888	Not fixed	56578	71779	-	-
Total	3993414	-	-	84444	-	-
Women out of total	1902111	30	25333	22738	2595	10

Source: Physical performance report of the scheme

Although the target in respect of each component of SJSRY was fixed, the outcome indicators in respect of poverty alleviation was not determined.

Although SUDA accepted (October 2009) the audit observation, it did not state the reasons for shortfall in providing the benefit of the scheme to the targeted groups of people.

**2.2.6.4.2 Urban Wage Employment Programme**

Urban Wage Employment Programme (UWEP) aimed to provide wage employment to the BPL labours living within the jurisdiction of ULBs by utilising their labour for construction of socially and economically useful public assets. The works under the programme were to be executed departmentally and the material labour ratio for works was to be maintained at 60:40.

Although SUDA incurred expenditure of Rs 52.86 crore on the construction works during 1997-2009, it did not maintain any record regarding the assets created and the number of mandays generated under UWEP. SUDA did not also fix any target for generation of mandays against the works taken up under UWEP. In the MIS-Report for the quarter ending March 2009 sent by SUDA to GoI, Ministry of Housing and Urban Poverty Alleviation in June 2009, it was mentioned that 42.29 lakh mandays of work were generated under UWEP during 1997-2009. The figure was arrived at by dividing the expenditure by the amount of minimum wages payable per worker per day. Out of 17 test-checked ULBs, only two<sup>31</sup> maintained the data regarding generation of mandays under UWEP during 2004-09. Eight<sup>32</sup> ULBs did not incur any expenditure on UWEP during 2004-09 and seven<sup>33</sup> did not maintain any

<sup>31</sup> Dalkhola and Kaliaganj Municipalities

<sup>32</sup> Howrah, Bally, Bhadreswar, Suri, Bardhaman, Haldia, Bongaon Municipalities and Siliguri Municipal Corporation

<sup>33</sup> Katwa, Kalna, Dhulian, Old Malda, Raiganj, Gangarampur and Chakdah Municipalities

record regarding generation of mandays despite spending Rs 42.54 lakh on construction works under UWEP during 2004-09.

SUDA stated (October 2009) that the matter regarding maintenance of proper records would be taken up with the ULBs.

Audit scrutiny revealed the following:

- (i) Although the works were to be executed by ULBs through BPL labour, Dhulian Municipality executed works costing Rs 18.36 lakh through contractors during August 1999 to May 2005.
- (ii) In violation of the norm of the material labour ratio of 60:40, two municipalities executed works costing Rs 10.85 lakh during October 2005 to March 2009 by incurring expenditure on materials and labour in the ratio of 86:14 resulting in non-generation of 4877 mandays.

## Recommendation

***SUDA should effectively pursue ULBs for deployment of BPL labours in the construction works taken up under UWEP.***

### ***2.2.6.4.3 Inadmissible expenditure***

According to SJSRY guidelines, not more than five *per cent* of total allocated funds to the State can be utilised for administrative and office expenses (A&OE). The A&OE of ULBs and other structures down the line should be met from the five *per cent* allowed for this purpose, out of the funds placed at their disposal. Any expenditure incurred over and above this limit shall be met out of local resources. A further sum, not exceeding three *per cent* of the allocated amount at ULB level can be used for strengthening the ULB structure, subject to the condition that the ULB should set up the Urban Poverty Eradication Cell (UPEC).

In violation of the above provisions of the scheme guidelines, SUDA retained five *per cent* of scheme funds for its A&OE and allowed A&OE of a further eight *per cent* of scheme funds released, to ULBs. Thus, SUDA utilised 13 *per cent* of allotted funds for A&OE.

In May 2003, the GoI, Ministry of Housing and Urban Poverty Alleviation clarified that maximum five *per cent* of total expenditure/allocation of scheme funds should be utilised for A&OE and not 13 *per cent*.

Despite this clarification, SUDA continued to release an additional eight *per cent* of scheme funds to the ULBs to meet their A&OE and incurred an unauthorised expenditure of Rs 2.46 crore during 2004-09.

While admitting the fact SUDA stated (October 2009) that corrective measures had been taken to restrict the expenditure under A&OE to five *per cent* of total allotment.

### ***2.2.6.5 Integrated Low Cost Sanitation (ILCS) Programme***

In order to liberate scavengers from their existing hereditary occupation of manually removing night soil by converting existing dry latrines to water

borne flush units, the GoI launched (1989) the Integrated Low Cost Sanitation (ILCS) Scheme for conversion of dry latrines to water borne ones. ILCS aimed to cover all households in slums and squatter colonies, who had dry latrines or had no sanitation facilities. GoI fixed the construction cost of each latrine varying from Rs 2500 to Rs 6000 (for different phases) and the funds required for construction of each unit was to be provided by GoI subsidy (45 per cent), GoWB contribution (50 per cent) and beneficiaries' contribution (five per cent).

Against the target of construction of 270089 latrines in 116 municipal areas in the State, 203377 were constructed as of March 2009. Due to non-achievement of the target of construction of latrines, out of GoI subsidy of Rs 44.03 crore received by SUDA during September 1992 to June 2006, Rs 7.03 crore was refunded to GoI during October 2001 to September 2005. Non-payment of beneficiaries' contribution was the main reason for shortfall in achieving the target. Thus, the ultimate objective of the scheme to cover all households in slums and squatter colonies, who had dry latrines or had no sanitation facilities, could not be achieved. Audit scrutiny revealed the following:

Against the target of construction of 8310 latrines, Dhulian Municipality constructed 6987 units up to March 2007. The remaining 1323 units were not constructed due to delayed receipt of subsidy from SUDA. The unutilised subsidy of Rs 18.29 lakh was not refunded by the Municipality as of May 2009.

SUDA stated (June 2009) that no GoI subsidy had been received since April 2007 and validity of all schemes had expired on completion of three years from the respective dates of sanctions.

### **2.2.7 Monitoring mechanism**

SUDA, as the State Nodal Agency for urban anti-poverty programmes, was responsible for mobilising resources and determining allocations based on the local needs and performances, providing guidance and technical support to ULBs for achieving convergence targets, monitoring the programme implementation through periodic visits to the projects to ensure their quality and timely completion and reporting the programme status indicating physical and financial achievements quarterly to GoI, Ministry of Housing and Urban Poverty Alleviation and the State Government.

SUDA could not produce records in respect of inspections carried out by its officers. It did not also fix any norm for manpower requirement for visiting the work sites for supervision and monitoring over implementation of the schemes through ULBs. Although SUDA submitted the quarterly reports to GoI/State Government on the basis of data furnished by the ULBs, no remedial measures were taken to ensure timely completion of the projects as well as for achieving the targets even though the achievements against each of the schemes were much on the lower side despite availability of required funds from GoI. Against the norm (one meeting in two months) of holding 30 meetings of the Governing Body of SUDA during 2004-2009, only six meetings were held.

Thus, the role of SUDA in supervising and monitoring over the performance of the executing agencies of the schemes implemented by it was not adequate and effective.

SUDA stated (July 2009) that the Government had been moved for engagement of a third party monitoring agency to monitor the physical progress as well as the utilisation of funds placed at the disposal of the ULBs. It will further involve extra burden on State exchequer.

## Recommendation

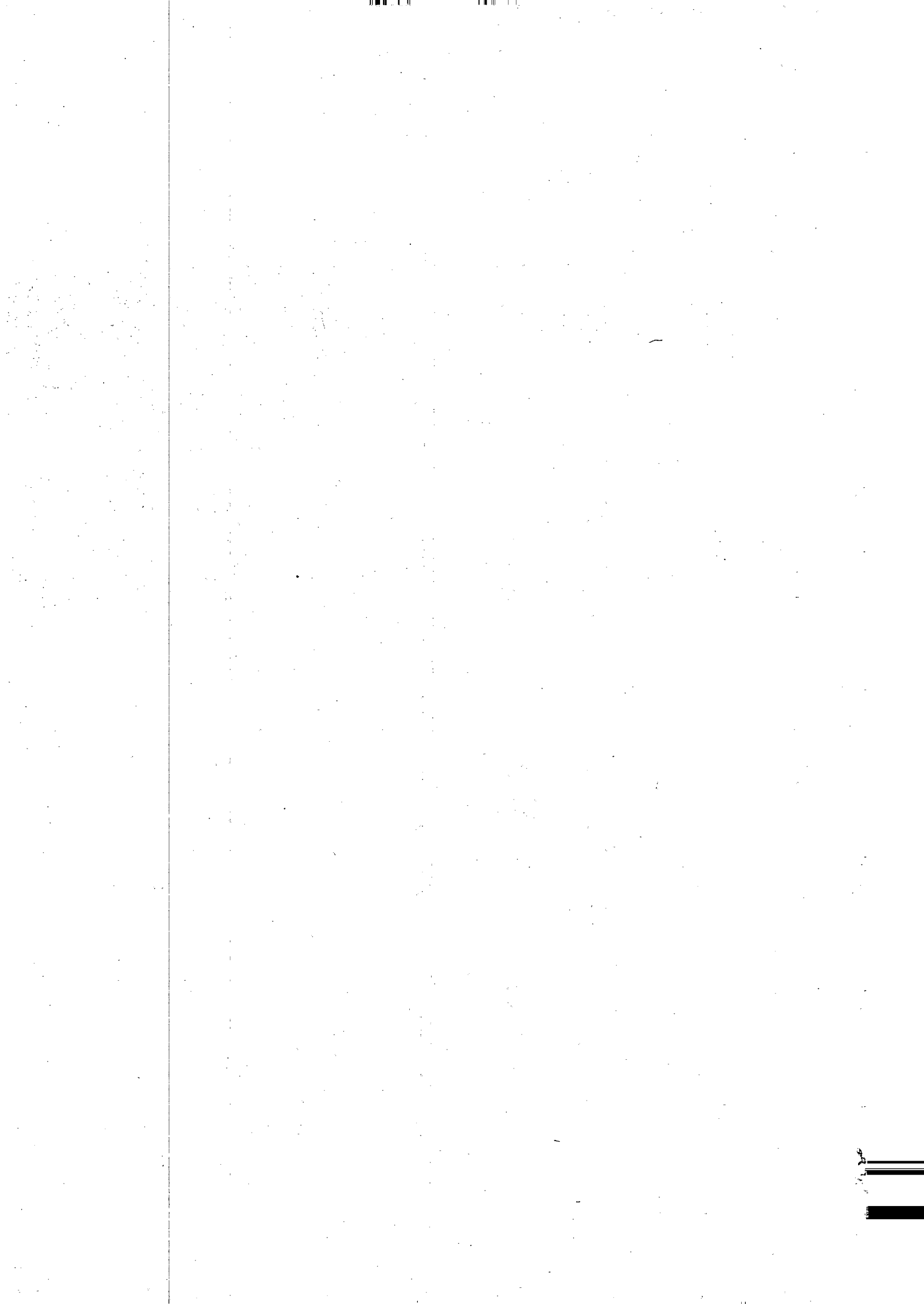
***The monitoring mechanism should be strengthened by holding monitoring meetings with ULBs periodically and conducting regular field inspections by the officials of SUDA.***

### 2.2.8 Conclusion

SUDA was responsible for proper implementation and monitoring of the Centrally assisted schemes for generating employment opportunities and alleviation of poverty in urban areas. The objective was not fully achieved owing to ineffective financial management leading to parking of considerable scheme funds in its local fund account, non-utilisation of the full amount of GoI grants for different schemes etc. Inadequate supervision by SUDA over scheme implementation had an adverse impact on the objectives of providing desired benefits to the targeted BPL beneficiaries in urban slums, as 69 per cent of the targeted BPL families (20025 families) were deprived of the benefit of the scheme for providing 'Shelter for All'. Similarly, under the scheme for providing subsidy for gainful self-employment, 72 per cent of the targeted BPL people (119802) were deprived of the benefit of the scheme. There were also instances of avoidable expenditure due to delayed execution of construction works, procurement of materials at higher prices, etc.

### Summary of Recommendations

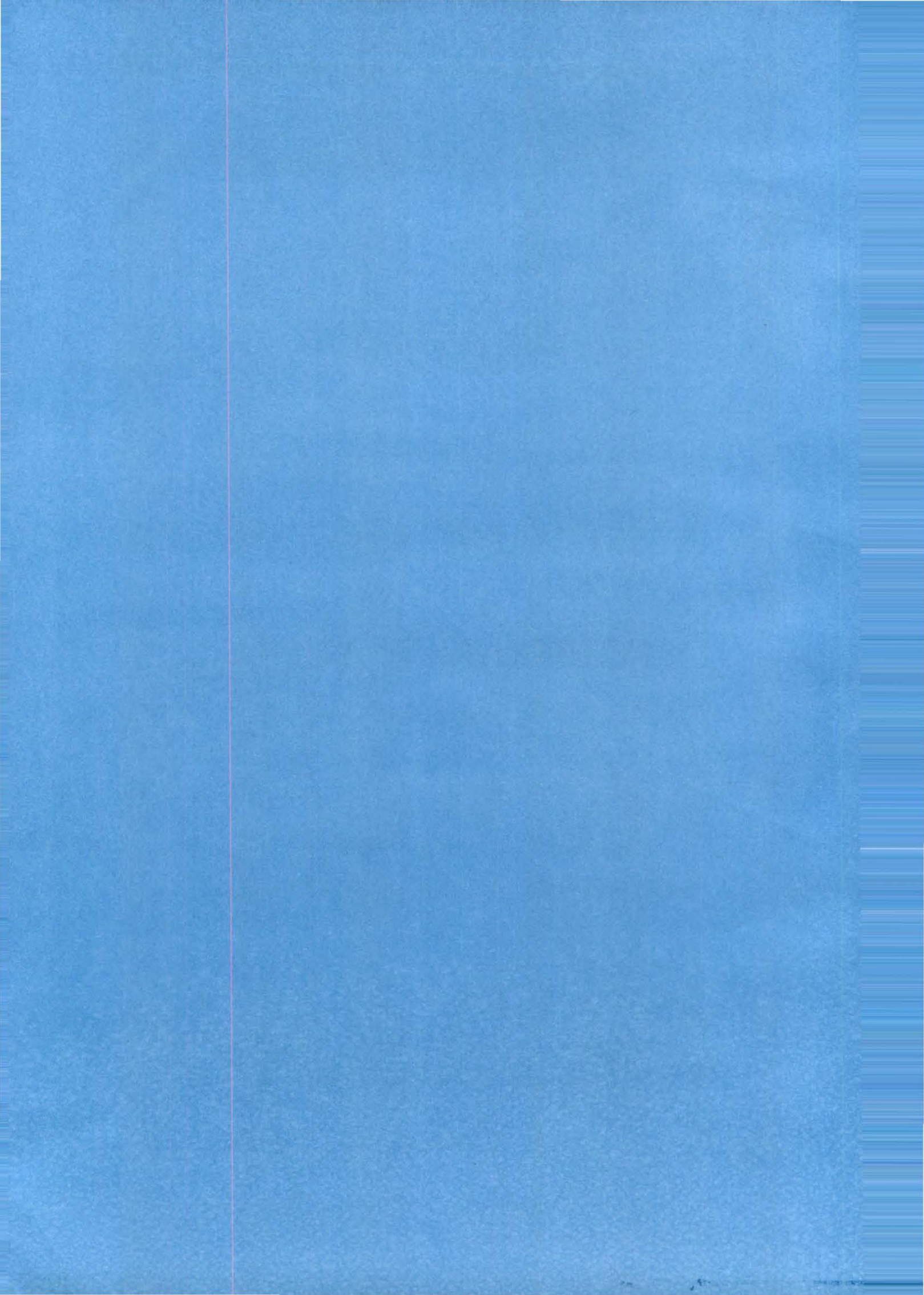
- *SUDA should take immediate steps to open separate bank accounts for each Centrally sponsored scheme as well as to ensure efficient utilisation of available scheme funds. The interest earned on various scheme funds should be credited to the respective scheme fund account.*
- *The Department should take immediate action to get the utilised funds relating to ROPA 1998 and closed schemes refunded by SUDA, as the same was lying out of Government accounts for years together.*
- *SUDA should pursue the ULBs for payment of ULBs' shares to the project costs without further delay.*
- *Project proposals for grant of loan/subsidy under USEP should be thoroughly assessed and examined by ULBs to avoid rejection of the proposals by banks.*
- *SUDA should effectively pursue ULBs for deployment of BPL labours in the construction works taken up under UWEP.*



# CHAPTER 3

## COMPLIANCE AUDIT

<i>3.1 Audit of non-compliance with rules and regulations</i>	<i>57</i>
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<i>3.3 Persistent / pervasive irregularities</i>	<i>77</i>
<i>3.4 Failure of oversight / governance</i>	<i>82</i>



### 3.1 Audit of non-compliance with rules and regulations

For sound financial administration and financial control it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authorities. This not only prevents irregularities, misappropriation and frauds, but also helps in maintaining financial discipline.

In the course of audit of State Government Departments and their functionaries, various cases of non-compliance with departmental codes and manuals, Government orders/rules as well as non-adherence to the stipulations imposed by various scheme guidelines etc. were noticed. Some major cases of deviations from norms/rules leading to irregular spending of Rs 7.82 crore are discussed in the succeeding paragraphs. As these were arising only out of test-check of some offices, the Government should ascertain occurrence of similar cases in other departments/districts and evolve adequate mechanism to arrest these irregularities.

#### PUBLIC WORKS (ROADS) DEPARTMENT

##### 3.1.1 Non recovery of advance from a private contractor

Mobilisation advance was paid without bank guarantee and thereafter not recovered from the bills, which resulted in non recovery of Rs 32.27 lakh from a contractor who had abandoned the work.

The West Bengal Financial Rules provide that every officer incurring or authorising expenditure from public funds should be guided by high standards of financial propriety. Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Superintending Engineer (SE), State Highway Circle No-II, awarded (May 2006) the work of Construction of a Bridge over River Mundeswari on Pursurah –Radhanagar road in Hooghly District to a contractor at Rs 8.58 crore for completion by May 2009. The contract was rescinded by the Executive Engineer (EE), Hooghly Highway Division-I, in June 2008 due to failure of the contractor to complete the work by the stipulated date<sup>1</sup>. The contractor was paid Rs 1.57 crore upto May 2008. Fresh Notice Inviting Tender was issued by SE in May 2009 to complete the balance work at an estimated cost of Rs 14.08 crore.

Audit scrutiny (January 2009) of the records of EE revealed that the contractor did not show interest in the work right after its award. He did not do any work in the initial three months, for which the EE cautioned him in July 2006 and September 2006. Thereafter the contractor was warned in November 2006 of

<sup>1</sup> Only 12.48 per cent work was stated to be completed at the time of termination of the contract in June 2008 after 2/3 of the stipulated time was over.



departmental action for dilatory tactics and failure to complete proportionate work in proportionate time. Yet, in February 2007 the EE sanctioned the contractor Rs 50 lakh as mobilisation advance (at 13 per cent interest per annum) without any bank guarantee on "being satisfied with the quantum of work already executed along with the deposit of security money, materials brought to site and the plant and machineries installed towards the security of the mobilisation advance."

Audit scrutiny also revealed that EE did not make deductions from the first and second Running Account (RA) bills paid in March 2007 and June 2007 for Rs 32 lakh and Rs 26 lakh respectively towards adjustment of the mobilisation advance. Consequently, when the contract was rescinded, the EE could recover only Rs 29.22 lakh from the third RA bill of the contractor paid in May 2008. The EE did not take any effective step to stop removal of the plant and machinery from the worksite, on the security of which the mobilisation advance was given. As a result the Department had to seek (December, 2008) for arbitration to recover the outstanding amount and the case is still pending.

There was no scope to get the balance work completed at the cost of the defaulting contractor as the EE rescinded the contract under clause 3(a) forfeiting security deposit of Rs 25.72 only.

Thus, due to the negligence at the part of the EE, outstanding mobilisation advance of Rs 32.27 lakh<sup>2</sup> could not be recovered from the contractor.

The matter was reported to the Government in April 2009; reply had not been received (November 2009).

**HEALTH & FAMILY WELFARE AND HOME (POLICE)  
DEPARTMENTS**

***3.1.2 Expenditure towards payment of electricity charges of staff quarters***

**Failure to ensure installation of individual meters at Government quarters led to avoidable expenditure of Rs 4.52 crore on payment of electricity charges.**

(A) The Health and Family Welfare (H&FW) Department stipulated (March 2003) that no staff member shall be entitled to free supply of electricity in Government residential accommodation. In case of Government quarters having no separate electricity meters, occupants were directed to complete installation of individual meters at their own cost by June 2003 (subsequently extended up to December 2004). Installation of individual meters was to be done only on production of quarter allotment orders. The hospital authorities, after satisfying themselves of the authenticity of the

<sup>2</sup> Rs 20.77 lakh unrecoverable advance plus interest of Rs 11.50 lakh at the rate of 13 per cent upto July 2009.

occupants of the quarters, were to take up the matter with the electricity suppliers. Pending installation of meters the Department also directed (November 2006) the Director of Health Services (DHS) and Director of Medical Education to recover electricity charges from the salaries of the occupants of Government Accommodation, within hospitals/health institutions, at a fixed rate with effect from 1 January 2005, based on the assessment of average monthly requirement of electricity. The DHS later directed (July 2006 and March 2007) the health care units to restrict electricity consumption in each flat, without separate meter, to a specified limit.

Scrutiny (between January 2008 and December 2008) of the records of four health care units<sup>3</sup> revealed that the authorities failed to ensure installation of separate meters in the Group D staff quarters even after a lapse of four years from the targeted date of installation of individual meters. The authorities also failed to restrict consumption of electricity within specified limits as directed by the DHS. An expenditure of Rs 2.66 crore was incurred towards electricity charges for energy consumed by the occupants between March 2004 and November 2008, against which, only Rs 12.77 lakh was realised by the respective authorities. This led to an avoidable burden of Rs 2.53 crore on public funds.

(B) Similarly, in terms of the instruction (May 2002) of West Bengal Police Directorate (WBPD), all district Superintendents of Police (SPs) were to ensure that officers and staff, occupying Government Accommodation, make direct payment for individual consumption of electricity. Audit scrutiny (April 2008 and December 2008) of the accounts of two SPs (Jalpaiguri and South 24 Parganas), however, disclosed that Rs 8.35 lakh and Rs 1.91 crore were spent towards the electricity charges (for the period from January 2004 to December 2008) of 61 and 224 Government quarters respectively. No amount was, however, realised from the occupants in absence of separate meters for recording the electricity consumed by the individuals.

Thus, prolonged inaction on the part of the authorities of four hospitals and Superintendents of Police of two districts in ensuring installation of individual meters at the Government quarters led to non-realisation / short-realisation of electricity charges from the occupants. This also resulted in avoidable expenditure of Rs 4.52 crore<sup>4</sup> from public funds.

3

Name of the unit	Period	Electricity charges paid on behalf of occupants	Electricity charges realised from occupants	Avoidable expenditure
(Amounts in Rupees)				
Superintendent, District Hospital Krishnanagar	May 2005 to April 2008	1751411	121729	1629682
Superintendent, Netaji Subhash Sanitorium, Kalyani	January 2005 to January 2008	15932872	811621	15121521
Superintendent, Baranagar S G Hospital	March 2004 to March 2008	1190883	-Nil-	1190883
Principal ID&BG Hospital, Kolkata	January 2005 to November 2008	7745895	343319	7402576
<b>Total</b>		<b>26621061</b>	<b>1276669</b>	<b>25344392</b>

<sup>4</sup>Rs 2.53 crore plus Rs 0.08 crore plus Rs 1.91 crore

On being referred by Audit (March 2009); the Home (Police) Department stated (November 2009) that instruction had been issued to the Director General & Inspector General of Police (September 2009) to stop unauthorised payment of electricity bills of the residences of Government employees forthwith and to get connections to residential premises metered.

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 3.1.3 Undue favour to private agencies and inadmissible expenditure

**Failure of SSKM Hospital, Kolkata in adhering to the terms and conditions of the agreements resulted in extending undue favour to private companies and consequent inadmissible expenditure of Rs 26.37 lakh.**

A) In pursuance of an agreement executed in July 2002 between Health and Family Welfare Department and a private company 'X'<sup>5</sup>, a spiral CT scan machine was installed (December 2002) within the campus of SSKM Hospital under public private partnership. In terms of the agreement, the cost of the machine and expenses related to its installation were to be borne by the company. Maintenance and operational costs, including manpower costs, electricity and water supply charges, etc. were also to be borne by the company 'X'. The company was to scan all patients referred by Government hospitals at the prevailing Government rates. The agreement was subsequently renewed in August 2007.

Scrutiny of the records (March 2008) of the Medical Superintendent cum Vice Principal (MSVP), SSKM hospital revealed that no separate meter had been installed till date for recording consumption of electricity by the company, reasons for which were not on record. Assistant Engineer, SSKM hospital, electric sub-division, assessed (November 2004) the average monthly electricity consumption of the company at Rs 35770 per month as per the prevailing tariff rate. Based on this assessment (January 2003 to March 2008), the company consumed electricity worth Rs 22.54 lakh<sup>6</sup> against which only Rs 1.09 lakh (at Rs 18134 per month for six months only) was realised by the Hospital authorities, resulting in short realisation of Rs 21.45 lakh.

B) Further, for supply of medical gases (Oxygen IP and Nitrous Oxide IP) Government selected (February 2005) M/s BOCI India Limited to install a pipeline system, along with the systems of medical vacuum services and medical compressed air service. Accordingly the Department entered (April 2005) into an agreement with BOCI for supply of medical gases to the hospital. The price of gases approved by the Department included the cost of carriage, delivery charges, excise duty, etc. No expenditure would be incurred towards any other additional charge except the approved rate. Audit scrutiny (March 2008), however, disclosed that the hospital authority incurred an

<sup>5</sup> M/s Mediclue Research and Diagnostic Private Limited

<sup>6</sup> Rupees 35770 X 63 months = Rs 2253510

expenditure of Rs 4.92 lakh<sup>7</sup> between January 2007 and March 2008 for the said services in contravention to the departmental directives.

Thus, failure of MSVP, SSKM hospital in adhering to the terms and conditions of the agreements mentioned in A and B above led to extending undue favour to the private agencies and consequent inadmissible expenditure of Rs 26.37 lakh.

The matter was referred to Government in March 2009; reply had not been received (November 2009).

## SCHOOL EDUCATION DEPARTMENT

### 3.1.4 Inadmissible expenditure on construction of boundary walls

Sanctioning of grant for construction of boundary walls for schools in Purba Medinipur in excess of the admissible limit approved by Government of India led to an inadmissible expenditure of Rs 1.02 crore.

The State Project Director (SPD), Sarva Shiksha Mission (SSM), with the approval of the Ministry of Human Resources Development (MHRD), Government of India, accorded approval (February 2006) for construction of boundary walls for 150 primary and upper primary schools of Purba Medinipur. The sanctioned grant for each of the boundary walls was Rs 0.50 lakh.

Scrutiny (December 2008) of records of District Project Officer (DPO), SSM, Purba Medinipur showed that the District Sarva Shiksha Abhiyan Committee decided (January 2006) to allot Rs 1 lakh and Rs 1.50 lakh for construction of boundary walls of each of the primary and upper primary schools respectively before hand. The reasons for raising the quantum of assistance beyond the approved limit of Rs 0.50 lakh per school were not on record. No approval of the Government was obtained by the DPO for such enhancement of assistance. The DPO sanctioned (May 2006 and March 2007) Rs 1.63 crore for construction of boundary walls of 122 schools (82 Upper primary and 40 Primary schools) in violation of the admissible limit of Rs 0.61 crore<sup>8</sup>, thereby incurring an excess expenditure of Rs 1.02 crore (Rs 1.63 crore *minus* Rs 0.61 crore).

The DPO, SSM stated that (November 2008) the unit cost had been enhanced on the ground that Rs 0.50 lakh was not adequate for the purpose. The reply was, however, not acceptable as no approval was obtained either from the SPD or from the GoI for such enhancement. Further, the estimates for the revised unit cost were neither prepared nor vetted by the DPO and SPD.

<sup>7</sup> Service charge Rs 145460; Holding charge : Rs 146902, Collection/delivery charge : Rs 191859 and VAT on collection/delivery charge : Rs 7468

<sup>8</sup> Rupees 0.50 lakh per schools for 122 schools

Thus, sanctioning of grants for construction of boundary walls by DPO, SSM, Purba Medinipur in excess of the limit approved by GoI and non-regularisation thereof led to an inadmissible expenditure of Rs 1.02 crore. The School Education Department should review the matter to ascertain whether similar cases of inadmissible expenditure persisted in other districts also.

The matter was referred to Government in March 2009; reply had not been received (November 2009).

## LAND AND LAND REFORMS DEPARTMENT

### *3.1.5 Inadmissible expenditure*

The District Magistrate, Jalpaiguri, in contravention of scheme guidelines, incurred inadmissible expenditure of Rs 30.94 lakh out of Rashtriya Sam Vikas Yojana funds.

Rashtriya Sam Vikas Yojana (RSVY) was launched by Government of India (GoI) in 2003-04 with the objective of introducing programmes focusing on development of backward areas, which would help to reduce regional imbalances and speed up development. RSVY was introduced in Jalpaiguri district in 2004-05. The District Magistrate (DM), Jalpaiguri received grants of Rs 45 crore from the GoI between December 2003 and February 2009. The main objectives of the scheme were to address the problems of low agricultural productivity, unemployment and to fill up critical gaps in physical, health, education infrastructure, etc. The RSVY guidelines prohibited expenditure on establishment/ staff cost or payment of remuneration/allowances out of RSVY funds. Moreover, funds were not provided to prop up ailing Government/ Government sponsored co-operative societies. Accordingly, the district committee was to identify sectors under which RSVY schemes were to be implemented.

(A) Under the health sector scheme of RSVY, DM, Jalpaiguri, released Rs 1.19 crore<sup>9</sup> in favour of District Health and Family Welfare Samiti (Samiti), Jalpaiguri, for procurement of 19 mobile medical units/ambulances for providing health care facilities to the poor in the remote areas of the district. Out of the said funds, Samiti had spent Rs 1.08 crore<sup>10</sup> towards procurement of medical units/ambulances and other related expenses.

Scrutiny (March 2009) of the records of DM, Jalpaiguri along with the records of Samiti, however, disclosed that 29 drivers were appointed on contractual basis for operation of the 19 vehicles and Rs 24.89 lakh was incurred out of the RSVY funds by the Samiti during 2004-08 towards salary of those drivers. As the RSVY guidelines prohibited incurring of staff cost out of scheme funds, the expenditure incurred on the salary of 29 drivers was inadmissible.

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<sup>9</sup> Rs 72.50 lakh in December 2004 and Rs 46.37 lakh in May 2005

<sup>10</sup> Rs 6.35 lakh was refunded (July 2007) and Rs 4.30 lakh was retained by the society as of March 2009

(B) The DM, Jalpaiguri also released (January 2007) Rs 6.05 lakh to Deputy Director, Sericulture (DDS) Jalpaiguri for procurement of five power tillers under RSVY. Scrutiny (March 2009) disclosed that the power tillers had been procured (February 2006) by DDS to enhance the productivity of Government sericulture farms, which was not in conformity with the RSVY guidelines.

Thus, the DM, Jalpaiguri, in contravention to scheme guidelines, incurred inadmissible expenditure of Rs 30.94 lakh (Rs 24.89 lakh *plus* Rs 6.05 lakh) out of RSVY funds.

The matter was referred to Government in May 2009; reply had not been received (November 2009).

### HOME (POLICE) DEPARTMENT

#### 3.1.6 Inadmissible expenditure on teaching allowance

Payment of teaching allowance to ineligible persons resulted in inadmissible expenditure of Rs 28.26 lakh.

Home (Police) Department sanctioned a teaching allowance (February 2006) for the instructors of Police Training College (PTC) and Subsidiary Training Centres (STC) at the rate of 10 *per cent* of their basic pay subject to a maximum of Rs 500 per month, provided that such members of the faculty were drawn from non-teaching posts on tenure deputation.

Scrutiny (May 2008 and February 2009) of the records of the Deputy Inspector General of Police (DIG) (Training), PTC, Barrackpore and the Commandant, State Armed Police, 9<sup>th</sup> Battalion, STC, Sandhya, Krishnanagar showed that, in violation of the Government order, the respective authorities paid the teaching allowance to regular staff (not being on deputation from non-teaching posts). The DIG and Commandant incurred an expenditure of Rs 28.26 lakh<sup>11</sup> during February 2006 to January 2009 towards teaching allowances on these regular staff, although they were ineligible.

Thus, payment of teaching allowance to persons, not entitled to such allowance in terms of the relevant Government order, resulted in inadmissible expenditure of Rs 28.26 lakh.

The Government should ascertain whether similar violation of inadmissible payment also took place in other training centres and take adequate measures to arrest the irregularity.

The matter was referred to Government in March 2009; reply had not been received (November 2009).

11

<i>Name of the authorities</i>	<i>Number of regular staff per month</i>	<i>Inadmissible expenditure</i>
<i>DIG of Police (Training), PTC, Barrackpore</i>	<i>175 to 180</i>	<i>Rs 2798385</i>
<i>Commandant, SAP, 9th Battalion, STC, Sandhya</i>	<i>02 to 03</i>	<i>Rs 27500</i>
<i>Total</i>		<i>Rs 2825885</i>

### 3.1.7 Avoidable expenditure

**Retention of possession of the premises and machinery of a company, ignoring the injunction imposed by the High Court and preventing the company from accessing the premises led to shouldering of an avoidable burden of Rs 45.73 lakh**

Commissioner of Police (CP), Kolkata took possession (June 1978) of the factory premises of M/s James Alexander and Company Limited (Company) at 15, Kabitirtha Sarani, Kidderpore, Kolkata through the First Land Acquisition Collector, Kolkata for using it as a garage for police vehicles. Various movable properties including machinery<sup>12</sup> etc. of the Company were lying in the said premises at the time of requisition. On being moved by the Company, the High Court (June 1978) passed an order of injunction, restraining the Government from giving any further effect to the order of requisition. In its final order (August 1981), the High Court directed the CP to restore possession of the premises to the Company after making an inventory of goods lying therein. The CP restored possession of the premises to the Company in December 1981.

The Company alleged (October 1982) loss and damage of its machinery during the period of wrongful possession. It was further alleged that the CP had not allowed the representative of the Company to enter the premises for inspection of the machinery. The matter was referred (June 1984) by the High Court for arbitration. The Arbitrator awarded (March 1996) Rs 35 lakh (damage of property: Rs 30 lakh; interest: Rs 5 lakh) in favour of the Company payable within three months. In case of default, interest was to be paid at the rate of six *per cent* till the date of payment.

As per High Court's orders (April 2002 and June 2004) CP deposited Rs 35 lakh (Rs 30 lakh in May 2002; Rs 5 lakh in August 2004) with the Registrar, Original Side of High Court. The same was invested in a bank to earn interest pending disposal of the case in High Court. The application was finally disposed off by the High Court in December 2005. A special leave petition later filed by the CP in the Supreme Court was also dismissed in April 2007.

The Registrar ultimately paid (November 2008) Rs 48.71 lakh (Rs 35 lakh *plus* Rs 13.71 lakh as interest earned thereon) to the Company. Moreover, payment of Rs 10.73 lakh was also made (February 2009) by CP to the Company towards the interest for the period from June 1996 to May 2002.

Thus, retention of the possession of the premises and machinery of the company by the CP, ignoring the High Court's injunction on such requisition, and preventing the company from accessing the premises coupled with delayed release of funds, led to an avoidable expenditure of Rs 45.73 lakh (Rs 35 lakh *plus* Rs 10.73 lakh) from public funds.

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<sup>12</sup> Which were described by the CP as worn out, broken, dilapidated and scrap materials.

The Department in reply stated (August 2009) that though the Arbitrator awarded Rs 35 lakh in favour of the Company, the copy of the same was served neither upon the CP nor the Home Department and as such the Department was in the dark about the award at the material time. The contention was, however, not tenable as the CP filed applications for setting aside the decree passed by the Arbitrator, which was dismissed by the High Court (July 1996).

### 3.1.8 Avoidable expenditure towards interest

**Inaction of the Department in complying with the High Court order for paying compensation to families, affected by a fire explosion, led to an avoidable interest payment of Rs 24.84 lakh.**

In September 1995, an explosion occurred in a fireworks factory in the district of Howrah, killing 23<sup>13</sup> children. As a measure of immediate relief, the District administration made an ex-gratia payment of Rs 1.72 lakh (September 1995) to the next of kin of the victims from the "Chief Minister Relief Fund". Subsequently, a public interest litigation petition was moved by a welfare society (December 1996) before the Kolkata High Court for payment of adequate compensation to the affected families. The High Court ordered (December 1996) the State Government to pay Rs 1 lakh as compensation to each of the next of kin of the deceased children. After four years, the State Government paid (August 2000) Rs 4.60 lakh as interim compensation to the next of kin of 23 deceased children (at the rate of Rs 20000 each). A second writ petition was moved (October 2008) before the High Court for enforcement of its order of December 1996. The High Court attributed (December 2008) the delay on the part of the State Government unjustified and ordered it to pay interest at the rate of nine *per cent per annum* from the date of order.

Scrutiny (February 2009) of the records of the District Magistrate, Howrah disclosed that the residual part of the compensation (at the rate of Rs 80000 per family) was paid in December 2008 and January 2009. Home (Police) Department, in compliance with the orders of the Court, further sanctioned (January 2009) Rs 24.84 lakh as interest for the delay of 12 years (January 1997 to December 2008) in payment of the compensation. The District Magistrate paid the interest amount to the 23 families of deceased children in January 2009.

Thus, inaction of the Home (Police) Department in releasing the compensation in compliance with the High Court order led to avoidable payment of interest of Rs 24.84 lakh, apart from depriving the affected families of their dues for 12 years.

The matter was referred to Government in May 2009; reply had not been received (November 2009).

<sup>13</sup> Besides, five children were injured



### 3.1.9 *Infructuous expenditure due to improper maintenance of solar photo voltaic power plants*

**Failure to ensure proper maintenance led to Solar Photo Voltaic power plants becoming defunct, rendering an expenditure of Rs 39.15 lakh infructuous**

Government of India proposed (May 1997) to connect all police stations, District Headquarters and State Headquarters in the country through a satellite communication system (POLNET) by December 2004. The system required an uninterrupted supply of power. It was decided to install Solar Photo Voltaic (SPV) power plants in 35 police stations, located in poorly electrified or non-electrified areas of the State. The project was financed with central assistance under Border Area Development Programme and Integrated Rural Energy Programme. The Inspector General (IG) of Police (Telecommunications), West Bengal was in charge for implementing the project.

The IG awarded (March 2000) the work to an Agency 'X'<sup>14</sup> for supply of 35 SPVs. The installation was completed by December 2000. Agency X was paid Rs 47.25 lakh in two instalments in March 2000 and February 2001.

Audit scrutiny (April 2009) of the records of Additional Director General and Inspector General (ADG&IG) of Police (Telecommunications) disclosed that though the SPVs required routine maintenance for proper functioning of the system, the ADG&IG did not enter into an Annual Maintenance Contract (AMC) for the system. Out of 35 SPVs installed, 29 (valuing Rs 39.15 lakh) were non-functional due to overloading and improper maintenance of the system between 2000 and 2003. Of these, 19 had turned non-operational within the guarantee period (24 months from commissioning) itself. The remaining six SPVs also stopped functioning during the period 2004-2007 and as of April 2009, none of the SPVs were functional.

The matter was referred to the West Bengal Renewable Energy Development Agency (WBREDA) in October 2007 for repairing/ servicing of the SPVs. The WBREDA proposed (March 2008) to replace the defunct systems with a different solar lighting system at an estimated cost of Rs 39.57 lakh.

The ADG&IG, while admitting the audit observation, stated (October 2009) that the district authorities had not taken timely initiative in repairing the power plants. Resultantly, the system collapsed due to lack of maintenance. The ADG&IG further stated that keeping in view the huge expenditure involved in the repairing of power plants, no further action was taken for repairing/ servicing.

Thus, the failure to ensure proper maintenance of the SPVs resulted in 29 SPVs becoming inoperative within three years, rendering the expenditure of Rs 39.15 lakh infructuous.

<sup>14</sup> M/s Andromeda Energy Technologies Pvt. Ltd., Secundrabad, Andhra Pradesh. (Being the sole distributor of Solite Solar Generator T-400 made by India Renewable Energy Development Agency Ltd).

### 3.2 Audit against propriety/expenditure without justification

Audit against propriety/ expenditure without justification endeavours to bring to light every matter which appears to involve improper expenditure or waste of public money or stores even though the accounts themselves may be in order and no obvious irregularity has been committed. The objective is to support a reasonably high standard of public financial morality and sound financial administration and devotion to Government's financial interests.

However, in many occasions instances came to notice where decision of the Department or functionaries was questionable from the point of view of propriety. In the succeeding paragraphs some major instances of Government expenditure becoming either unfruitful or wasteful or were tantamount to undue benefit to some outside agencies are discussed.

#### URBAN DEVELOPMENT DEPARTMENT

#### KOLKATA METROPOLITAN DEVELOPMENT AUTHORITY

##### 3.2.1 Loss on transfer of land

**The KMDA's decision to lease out the Sealdah commercial complex to a private party for 99 years resulted in a loss of Rs 18.80 crore on salami and annual recurring loss of Rs 17.93 lakh on rent**

The West Bengal Land Reforms Manual (Manual) specifies that no long term settlement of Government land shall be made without the prior sanction of the Board of Revenue and the power of executing contracts and assurances in matters connected with license, lease, sale or re-conveyance of Government land vests on District Collector or District Land & Land Reforms Officer (DLLRO). The Manual also provides that the market value of land proposed for settlement should be carefully assessed from the records of recent sales of similar categories of land in the vicinity to be obtained from Sub-Registrar offices.

Audit scrutiny (December 2008 & April 2009) of the records of Kolkata Metropolitan Development Authority (KMDA) revealed that the Public Works Department (PWD) handed over to KMDA in March 1978 a plot of land housing the Sealdah court to facilitate Sealdah area development, including construction of a Court cum Commercial Complex within the existing court campus. KMDA started work on the project in July 2000. After nearly completing the civil structure of the G<sup>15</sup> + 9 storied building at an expenditure of Rs 5.13 crore, KMDA decided to handover the project to private developers

<sup>15</sup> Ground Floor

for commercial use in order to maximise benefit from the commercial complex. Pricewaterhouse Coopers (PwC) at their behest valued the property at Rs 26.25 crore as on 28 February 2006, considering life of the building to be 60 years. Following selection of a private party through a competitive bidding process, KMDA entered into an agreement of license (April 2008) with the former to lease out the complex for 99 years, renewable for a further period of 99 years, at a consideration of Rs 34.57 crore with annual ground rent of Rs 52 only. The property handed over to the private party comprised land measuring 51.78 Kottah together with a G+9 storied building to be used as a shopping mall with provision for a rooftop restaurant.

Audit analysis revealed several irregularities in handing over of the complex to the private party resulting in loss to the Government. The valuation by PwC, which formed the basis for a reserve price in the bidding process, was based on a building life of 60 years. However, the private developer was given lease rights for 99 years; thus benefits that would accrue from the project beyond 60 years were not factored into the reserve price.

As per the records of the Additional District Sub- Registrar, Sealdah, the market value of the commercial complex together with vacant land worked out to Rs 59.76 crore based on the market value of similar property in the vicinity during the period when the license agreement was executed by KMDA. As per provision of the Manual, long term settlement for 99 years is granted on payment of 95 per cent of the market value as one time salami and 0.3 per cent of the market value as annual rent. Thus the property was handed over to the private party at a price much lower than its market value.

The land did not belong to KMDA. Despite KMDA's request (September 2001), PWD had not transferred the land as of July 2009. As per provision of the Manual, transfer of land on lease to any Development Authority requires concurrence of the Board of Revenue which alone is authorised to grant long term lease. Moreover, in contravention of the Manual provision that the lessee shall not submit or transfer the demised land or part thereof without the written permission of the Collector/DLLRO, KMDA had leased out the complex to a private party with the right to sub- license, sub-let and sub-lease.

The Department, in reply (July 2009) accepted that bids were evaluated on the basis of the reserve price worked out in 2006 and that by April 2008 there was substantial hike in real estate prices. They also stated that the complex was incomplete at the time of transfer while the loss was calculated on the basis of the market price of complete commercial complex.

The reply of the Department is not tenable. Balance work of only Rs 3.40 crore remained to be executed on the date of suspension of work. The entire transaction thus not only violated manual provisions but also ran contrary to common financial prudence. By failing to assess the market value at the time of executing the agreement, KMDA not only lost Rs 18.80 crore on Salami but will also incur recurring annual loss of Rs 17.93 lakh on rent for 99 years.

### 3.2.2 Unfruitful expenditure

Hasty procurement of two elevators before completion of the civil work resulted in unfruitful expenditure of Rs 37.27 lakh following leasing of the building to a private party.

The Traffic and Transport (T & T) Sector, Kolkata Metropolitan Development Authority (KMDA) took up (July 2000) construction of a multi-storied commercial complex within the Sealdah Court compound at a tendered cost of Rs 5.59 crore. The construction of the work was suspended midway in March 2005 after 70 per cent completion of the civil work at Rs 5.13 crore. KMDA decided subsequently (July 2006) to lease out the incomplete structure on 'as is where is' basis to private developers through competitive bidding in order to maximise benefit from the commercial complex. The process was completed and the complex leased out (August 2008) for 99 years to a private developer at a price of Rs 34.57 crore.

Scrutiny of records (November 2008) of the Executive Engineer (EE), Electrical Division-I, Electrical and Mechanical (E & M) Sector, KMDA, revealed that notwithstanding the March 2005 decision of the T&T sector to suspend the work, Superintending Engineer (SE), Electrical Circle-II, awarded (May 2005) the work of supply, erection and commissioning of two twenty-passengers capacity elevators to an agency at a cost of Rs 43 lakh for completion by May 2006. In the ensuing period also, there was no effective coordination or communication between the T&T and E&M sectors and no attempts were made to put on hold or cancel the supply order, even though the civil work had been suspended. The agency supplied the lifts in May 2006 but could not install these as the lift wells and machine room were not complete. The E & M Sector tried to sell the elevators to the private developer to whom the complex was leased out but did not succeed. The supplying agency also refused to take back the elevators, which have been lying in the store.

In reply, the EE admitted that there was no scope to utilise the elevators in their ongoing works which were residential in nature and attributed the purchase to lack of communication from the T&T Sector regarding the suspension of the work before the elevators were procured. The EE, however, did not explain the need to purchase the elevators even before the civil works were completed or during the period of their suspension.

The Department, in reply (August 2009) stated that there was no loss to the KMDA as the quoted premium by the selected bidder included the cost of two elevators. The reply is not tenable, as the private developer's refusal to take the elevators indicates that the quoted premium had not included the cost of this equipment. In fact, there was no mention of elevators in the technical specifications attached with the Notice Inviting Bid or in the agreement executed with the developer.

Thus, hasty procurement of elevators before completion of the lift wells and lack of coordination between different wings of the KMDA resulted in unfruitful expenditure of Rs 37.27 lakh<sup>16</sup> on the elevators, due to lack of any foreseeable use of the elevators.

## FINANCE DEPARTMENT

### 3.2.3 Undue benefit extended to a joint venture unit

#### **Undue financial benefit of Rs 2 crore was extended to a joint venture by Government's action in taking over loan liabilities of the unit**

With a view to reviving Engel India Machines and Tools Limited (EIMTL), an unviable public sector enterprise, the Public Enterprises Department decided to transfer 74 per cent of Government Equity stake in the company to a private strategic partner (Megatherm Electronics Private Limited). A share purchase agreement was entered into (February 2005), with the strategic partner to transform EIMTL into a joint venture unit.

In terms of clause 5.10 of the agreement, a loan<sup>17</sup> of Rs 2 crore, taken between March 2000 and August 2001 by EIMTL from West Bengal Infrastructure Development Finance Corporation Limited (WBIDFC), a Government Company, was transferred to the joint venture. Keeping in mind this loan liability, the value of the equity<sup>18</sup> of EIMTL had been reduced by Rs 2 crore. The WBIDFC loan was, however, re-scheduled for repayment in seven equal instalments after an initial moratorium period of three years. This was approved by the Board (February 2005) of WBIDFC. The Board, however, did not agree to waive outstanding interest. The Standing Committee on Industries<sup>19</sup> of the Cabinet also endorsed the arrangement (September 2005).

Scrutiny of records of the Public Enterprises and Finance Departments (February to April 2008) showed that, though the loan had been transferred to the joint venture by reducing the value of equity and the moratorium period (three years from October 2005) was not yet over, the WBIDFC moved the Government (March 2007) for repayment of Rs 3.72 crore (principal of Rs 2 crore along with interest of Rs 1.72 crore<sup>20</sup> thereon). The Finance Department, avoiding cash outgo, settled the matter (March 2007) by booking

<sup>16</sup> Excluding the cost of erection and commissioning from the tendered amount of Rs 43 lakh.

<sup>17</sup> Carrying a rate of interest of 17 per cent per annum; The loan had been guaranteed by the State Government

<sup>18</sup> Total asset value (Rs 4.48 crore), after adjustment of liabilities, cost of construction of building etc, came down to Rs 2.16 crore. The same was further reduced by Rs 2 crore and value of equity was arrived at Rs 15.9 lakh.

<sup>19</sup> Comprising the Chief Minister, Ministers in Charge of Finance and Commerce & Industries, Chief Secretary, Pr Secretary of the Industrial Reconstruction and Public Enterprises Department and Joint Cabinet Secretary

<sup>20</sup> Interest accrued up to March 2007: Rs 2.50 crore; interest adjusted with loan to Government; Rs 1.72 crore; Interest written off by WBIDFC: Rs 78.20 crore

the amount (Rs 3.72 crore) as a fresh loan<sup>21</sup> taken by the Government from WBIDFC through book adjustments. The WBIDFC accordingly cleared the outstanding loan repayable by the JVU as of March 2007 in its account and intimated (August 2007) the same to the JVU. The Public Enterprises Department stated (September 2008) that it had not been involved in the subsequent Government decision for settlement of the joint venture's loan liability to the WBIDFC.

Thus, while the value of the equity of EIMTL, at the time of sale, had been reduced by Rs 2 crore in view of its loan liability payable to WBIDFC, the Government itself took over the joint venture's liability and settled its loan with WBIDFC. This resulted in extending an undue financial benefit of Rs 2 crore to the joint venture, in which a controlling stake of 74 per cent was held by the private strategic partner.

The matter was referred to Government in May 2009; reply had not been received (November 2009).

## PUBLIC HEALTH ENGINEERING DEPARTMENT

### 3.2.4 Wasteful expenditure

Flawed decision of the department to construct a temporary structure led to loss of Rs 1.21 crore and avoidable expenditure of Rs 11.33 lakh on retrieval of material.

The Mahananda barrage pond near Fulbari, a confluence point of Teesta Mahananda Link Canal (TMLC), was the prime source of potable water to the Siliguri Municipal Corporation area. The Irrigation and Waterways Department (I&WD) decided in March 2007 to carry out maintenance work of the TMLC prior to onset of monsoon. This would require the closure of TMLC. The Public Health Engineering Department (PHED) therefore decided (February 2007) to make alternative arrangement of transporting water from the other side of the river Mahananda through pipes laid on a temporary carriageway built specially for this purpose during the period of maintenance of the TMLC at a cost of Rs 2.54 crore. The proposal was, however, silent about the reutilisation of pipes and accessories of the temporary structure after the maintenance work of TMLC was completed.

Audit scrutiny (June 2008) revealed that the PHED constructed the carriageway in April 2007 at a cost of Rs 2.46 crore. The entire structure collapsed during a flash flood in June 2007 and the PHED spent (March - April 2008) Rs 11.33 lakh in removing the material through the contractor who had executed the original work. The alternative arrangement for water supply did not become operational even after completion, and the Mahananda Barrage Division, I&WD had maintained normal water level at Mahanada barrage pond to ensure water supply by closing Mahanada Barrage gate during

<sup>21</sup> As a part of a consolidated loan of Rs 404.27 crore for adjusting similar cases of overdue loans and interests as claimed by the WBIDFC

the maintenance of TMLC. Thus water supply to Siliguri Municipal Corporation area from the existing intake point at Mahananda barrage pond remained unaffected. Hence there was no necessity to make alternative arrangement of transporting water from the other side of the river Mahananda by PHED during maintenance of TMLC.

Thus the flawed decision of the PHED to construct the carriageway led to loss of Rs 1.21 crore<sup>22</sup> and avoidable expenditure of Rs 11.33 lakh on retrieval of material. Though the EE had estimated the value of the serviceable retrieved material at Rs 1.25 crore, the serviceability was doubtful as the material had remained under water for almost a year.

In reply, Executive Engineer, Northern Mechanical Division, PHED stated (February 2009) that the project had collapsed due to flash flood which was beyond administrative and technical control of the Department. The reply is not tenable as there was no necessity to waste public money on a temporary structure vulnerable to flash flood when water level at the existing intake point could be maintained by closing the barrage gates during the maintenance of TMLC.

The matter was reported to the Government in April 2009; reply had not been received (November 2009).

## IRRIGATION AND WATERWAYS DEPARTMENT

### *3.2.5 Wasteful expenditure*

The department's decision to undertake repair and construction works in a river in the monsoon season led to wasteful expenditure of Rs 1.38 crore.

An old anicut<sup>23</sup> structure across the river Kansabati at Midnapore had been in use for maintaining the critical level of water and regulating its flow to the Midnapore Main Canal (MMC), located on the right side of the river. Audit scrutiny (November 2008) revealed that adequate strengthening of the structure was not done before the onset of the 2008 monsoon season after the entire low weir portion of the anicut (90 metre) was breached in the flood of July 2007.

<sup>22</sup> (Total expenditure 2.46 crore - salvaged materials of Rs 1.25 crore) = Rs 1.21 crore

<sup>23</sup> It is a barrier constructed across the river to maintain a minimum level of water upstream that can be diverted to a canal for irrigation purpose.



*Breached low weir of Anicut after the flood of July 2008*

Even though any repair work would be difficult during the monsoon season due to high quantity and velocity of water, the Superintending Engineer (SE), Western Circle-II, hastily decided to undertake two works namely, closure of the breached portion of the anicut and construction of a temporary cross barrier upstream, to divert the river water towards the MMC. The works were awarded (August 2007) to two different contractors for completion by 6 October 2007.

Scrutiny of records revealed that the closure of the anicut was completed after a delay of three months in January 2008 at a cost of Rs 1.52 crore, well after the end of khariff season of 2007. Its execution was done in a perfunctory manner as the boulder sausage wall on the alluvial bed of the river was constructed with insufficient width at the base. Consequently, 35 metres of the wall was breached again in July 2008 and its restoration was completed in November 2008 at a cost of Rs 72 lakh. Similarly, despite an expenditure of Rs 79 lakh, the temporary cross barrier work upstream completed in September, 2007 did not serve its purpose. None of these incomplete measures thus succeeded in redirecting the flow of water towards the MMC for the khariff season of 2007.

Thus, the Department's decision to undertake the repair and construction work during rainy season and failure to complete maintenance of the old anicut structure well before onset of the next monsoon, led to unsuccessful execution of works and wasteful expenditure of Rs 1.38 crore<sup>24</sup>. The MMC did not receive any water in the khariff season of 2007, the purpose for which the expenditure was incurred.

The matter was reported to the Government in April 2009; reply had not been received (November 2009).

<sup>24</sup> Rs 0.59 crore (Rs 1.52 crore X 35/90) + Rs 0.79 crore



### 3.2.6 Undue financial benefit to the contractor

**The Department allowed higher rate for no valid reason which resulted in undue financial benefit of Rs 70.41 lakh to the contractor.**

Under the Kolkata Environmental Improvement Project (KEIP) funded by the Asian Development Bank (ADB), the Irrigation and Waterways Department (I&WD) awarded (November 2006) the civil works for canal<sup>25</sup> rehabilitation, at negotiated price of Rs 8.5 crore<sup>26</sup> for completion by July 2008. The work was in progress as of April 2009 and the contractor had been paid Rs 8.91 crore.

Audit scrutiny (November 2008) of the records of the Project Director (Civil), Project Management Unit (PMU), I&WD, KEIP, revealed that the contractor's quoted price included the rate of Rs 220.40 per cubic meter for excavation and silt clearance of canals with all leads, lifting and disposal for any distance as well as de-watering. The records indicated that the rate was more than twice the departmentally estimated rate of Rs 107.10 per cubic meter and had been quoted by the contractor after considering all site conditions; this was evident from the fact that in the 'work methodology', which formed part of the agreement, the contractor had specifically stated that considering the restricted site condition of the CPT canal<sup>27</sup> it would deploy smaller size excavators (of 0.35 cubic meter bucket capacity), manual team of minimum 50 labourers, adequate number of hand trolleys (for removal of earth/sludge) and more equipment and labourers, if required.

However, at the time of execution of the work the agency submitted (August 2007) a much higher rate of Rs 436 per cubic meter for the CPT canal on the ground that it was inaccessible by dumpers due to encroachments and there was inadequate dumping space along the sides.

Audit scrutiny revealed that the CE and Project Director, PMU were not convinced of the reasonableness of the request and had requested (August 2007) the team leader, design and supervision consultants, to clarify how the contractor's claim for additional rates could be entertained. In his report of 6 November 2007, the team leader recommended the adoption of the revised rate citing encroachments on the canal banks. In its meeting held on 29 November 2007, the Project Implementation Committee headed by the Project Director, approved the revised rate of Rs 436 per cubic meter.

<sup>25</sup> Upper Monikhali Canal (1700 m), CPT Canal (2495m), Begore Khal (3351m), Begore Branch Canal (716m), Defunct Monikhali Canal (568m) and Parnashree Canal (400m), totaling 9.23 Km.

<sup>26</sup> 44 per cent above the estimated cost

<sup>27</sup> One of the 6 canals included in the work

The Department in reply stated that due to encroachment on the canal bank the agency was asked to do the work in wet method in a confined condition. As a result of change in work methodology the extra rate on the substituted item was allowed.

The reply is not acceptable since the contractor, after site inspection had quoted the rate considering the restricted site condition of CPT canal and there was no material change in the site condition afterwards. Besides, the price initially quoted by the contractor as well as the revised rate both included rates for dewatering and cross bundh<sup>28</sup>. Thus it is evident that the claim of revised work methodology was not tenable.

Thus, the department allowed inadmissible higher rate resulting in extra expenditure of Rs 70.41 lakh without valid justification, which was tantamount to undue financial benefit to the contractor in violation of the terms and conditions of the contract.

## SPORTS AND YOUTH SERVICES DEPARTMENT

### 3.2.7 Excess expenditure on procurement of lamps at higher rates

Procurement of lamps by the Chief Executive Officer, Yuba Bharati Krirangan at a rate higher than the maximum retail price, coupled with excess allowance of installation charges, resulted in excess expenditure of Rs 27.15 lakh.

The flood lighting system of the Yuba Bharati Krirangan (YBK), a Government owned stadium, consisted of 624 Metal Halide lamps<sup>29</sup>. To improve the illumination level of the floodlighting system, the Chief Executive Officer (CEO), YBK decided (January 2008) to replace 552 lamps.

The CEO had neither obtained competitive rates for the lamps by inviting tenders giving wide publicity, nor did he place the order directly on the local branch<sup>30</sup> of the manufacturer. Instead, the order was placed (May 2008) on M/s Mackintosh Burn Limited (MBL), Kolkata. The lamps were procured from MBL at a cost of Rs 72.75 lakh<sup>31</sup>.

<sup>28</sup> Cross bundhs across the canal bed are required for dewatering to excavate silt in dry method.

<sup>29</sup> HPI-T2 KW of Philips make

<sup>30</sup> Philips Electronics India Limited, having its registered office at 7 JCM Road, Kolkata 700020

<sup>31</sup> 552 lamps at the rate of Rs 13112.60 plus installation charges of Rs 67.40 per lamp

Scrutiny (January 2009) of the records of YBK, revealed that MBL had sub-contracted (May 2008) the work to another private company (M/s United Works, Kolkata), at a rate of 14.80 *per cent* below MBL's estimated cost of Rs 72.75 lakh. M/s United Works delivered (May 2008 and September 2008) the lamps to YBK.

Further verification disclosed that the maximum retail price (inclusive of taxes) of each lamp was only Rs 8250, which was much lower than the price (Rs 13112.60) claimed by MBL. The Department, thus, incurred an excess expenditure of Rs 26.84 lakh<sup>32</sup>, compared to the printed price, by accepting the higher rates offered by MBL. It was also noticed that out of 552 lamps procured, 458 were not installed as of March 2009. MBL was, however, paid (November 2008) installation charges of Rs 0.31 lakh in respect of those lamps too (Rs 67.40 per lamp for 458 lamps).

Thus, CEO, YBK should have either placed the order on the manufacturer or invited tenders. Failure to do so, coupled with excess payment on installation charges, resulted in excess expenditure of Rs 27.15 lakh.

The CEO, YBK stated (March 2009) that, in view of exigencies, the lamps had to be purchased without observing tender formalities. The reply is not acceptable in view of non-installation of the lamps even after expiry of six months from the date of receipt. As regards the non-installation of 458 new lamps, it was stated that lamps had been purchased in excess as a precautionary measure. The reply is not tenable, as, in the proposal for purchasing the lamps, it had been mentioned that 552 lamps were not discharging illumination at the required level. YBK's reply that there was no system in YBK to access actual requirement of lamps is also far from satisfactory.

The matter was referred to Government in March 2009; reply had not been received (November 2009).

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<sup>32</sup>  $(Rs13112.60 - Rs 8250) \times 552$

### 3.3 Persistent/pervasive irregularities

An irregularity is considered persistent if it is of continuing nature and occurs year after year. On the other hand, it becomes pervasive when it is prevailing in the entire system. The scope of this section is to bring to light certain irregularities of recurrent nature which have been noticed on several occasions during earlier audits as well as in many departments. Recurrence of such irregularities is not only indicative of lack of responsiveness of the Government, but also testifies absence of effective monitoring. Such lack of seriousness on the part of the Executive leads to deviations from the rules and regulations culminating in weakening of the quality of administration.

#### FOOD AND SUPPLIES DEPARTMENT

##### 3.3.1 Avoidable payment of interest on cash credit account

**Failure to ensure timely transfer of the sale proceeds of food grains of the Public Distribution System to the cash credit account led to making an avoidable interest payment of Rs 94.84 lakh**

The Food and Supplies (F&S) Department finances the Public Distribution System of food grains through a cash credit (CC) arrangement extended by the State Bank of India (SBI). The CC account of the F&S Department is maintained in the SBI, Park Street Branch, Kolkata. Interest at prevailing rates on the outstanding credit balance is realised by the bank. No interest is paid in case surplus funds are parked in the account. Funds from the CC account are transferred to current accounts, maintained by the District Controllers of Food and Supplies with local SBI branches, for procurement of foodgrains from the Food Corporation of India and rice millers as well as for meeting related expenses. The district authorities deposit the sale proceeds, realised from the distributors, into non-operable collection<sup>33</sup> (NOC) accounts, maintained with different SBI branches. The amounts, so deposited into NOC accounts, were to be remitted to the CC account to reduce the outstanding balance.

Mention was made in earlier Civil Audit Reports regarding incorrect crediting and delays in crediting of PDS sale proceeds in the CC Accounts leading to avoidable interest burden on the State Exchequer during 2001-2006. Despite this laxity in the management of the CC Accounts continued to be a matter of concern, as would be seen evident from the followings:

Between April 2006 and February 2009, F&S Department availed of the cash credit limits, varying from Rs 9.50 crore to Rs 330.14 crore. It paid interest amounting to Rs 35.37 crore thereon, at rates varying between 9.70 and 13.06 per cent per annum.

<sup>33</sup> Current accounts where only deposit, but no withdrawals, can be made

Scrutiny (May 2008 and March 2009) of the records of the Directorate of Finance under the F&S Department showed that the SBI opened a new cash credit account for each *Kharif Marketing Season*<sup>34</sup>. The CC accounts of the earlier seasons were, however, not closed even after the outstandings had been adjusted, leaving surplus funds in the account, bearing no interest. In the absence of adequate controls in the F&S Department, the sale proceeds were often remitted by the district authorities to such old accounts. This resulted in an increase in the surplus funds in these old accounts, whereas they could have been remitted to the ongoing season's CC account, thereby reducing the outgo on interest payments. During 2006-09 (up to February 2009), the surplus funds in the accounts of the earlier seasons ranged between Rs 78.77 lakh and Rs 16.04 crore (in 21 months<sup>35</sup>). Had these funds been immediately transferred to the CC account of the ongoing season, the overdraft could have been reduced by the same extent and interest burden of Rs 94.84 lakh<sup>36</sup> could have been avoided.

The Director of Finance (DF) stated (April 2009) that in some cases the district authorities had failed to remit the sale proceeds to the CC account of ongoing KMS. The reply is not acceptable, as further test-check (July 2009) showed that the DF had issued instruction to district controllers to stop transferring sale proceeds in two such current accounts (cash credit accounts of KMS 2005-06 and 2006-07) in December 2008. The DF further intimated (July 2009) that out of three current accounts<sup>37</sup>, irregularly operated during 2008-09, two had been closed recently. The third account had not been closed by the bank as of June 2009, though the bank had been moved for its closure.

Thus, the failure of the Department to ensure timely transfer of the sale proceeds of food grains of the Public Distribution System to the CC account led to making an avoidable interest payment of Rs 94.84 lakh.

## GENERAL

### 3.3.2 *Cash management in Government Departments*

**Non-adherence to the provisions of Treasury and Financial Rules by 18 DDOs in seven districts, including Accounts Officer, West Bengal Secretariat, resulted in serious financial irregularities like unadjusted vouchers, theft/unexplained cash shortage, etc. amounting to Rs 2.65 crore.**

As per West Bengal Treasury Rules (WBTR), no money is to be drawn from the treasury unless it is required for immediate disbursement<sup>38</sup>. All financial transactions are to be recorded in the Cash book as soon as they occur under

<sup>34</sup> Beginning from the month of October and ending in September of the following year

<sup>35</sup> During other months either there were no credit balances in the CC account or the balances in old accounts were very low / nil

<sup>36</sup> Calculated on the basis of monthly minimum debit balances lying in those CC accounts of earlier years.

<sup>37</sup> Cash credit accounts of KMS 2005-06, 2006-07 and 2007-08

<sup>38</sup> Subsidiary Rules 229 under Treasury Rule 16

proper attestation by the Drawing and Disbursing Officer (DDO). The cash book is required to be closed every day, while 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-wise and date-wise analysis in respect of closing balance is also to be recorded<sup>39</sup>.

Scrutiny of the records of 18 DDOs under seven<sup>40</sup> Departments in seven districts<sup>41</sup> including Kolkata disclosed serious financial irregularities due to non-compliance with the above provisions. In course of physical verification of cash, conducted by 18 DDOs at the instance of audit during May 2008 to May 2009, against the aggregate closing balance of Rs 34.80 crore as per cash books, only Rs 32.15 crore was physically found, indicating a shortage of Rs 2.65 crore (*Appendix 3.1*). Of the above shortage, unadjusted vouchers accounted for Rs 9.10 lakh, theft and unexplained shortage of cash constituted Rs 8 lakh, unauthorised advance from undisbursed cash to staff members amounted to Rs 2.11 crore and lapsed cheques or demand drafts aggregated to Rs 36.87 lakh.

Mention was made in Paragraph 4.5.4 of the Civil Audit Report for the year ended 31 March 2008 that even the Accounts Officer, West Bengal Secretariat and Ex-Officio Deputy Secretary, Finance Department resorted to irregular payment of advances out of un-disbursed cash balances. The practice, however, continued and outstanding balance of such advances, allowed by the Accounts Officer, stood at Rs 2.06 crore as on 4 May 2009.

Thus, non-adherence to the provisions of Treasury and Financial Rules and inadequate internal control over drawal and disbursement of cash by the DDOs led to serious financial irregularities.

On being referred by Audit (July 2009), the Health and Family Welfare and Sunderban Affairs Departments stated (June and September 2009) that an amount of Rs 1.63 lakh had been adjusted. The Health and Family Welfare Department also intimated that it had started investigation in each case to settle the issue at the earliest.

### 3.3.3 Follow up action on earlier Audit Reports

Review of outstanding Action Taken Notes (ATNs) on paragraphs included in the Reports of the Comptroller and Auditor General of India, Government of West Bengal upto 2007-2008 revealed that Action Taken Notes on 292 paragraphs (selected: 41 from 1997-1998 to 2007-2008 and not selected: 251 from 1981-1982 to 2007-2008) involving 45 Departments remained outstanding as of September 2009. The names of the Departments are given in *Appendix 3.2*.

The administrative Departments were required to take suitable action on the recommendations made in the Reports of the Public Accounts Committee

<sup>39</sup> *Subsidiary Rules 31 under Treasury Rule 10*

<sup>40</sup> *Backward Classes Welfare, Health and Family Welfare, Home (Constitution and Election), Jails, Land and Land Reforms, Sunderban Affairs and Finance Departments*

<sup>41</sup> *Bankura, Birbhum, Jalpaiguri, Malda, Murshidabad, Nadia and Kolkata*

(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 within six months.

It was observed that the Action Taken Notes on 31 Reports of the PAC, presented to the Legislature between 1991-92 and 2008-09 had not been submitted by 18 Departments<sup>42</sup> to the Assembly Secretariat as of September 2009. Out of these, 15<sup>43</sup> Reports of the PAC had suggested recovery, disciplinary action, etc. A few significant cases are elaborated below:

**Table 3.1: Significant recommendations of PAC**

Year of Audit Report with para number	PAC Report number and year	Name of the department(s)	Gist of the Audit Para	Recommendation of PAC
4.3.3 of AR 2003-2004	48 <sup>th</sup> PAC Report 2005-2006	PWD and PWD (Roads)	Payment of price escalation by the Executive Engineers ignoring contract provision led to inadmissible payment of Rs 5.47 crore to contractors	The Department should make due efforts in respect of recovery of the excess payments on account of price escalation from the contractors as quickly as possible and report to the Committee within six months positively
4.1.2 of AR 2002-2003	8 <sup>th</sup> PAC Report 2006-2007	Home (Police)	Government incurred loss of Rs 28.33 lakh due to failure to collect stitched uniforms and extra expenditure of Rs 2.37 crore due to non acceptance of lowest rates. Besides, there was doubtful utilisation of cloth valuing Rs 51.71 lakh	The Department should take actions against the persons responsible for such irregularities according to rules.
4.9 of AR 2001-2001 Vol-I	10 <sup>th</sup> PAC Report 2007-2008	Public Works (Roads)	Though initial technical bid of March 1995 was cancelled and fresh technical bid was opened in August 1996, the EE, 24 Parganas Highway Division paid price escalation with reference to March 1995 (Base month) resulting in excess payment of Rs 62.29 lakh to the contractor	The Department should investigate the matter thoroughly in order to find out the person/persons responsible for excess payment of Rs 62.29 lakh and recover the same from the contractor
2.16 of AR 2000-2001 Vol-2	4 <sup>th</sup> PAC Report 2006-2007	Municipal Affairs	Lack of accountability in Kolkata Municipal Corporation	The Municipal Affairs Department and KMC should undertake a joint enquiry about the financial mismanagement of KMC to identify the persons responsible for the situation and to take punitive actions against them as per the extant rules. The Department should inform the Committee about the actions taken against the identified persons both in service and/or retired from service.

<sup>42</sup> Agriculture, Commerce and Industries, Disaster Management, Finance, Fisheries, Home, Home (Police), Housing, Irrigation and Waterways, Municipal Affairs, Panchayats and Rural Development, Public Health Engineering, Public Works, Public Works (Roads), School Education, Social Welfare, Transport and Urban Development.

<sup>43</sup> 36<sup>th</sup> PAC Report 1999-2000, 3<sup>rd</sup> PAC Report 2001-02, 29<sup>th</sup> PAC Report 2004-05, 34<sup>th</sup> PAC Report 2004-05, 48<sup>th</sup> PAC Report 2005-06, 8<sup>th</sup> PAC Report 2006-07, 9<sup>th</sup> PAC Report 2006-07, 1<sup>st</sup> PAC Report 2007-08, 10<sup>th</sup> PAC Report 2007-08, 12<sup>th</sup> PAC Report 2007-08, 4<sup>th</sup> PAC Report 2006-07, 15<sup>th</sup> PAC Report 2007-2008, 19<sup>th</sup> PAC Report 2008-09, 21<sup>st</sup> PAC Report 2008-09 and 27<sup>th</sup> PAC Report 2008-09.

Year of Audit Report with para number	PAC Report number and year	Name of the department(s)	Gist of the Audit Para	Recommendation of PAC
3.13 of AR 2000-2001 Vol I	9 <sup>th</sup> PAC Report 2006-2007	Finance (Taxation)	Unjustified printing of ungummed and unperforated Entertainment Tax Stamps without considering the willingness of the exhibitors to use such stamps resulted in a loss of Rs 73.14 lakh towards cost of production and their disposal	The Department should investigate as to why the order for printing of ungummed and unperforated Entertainment Tax Stamps was placed in such a large quantity at a time without recording the reasons behind it and should take actions against the person/persons who would be found responsible in this regard. The Department should be more careful and rational in dealing with such situations in future.
4.3.3 of AR 2002-2003	15 <sup>th</sup> PAC Report 2007-2008	Public Works (Roads)	Arbitrary recommendation made by the Chief Engineer, Public Works (Roads) Directorate for acceptance of abnormally higher rates than that quoted by the agency in the work of widening and strengthening of Calcutta-Basanti road at 53 KMP to 86 KMP (length 33 Kms) of South 24 Parganas district resulted in undue benefit of Rs 1.53 crore to the agency	Considering the gravity of the matter, the Committee recommends that the matter be referred forthwith to the Vigilance Commissioner for thorough investigation. The Commission may be requested to leave no stone unturned to divulge the facts and thereby submit the report within three months.

Source: PAC Reports

Thus, the fate of the recommendations of the PAC and whether they were being acted upon by the administrative Departments could not be ascertained in audit.

The matter was referred to Government in May 2009; reply had not been received. (November 2009).



### 3.4 Failure of oversight/governance

The Government has an obligation to improve the quality of life of the people. Proper oversight on the part of Government would ensure that public money is put to good use and the desired outcome of the same is derived.

The objective of this section is to bring to light cases of failure of oversight and governance at various levels of administration. Resultantly, funds released by Government for creation of assets for benefit of public remained unutilised / blocked or expenditure incurred thereon became unfruitful/unproductive/infructuous.

Some major cases of laxity in governance resulting in avoidable/ unfruitful/ additional expenditure from the Government exchequer are discussed in this section.

#### URBAN DEVELOPMENT DEPARTMENT

#### KOLKATA MUNICIPAL CORPORATION

##### 3.4.1 Loss due to irregularities and non-transparency in allotment of Parkomat projects in KMC land

The contract for multi-level car parking systems at Rowdan Street and Lindsay Street including shopping mall at Lindsay Street were awarded to a private company on Build, Own, Operate & Transfer (BOOT) basis without any open competitive bid.

(Paragraph 3.4.1.2)

Out of 200 shopping outlets against the site plan for 128 at Lindsay Street project, 142 outlets were leased out to the intended buyers by the private partner at a premium of Rs 24.66 crore. KMC even after investment of land valuing Rs 29.14 crore did not receive any share of the premium.

(Paragraph 3.4.1.3)

Though both the projects were approved on revenue sharing basis, the agreements did not have any clause allowing KMC access to the detailed records of the day-to-day revenue earned. The unrealised rent from April 2007 to March 2009 worked out to Rs 10.56 lakh.

(Paragraph 3.4.1.4)

Though the projects were on BOOT basis without cash investment in any form by KMC, the contractor was paid an interest free loan of Rs 3 crore out of the State Government grants meant for revenue gap resulting in loss of Rs 3.53 crore towards interest.

(Paragraph 3.4.1.5)

Non-registration of the agreements/lease deed duly stamped, deprived the State Government of stamp duty of Rs 2.04 crore.

(Paragraph 3.4.1.6)

Unauthorised operation of street parking in the zone of influence of both the projects and about one-third of fees charged by the unauthorised operators added to the roadside congestion defeating the very objective of the projects.

(Paragraph 3.4.1.7)

### 3.4.1.1 Introduction

The Calcutta Municipal Corporation Act, 1980 empowers the State Government to order any municipal authority to regularise any unlawful or irregular action or, perform such duty or restrain such authority from taking such unlawful or irregular action or direct such authority to make, to the satisfaction of the State Government, within a period specified in the order, arrangements, or financial provision, as the case may be, for the proper performance of such duty.

Audit scrutiny of the records of the Kolkata Municipal Corporation (KMC) revealed that the KMC had built through a private sector company, Simplex Projects Limited (SPL) a multilevel parkomat (car parking system) at Rowdon Street (2001) and another underground parkomat and a shopping mall at Lindsay Street (2007), a prime business district in Central Kolkata, on Built, Own, Operate and Transfer (BOOT) basis both on KMC land. Audit scrutiny revealed serious irregularities in the projects that compromised the financial interests of the KMC as well as State Government, as discussed below.

### 3.4.1.2 Lack of transparency in Project award

Subsequent to discussion held between SPL and Chief Municipal Engineer, Planning & Development, KMC, SPL expressed (July 1999) their willingness for construction of multistoried computerised car parking system in Kolkata and made an audio-visual presentation to the Mayor in September 1999 for parkomats at Humayun Place<sup>44</sup> and Rowdon Street with a view to decongesting the area and augmenting the revenue of KMC. Though the Mayor ordered constitution of a committee to explore the proposal, the Mayor-in-Council (MIC) resolved (7 October 1999) in favour of the project even before the Committee submitted its report (14 October 1999). The resolution of the MIC was not sent to the Board of Councilors (BOC) for mandatory ratification. The Committee in its report (14 October 1999) recommended building the parkomats without allowing any commercial space and operate the facility for 20 years, on the condition that the developer would pay KMC five *per cent* of the gross annual revenue and 50 *per cent* of the profit; and KMC would prohibit road parking in the immediate 'zone of influence' of the parkomats. The projects were thus awarded (November 1999) to SPL straightway through execution of an agreement without any open tender, in violation of article 783 of the KMC code. Prior order/approval of the competent authority i.e. BOC was not obtained before execution of the

<sup>44</sup> Stretch between Jawaharlal Nehru Road on the west and Bartram Street on the east.

agreement. No projected return was assessed by KMC prior to taking up of the projects.

In April 2000, SPL requested to KMC that it was facing difficulty in mobilising fund required for execution of the Rowdon Street Car Parking Project. In response, KMC agreed to provide interest free loan of Rupees three crore in three installments through an additional agreement dated 20 December 2000. No prior approval of BOC which was mandatory as per KMC Act, was obtained before payment of first two installments (Rupees two crore). Further, while the Mayor approved the loan with the condition of repayment of the loan within a specific time limit, the additional agreement did not stipulate any time limit for repayment of the interest free loan. The additional agreement stipulated that SPL would repay the loan out of the profit of development of land to be provided by the KMC whereas the Mayor approved the loan with the condition that SPL would return the loan to KMC out of the rent receipts after meeting all the expenses (cost and overhead). The Mayor had approved that the loan be given out of the self-financing schemes and not out of KMC revenue and budget. But it was noticed from records that the said loan was given to SPL, out of the funds given to KMC by the Government of West Bengal out of the State Finance Commission's Award.

The Municipal Affairs Department, Government of West Bengal, after enquiry directed (July 2001) the KMC to rectify the above mentioned irregularities alongwith the direction to undertake financial analysis to assess the valuation of any land proposed to be given to SPL for development, taking into consideration the possible escalations in land's cost and also to fix responsibilities on the persons responsible for such irregularities. Ignoring the government's directives, KMC rather disbursed the third instalment of loan (Rupees one crore) in November 2001 and changed the site of Humayun Place (area: 772.11 Sq. Metre) to a much bigger site at Lindsay Street (area: 3600 Sq. Metre) on the ground that parking load was very high around the New Market (Lindsay Street) area through another agreement dated 21 October 2002. MIC approved (08 October 2002) the draft agreement on the plea of urgency to complete the project within a short time and therefore did not wait for BOC ratification which was taken *post facto* on 20 November 2002. The plea for urgency was not tenable as the handing over of site to SPL was made by KMC on 4 March 2003 i.e. after four months from the date of execution of agreement and the completion of the project was delayed by 32 months. Further, the provision of KMC Act, does not empower the MIC to enter into an agreement exceeding Rupees one crore.

#### **3.4.1.3 Favour extended to the private party in agreement**

The Lindsay Street agreement also permits SPL the right to construct a mall also over the parkomat, overruling the recommendation of the Committee that no commercial space should be allowed to SPL. The agreement gave the SPL the right to enter into lease agreement with the prospective lessees of the mall for a period of 60 years, renewable in blocks of 30 years; and the right to collect the lease premiums, even though the lease deeds would be signed by the KMC, which was entitled to collect only the secondary basic rent. Thus, the private partner got the benefit of developing a mall in the prime locality of

Lindsay Street, without any competition. By doing so, the KMC had also deviated from the recommendations of the Committee, to the advantage of SPL, by reducing the share of annual profit from the recommended fifty per cent to ten per cent and by stipulating that the profits would not be shared on annual basis, as recommended, but only when the company made profit for three consecutive years. No records showing reasons for reducing the share of KMC from fifty per cent (as recommended by Committee) to ten per cent of profit for both Rowdon Street and Lindsay Street Car Parking Project could be produced by KMC. SPL took further advantage by constructing 200 commercial outlets against the site plan for 128, out of which it had already leased out 142 outlets during September 2006 to April 2008 and collected a premium of Rs 24.66 crore. The total cost of both Rowdon Street and Lindsay Street Project was Rs 29.98 crore (excluding the value of land provided by the KMC).

#### 3.4.1.4 Compromise to KMC's financial interest

As per the Lindsay Street agreement, KMC was entitled to only the secondary basic rent from the lessees of the commercial outlets in the mall. However, as of April 2009, no lease deed had been executed by KMC with the shop owners. The unrealised rent from April 2007 to March 2009 worked out to Rs 10.56 lakh (for 2200 square metres at Rs 60 per sq metre per quarter as fixed by KMC). KMC did not make available the basis of the rate of lease rent so fixed.

Though both the projects were approved on revenue sharing basis, the agreements did not have any clause allowing KMC access to the detailed records of the revenue earned. Details of the number of cars parked daily could not be made available by the KMC. KMC had no verifiable means or systems to ascertain the gross revenue of the projects, which was the sole basis for determining its five per cent share. There is no provision in the clauses of the agreement in respect of Rowdon Street Car Parking Project for maintenance of any record and submission of the same to KMC other than audited Balance Sheet and for Lindsay Street Car Parking Project no clause in the agreement requiring maintenance and submission of any records including audited Balance Sheet to KMC was provided. KMC had not taken any action to prohibit road side parking in the zone of influence of the parkomats, which affected the revenue and aggravated the congestion.

#### 3.4.1.5 Financial benefit to the private party

Without any such provision in the original agreement or the KMC rules, the KMC provided between January 2001 and November 2001 interest free loan of Rupees three crore to SPL for the Rowdon Street project by diverting the State Finance Commission grant meant for filling the KMC's revenue gap meant for weaker section. The additional agreement signed on 20 December 2000 provided no time frame for repayment, nor had SPL made any repayment as of April 2009. The accrued loss of interest to the KMC worked

out to Rs 3.53 crore<sup>45</sup>. Without taking action against the alleged irregularities pointed out by the Government of West Bengal (July 2001), KMC replied (October 2001) to the State Government that the giving of interest free loan was ratified by the Corporation in its meeting dated 22 August 2001. KMC also stated that the alleged irregularities were nothing but only the variation between the earlier decision and the final decision taken by the later Mayor. They also admitted that it was a bonafide mistake on the part of KMC to give the interest free loan of Rupees three crore to SPL without prior approval of the MIC or BOC. The reply to the State Government was not correct as in a BOOT project, KMC cannot give any extra financial aid to the private partner for execution of the project. Since after raising the issue in Audit, KMC had written (20 March 2009) to SPL to return the loan amount of Rupees three crore. The recovery is still awaited (July 2009).

#### 3.4.1.6 Loss of Government revenue

In violation of Indian Stamp Duty Act 1899, none of the agreements for transfer of land and the loan of Rupees three crore was registered. Therefore, their legal validity is doubtful. The value of the land comes to Rs 29.14<sup>46</sup> crore. The estimated stamp duty works out to Rs 2.04 crore calculated at the prevailing rate of seven per cent *ad valorem*. Thus the State Government was deprived of the revenue of Rs 2.04 crore, due to irregularities committed by KMC.

#### 3.4.1.7 Performance of the Project

Feasibility report, if any, prepared prior to launching of the two projects projecting the estimated number of cars that can be parked was not available. However, from the record available from SPL it was ascertained that 475 (Rowdan Street: 195 & Lindsay Street: 280) cars could be accommodated at a time in the two Projects. A test -check of records of SPL for twelve months revealed that on an average only 360 (Rowdan Street: 163 & Lindsay Street: 197) cars were being parked daily. The KMC stated that the shortfall in number of parking of cars was due to the inability of the Kolkata Police and Parking Department (KMC) to enforce ban on the street parking in the zone of influence of both the projects as stipulated in the agreement. Audit investigations revealed that agencies like Pioneer Co-operative Society Ltd. and Park Street Fee Parking Co-operative Society Ltd. were operating within the zone of influence of the projects, and were charging a fee of Rupees seven per hour against Rupees twenty per hour per car charged by SPL. KMC also admitted (02 March 2009) that on road fee parking was still continuing in the zone of influence of parkomats. This served as disincentive for parking cars within the two parkomats and added to the roadside congestion on the two sites, defeating the very objective of the projects.

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<sup>45</sup> Calculated on the basis of average interest rate of 10 per cent compounded quarterly prevailing in the year 2001.

<sup>46</sup> Based on Government valuation.

### 3.4.1.8 Conclusions

The KMC, after giving land valuing Rs 29.14 crore on lease for twenty years for construction of the two parking projects i.e. Rowdon Street and Lindsay Street Car Parking Project and an interest free loan of Rupees three crore had so far received only Rs 1.42 lakh out of the dues of Rs 15.59 lakh<sup>47</sup> during 2001-08. The SPL did not share its profit stating that it had not made profit in any three consecutive three years. On the other hand, KMC suffered a loss of Rs 3.53 crore on account of interest, while the State Government suffered loss of stamp duty of Rs 2.04 crore. Despite the impropriety of awarding the projects to party without transparency and other irregularities, some of which were also pointed out by the State Government, KMC went ahead with favouring the SPL. The State Government also failed to make any corrective intervention though having enabling powers under the KMC Act. The private party was the only beneficiary of the projects, as none of the stated objectives of the projects i.e. decongestion of the area and revenue augmentation of the KMC was achieved.

The Department, in reply (August 2009) stated that the then authority of KMC took decision on the basis of report of expert committee, formed for this purpose and awarded the project to SPL. The reply was, however, not tenable because the expert committee submitted its report on 14 October 1999 whereas MIC resolved on 7 October 1999 in favour of the project. Regarding non-recovery of advance of Rs 3.00 crore and loss of Government Revenue, the Department accepted audit objection.

## IRRIGATION AND WATERWAYS DEPARTMENT

### 3.4.2 Unfruitful expenditure

Weak oversight coupled with inexperience of both field level officers and the agency in executing geotubes work and non-compliance with the recommendations of the Monitoring Committee led to unfruitful expenditure of Rs 3.59 crore.

Incessant natural phenomena, such as cyclonic storm, eastern wind and high tide from Bay of Bengal had eroded the coastal area from Sankarpur to Jalda in the East Midnapore district. A Monitoring Committee formed by the Irrigation and Waterways Directorate (I&WD) accepted (September 2006) the suggestion of Chief Engineer-II (CE), I & WD, to lay geotubes on 1km stretch at Sankarpur as a pilot project for shore protection. Geotubes are large geotextile tubes filled hydraulically with slurry of sand and water used for coastal erosion control. This is a relatively new technology in India. It has been tried successfully in a few sites for coastal protection with Central Water and Power Research Station, Pune as project consultants. Thus, close scrutiny was needed to ascertain the sustainability of the project.

<sup>47</sup> Five per cent of the gross revenue earned by SPL.



*Damaged Geotubes in November 2008*



*Boulder protection work to protect Geotubes*

The Superintending Engineer (SE), Western Circle-II, after obtaining the Government's approval in February 2007, awarded (March 2007) the work to a private agency at a negotiated cost of Rs 3.14 crore for completion by September 2007. As of March 2009 the agency had been paid Rs 3.59 crore after completing work on a stretch of 840 meter only.

Audit scrutiny<sup>48</sup> (December 2008 and March 2009) revealed that the agency, a manufacturer of Geotubes, lacked the expertise to implement the technology and had sub-let the work to local contractors. The engineers of the I&WD also had no previous experience in laying geotubes. The progress of work was therefore slow; there were defects in construction and in the mode of execution. The Monitoring Committee in July 2007 directed certain remedial measures. These rectifications were not carried out either by the Department or by the agency. Consequently, till August 2008 only 80 percent of the work was completed, that too in a severely damaged condition. It was seen in audit that the Executive Engineer had not taken any bank guarantee from the agency against faulty execution.

The Monitoring Committee concluded in August 2008 that the desired success of geotube technology could not be achieved in this case due to lack of expertise in implementing the technology. On the advice of the Committee, the I&WD abandoned the remaining work (160 mtr) and took up construction of two rows of wooden structure between the sea-shore and the geotube wall to act as additional barrier for preventing ingress of saline water into the countryside. The work, including boulder filling in the area between the wooden structure and geotube wall, was completed in January 2009 at a cost of Rs 0.89 crore.

The Department in its preliminary reply (May 2009) stated that the expenditure can not be termed as unfruitful while admitting damages and lethargic progress of the work.

<sup>48</sup> On the records of Office of the Executive Engineer, Contai Irrigation Division, I&W

The pilot project, which could have provided a sustainable solution to the problem of coastal erosion, thus failed after an expenditure of Rs 3.59 crore due to weak oversight.

### FOOD AND SUPPLIES DEPARTMENT

#### 3.4.3 *Undue favour to rice millers and other paddy procurement agencies*

The Department extended undue favour to rice millers and procurement agencies during 2004-07 by allowing market fees amounting to Rs 4.40 crore, which was statutorily payable to West Bengal State Marketing Board / Regulated Market Committees in the districts.

Under the decentralised system of procurement of food grains in West Bengal, levy rice was procured from rice millers by Food and Supplies Department. Custom Milled Rice (CMR) was procured by different agencies<sup>49</sup>. For each *kharif* marketing season, Government of India (GoI) fixes the economic cost of levy rice and CMR, comprising of two components - acquisition cost and distribution cost. The acquisition cost of levy rice and CMR, *inter alia*, included a component of market fees<sup>50</sup>, payable to the respective Regulated Market Committees (RMCs) at the locations of rice mills. As per GoI's order, rice millers/other paddy procuring agencies were required to produce evidence/declarations regarding payment of market fees to the RMCs, along with the bills for payment.

Scrutiny of records relating to procurement of levy rice and CMR in six districts<sup>51</sup>, during the period from 2004-05 to 2006-07, disclosed that rice millers/procurement agencies did not produce any such evidence or declaration along with the bills for payment. Despite this, the Department released market fees to the rice millers/procurement agencies against procurement of 4.54 lakh MT of levy rice during the period from 2004-05 to 2006-07 and 5.90 lakh MT of CMR during 2005-07. Resultantly, Rs 4.40 crore<sup>52</sup> was paid to the rice millers and paddy procuring agencies as market fees, which was receivable by West Bengal State Marketing Board/RMCs in the districts. Further enquiry disclosed that no part of the said amount was passed on to the West Bengal State Marketing Board/RMCs in the districts by the millers/ procurement agencies.

However, from Kharif Marketing Season 2007-08, the Department initiated (January 2008) steps for ensuring passing on of the component of market fees to the WBSMB/RMCs.

Thus, the Department extended undue favour to the rice millers and the procurement agencies by allowing market fees amounting to Rs 4.40 crore,

<sup>49</sup> West Bengal State Co-operative Marketing Federation Limited, West Bengal Essential Commodities Supply Corporation, West Bengal State Consumers' Federation Limited, National Agricultural Cooperative Marketing Federation, etc.

<sup>50</sup> Payable as a statutory charge at the rate of 0.5 per cent of MSP

<sup>51</sup> Burdwan, Nadia, Paschim Medinipur, Birbhum, North 24 Parganas and Hooghly

<sup>52</sup> Rs 1.91 crore for levy rice and Rs 2.49 crore for CMR



which was statutorily payable to West Bengal State Marketing Board/RMCs in the districts.

The matter was referred to Government in May 2009; reply had not been received (November 2009).

**FOOD PROCESSING INDUSTRIES & HORTICULTURE  
AND LAND & LAND REFORMS DEPARTMENTS**

**3.4.4 Blockage of funds in Malda Food Park Project**

**The objective of establishing a Food Park in Malda remained un-fulfilled owing to lack of co-ordination between FPI&H and L&LR Departments. This also resulted in blockage of investment of Rs 7.86 crore.**

The Land and Land Reforms (L & LR) Department transferred (January 2003) 87.37 acres of land to the Food Processing Industries and Horticulture (FPI&H) Department for setting up of a Food Park in Malda. The project aimed at economic development of the district. It was approved by the FPI&H Department in December 2005 at an estimated cost of Rs 16.11 crore. West Bengal Food Processing and Horticulture Development Corporation Limited (Company), a State Government company under the Department, was responsible for implementation of the project. It was to be completed by April 2006.

The Company received Rs 9.55 crore from the State Government (Rs 5.68 crore released between August 2005 and March 2007) and Government of India (Rs 3.87 crore released between March 2006 and March 2008). The work was completed in March 2007 at a cost of Rs 9.74 crore. It included construction of warehouse, cold storage, common facility centre building, food court, effluent treatment plant, electrical substation, underground water reservoir, drainage system etc. The Food Park also consisted of 35 plots of land (total area: 28.62 acres) for setting up industries and four industrial sheds (area: 0.78 acre), which were to be leased out to interested entrepreneurs at a receivable amount of Rs 5.57 crore. Till July 2009, responses were received for 24 plots and one shed, for which Rs 1.69 crore had already been deposited by interested buyers<sup>53</sup>.

As per condition imposed by the L & LR Department while transferring the land, the FPI&H Department was not authorised to lease out the land. The FPI&H Department referred the matter to L & LR Department in January 2008, so that lease deeds could be executed with entrepreneurs. However, in spite of series of communications<sup>54</sup> between these two Departments, no deed had yet been executed as of July 2009 and the plots/sheds could not be handed over to the entrepreneurs. Resultantly, though the project was completed in March 2007, entrepreneurs were unable to establish

<sup>53</sup> Nine buyers have paid the amount in full, sixteen have partially deposited the required amounts

<sup>54</sup> On various details of the project, demarcation of land, settlement of lease, relinquishment of land in favour of L&LR Department, treatment of amounts deposited by the entrepreneurs, modification/deletion of some clauses in the proposed lease deed, approval of Cabinet etc.

their industries as of September 2009 and infrastructure created at a cost of Rs 9.74 crore remained un-utilised. Till September 2009, the company has also incurred an amount of Rs 28.27 lakh on care and custody of the Food Park.

The FPI&H Department (August 2009) intimated that land was relinquished in favour of the L&LR Department in January 2009 for execution of the deeds in favour of the selected entrepreneurs.

Thus, the objective of establishing the Food Park has not yet been fulfilled even after more than two years from completion of the project due to lack of co-ordination between FPI&H and L&LR Departments to complete the required formalities for leasing out of land to the entrepreneurs. Besides, Government's investment of Rs 7.86 crore<sup>55</sup> remained blocked.

## CO-OPERATION DEPARTMENT

### 3.4.5 *Infructuous expenditure on interest*

The Department could not utilise a substantial portion of loans taken from the National Co-operative Development Corporation for funding construction of mini cold storages in the co-operative sector, leading to infructuous expenditure of Rs 1.01 crore on interest.

The Department took loans aggregating Rs 2.21 crore (Rs 1.89 crore in 2001-02 and Rs 0.23 crore in 2003-04) from the National Co-operative Development Corporation (NCDC) in order to fund the construction of 12 mini cold storages<sup>56</sup> for storing fruits and vegetables (at a cost of Rs 33 lakh per unit) in the co-operative sector. The loans carried an annual rate of interest of 13 per cent (for Rs 1.89 crore) and nine per cent (for Rs 0.23 crore). They were repayable in six and seven equal annual instalments respectively, after a moratorium period (for principal amount only) of one year. Out of the loan funds, the Department, in turn, was to provide share capital assistance of Rs 15.75 lakh and a loan of Rs 13.20 lakh to each of the identified co-operative societies. The societies were to repay the loans (along with annual interest at the rate of 13 per cent) and redeem the share capital assistance to Government in eight equal annual instalments.

Scrutiny of the records of the Registrar of Co-operative Societies (RCS) showed (July 2008) that the Department, without assessing the viability of the mini cold storages, had identified the Co-operative Societies and drawn the loans from NCDC. Out of the twelve identified societies, five societies had expressed their disinterest in the project and no assistance was released to them. In case of the remaining seven societies, funds were released only in 2007-08 and 2008-09, after a delay of five to six years from the date of receiving the loans from NCDC, as shown below:

<sup>55</sup> Rs 9.55 crore minus Rs 1.69 crore

<sup>56</sup> Each having a capacity of 75 metric tonnes

Table 3.2: Progress of construction works

Rupees in lakh

Sl. No.	Name of society	Financial assistance released by Government to societies				Total	Status of construction work
		Share assistance		Loan assistance			
		Amount	Date	Amount	Date		
1	Sajjira Faleya SKUS	15.75	March 2002	13.20	October 2003	28.95	Construction work was delayed owing to a dispute. Proposal for enhancement of cost is yet to be referred to the NCDC
2	NaithBaidora SKUS	15.75	July 2002	13.20	February 2004	28.95	Completed
3	Malda Mango CS	15.75	October 2002	13.20	September 2005	28.95	Completed
4	Jhalda Agril Mrketing CS	19.25 <sup>57</sup>	July 2007	Nil	NA	19.25	Not started; The Society has refunded the assistance to Government
5	Habra Aril Marketing CS	19.25	January 2009	Nil	NA	19.25	Not started; Tenders for the
6	Nazirpur SKUS	19.25	February 2009	Nil	NA	19.25	works not invited as of
7	Jotbehar SKUS	19.25	March 2009	Nil	NA	19.25	June 2009
		124.25		39.60		163.85	

Source: Records of RCS

SKUS: Samabay Krishi Unnayan Samity

CS: Co-operative Societies

NA: Not applicable

Thus, the Department raised loans from NCDC without preparation in advance, leading to the funds not being utilised in time. Between January 2005 and January 2009, the Department had paid interest of Rs 1.33 crore (over and above the repayment of principal amount of Rs 1.73 crore) to NCDC. This included an interest amount of Rs 1.01 crore pertaining to the unutilised portion of the loan lying with the Department for various periods ranging from five to seven years.

Out of seven societies, which received financial assistance, only two had completed construction and were operating the cold storages. One had stopped construction owing to certain management problems<sup>58</sup> and one had refunded the financial assistance of Rs 19.25 lakh citing its inability to go ahead with the project, while three societies had not started construction as yet owing to delayed receipt of funds.

The Department, in its reply, accepted the facts and stated (July 2009) that it had released assistance to the societies only after studying the viability of the cold storages, to avoid the entire assistance becoming infructuous. The reply did not, however, explain why the NCDC loans had been drawn before conducting the viability study.

Thus, the drawal of NCDC loan, without assessing the viability of the projects, resulted in non-utilisation of loan funds for years together and in incurring an infructuous expenditure of Rs 1.01 crore towards interest.

<sup>57</sup> Construction cost of each cold storage was enhanced to Rs 40 lakh, while the share capital contribution was increased to Rs 19.25 lakh

<sup>58</sup> Department intimated that the disputes have been solved; Proposal for enhancement of cost is to be referred to NCDC

## URBAN DEVELOPMENT DEPARTMENT

### KOLKATA METROPOLITAN DEVELOPMENT AUTHORITY

#### 3.4.6 *Loss to the Government*

#### **KMDA failed to recover Rs 56.84 lakh towards the cost of dwelling units allotted to beneficiaries.**

Kolkata Metropolitan Development Authority (KMDA) received Rs 3.19 crore<sup>59</sup> subsidy from the Government of India (GoI) for construction of 1062 dwelling units (DUs) under the Valmiki Ambedkar Awas Yojana (VAMBAY), a national scheme to provide shelter for the urban slum dwellers, at Nonadanga. The cost of one DU worked out to Rs 73860.

Scrutiny of records (October 2008 and February 2009) revealed that only 800 dwelling units were constructed at Nonadanga, out of which 581 were transferred to Kolkata Environmental Improvement Project (KEIP) and 23 units to the West Bengal Industrial Development Corporation (WBIDC) Limited against payment. The remaining 196 DUs were allotted (September 2005 to June 2006) by the KMDA to the evictees of different projects on the condition that the allottees would pay their contribution of Rs 44000 within 30 days from the date of receipt of the offer letter. This could be extended by another 30 days. Default in making payment within the extended period would lead to cancellation of allotment. Possession would be handed over and deed of conveyance executed after KMDA received full payment. On representation from three of the allottees, KMDA modified (July 2005) the mode of payment to Rs 15000 at the time of possession and the balance Rs 29000 in two equal instalments within one year of the possession. Thus possession was handed over on receipt of Rs 15000 without executing any agreement with the allottees regarding the payment terms for the balance amount. The possession certificate made no stipulation regarding cancellation of allotment and eviction in case of failure to pay the dues.

Audit scrutiny further revealed that none of allottees have till date (June 2009) paid the subsequent installments of Rs 29000 resulting in cumulative outstanding balance of Rs 56.84 lakh<sup>60</sup>. KMDA has not formulated any definite plan of action till now to effect the recovery.

Thus, KMDA's failure to take adequate safeguards before handing over the DUs to the beneficiaries and to put in place a mechanism for recovery has jeopardised the chances of recovery of the outstanding balance of Rs 56.84 lakh.

The matter was reported to the KMDA/Government in April 2009; reply had not been received (November 2009).

<sup>59</sup> At the rate of Rs 30,000 per dwelling unit

<sup>60</sup> Rs 29000 x 196

**PUBLIC HEALTH ENGINEERING DEPARTMENT**

**3.4.7 Wasteful expenditure**

**Use of inferior quality AC pipes in the water supply scheme at Madhabpur (Balighai) resulted in wasteful expenditure of Rs 28.97 lakh due to bursting of pipes.**

As per the West Bengal Public Works Department Code it is the responsibility of the departmental engineers to see that all departmental works are executed in efficient and economical manner.

The water supply scheme at Madhabpur (Balighai) and adjoining areas under East Medinipur district was taken up by the Public Health Engineering Department (PHED) in October 2001 at a projected cost of Rs 94.57 lakh to benefit the target population of 15300. The scheme was commissioned in May 2004 after completion of the distribution system.

Audit scrutiny (August 2008) of the records of the Executive Engineer (EE), Tamluk Division of PHED revealed that the distribution system was laid with AC pipes which burst frequently disrupting the water supply. Departmental reports stated that the pipes burst due to inferior quality and the "cracky" nature of soil. However, audit scrutiny revealed that the detailed estimates did not consider the nature of soil while recommending the use of AC pipes for the distribution system. The EE also did not carry out soil testing to ascertain the technical suitability of AC pipes. The matter was not even communicated to the Resource Division (PHED) which was responsible for procuring the pipes. Subsequently, the AC pipes had to be replaced (March 2008) by UPVC pipes at a cost of Rs 29.28 lakh.

Thus, the departments' failure to carry out the necessary checks to ascertain the suitability of pipes considering the nature of soil and lay down the technical specification accordingly as well as use of 'inferior quality' of AC pipes resulted in wasteful expenditure of Rs 28.97 lakh.

**DEVELOPMENT & PLANNING AND PUBLIC WORKS (ROADS) DEPARTMENTS**

**3.4.8 Unfruitful expenditure on an incomplete project**

**Failure of the Uttar Banga Umnayan Parshad to assess the feasibility of a project coupled with lack of co-ordination among various departments resulted in the unfruitful expenditure of Rs 32.64 lakh.**

A project for improvement, widening and strengthening of Maynaguri-Barnish road (608 meters)<sup>61</sup> in Jalpaiguri district was taken up

<sup>61</sup> Improvement, widening and strengthening of Maynaguri-Barnish road portion from 0 km to 0.323km and also from Traffic Island to the junction of Maynaguri Ramsai Road and National highway 31 including construction of pucca drain on both sides from 0 kmp to 0.323 km under Uttarbanga Umnayan Parshad

during 2001-02 and funded by Uttarbanga Unnayan Parshad (UUP). The work was awarded (February 2003) by the Executive Engineer (EE), Jalpaiguri Construction Division, Public Works Department (PWD) to agency A at a tendered cost of Rs 38.33 lakh. The project was scheduled to be completed by June 2003. The UUP released (February 2003) a sum of Rs 50 lakh to the District Magistrate (DM), Jalpaiguri, who was authorised to make payments to the agency on the basis of measurements done by PWD.

Audit scrutiny (January 2009) of the records of the Member Secretary, UUP showed that the widening work of a stretch of the project falling on National Highway (NH)-31 involved shifting of a number of electric poles of West Bengal State Electricity Board (WBSEB). Though WBSEB erected new poles, shifting of the electrical lines to the newly erected poles involved felling of several trees on NH. It was not ascertainable from available records whether UUP had consulted the concerned NH division of PW (Roads) Department regarding felling of those trees while assessing the feasibility of the project. Proposals for felling of those trees were, however, made by the EE, PWD, Member of Jalpaiguri Zilla Parishad as well as DM, Jalpaiguri (April 2004, June 2004 and September 2004) to the Superintending Engineer (SE), NH circle III, Siliguri. No response was, however, received from the SE, NH circle III, resulting in stalling of the work since July 2004. The DM ultimately declared (November 2006) the project abandoned. The DM paid (up to July 2007) Rs 32.64 lakh to agency A for the portion of work executed by it, which thus proved unfruitful.

Thus, failure of the UUP to assess the feasibility of the project coupled with lack of coordination among Government Departments led to unfruitful expenditure of Rs 32.64 lakh.

The matter was referred to Government in 2009; reply had not been received (November 2009).

## SPORTS AND YOUTH SERVICES DEPARTMENT

### 3.4.9 *Injudicious release of Government grant*

**Injudicious release of grant to West Bengal Volleyball Association without assessing its requirement, coupled with lack of monitoring of the Department over proper utilisation of grants resulted in undue financial benefit of Rs 0.62 crore to the Association.**

In terms of SR 330A of West Bengal Treasury Rules and Subsidiary Rules made there under, the grants-in-aid paid by Government to any body/authority/non-Government organisation (NGO) must be utilised for the purpose for which the grants were released. The sanctioning authority should exercise adequate control over the grantee organisation to ensure that the grants had been utilised for the specified purpose.

The Department released three grants of Rs 1 crore each to the West Bengal Volleyball Association (Association), an NGO, in July 2007, August 2007 and January 2008 for organising the Second Commonwealth Volleyball

Championship (Championship) in Kolkata during July-August 2007. Scrutiny of the records of the Association disclosed (September 2008) the following:

- The Association earned Rs 0.82 crore from sponsorship, sale of tickets, advertisement etc. Total funds available with the Association for organising the Championship, thus, amounted to Rs 3.82 crore (Rs 3 crore *plus* Rs 0.82 crore). Against the same, the Association had already spent Rs 1.55 crore; while Rs 1.65 crore has been shown as outstanding liability connected to the Championship. The excess Government grant of Rs 0.62 crore (Rs 3.82 crore *minus* Rs 1.55 crore *minus* Rs 1.65 crore) was parked with the Association. Such injudicious release of grants to the Association in excess of requirement was tantamount to extending undue financial benefit to the Association.
- Further scrutiny showed that expenditure booked under the Championship (Rs 1.55 crore) included Rs 50 lakh paid to the West Bengal State Council of Sports (Council) in February 2008. Though the amount was shown to have been paid in connection with Championship in the Association's accounts<sup>62</sup>, the voucher showed that the amount was received by the Council as Association's contribution towards the 'Bangladesh Relief Fund'<sup>63</sup>. Booking of Association's contribution in the relief fund in the accounts of the Championship was highly irregular and indicated absence of monitoring of the Department over proper utilisation of the Government grant. The Association had also submitted utilisation certificate for the entire grant of Rs 3 crore, which was factually incorrect. The Department, however, took no action against the association on this matter.

Thus, the Department had not only failed in assessing the requirement of funds before releasing the grants to West Bengal Volleyball Association, but also it could not ensure utilisation of the grant for the specified purpose. Such injudicious release of grant, coupled with lack of monitoring over its utilisation led to extension of undue financial benefit of Rs 0.62 crore to the Association and facilitated diversion of Rs 50 lakh. Suitable action against the association for submitting incorrect UC is also called for.

### 3.4.10 *Unauthorised expenditure*

**The Department sanctioned Rs 50 lakh for construction of a mini indoor stadium in Murshidabad. In deviation from the purpose, the Block Development Officer, Farakka unauthorisedly used the funds for construction of an outdoor sports complex.**

The Department sanctioned (August 2006) Rs 50 lakh as the first instalment of a grant-in-aid for construction of a mini indoor stadium, on a two acre plot of lease-hold land of Prof. S. Nurul Hasan College, Farakka, Murshidabad. The

<sup>62</sup> loan repayment, electric charge, stadium hire charge and opening ceremony

<sup>63</sup> The Cash Book of the Bangladesh Relief Fund showed the corresponding contribution received from the West Bengal Volleyball Association

sanction was based on a project report and an estimate of Rs 5.36 crore had been prepared (June 2003) by the Department. According to the Project Report, the mini indoor stadium was to host various types of indoor games<sup>64</sup> as well as cultural events. The project report also envisaged completion of the stadium within a period of twelve months. The District Magistrate (DM), Murshidabad nominated (January 2007) the Block Development Officer (BDO), Farakka as the executive agency for implementation of the work.

Scrutiny of the records of the DM, Murshidabad, however, showed (February 2009) that there was a deviation from the original objective of constructing a mini indoor stadium. Based on a drawing and design<sup>65</sup> of a outdoor sports complex, the BDO prepared (November 2006) an cost estimate. The design and estimates of the sports complex *inter alia* included construction of 50 shops under 100 meters long gallery, an eight lane sports track etc., which indicated that the drawing was essentially of an outdoor stadium. However, based on the availability of funds (Rs 50 lakh) the BDO prepared an estimate for Rs 50.62 lakh for a part (earth excavation and filling, 50 shops below the gallery, etc.) of the work. The DM administratively approved the work and placed (January 2007) Rs 50 lakh at the disposal of the BDO. No approval was obtained from the Department for constructing an out door sports complex in deviation from the original objective. The BDO engaged (March 2007) a contractor for the work and incurred an expenditure of Rs 50.41 lakh up to October 2007. The utilisation certificate submitted by the BDO in respect of Rs 50 lakh (Rs 47.75 lakh paid to the contractor *plus* Rs 2.25 lakh spent on fees of consultant, contingencies, etc.) was forwarded in January 2008 by the DM to the Department.

In January 2008, the Department requested the DM to submit the plan and estimate of the mini indoor stadium, duly vetted by the competent Government engineer and approved by the concerned local authority. However, the same was not submitted to the Department. The DM did not draw the second instalment of Rs 50 lakh sanctioned (January 2008) by the Department for the indoor stadium. The District Planning Officer, Murshidabad stated (February 2009) that the funds could not be drawn as the Government order had been received after the financial year. The work remained suspended since October 2007 for want of funds.

The BDO stated (February 2009) that the revised estimate for the balance work, prepared in August 2008 on the basis of prevailing PWD schedule, amounted to Rs 1.38 crore. The estimates for plumbing, sanitation, electrical and land development for sporting track, boundary wall and some auxiliary works costing more than Rs 3 crore were under preparation.

Thus, the approved objective of constructing a mini indoor stadium was not achieved. Apart from the fact that commencing construction of an outdoor stadium was a deviation from the approved objective, the work has remained suspended since October 2007.

<sup>64</sup> the arena should be suitable for any of the following events at a time: One Basketball match, two simultaneous Volleyball matches, three simultaneous Badminton matches, one Tennis match, Table Tennis, Boxing & Wrestling, Gymnastics

<sup>65</sup> Prepared by the Malda Polytechnic



The matter was referred to Government in May 2009; reply had not been received (November 2009).

**PUBLIC WORKS AND INFORMATION & CULTURAL  
AFFAIRS DEPARTMENTS**

**3.4.11 Non-utilisation of an auditorium**

**Lack of co-ordination between the concerned Departments and consequent failure in obtaining necessary clearances in respect of a newly constructed fire exit staircase as required under the Delhi Building Bye-Laws, resulted in non-utilisation of an auditorium worth Rs 36.81 lakh, since 1993.**

The Delhi Building Bye-Laws, 1983 provide that the buildings like auditoria should have exits, sufficient to permit safe escape in case of fire or other emergencies. It also *inter alia* stipulates that clearance certificates from the Chief Fire Officer (CFO) and Deputy Commissioner of Police (Licence) (DCP) were mandatory for making the auditorium operational for public use.

Banga Bhavan (BB), a State Government guest house along with a multipurpose hall cum auditorium (in the third and fourth floors), was constructed in 1993 at a cost of Rs 4 crore, of which Rs 31.82 lakh<sup>66</sup> was incurred for construction of the auditorium. Though, the completion certificate for the BB was issued in 1996 by New Delhi Municipal Council (NDMC), the auditorium could not be made operational, as the clearance from CFO could not be obtained in the absence of the stipulated separate fire exits.

Accordingly, an additional staircase for the fire exit was constructed (January-August 2005) by the Executive Engineer, City Division, Public Works Department at a cost of Rs 4.99 lakh. Audit scrutiny (December 2008) of the records of the Assistant Engineer (AE), BB, New Delhi showed that though the NDMC issued (June 2006) the completion certificate in respect of fire escape staircase, the clearances from the CFO and DCP were not obtained. As a result, the auditorium constructed in 1993, could still not be made operational as of December 2008.

The AE, BB intimated (December 2008) that the auditorium was under the administrative control of the Information and Cultural Affairs Department (I&CAD) and it was the duty of I&CAD to obtain necessary clearances from the Fire services and the Deputy Commissioner of Police. I&CA Department, however, intimated (December 2008) that as the auditorium had not been handed over to it by the Public Works Department, it could not obtain necessary clearances. No action was taken by the PWD to hand over the auditorium, nor was any initiative taken by I&CA Department to take over the same. In absence of the required licence, the prospect of utilisation of the auditorium seems remote.

<sup>66</sup> Including Rs 0.64 lakh spent by the Information and Cultural Affairs Department for installation of projector

Thus, the lack of co-ordination between the concerned departments and consequent failure in obtaining necessary clearances from the relevant authorities in accordance with Delhi Building Bye-Laws resulted in non-utilisation of assets worth Rs 36.81 lakh<sup>67</sup> for a period of over 15 years.

## GENERAL

### 3.4.12 Lack of response of Government to audit

Timely response to audit findings is one of the essential attributes of good governance as it provides assurance that the Government takes its leadership role seriously.

Principal Accountant General (Audit) (PAG) arranges to conduct periodical inspection of Government Departments to test-check transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities and other points, detected during inspection, are not settled on the spot, these find place in IRs, which 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 June 1982 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.

However, delays on the part of the departments in furnishing of replies to IRs and consequential accumulation of unsettled IRs/IR paragraphs have become a matter of concern. This aspect was discussed regularly in the Civil Audit Reports in respect of selected departments.

Inspection Reports issued upto March 2009 relating to 229 offices of Judicial, Transport, Information and Cultural Affairs, Urban Development, Irrigation and Waterways, Public Works (Construction Board) and three commercial undertakings<sup>68</sup> disclosed that 1721 paragraphs relating to 816 IRs remained outstanding at the end of July 2009. Of these, 353 IRs containing 451 paragraphs had been lying unsettled for more than 10 years.

<sup>67</sup> Cost of construction of the auditorium: Rs 31.18 lakh plus cost of installation of projector Rs 0.64 lakh plus Rs 4.99 lakh spent for construction of additional staircase

<sup>68</sup> Under Food and Supplies (for Public Distribution System), Food Processing Industries & Horticulture, Animal Resources Development Departments.

Department-wise and year-wise break-ups of the outstanding IRs and Paragraphs are detailed in *Appendix 3.3*.

Even the initial replies, which were required to be received from the respective heads of offices within six weeks from the date of issue of the IRs, were not received upto July 2009 in respect of 145 IRs.

Those unsettled IRs contained 78 paragraphs involving serious irregularities like, theft/defalcation/misappropriation of Government money, loss of revenue and shortage/losses not recovered/written off amounting to Rs 17.42 crore. Department-wise and nature-wise analysis of those outstanding paragraphs of serious nature showed the following position:

**Table 3.3: Analysis of outstanding paragraphs**

Name of the Department	Cases of theft/defalcation/misappropriation		Loss of revenue		Shortage losses not recovered/written off		Total	
	Para	Amount	Para	Amount	Para	Amount	Para	Amount
(Rupees in Lakh)								
Judicial	4	15.94	5	70.90	1	0.04	10	86.88
Information and Cultural Affairs	1	0.06	4	1.07	1	0.04	6	1.17
Urban Development	-	-	11	1080.45	11	295.04	22	1375.49
Irrigation and Waterways	-	-	-	-	40	278.0	40	278.0
<b>Total</b>	<b>5</b>	<b>16.00</b>	<b>20</b>	<b>1152.42</b>	<b>53</b>	<b>573.12</b>	<b>78</b>	<b>1741.54</b>

Audit committees, comprising of the Principal Secretary/Secretary of the administrative Department and representatives of the Finance Department and the PAG, were formed in 50 out of 56 Departments of Government for expeditious settlement of the outstanding Inspection Reports. Of the 50 Departments where audit committees were formed, meetings were held only by eight Departments on 17 occasions from July 2008 to July 2009. As a result of the meetings of these committees, it was possible to settle 123 paragraphs and 26 Inspection Reports. No meetings were held by the other 42 Departments. The matter has been taken up with the Government for formation of audit committees in the remaining Departments.

It is recommended that Government should ensure that a procedure is in place for (i) action against the officials failing to send replies to IRs/paras as per the prescribed time schedule, (ii) action to recover loss/outstanding advances/overpayments in a time-bound manner and (iii) holding at least one meeting of each audit committee in every quarter.

# **CHAPTER 4**

## **INTEGRATED AUDIT OF GOVERNMENT DEPARTMENTS**



## CHAPTER IV

### HOUSING DEPARTMENT

#### 4.1 INTEGRATED AUDIT OF HOUSING DEPARTMENT

##### Executive Summary

Integrated Audit of the Housing Department was carried out to examine its performance against the backdrop of its objective of providing affordable housing in the state. The Department comprises three Directorates, namely the Housing Directorate (HD), the Estate Directorate (ED) and the Brick Production Directorate (BPD). The HD constructs and maintains rental housing estates. The ED is responsible for rent collection. The BPD manufactures bricks.

The West Bengal Housing Board, an autonomous body under the Department's administrative control constructs flats for different categories of people. The main findings are highlighted below: -

- Budgeting in the Housing Directorate was unrealistic. There were recurring savings but funds continued to be provided in excess and were not surrendered.
- There was shortfall in achievement of annual targets in respect of execution of schemes in Housing Directorate. This was due to delayed land acquisition, poor contract management and absence of project monitoring system.
- Completed dwelling units were not utilised as demand was not correctly assessed and the construction was defective.
- The Estate Directorate did not have comprehensive database of the tenants. Demands for rent were not raised timely. This resulted in non realisation of rent.
- Though set up as a self-supporting unit, the Brick Production Directorate sustained loss regularly due to partial capacity utilisation and suspension of production in brickfields and pilferage of bricks.
- The West Bengal Housing Board had entered into joint ventures with private partners for construction of flats in urban areas. The joint ventures did not adhere to principles of corporate governance and there were issues of transparency.

##### 4.1.1 Introduction

West Bengal comprises 2.7 per cent of the total area of the country but has about 8 per cent of the population. In the 11<sup>th</sup> Five Year Plan (2007-12), the

State Government's priority is to address the state's needs for affordable housing and in particular, construction of houses for the urban poor. The Housing Department had a major challenge to provide affordable housing in view of the fact that the urban housing shortage in the state is about 1.15 million<sup>1</sup> as compared to the national shortage of about 7.1 million<sup>2</sup>.

A performance review on Mechanised Brick Factory, a unit of the Housing Department was featured in the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31<sup>st</sup> March 2003. Observations on the Housing Department have also consecutively featured in the Reports of the C&AG for the years 2005, 2006 and 2007. An Integrated Audit on the Housing Department's activities has been taken up in this context to see how far the Department has been successful in meeting the challenge of providing affordable housing for the common man. An Entry Conference was held in March 2009 with the Secretary of the Department to discuss the audit objectives. The audit findings were discussed in an Exit Conference held in October 2009. The Department's reply was furnished in November 2009. The views of the Department have been suitably incorporated in the report.

#### **4.1.2 Organisation**

The Secretary is the administrative head of the Housing Department. The Department comprises three Directorates, namely the Housing Directorate (HD), the Estate Directorate (ED) and the Brick Production Directorate (BPD).

The HD constructs and maintains rental housing estates and government quarters. The ED allots the rental flats and is responsible for rent collection and if necessary, the eviction of tenants. The BPD manufactures bricks.

The West Bengal Housing Board (WBHB) is an autonomous body established under the West Bengal Housing Board Act, 1972 and functions under the administrative control of the Department. It constructs flats for different categories of people and has entered into joint ventures to meet the increasing demand for dwelling units.

#### **4.1.3 Audit objectives**

Considering the divergent activities of the Directorates, Audit has sought to assess how the three Directorates are managing their finances and discharging their various responsibilities of executing targeted schemes, collection of rents and manufacture of bricks.

Since the West Bengal Housing Board has transferred a significant part of its housing activities to Private Public Partnership projects, here the objective was to see whether the joint ventures functioned transparently.

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<sup>1</sup> Source: 11th Five Year Plan document of the State Government

<sup>2</sup> Source: 11th Five Year Plan document of the State Government.

## Audit Findings

### 4.1.4 Housing Directorate

The Housing Directorate is responsible for execution and maintenance of rental housing schemes for different income groups with emphasis on the Economically Weaker Sections (EWS), quarters for State Government employees and integrated housing estates for industrial workers. The Chief Engineer (CE) heads the HD. He is assisted by one Assistant Chief Engineer and by four Superintending Engineers (SE) and 15 Executive Engineers (EE) at the Circle and Divisional levels respectively. In conducting Integrated Audit of the working of the Housing Department, records of the Directorate's office and of four circle offices<sup>3</sup> and four divisions<sup>4</sup> pertaining to the years 2004-05 to 2008-09 were test checked.

#### 4.1.4.1 Budgetary controls

The Finance Department releases budgeted funds to the Chief Engineer through the Housing Department. The CE is responsible for overall budgetary control in the Directorate and the flow of funds to the divisions.

Sound financial management demands that the budget should be prepared with inputs from all the functioning units to make it realistic and to ensure optimum utilisation of resources to achieve the targeted objectives.

Table-4.1.1: Budget Provision and Actual Expenditure

(Rupees in crore)

Year	Budget provision		Actual expenditure		Savings/Excess(-)	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
2004-05	11.84	21.75	05.82	19.47	6.02	2.28
2005-06	13.50	19.82	06.89	19.39	6.61	0.43
2006-07	19.86	22.41	07.20	22.30	12.66	0.11
2007-08	16.32	23.82	14.85	22.95	1.47	0.87
2008-09	18.95	24.10	12.62	24.18	6.33	(-)0.08
<b>Total</b>	<b>80.47</b>	<b>111.9</b>	<b>47.38</b>	<b>108.29</b>	<b>33.09</b>	<b>3.61</b>

Source: Departmental records

Contrary to the provisions of the Budget Manual the Plan budget of the HD was finalised by the Department. The divisions were not consulted in budget formulation and the allotment of funds was communicated to the EEs towards the end of the financial year. This affected the finalisation of work schedule and resulted in savings. The average Plan savings during 2004-09 was 41 per cent. This was as high as 64 per cent in 2006-07. The persistent and substantial Plan savings reflect unrealistic budget estimates and the inability to implement budgeted projects and programmes (paragraph 4.1.5.2). Budgetary allocation on Plan was lower than on Non-Plan every year (Table-4.1.1).

Budget prepared without inputs from Divisions resulted in savings

<sup>3</sup> Housing Construction Circle-I, Housing Construction Circle-II, New Town Construction Circle and SE (Electrical), Housing & Planning Works.

<sup>4</sup> Housing Construction Divn.I, Housing Construction Divn.II, Housing Construction Divn.VIII & New Town Construction Divn.II.



During test check of four divisions it was seen that in one division<sup>5</sup>, the CE allocated Rs 10.95 lakh (2006-07) and Rs 2.96 lakh (2008-09) without assessing the requirement. The EE surrendered the entire amount on the last working day of March. In two<sup>6</sup> other divisions the EEs irregularly withdrew funds amounting to Rs. 22.53 lakh at the end of the financial year and deposited in sub-divisional accounts, during 2004-09 to avoid lapse of budget grant. The rush of expenditure in some divisions in March every year was 30 percent to 42 percent of the total works expenditure.

The Internal Audit wing of the Finance Department had also commented on the unrealistic budgeting. However, despite recurring savings, the reasons were not investigated, excessive funds continued to be provided and savings were also not surrendered.

The Department replied (November 2009) that budget preparation had become more realistic from 2007-08 and that all the Directorates had been instructed to prepare realistic budget.

#### *Monitoring of expenditure*

Monitoring of expenditure is important for fund allocation to ongoing schemes and for re-appropriation of savings. This requires regular and timely flow of expenditure data from the field units to the Directorate office. This was not available as the Directorate did not maintain Expenditure Control Registers. The Finance Department had instructed (March 2005) that the 'Fund Flow Monitoring System' software developed by NIC should be installed. This was not done. The Department stated that matter would be taken up with NIC.

Computerised  
Fund Flow  
Monitoring  
System to  
exercise  
expenditure  
control not yet  
established

#### **Recommendation**

*The Secretary/CE needs to periodically review the expenditure and make necessary interventions for optimal utilisation of fund outlay and realistic budgeting. The Department, therefore, may put in place a computerized monitoring system, enabling online updating of head-wise expenditure data by the primary units of expenditure (division/sub-division) and generation of periodic reports. This would ensure financial discipline*

#### *Reconciliation of Divisional Accounts*

The EE is required to prepare Certificate of Treasury Issue (CTI) and Consolidated Treasury Receipt (CTR) in Form 51 every month after reconciliation with the treasury and submit to the Accountant General (A&E) along with monthly accounts. Scrutiny revealed that CTI and CTR were not reconciled in any of the fifteen divisions of the Directorate for periods starting from January 1973 in spite of this being regularly pointed out in Audit Inspection Reports. As a result, authenticity of divisional accounts was not verifiable. Non-submission of CTI and CTR was an important control failure which could lead to fraud and misappropriation. The Department stated

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<sup>5</sup> HCD-II

<sup>6</sup> HCD-II & HCD-VIII

(November 2009) that attempts were being made for reconciliation of CTI and CTR.

#### *Recovery of outstanding dues*

The Department granted between 1962 and 1990 loans amounting to Rs 3.75 crore to 88 private companies under social housing schemes for construction of houses for plantation workers. As of March 2009, Rs 2.07 crore remained recoverable; certificate cases were instituted against only 28 companies and no action was taken against 60. There is no assurance that the loans were utilised for the purpose for which these were sanctioned. The Department replied (November 2009) that so far Rs 7.01 lakh had been recovered and non-response/change in address of the companies affected the recoveries.

#### 4.1.4.2 Execution of Schemes

The Directorate prepares annual plans for execution of schemes. The actual achievement against the annual target during 2004 to 2009 is indicated in the table below:

**Table 4.1.2 Status of schemes**

Sl. No.	Name of Scheme	Target during 2004-05 to 2008-09	Achievement during 2004-05 to 2008-09	Shortfall in percentage
1	Rental Housing Scheme for State Government Employees	1077 flats	685	36
2	Housing Scheme for Economically weaker Section	570 flats	505	11
3	Construction of Houses of Middle Income Group	48 flats	Nil	100
4	Construction of Night Shelter for Passengers	96 seats	Nil	100
5	Construction of Working Women's Hostel	182 seats	162 seats	11
6	Land acquisition and development scheme	17.50 acre	12.60 acre	28
7	Replacement & Renovation of existing Housing Estates	Planned for utilising Rs 20.76 crore	Rs 17.76 crore	14
8	Construction of multistoried office buildings of Housing Department at New Town, Kolkata	40% of work to be taken up	Nil	100

*Source: Departmental records*

The shortfall in achievement of annual targets was 11 to 36 percent in respect of five major schemes scheduled for completion between 2004-05 and 2008-09. The progress was nil in three schemes.

No perspective plan existed in the Housing Department. The HD also did not prepare detailed action plans breaking down targets into actionable areas identifying administrative, technical and financial resources and prescribing implementation schedules. The plans were routine annual exercises to accommodate spillovers from previous years. Physical and financial targets

Lack of planning, delay in execution and absence of monitoring resulted in shortfall in achievement

underwent continuous revisions so that housing schemes taken up in 1997-98 and scheduled for completion in 2000-01 were not due to be completed before 2011.

Non enforcement of implementation schedules resulted in upward revision of estimate

Test check of incomplete works showed that 528 dwelling units under four Rental Housing Schemes (RHS) were taken up for construction between 1997-98 and 2000-01. The schemes were due to be completed between 2000-01 and 2002-03. The works were 50 to 84 per cent complete as of March 2009. The expected date of completion has been pushed back to March 2011 in three cases. In three schemes sanctioned in 2006-07 work had not started till March 2009 mainly due to procedural delays. The original cost estimate of Rs 34.48 crore is expected to increase to Rs 52.13 crore or almost 51 per cent.

Delays in acquiring and developing land; inability to frame estimates, drawing and designs in time; inadequacies in tender processing; poor contract management and absence of a project monitoring system were responsible for shortfall in achievement of targets.

The Night Shelter Programme, intended to provide shelter to stranded visitors to district headquarters from rural areas could not be started till November 2009 due to difficulty in obtaining land. Thus not a single night shelter had been constructed against the 11<sup>th</sup> Plan target of one shelter in each of the 18 districts. Again in case of the Middle Income Group (MIG) flats due to be completed by March 2009 the land has been acquired only at the end of 2008-09. The Land Acquisition and Development Scheme was also held up due to protest by land losers resulting in selection of an alternative site.

The Housing Scheme for EWS meant to provide dwelling units on ownership or monthly rent basis could not be completed in time due to delay in land filling at project site, drainage problem and absence of potable water.

In case of RHS for State Government Employees one of the reasons for not fulfilling the target was delay in tender finalisation and consequent unwillingness of the contractors to execute the work because of price escalation.

Comparative statements not checked by Divisional Accountant in violation of codal provision

Test check of tenders pertaining to Replacement and Renovation work of existing Housing Estates in two divisions revealed that in contravention of the Government order<sup>7</sup>, 50 tenders valuing Rs 7.45 crore were accepted by two SEs<sup>8</sup> during 2004-05 to 2008-09 without getting the comparative statements checked by the Divisional Accountants (DA). As a result, the criteria adopted for selection of lowest tenderers could not be verified. The Department replied (November 2009) that SEs had been directed to get the tender papers duly checked by DA before acceptance and issuance of work order.

Construction of Working Women's Hostel was held up as architectural drawings had not been finalised timely. In case of the multistoried office building of Housing Department, even the preliminary work of appointing the

<sup>7</sup> PWD Order No.II-1/2003-1500-R/Adt. Dated 09.09.2005 issued by E-in-C & Ex-Officio Secretary, PWD & PW (Roads) Department, Govt. of West Bengal.

<sup>8</sup> SE/HCC-I and SE/HCC-II

consultant for project design has not been done though the project was administratively sanctioned in November 2006. In the meantime, due to price hike the project cost is being revised from Rs 15.56 crore to Rs 25.02 crore in October 2009.

Two new schemes for the 11<sup>th</sup> Plan - Rain water harvesting scheme for Rental Housing Estates and Industrial Housing Scheme for industrial workers had not even been taken up as of November 2009.

## Recommendation

*The schemes are executed at the divisional level in the Housing Directorate. In the absence of a system of prescribing critical milestones for the schemes there was no accountability for slippages. There was no systematic record of the minutes of the review meeting by the administrative heads detailing the decisions and follow up action. Consequently the monitoring at all levels was ad-hoc and unsystematic. In view of this the Directorate may consider setting up a central project monitoring cell with a computerized data base to supervise the implementation of the numerous ongoing schemes under the fifteen divisions. A long term plan may be prepared indicating the prioritization of works to ensure coverage of people of different economic categories.*

### 4.1.4.3 Effectiveness of completed schemes

The Report of the C&AG for the year ended 31<sup>st</sup> March 2005 vide paragraph 4.5.2 highlighted non allotment of units at Working Women's Hostel at Siliguri due to locational disadvantage. Survey of demand is a pre-requisite for execution of new housing schemes. Scrutiny of records in test checked divisions and circles revealed that HD constructed a large number of units in various locations without ascertaining whether proper demand survey had been conducted. In addition, the Department failed to address serious issues like defective construction, water logging and availability of basic amenities like water and electricity connection. As a result, out of 493 dwelling units constructed, 304 or 62 per cent constructed at a cost of Rs. 4.69 crore could not be allotted till March 2009 as shown below (Table-4.1.3):

304 flats remained vacant due to construction without demand survey

**Table-4.1.3: Status of completed units**

Name of the project	Project cost (Rs in crore)	Year of completion	Total no. of flats constructed	Present position as on March 2009
Construction of Working Women's Hostel at Dabgram, Siliguri	0.60	March 1999	44	Vacant.
Construction of 166 Nos single storied dwelling units for Economically weaker section at Dabgram, Siliguri	0.97	May 1981	83 twin units	83 twin units vacant.
Construction of rental LIG flats at Shampa Mirza nagar, South 24 Parganas	1.28	March 2002	64	Flats remained vacant for more than five years.
Working Women's Hostel at Salt Lake, Kolkata	1.58	2007-08	122	Vacant.
Construction of Residential Housing Estate, Jalpaiguri	5.05	August 2007	180	55 vacant.
<b>Total</b>	<b>9.48</b>		<b>493</b>	<b>304</b>

Source: Departmental records

In respect of the Working Women's Hostel which continues to be vacant, the Department stated (November 2009), that the issue of handing over of the hostel to Siliguri Municipal Corporation would be sorted out soon.

166 EWS flats at Siliguri constructed in May 1981 could not be allotted as there was no demand for such small flats. After converting 166 flats into 83 twin units, the Department initially allotted (June 2006) the flats on first-cum first-serve basis. Later they cancelled the allotments and decided (July 2006) to sale the flats outright through lottery. This has been challenged in court by the allottees. Expenditure of Rs 18.82 lakh on watch and ward was incurred up to March 2009. Records revealed that no repair and maintenance on vacant flats were carried out. The flats are therefore uninhabitable. The Department replied that the matter was sub-judice, hence it was not possible to take any action.

64 flats under rental Lower Income Group (LIG) Scheme at Sampa Mirza Nagar in South 24-parganas completed in March 2002 at a cost of Rs 1.28 crore could not be allotted till September 2007 due to water logging and lack of electricity. There was loss of rent of Rs 61.50 lakh<sup>9</sup> during the period of vacancy. The Department stated that till May 2009, 44 flats have been allotted.

Similarly, civil construction at the Working Women's Hostel at Salt Lake was completed in 2007-08 at a cost of Rs 1.58 crore but no allotment was made due to non-commencement of construction of underground reservoir and electrical work as of March 2009. The Department replied (November 2009) that other infrastructural development works were in progress and would be completed by March 2010.

55 out of 180 RHE flats constructed at Jalpaiguri in January 2004 at a cost of Rs 5.05 crore could not be allotted due to defective construction.

## Recommendation

*A large number of completed dwelling units could not be utilised despite the urban housing shortage in the state. The Department, therefore, needs to assess the demand correctly prior to construction. Reasons for defective construction and inability to provide basic amenities may also be looked into. Immediate steps need to be taken to allot or dispose of the vacant flats.*

### 4.1.4.4 Deposit Works

Acceptance of tender without open tender

Major deposit works for West Bengal Housing Infrastructure Development Corporation are executed by the New Town Construction Circle (NTCC) and its three divisions<sup>10</sup>. 6 project works were undertaken (*Appendix 4.1*) during 2005-06 to 2007-08 at a tendered value of Rs 34.32 crore. The works were scheduled to be completed between August 2007 and May 2008. In three cases, the work did not start. The remaining three works were partially executed till May 2009. The Directorate's inability to provide clear site and

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<sup>9</sup> Rs 1330 per month per flat ( 66 months X 64 flats + 20 months X 20 flats) = Rs 61.50 lakh.

<sup>10</sup> Newtown Construction Division-I, Newtown Construction Division-II and Newtown Survey & Planning Division

working drawings to the contractors were responsible for the delay. Detailed scrutiny of one work revealed the following irregularities:

The construction of East-West Road Corridor in New Town was awarded (May 2005) to a contractor without acquiring the land and without open tender, in contravention of the West Bengal Financial Rules. After execution of 3.07 km of the 6.13 km roadwork at a cost of Rs 7.25 crore, the contract was closed in December 2006 as land had not been provided. The residual work was awarded (January 2007) again to the same contractor without open tender for Rs 9.86 crore. In contravention of Clause 21 of General Terms of the contract, the contractor sublet the construction of the road. The client organisation complained against the bad workmanship of this agency in May 2007 but no action had been taken. The contractor abandoned the work in June 2008 after executing 70 per cent of the work on the ground of price escalation. The Department stated (November 2009) that the re-tendering was in progress.

#### 4.1.4.5 Management of Stores

Test check of records maintained by the divisions showed that important records like Priced Stores Ledger were not maintained; physical verification of stock was not conducted and Cash Settlement Suspense Accounts were not adjusted. Thus it was difficult to detect erroneous posting and non-posting of receipt and issue of stores and to check the veracity of issue rate. In absence of the necessary controls, the Directorate was not aware of the present valuation of the stock held and amounts outstanding against materials received.

In one test checked division it was seen that despite existence of old stock of 3.82 MT, 10.09 MT of steel rod was purchased during January 1998 to May 2000. Till March 2009, only 4.76 MT of steel could be consumed and the balance 9.15 MT remained unutilised.

The Department replied (November 2009) that necessary instruction had been issued to the division offices to set right the irregularities and to update the important records.

#### 4.1.5 Estate Directorate

The Estate Directorate with a total manpower of 203 is responsible for allotment of flats and collection of rents from 88 rental housing estates comprising 19741 units. The ED is also empowered to evict unauthorised occupants under the West Bengal Government Premises (Regulation of Occupancy) Act, 1984. The ED is headed by the Estate Manager (EM). Five Assistant Estate Managers (AEM) report to him. For conducting Integrated Audit of the Department records of the Directorate office and offices of two<sup>11</sup>

<sup>11</sup> AEM/Kolkata & AEM Durgapur

Stock account not updated and no physical verification conducted

AEMs for the years 2004-05 to 2008-09 were test checked. The Directorate's total establishment expenditure in the five years from 2004 to 2009 was Rs 14.16 crore. There were no major variations vis-a-vis the budget provision.

The rent receipts do not appear to be subject to proper budgeting. An analysis of budget estimates showed that the projections were at variance both with the actual collection of the previous years as well as the rent due (current and arrears). The assumptions underlying the budget were not clear.

#### 4.1.5.1 Rent Collection

The system for rent collection was not effective given that the ED did not maintain a Rent Roll Register or a centralised data base of tenants mentioning name, flat number, monthly rent, rent realised and rent due. A statement furnished by the EM revealed that rent of Rs 1.90 crore remained unrealised as of March 2009 as shown below (Table-4.1.4):

**Table-4.1.4: Status of Collection of Rent**

<i>(Rupees in crore)</i>				
Year	Rent due	Rent Collected	Shortfall	Percentage of shortfall
2004-05	6.75	3.87	2.88	43
2005-06	6.73	4.21	2.52	37
2006-07	6.80	3.09	3.71	55
2007-08	7.06	3.87	3.19	45
2008-09	6.97	5.07	1.90	27

*Source : Departmental records*

The EM was unable to quantify the arrear component of the annual collection in absence of a database. A Rent Register showing date wise collection of rent was maintained, but it did not contain any information regarding unrealised rent. Hence, it was not possible for the EM to effectively watch over unrealised rent and take timely action.

In terms of West Bengal Government Premises (Tenancy Regulation) Act, 1976, tenancy stands automatically terminated without any notice where the tenant makes default in payment of rent for three consecutive months. The Act also prescribes that sub-letting or unauthorised occupations are cognizable offences punishable with fine, imprisonment or both. But in spite of having 203 staff and officers, the Directorate failed to enforce the Act. Records revealed that against 2041 defaulter tenants at Kolkata, notice had been served to only 762 (37 per cent) and against the remaining defaulters, no action had been taken as of March 2009. Rules required rent to be paid by the 12<sup>th</sup> day of each month but the rent collection register showed that mostly the arrear rent was being collected instead of current rent.

The Department replied (November 2009) that necessary action for collection of arrear rents and serving of notice to the defaulters was being taken. The Estate Manager also stated that efforts were being made to develop a consolidated database of demand, collection and shortfall of rent.

Due to non enforcement of Tenancy Act rent of Rs 1.90 crore remained unrealised

## Recommendation

*Rent collection and budgeting for receipts were handicapped due to non availability of data relating to arrear and current demand. The annual shortfall in rent collection was 41 per cent on an average. The Directorate may consider setting up a comprehensive data base to facilitate collection. Alternatively the Department may consider outsourcing the rent collection.*

## 4.1.5.2 Unauthorised occupation

Rs 2.16 crore remained unrealised from unauthorised occupants

Out of 19741 rental flats in 88 Housing Estates under ED, a substantial number of flats were occupied by unauthorised persons. The Directorate when queried could not provide the data regarding the total number of unauthorised occupants and the amounts due from them. Scrutiny revealed that 103 rental flats (as on March 2009) in different Government Housing Estates in and around Kolkata were under unauthorised occupation since July 1986. Despite the Supreme Court's direction (July 2008) to evict all unauthorised occupants by 14 November 2008 positively, the Department failed to do so. Rs.2.16 crore remained due towards rent/penal rent from the unauthorised occupants. In Durgapur, 559 flats were under unauthorised occupation since 1<sup>st</sup> January 2000. Termination notices to 370 occupants were served till May 2009 but only six flats were vacated. The failure to take action against unauthorised occupation has deprived applicants who have been waiting for allotment since 1982. The Department admitted (November 2009) that even after decision of Hon'ble Supreme Court full eviction could not be carried out and the issue being a sensitive one had been referred to the Chief Secretary.

## 4.1.5.3 Fixation of rent

Loss of Rs 95.08 crore due to fixation of rent on lower side

The Department professed the policy of "no profit no loss" for fixation of rent but did not ensure a rent structure that recovers the maintenance cost. The last two revisions done in 1996 and December 2002 were inadequate. Against the yearly rent of Rs 3.09 crore to Rs 5.07 crore collected during 2004-09, the expenditure on maintenance and establishment ranged from Rs 20.65 crore to Rs 25.30 crore, implying a loss of Rs 95.08 crore (*Appendix 4.2*). To avoid the burden of maintenance cost, the proposal for transfer of 688 flats of six Rental Housing Estates to the occupants was under consideration as of December 2008. The Department replied (November 2009) that the proposal for revising the rent was under process, however, rent enhancement being a social issue it might not be at par with expenditure incurred on this account.

## 4.1.5.4 Depositing rent

Under the existing procedure, Caretaker-cum-Rent Collector collects rent cheques from the tenants. The Directorate remits these into Government account. Sample check of challans and rent collection statements revealed that cheques were deposited in RBI 25 days after collection on an average, resulting in loss of interest. The Department replied that necessary measures were being taken to minimise the time gap between cheque collection and remittance.



Recommendation

*The procedure needs to be simplified to cut down the delays which went beyond 60 days on occasions. The Department could allow the tenants to directly deposit the rents in banks and monitor through challans and bank statements.*

**4.1.6 Brick Production Directorate**

The Brick Production Directorate was set up for stabilisation of market price of bricks in the state and for protection of agricultural land by making use of river silt for large scale manufacture of bricks. The BPD headed by the Director had eight<sup>12</sup> manual brick production units in different districts under two divisions<sup>13</sup> and a mechanized brick factory (MBF). A Deputy Director looks after each division while a Works Manager is in charge of the brick factory. Records for the years, 2004-05 to 2008-09 in the office of the Works Manager and in two divisions of BPD were test checked for conducting Integrated Audit of the Housing Department.

**4.1.6.1 Budgetary controls**

Though set up as a self-supporting unit, the BPD sustained loss regularly due to partial capacity utilisation of the MBF, suspension of production in manual brick-fields and pilferage of bricks. The net loss in the manual units ranged between Rs 6.49 lakh and Rs 1.43 crore per year while the MBF suffered loss of Rs 4.20 crore to Rs 5.09 crore during 2004-05 to 2008-09.

The Directorate had Non-Plan savings every year except in 2008-09; while almost the entire Plan allocation was unutilised in 2006-07 and 2007-08 as evident from the following table (Table 4.1.5).

Table 4.1.5: Budget provision and actual expenditure

Year	Budget Provision		Actual Expenditure		Savings	
	Plan	Non plan	Plan	Non plan	Plan	Non plan
2004-05	Nil	14.13	Nil	7.38	Nil	6.75
2005-06	Nil	8.21	Nil	7.66	Nil	0.55
2006-07	0.10	8.26	Nil	7.03	0.10	1.23
2007-08	0.10	8.13	0.01	7.64	0.09	0.49
2008-09	0.10	8.80	0.10	8.97	Nil	(-) 0.17
<b>Total</b>	<b>0.3</b>	<b>47.53</b>	<b>0.11</b>	<b>38.68</b>	<b>0.19</b>	<b>8.85</b>

Source: Departmental records

The Non-Plan savings in 2004-05 were due to suspension of work at one of the brickfields. In 2006-07 and 2007-08, Plan savings were due to the failure to take up the expansion project at MBF due to delayed preparation of estimates. The Directorate stated that Non-Plan savings in other years were due to incorrect estimation of establishment expenditure.

<sup>12</sup> Akra at South 24 Pgs, Abdulghata at Uttar Dinajpur, Kalyani at Nadia, , Jalaghata at Hooghly, Borai at Hooghly, Haldia at East Medinipur, Amirpur at Bardhaman, Kanchan Nagar at Bardhaman

<sup>13</sup> Central Division & Akra Division.

**Maintenance of accounts**

Despite having a Joint Director (Accounts) and Assistant Director (Commercial) for preparation of accounts, the pro forma accounts had not been finalised since 1996-97. The BPD admitted (February 2009) the problems in compilation of the accounts from the basic records, maintained as per PWD system, but did not take any action for maintenance of journal, ledger etc. necessary for preparation of commercial accounts. The reconciliation of CTI and CTR was in arrear from October 1968 and from December 2008 in respect of two divisions of BPD. The Department replied (November 2009) that steps were being taken to engage a Chartered Accountancy firm to finalise the pending Proforma Accounts of this Directorate.

**4.1.6.2 Functioning of brick fields**

Loss of  
Rs 15.64 crore  
due to poor  
capacity  
utilisation.

The MBF was more than 42 years old and had outlived its economic life. It produced 2.05 crore bricks during 2004-09 against the capacity of 15 crore, with average capacity utilisation of only 14 percent a year. The production cost increased from Rs 8.51 per brick to Rs 17 while the sale revenue per brick was only Rs 2.26 to Rs 3.36, leading to loss of Rs.15.64 crore during 2004-09 (*Appendix 4.3*). The recommendation<sup>14</sup> (2002) of the Building Materials and Technology Promotion Council to modernize and upgrade the MBF at an estimated cost of Rs 2.61 crore had not been implemented.

New concept of  
production not  
yet  
implemented

Only one of the eight<sup>15</sup> manual brickfields was partially operational. In five fields, production could not be started due to lack of infrastructure like chimneys and roads, while two<sup>16</sup> fields had been declared abandoned due to scarcity of silt. The Directorate sold 2.69 crore of bricks lying at one of the brickfields at a loss of Rs 1.95 crore<sup>17</sup> leaving 2.31 crore bricks still unsold as of March 2009. No consideration was given to the possibility of utilizing the bricks in departmental projects. The Department replied (November 2009) that this was due to distance of the work sites from the brick fields. The reply is not tenable as brick fields are usually situated away from urban areas where housing projects are executed.

In an attempt to revive the brickfields the Government decided (August 2003) that contractors would take possession of the existing stock on as is where is basis, sell them at rates fixed by them and manufacture bricks on payment of usage charges for the Government infrastructure (kiln, chimney and land etc). The concept had been partially implemented in one brickfield. However, the response had not been good since the contractors were reluctant to take possession of the old stock and acknowledge receipt of the book balance in

<sup>14</sup> Transportation of raw materials from Palta works departmentally, Construction of additional storage shed, installation of clay cleaning machine, increase in finger cars and pallets and reduction of staff strength.

<sup>15</sup> Seven fields are under the control of Central Division and rest one field (Akra) was under Akra Division

<sup>16</sup> Borai & Kanchannagar

<sup>17</sup> Loss assessed by BPD in November 2002, figure of actual loss yet to be furnished by BPD.

view of the shortage of bricks and brick materials valued at Rs 0.77 crore as revealed during physical verification in February 2009.

### *Pilferage of bricks*

Bricks valuing  
Rs 1.45 crore  
pilfered and  
130.69 acres of  
land encroached

Akra brick field had unsold stock of 7.5 crore bricks when the production was stopped in August 2001. During 2001-04, 80 lakh bricks valuing Rs 1.45 crore were pilfered as reported during physical verification (2004-06). Instances of irregularities like non submission of monthly stock balance report, quantities of delivery order not included in the Measurement Books (MB) and contractors not signing the MBs were noticed. Except for issuing memos, BPD did not take any action to fix responsibility for the loss or to stop pilferage. In Kalyani out of the stock of 40<sup>18</sup> lakh of bricks lying unsold since 1994-2001, 23 lakh were forcibly taken by two co-operative agencies but the matter was still pending with the police since October 2003. In addition, 130.69 acres of land had been encroached in two brickfields<sup>19</sup>. The Department replied (November 2009) that attempts were being made to start work in idle brickfields and shortage of bricks would be adjusted.

### 4.1.6.3 Deployment of Personnel

The Department had not carried out a scientific assessment of manpower requirements, category and position-wise, taking into account the present and future requirements and well defined work norms. Majority of manpower (78 employees) under BPD remained idle since 2001 and the Department spent Rs. 3.61 crore on their pay and allowances during 2004-09 without utilizing their services. The Department however had not worked out a redeployment plan. The Department replied (November 2009) that the matter of redeployment of excess staff in other sections/offices for proper utilisation of their services was being worked out.

Recommendation

*In view of the poor track record of the brick production units, Government needs to take a commercial decision about the feasibility of its continued involvement in this activity, as the factors that prompted Government to do so in the past may not be relevant now.*

### 4.1.7 West Bengal Housing Board

West Bengal Housing Board, an autonomous body under the Housing Department is entrusted with the construction of flats for common people and outright sale of flats through lottery. WBHB consists of the Minister, Housing as the Chairman and ten other members. The Housing Commissioner is the Chief Executive Officer of WBHB. The records for the years 2004-05 to 2008-09 in the office of WBHB were test checked for conducting Integrated Audit of the Department.

<sup>18</sup> Two out of 6 kilns: 23 lakh since August 2001 + 1 kiln: 17 lakh since 1994

<sup>19</sup> Kalyani (30.69 acre) & Akra (100 acre)

Projects  
suspended for  
five to 26 years

WBHB had constructed 36460 flats consisting of 1151 units for EWS, 5710 units for LIG, 12955 MIG units and 16644 Higher Income Groups (HIG) units for different categories of the people till March 2009. This showed that proportionately lower number of flats were constructed for EWS and LIG categories. The asymmetry had continued in the 11<sup>th</sup> five year plan, for which WBHB had set the target of 6000 flats (EWS-400, LIG-1500, MIG-1300 and HIG-2800) in ten cities, against which only 1249 flats were constructed during 2007-08 and 2008-09. Apart from the disproportionate allocation of resources among the different economic classes, there was geographic asymmetry too as WBHB had not taken up any projects in 9<sup>20</sup> districts of the state. Many projects taken up in the past had remained suspended for 5 to 26 years (Joka: 1983, Durgapur: 1991, Krishnagar-Ranikuthi: 1995 and Farakka: 2004) due to failure of the Land and Land Reform Department to acquire the land although Rs 2.16 crore had been transferred for the purpose. The Department accepted that non-availability of land constrained construction.

Share reserved  
for public not  
yet issued

To cope with the shortage of housing, WBHB had formed during 1993-2009, 9 Joint Venture Companies (JVC), with 49.5 per cent shareholding each by the private company and the Housing Board. The remaining one per cent share required to be issued to the public had not been issued so far. During the period from 2004-05 to 2008-09, 8 JVCs had completed the construction of 5464 flats in 20 projects at a cost of Rs 668.93 crore. Construction of 7312 flats in 15 projects was in progress. It was seen that the system had worked to the advantage of the private partners, as the WBHB had not exercised the controls envisaged in the Memorandum of Understanding (MoU) with private companies, as discussed in the subsequent paragraphs.

#### 4.1.7.1 Financial Reporting

WBHB is required to annually lay before the State Legislature the Separate Audit Report (SAR). This is in arrear since 2006-07. The SARs for the years 2004-05 to 2008-09 had highlighted significant deviations from accounting practices and accounting standards. It was seen that WBHB had not framed an accounting policy and statutory requirements like revaluation and physical verification of assets (under Section 41 of WBHB Act, 1972) were not complied with. Even basic controls like authentication and verification of Cash Book balances, preparation of bank reconciliation statements and debtors' details were bypassed.

#### 4.1.7.2 Corporate governance and MoU provisions

Corporate governance is a system by which business entities are directed and controlled. It specifies the distribution of rights and responsibilities among the board, the executive and the shareholders. It spells out the rules for corporate decision making and provides the structure for performance monitoring.

<sup>20</sup> Coochbehar, Uttar Dinajpur, Dakshin Dinajpur, Malda, Murshidabad, Purulia, Bankura, Birbhum and West Midnapore.

The MoUs between WBHB and the private partners seek to provide a framework for performance monitoring of the JVCs. The MoUs provided that WBHB would nominate the Chairman and half the total numbers of directors while the remaining directors would be nominated by the private partner. Accordingly, WBHB had nominated three directors and the Chairman for each JVC. It was seen that all the nine Chairmen and 14 out of 24 directors were retired government officers and were not accountable to Housing Department. WBHB had no mechanism to ensure that its nominee directors functioned independently to further the objectives for which the JVCs were formed. WBHB had no record of the board meetings attended by the nominee directors and of their role in the governance and supervision of the activities of the JVCs.

In eight projects the number HIG flats constructed was higher than the prescribed ratio

The JVCs were required to construct 50 per cent LIG and MIG flats and 50 per cent HIG flats in each project. But in eight out of 35 projects executed during 2004-05 to 2008-09, the number of HIG flats constructed ranged between 51 and 87 per cent of the flats constructed (*Appendix 4.4*). The Department replied (November 2009) that the JVC would be asked to comply with the terms of MoU strictly in future.

In violation of MOU, the JVCs were not regular in submitting their annual accounts to WBHB. Only 17 (43 per cent) out of 40 accounts were found to have been submitted by JVCs during the last five years. WBHB had not taken up the issue with the JVCs.

Scrutiny of accounts of JVCs revealed that a loan of Rs 1 crore was given (2006-07) by one JVC to relatives of key management personnel. The loan was repaid with interest of Rs 4.22 lakh within the year. Further, against loans of Rs 69.67 crore given to associate companies, Rs 46.43 crore was repaid besides payment of interest of Rs 2.84 crore as of March 2007. WBHB did not scrutinize the terms and conditions and details of disbursement/repayment of loans and interest as required by provisions of MoU.

In terms of the MoU, accounts/records of JVCs may be inspected by WBHB or any person deputed by it and records relating to purchase of properties and assets should be sent to the Housing Board, but this was not done. Scrutiny of the accounts of eight JVCs revealed that their expenditure during 2004-05 to 2008-09 included purchase of construction materials of Rs 100.85 crore, Consultancy and professional fees of Rs 20.88 crore, Miscellaneous expenses of Rs 6.78 crore and purchase of other assets worth Rs 5.78 crore. WBHB also did not inspect assets, installations, and equipment and construction material as provided in the MoUs.

The Department replied (November 2009) that as per Company's Act, the Board of Directors of each company was responsible to the shareholders. WBHB has very little to do in this regard unless the situation so demands. The reply is not acceptable as it runs counter to the terms of the MOU and does not explain why the ownership interest of the government as the majority shareholder was not being adequately protected by WBHB.

#### 4.1.7.3 Pricing of flats

Non fixation of price ceiling led to extra burden on buyers of flats

The MOUs stipulated that Government would have a say in the pricing of flats, at least for LIG/MIG category, which should be fixed by the JVCs in conformity with the Government's guidelines. The Government did not fix the prices of LIG/MIG flats until April 2007. Analysis showed that because of this in two projects the buyers had to pay Rs 1 lakh to Rs 1.4 lakh extra per flat over and above the price ceiling of Rs. 10.50 lakh for MIG and Rs 3 lakh for LIG flats respectively. In two other projects this price ceiling was not followed and the buyers made excess payment of Rs 0.96 lakh to Rs 1.68 lakh per flat. Rs 5.72 crore was the extra burden borne by the buyers (*Appendix 4.5*). Though WBHB is providing help in acquiring land at concessional rates, sanction of plans, and technical assistance it did not ensure that prices fixed by the JVCs were reasonable and based on government directives.

#### 4.1.7.4 Recovery of Administrative charges

WBHB recovers administrative charges from the JVCs for checking structural and architectural design and for undertaking purchase of land for the JVCs. Interest has to be levied for delayed payment.

In contravention of the relevant Government order (2007), the Board allowed one JVC<sup>21</sup> to pay the administrative fees (Rs 1 crore) in installments instead of one lump sum. The Board did not even issue notice for recovery of Rs 62.93 lakh (May 2009) when the JVC defaulted in payment. The Department stated that due to economic recession the JVC was not in a position to pay the due installment and the matter would be taken up with the Government very soon.

One JVC<sup>22</sup> purchased 11.80 acre of land for Housing Project in Ghuni, District South 24 Parganas for Rs 55.46 crore but had not paid the administrative charges of Rs 55.46 lakh. The Board did not levy the applicable interest of 15 per cent. The Department admitted (November 2009) the audit observation and stated that suitable action would be taken.

Interest of Rs. 1.20 crore for delayed payment exempted to 2 JVCs

Two JVCs<sup>23</sup> which were allotted 9.98 acres of land in 2003-04 for 12.08 crore, delayed the payment of second installment but were not charged interest at all. Thus WBHB had to forego interest amounting to Rs. 1.20 crore. Penal interest for delay in payment was kept at 14 per cent for one JVC<sup>24</sup> and 12.5 per cent per for another JVC.<sup>25</sup>

<sup>21</sup> Bengal Green Field Housing Development Company Ltd.,

<sup>22</sup> Benagl Shrachi Housing Development Company Ltd.

<sup>23</sup> Bengal Park Chambers & Bengal United Credit Belani 4.803 acre & 5.1833 acre of land at Rs.5.18 crore and Rs 6.27 crore respectively in 2003-04.

<sup>24</sup> Bengal Shelter

<sup>25</sup> Bengal United Credit Belani

Land price was clearly mentioned in Developer Agreement of one JVC<sup>26</sup> (November 2004) while the same was not mentioned in case of another JVC<sup>27</sup> (May 2007). The Department noted (November 2009) the audit observation.

#### 4.1.7.5 Accountability issues

Paragraph 4.2.4 of the Report of the C & AG of India (Civil) for the year ended 31<sup>st</sup> March 2006 had highlighted a case where WBHB had transferred land acquired at concessional rate for EWS and LIG Housing to a private party for a commercial housing project. Taking a serious view of the matter the PAC in its 16<sup>th</sup> Report had recommended investigation and review of the policy of social housing schemes in joint venture to stop malpractices. There was no evidence of this issue having been addressed. As already discussed the accountability mechanism in WBHB was significantly weak.

#### Recommendation

*The department had transferred a significant part of its housing activities to joint ventures, the ownership structure (49.5 percent each) of which was designed to avoid statutory audit and public scrutiny. This was evident from the fact that the remaining one per cent share in the JVCs was not issued to the public even after 16 years. These ventures functioned without any accountability or concern for the objectives for which they were set up. There should, therefore be an independent evaluation of the functioning of the joint venture companies to ensure transparency and adherence to the norms of corporate governance.*

#### 4.1.8 Conclusion

There were serious issues in the functioning of all the three Directorates. In absence of detailed action plans and budgetary control, the Housing Directorate could not meet the physical and financial targets for scheme execution. Despite the housing shortage, poor planning and defects in construction resulted in non utilisation of completed units. The Estate Directorate was not effective in raising demand and collecting rent. Most of the Brick Production units were non functional. The West Bengal Housing Board's role in the joint ventures with private parties was of a facilitator without much regard to the objectives for which these ventures were set up. The activities of the Department have not addressed the housing needs of the state comprehensively.

#### Summary of recommendations

*The Department needs to periodically review the expenditure and make necessary interventions for optimal utilisation of fund outlay and realistic budgeting.*

*The Housing Directorate may consider setting up a central project monitoring cell with a computerized data base to supervise the*

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<sup>26</sup> Bengal Shelter

<sup>27</sup> Bengal United Credit Belani

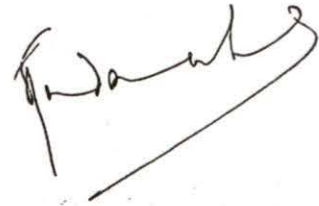
*implementation of ongoing schemes. A long term plan may be prepared indicating the prioritisation of works to ensure coverage of people of different economic categories.*

*The Housing Directorate needs to assess the demand correctly prior to construction to ensure utilisation of completed units.*

*The Estate Directorate needs to set up a comprehensive data base to facilitate rent collection. Alternatively the Department may consider outsourcing the rent collection.*

*The Government needs to take a commercial decision about the feasibility of its continued involvement in brick production.*

*There should be an independent evaluation of the functioning of the joint venture companies set up by the West Bengal Housing Board to ensure transparency and adherence to the norms of corporate governance.*



**(SUDARSHANA TALAPATRA)**  
**Principal Accountant General (Audit)**  
**West Bengal**

**Kolkata**  
**The**

9 MAR 2010

**Countersigned**

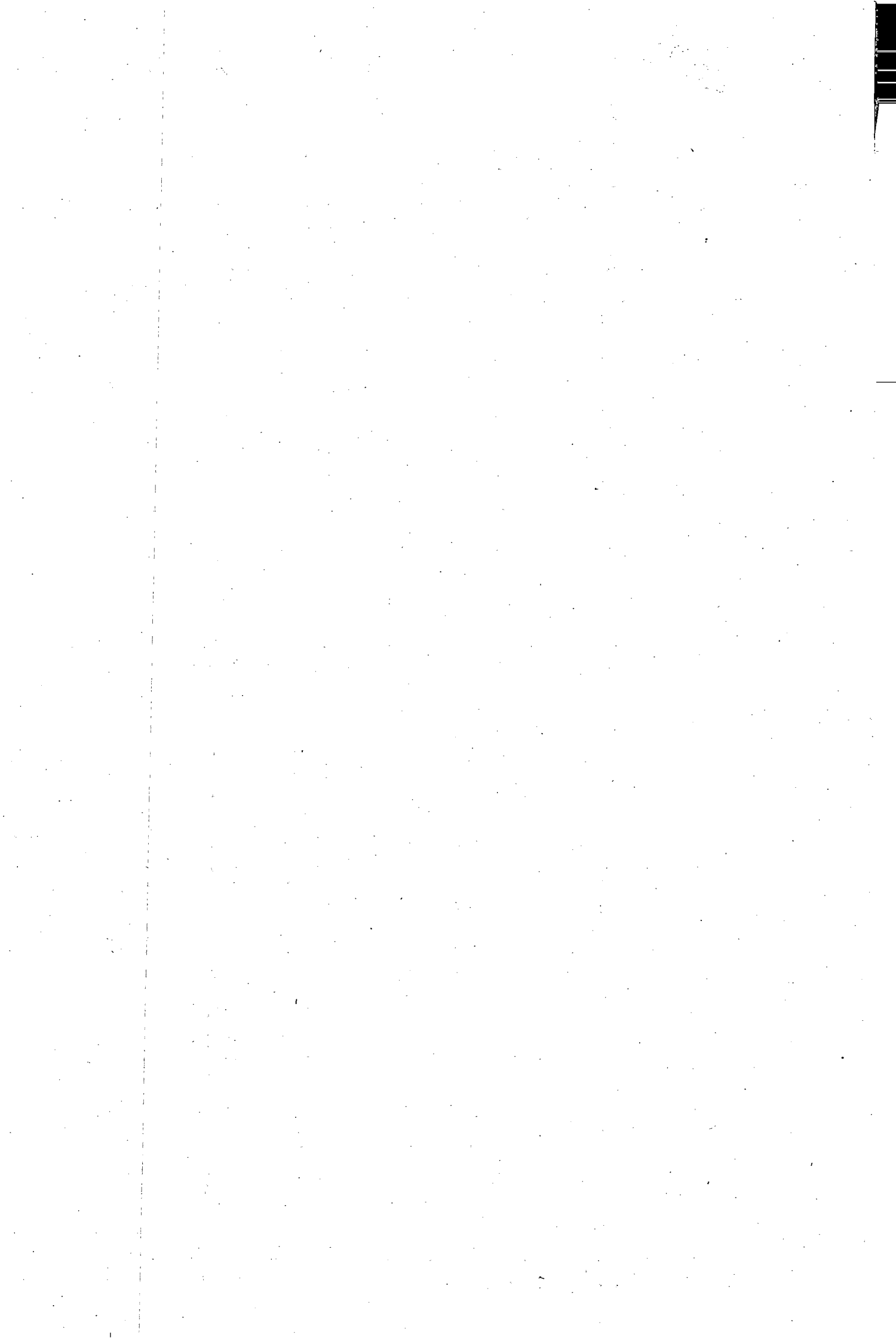


**(VINOD RAI)**  
**Comptroller and Auditor General of India**

**New Delhi**  
**The**

11 MAR 2010





# APPENDICES



## Appendix- 2.1.1

(Refer paragraph 2.1.5.1 page 12)

Statement showing the component-wise receipts and expenditures under NRHM during the years from 2005-06 to 2008-09

Name of scheme	2005-06		2006-07		2007-08		2008-09	
	Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure
	(Rupees in lakh)							
RCH including immunisation	11188.52	7011.77	14324.03	7618.91	16350.96	10151.87	25853.49	8431.42
NRHM additionalities	0	0	11563.87	5215.77	33610.5	17643.77	37435.08	13345.72
National Vector Borne Disease Control Programme	298.68	159.16	616.06	410.61	484.82	317.14	543.18	281.2
National TB Control Programme	1048.55	959.42	1189.13	1184.15	1414.25	1412.58	1426.67	1422.71
National Leprosy Eradication Programme	186.96	148.36	293.66	182.95	120.71	91.05	288.63	237.49
National Programme for Control of Blindness	316.96	286.28	603.72	461.2	669.27	515.95	1317.92	704.4
Integrated Disease Surveillance Programme	241.99	0.04	263.84	222.69	44.9	25.63	26.98	4.02
Iodine Deficiency Disorder Disease Control Programme	0	0	1.23	1.23	2.21	2.21	0	0
<b>Total</b>	<b>13281.66</b>	<b>8565.03</b>	<b>28855.54</b>	<b>15297.51</b>	<b>52697.62</b>	<b>30160.2</b>	<b>66891.95</b>	<b>24426.96</b>

Appendix- 2.1.2

(Refer paragraph 2.1.8.2, page 19)

Statement showing non-availability of basic infrastructure in test-checked Health Centres

Sl. No.	Particulars	Sub Centre	Primary Health Centre	Community Health Centre
1.	Total number audited	60	30	15
2.	Centres running without a building	2	Nil	Nil
3.	Centres having no Government building	21	Nil	Nil
4.	No. of health centres in close vicinity of garbage dump/cattle shed/stagnant pool/pollution from industry	6	1	Nil
5.	No. of health centres where the building was in dilapidated condition	4	7	Nil
6.	No. of health centres where cleanliness was poor	10	5	1
7.	No. of health centres where suggestion/complaint box was not kept prominently	60	30	15
8.	No. of health centres where separate utilities for men and women not present	58	28	3
9.	No. of health centres where OPD rooms/cubicles not present	5	Nil	Nil
10.	No. of health centres where operation theatre/minor operation theatre not present (where applicable)	Not applicable	30	3
11.	No. of health centres where operation theatre/minor operation theatre was present but not functional (where applicable)	Not applicable	Nil	5
12.	No. of health centres where labour room not present (where applicable)	Not applicable	21	Nil
13.	No. of health centres where labour room was present but not functional (where applicable)	Not applicable	5	Nil
14.	No. of health centres where in-patient services were not available	Not applicable	26	Nil
15.	No. of health centres where full complement of beds (six beds in PHC and 30 beds in CHC) was not available	Not applicable	26	10
16.	No. of health centres where separate ward for male and female not present (where applicable)	Not applicable	27	Nil
17.	No. of health centres where waiting rooms for patients was not present/not in good condition	53	9	Nil
18.	No. of health centres where 24 hours emergency service was not available	60	30	Nil
19.	No. of health centres where essential laboratory services as per NRHM norms were not available	Not applicable	30	15
20.	No. of health centres where essential laboratory services were partly available	Not applicable	1	15
21.	No. of health centres where X-ray facility was not available	Not applicable	30	10
22.	No. of health centres where blood storage facility was not available	Not applicable	Not applicable	15
23.	No. of health centres where medical store was not present	60	10	Nil
24.	No. of health centres where required number of vehicles/ ambulance was not available	60	30	Nil
25.	No. of health centres where Citizen's Charter was not displayed prominently with local language	60	30	15
26.	No. of health centres without provision of water supply	29	6	Nil
27.	No. of health centres without provision of storage of water	54	17	Nil
28.	No. of health centres without facility of sewerage	58	21	Nil
29.	No. of health centres without facility of medical waste disposal	60	30	11
30.	No. of health centres without electricity connection/power supply	42	9	Nil
31.	No. of health centres without working facility of standby power supply/generator	60	29	7
32.	No. of health centres without telephone connection	60	30	Nil
33.	No. of health centres without computer	60	30	Nil
34.	No. of health centres without accommodation facilities for attendants of admitted patients	Not applicable	30	14
35.	No. of health centres where accommodation facilities for staff was not occupied	Not applicable <sup>1</sup>	24	Nil
36.	No. of health centres where accommodation facilities for staff was partially occupied	Not applicable	6	15

<sup>1</sup> Accommodation for staff was not available in Sub-centres

## Appendix 2.1.3

(Refer paragraph 2.1. 8.2(iii), page 19)

Statement showing non-availability of equipment in the operation theatres of 12 CHCs

	Number of CHCs where equipment was present and functional	Number of CHCs where equipment was present but not functional	Number of CHCs where equipment was not present
Boyle's apparatus	3	3	6
Cardiac Monitor for OT	Nil	Nil	12
Ventilator for OT	Nil	Nil	12
Vertical High Pressure Steriliser 2/3 drum capacity	6	3	3
Shadowless lamp pedestal for minor OT	2	2	8
Gloves and dusting machines	4	2	6
Nitrous oxide cylinder 1780 ltrs (eight for one Boyles Apparatus)	1	1	10
EMO Machine	Nil	Nil	12
Defibrillator for OT	Nil	Nil	12
Horizontal High Pressure Steriliser	3	1	8
Shadowless lamp ceiling track mounted	3	2	7
OT care/fumigation apparatus	1	Nil	11
Oxygen cylinder 660 ltrs (Ten cylinders for one Boyle's apparatus)	3	3	6
Hydraulic operation table	3	1	8

## Appendix 2.1.4

(Referred to paragraph 2.1.9.1, page 21)

Statement showing the manpower requirement as per NRHM norms, actual deployment vis-à-vis shortage of manpower as compared to the requirements in five audited districts

Name of the post	Manpower strength required as per NRHM norms	Actual Strength			Shortfall			Percentage shortfall to requirement
		31 March 2006	31 March 2007	31 March 2008	31 March 2006	31 March 2007	31 March 2008	
<b>SC LEVEL (2298 SCs in five audited districts)</b>								
Auxiliary Nursing Midwife (ANM)	2298	1806	1846	1884	492	452	414	18
ANM (Contractual)	2298	0	0	0	2298	2298	2298	100
Multipurpose Worker (MPW) – Male or Female	2298	1451	1445	1375	847	853	923	40
<b>PHC LEVEL (210 PHCs in five audited districts)</b>								
Medical Officer-Allopathic	420	207	220	237	213	200	183	44
Medical Officer-AYUSH	210	47	55	76	163	155	134	64
Staff Nurse-Regular	630	337	346	372	293	284	258	41
Lab Assistant	210	8	8	9	202	202	201	96
Pharmacist (Alo+Ay)	420	156	158	160	264	262	260	62
<b>CHC LEVEL (75 CHCs in five audited districts)</b>								
General Surgeon	75	0	0	1	75	75	74	99
Anaesthetists	75	5	12	13	70	63	62	83
Gynaecologist	75	8	11	11	67	64	64	85
Paediatrician	75	6	9	9	69	66	66	88
Pathologist	75	1	1	0	74	74	75	100
General physician	150	182	206	219	(+) 32	(+) 56	(+) 69	-
Pharmacist	150	79	81	88	71	69	62	41
Radiologist	75	1	1	1	74	74	74	99
Staff Nurse-Regular	525	432	443	458	93	82	67	13
Public Health Nurse	75	87	89	87	(+) 12	(+) 14	(+) 12	-
Lab Technician	75	83	86	91	(+) 8	(+) 11	(+) 16	-
Statistical Assistant	75	30	30	31	45	45	44	59

### Appendix 2.1.5

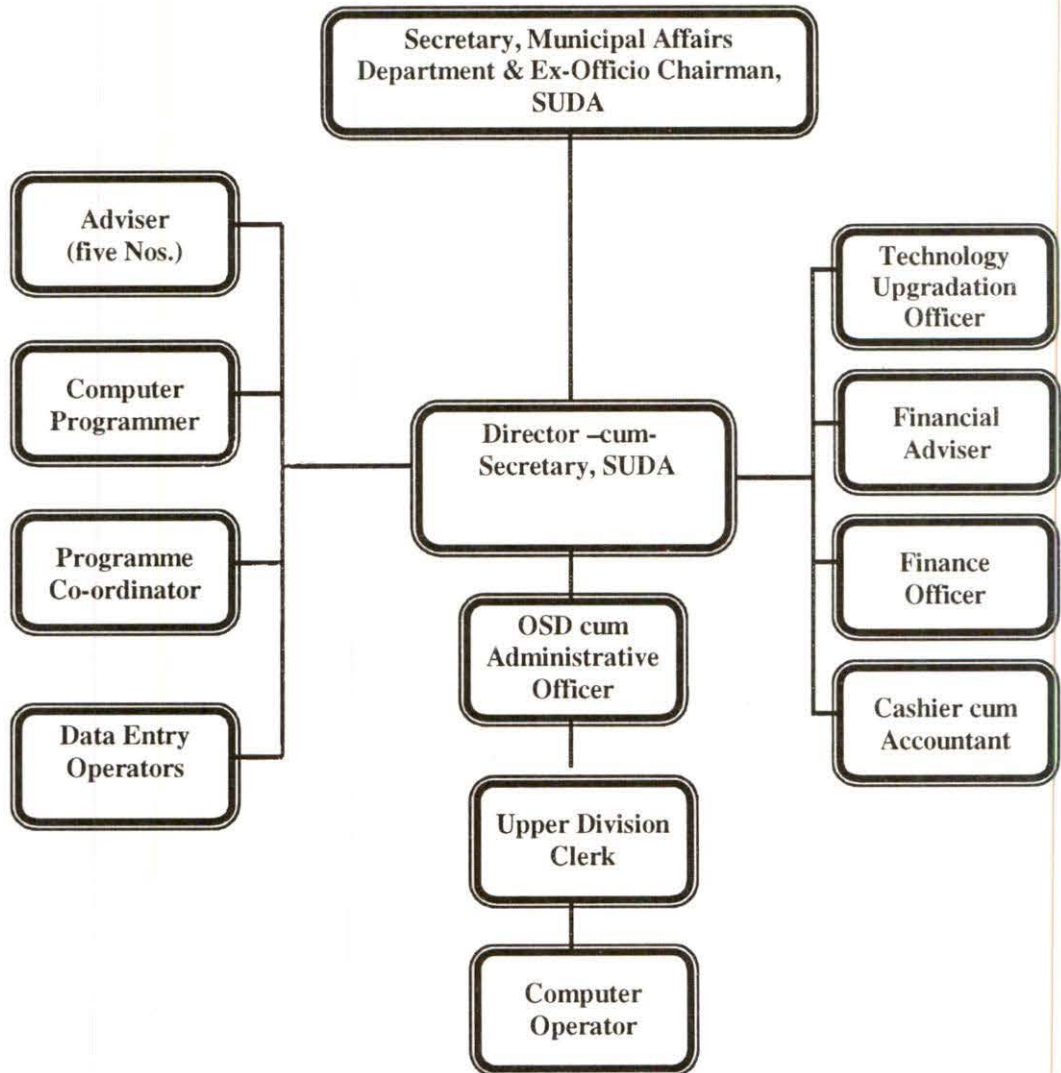
(Refer paragraph 2.1.11.4 (a), page 29)

Statement showing the targets and achievements under routine immunisation during each of the years from 2005-06 to 2008-09

Year	Target	Achievement					DT		TT(10)		TT(16)	
		BCG	Measles	DPT	OPV	Fully immunised	Target	Achievement	Target	Achievement	Target	Achievement
2005-06	1728751	1855722	1520463	1621658	1605785	1373110	1563496	1164695	1202715	841211	1074400	611567
2006-07	1735923	1859365	1522628	1588878	1600286	1436249	1536388	1215456	1341865	920086	1250733	678288
2007-08	1799464	1804918	1539610	1573700	1524566	1474786	1727313	1076792	1579895	886833	1471749	681559
2008-09	1737187	1698653	1401356	1192106	1415432	1229126	1542445	666472	1408232	767394	1295071	568997
Total	7001325	7218658	5984057	5976342	6146069	5513271	6369642	4123415	5532707	3415524	5091953	2540411

Appendix 2.2.1  
 (Refer paragraph 2.2.2, page 36)

**Organisation chart of State Urban Development Agency**





## Appendix 2.2.2

(Refer paragraph 2.2.5, page 37)

### Status of Scheme Funds for the last five years upto 2008-09

(Rupees in lakh)

Sl. No.	Name of the scheme	2004-05			2005-06			2006-07			2007-08			2008-09							
		O.B.	Receipt	Payments	C.B.	O.B.	Receipt	Payments	C.B.	OB	Receipt	Payments	C.B.	O.B.	Receipt	Payments	C.B.				
1	SJSRY	802.28	438.93	791.98	449.23	449.23	1061.79	761.91	749.11	749.11	674.93	875.62	548.42	548.42	2216.03	1247.47	1516.98	1516.98	2393.50	1943.07	1967.41
2	VAMBAY	2.20	448.82	74.25	376.77	376.77	380.15	640.80	116.12	116.12	3.20	66.13	53.19	53.19	5.01	28.41	29.79	29.79	0.00	11.19	18.60
3	ILCS	970.87	379.95	653.43	697.39	697.39	927.45	1555.13	69.71	69.71	203.71	302.77	-29.35	-29.35	352.58	337.02	-13.79	-13.79	187.05	123.66	49.60
4	UIDSSMT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3906.14	11.45	3894.69	3894.69	6858.31	5926.01	4826.99	4826.99	9391.46	8009.76	6208.69
5	IHSDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4080.34	17.32	4063.02	4063.02	14056.66	9305.32	8814.36	8814.36	11829.45	10275.63	10368.18
6	NUIS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34.34	16.34	18.00	18.00	0.00	0.32	17.68	
7	Bastee Improvement Development Grant(01-02)	7.34	0.00	2.24	5.10	5.10	0.00	3.58	1.52	1.52	0.00	0.00	1.52	1.52	0.00	0.00	1.52	1.52	0.00	0.00	1.52
8	Development Grant (02-03)	0.26	0.00	0.00	0.26	0.26	1.46	0.00	1.72	1.72	0.00	0.00	1.72	1.72	0.00	0.00	1.72	1.72	0.00	0.00	1.72
9	Entertainment Tax Grant	38.00	0.00	9.00	29.00	29.00	0.00	5.00	24.00	24.00	0.00	0.00	24.00	24.00	0.00	0.00	24.00	24.00	0.00	0.00	24.00
10	Restoration of Flood Grant	718.68	12.45	723.73	7.40	7.40	890.84	890.84	7.40	7.40	470.28	0.00	477.68	477.68	0.00	7.40	470.28	470.28	0.00	0.00	470.28
11	11th Finance Commission	209.34	3849.78	47.23	4011.89	4011.89	0.00	3940.31	71.58	71.58	10.00	59.00	22.58	22.58	0.00	0.00	22.58	22.58	0.00	0.00	22.58
12	Basic Minimum Service (BMS)	57.90	0.00	11.75	46.15	46.15	0.00	42.84	3.31	3.31	0.00	0.00	3.31	3.31	750.00	0.00	753.31	753.31	0.00	20.96	732.35
13	Bhadhayak Elaka Unnayan Prakaalpa (BEUP)	756.35	664.49	456.87	963.97	963.97	1290.98	877.72	1377.23	1377.23	1049.32	608.68	1817.87	1817.87	534.74	639.39	1713.22	1713.22	0.00	1712.72	0.50
14	Const./renovation of fruits/veg. markets	115.64	0.00	90.00	25.64	25.64	0.00	0.00	25.64	25.64	0.00	0.00	25.64	25.64	0.00	0.00	25.64	25.64	0.00	0.00	25.64
15	GPF/CPF of employees under ROPA 98	13029.53	13.69	1915.10	11128.12	11128.12	125.41	800.73	10452.80	10452.80	0.00	0.00	10452.80	10452.80	0.00	5.81	10446.99	10446.99	4.75	6000.00	4451.74
16	Imp.of roads in ULBs	102.72	0.00	100.56	2.16	2.16	0.00	2.16	0.00	0.00	0.00	0.00	0.00	0.00	4.29	0.00	4.29	4.29	0.00	0.00	4.29
17	National Slum Development Project	317.47	11.61	120.18	208.90	208.90	283.29	404.93	87.26	87.26	0.00	45.42	41.84	41.84	0.00	1.16	40.68	40.68	0.00	0.00	40.68
18	PWD (Roads) Dept. Grants for ULBs	78.79	0.00	0.00	78.79	78.79	0.00	78.73	0.06	0.06	0.00	0.00	0.06	0.06	0.00	0.00	0.06	0.06	0.00	0.00	0.06
19	State Finance Commission (01-02)	143.61	0.00	48.35	95.26	95.26	0.14	76.99	18.41	18.41	0.00	16.41	2.00	2.00	0.00	0.00	2.00	2.00	0.00	0.00	2.00
20	Incentive	5.00	0.00	0.00	5.00	5.00	0.00	0.00	5.00	5.00	0.00	0.00	5.00	5.00	0.00	0.00	5.00	5.00	0.00	5.00	0.00
21	SHASU/SHASU T&I	145.11	0.00	0.00	145.11	145.11	0.00	0.00	145.11	145.11	0.00	0.00	145.11	145.11	0.00	0.00	145.11	145.11	0.00	14.84	130.27
22	Tax grant for ULBs in non-KMDA	100.00	2.85	98.05	4.80	4.80	78.30	1.95	81.15	81.15	0.00	74.14	7.01	7.01	0.34	3.60	3.75	3.75	0.00	0.00	3.75
23	Tax grant for ULBs in KMDA	30.00	0.65	30.19	0.46	0.46	153.75	3.68	150.53	150.53	3.75	139.56	14.72	14.72	0.00	1.64	13.08	13.08	0.00	0.18	12.90
24	Urban Reforms Incentive Fund	17.48	0.00	17.43	0.05	0.05	0.00	0.00	0.05	0.05	0.00	0.00	0.05	0.05	0.00	0.00	0.05	0.05	0.00	0.00	0.05
25	Improvement of Play Grounds	44.25	0.00	21.28	22.97	22.97	0.00	22.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26																					

Sl. No.	Name of the scheme	2004-05				2005-06				2006-07				2007-08				2008-09			
		O.B.	Receipt	Payments	C.B.	O.B.	Receipt	Payments	C.B.	O.B.	Receipt	Payments	C.B.	O.B.	Receipt	Payments	C.B.	O.B.	Receipt	Payments	C.B.
27	ILGUS Fund	29.08	13.04	22.97	19.15	19.15	39.69	36.95	21.89	21.89	13.65	17.34	18.20	18.20	2.57	8.86	11.91	11.91	3.73	3.77	11.87
28	Nehru Rojgar Yojana	0.21	0.00	0.03	0.18	0.18	0.00	0.00	0.18	0.18	0.00	0.00	0.18	0.18	0.00	0.00	0.78	0.18	0.00	0.00	0.18
29	World Bank PHRD Grant	4.46	0.00	0.00	4.46	4.46	0.00	0.00	4.46	4.46	0.00	0.00	4.46	4.46	0.00	0.00	4.46	4.46	0.00	0.00	4.46
30	Fixed Grant (04-05)	0.00	500.00	0.00	500.00	500.00	650.00	643.99	506.01	506.01	1265.85	14.00	1757.86	1757.86	0.00	243.18	1514.68	1514.68	1534.54	20.00	3029.22
31	Nabadiganta Ind Township Grant	0.00	0.00	0.00	0.00	0.00	10.00	0.00	10.00	10.00	30.00	20.00	20.00	20.00	0.00	20.00	0.00	0.00	0.00	0.00	0.00
32	Pollution Control Devices under ULBs	0.00	0.00	0.00	0.00	0.00	76.69	0.00	76.69	76.69	0.00	0.00	76.69	76.69	0.00	0.00	76.69	76.69	0.00	0.00	76.69
33	Tax Grant for Vehicle	0.00	0.00	0.00	0.00	0.00	5.00	0.00	5.00	5.00	2298.10	5.00	2298.10	2298.10	0.00	666.52	1631.58	1631.58	0.00	0.00	1631.58
34	Water Supply Facilities (Spot Sources)	0.00	0.00	0.00	0.00	0.00	1290.00	0.00	1290.00	1290.00	0.00	665.24	624.76	624.76	0.00	154.51	470.25	470.25	0.00	50.00	420.25
35	Community Based Pry Health Care Services	0.00	0.00	0.00	0.00	0.00	300.00	0.00	300.00	300.00	0.00	164.23	135.77	135.77	300.00	338.37	97.40	97.40	563.14	633.62	26.92
36	Calamity Relief Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	704.51	100.00	604.51	604.51	0.00	387.09	217.42	217.42	0.00	76.63	140.79
37	Urban Maternal Benefit Scheme	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	352.97	346.28	6.69	6.69	325.93	315.64	16.98	16.98	282.00	208.37	90.61
38	UNDP-National Strategy for Urban Poor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.00	6.91	15.09	15.09	0.00	6.73	8.36
39	Backward Region Grant Fund (BRGF)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24.35	6.75	17.60	17.60	0.00	5.10	12.50
40	IPP-VIII (Ext.) R&D from HUDCO for C.B.	0.00	389.43	140.95	248.48	248.48	446.14	693.60	1.02	1.02	549.45	411.58	138.89	138.89	615.10	421.97	332.02	332.02	453.55	524.37	261.20
41	Calcutta Urban Development Programme III	0.12	0.00	0.00	0.12	0.12	0.00	0.00	0.12	0.12	0.00	0.00	0.12	0.12	0.00	0.00	0.12	0.12	0.00	0.00	0.12
42	Indira Gandhi National Old age Pension Scheme	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5587.24	1427.83	4159.41
43	National Family Benefit Scheme	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.60	0.00	5.60
44	Strengthening of MH-HSDI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.05	10.93	0.12
45	O&M of municipal water supply scheme	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	842.25	0.00	842.25
		17754.22	6725.69	5389.63	19090.28	19090.28	8013.24	11500.44	15603.08	15603.08	15616.20	3960.17	27259.11	27259.11	26102.25	20089.37	33271.99	33271.99	33533.61	31485.31	35320.29

Source: Audited Accounts of SUDA/ Receipt & Payment

Appendix 2.2.3

(Refer paragraph 2.2.5.1, page 39)

Statement showing Centrally sponsored scheme funds diverted by the ULBs

(Rupees in lakh)

Sl No.	Name of the ULB	Name of the scheme	Amount diverted	Period of diversion	Purpose of diversion
1	Berhampur	UIDSSMT	109.60	February 2008 to July 2008	Construction of bus terminus
		UIDSSMT	7.00	June-July 2008	Construction of municipal building and marriage hall
		UIDSSMT	17.50	July 2008 to November 2008	Payment of staff salary, gratuity, pension
		UIDSSMT	40.35	November 2008 to December 2008	Payment of interest on bank loan
		UIDSSMT	6.52	July 2007 to July 2008	Other purposes
		UIDSSMT	90.77	May-2007 to May-2008	Purchase of land of the scheme
		IHSDP	0.60	July-2008	Construction of market complex
		IHSDP	22.00	July 2008 to January 2009	Repayment of bank loan
2	Siliguri	UIDSSMT	4.49	October and November 2008	Construction of boundary wall of a school building
		UIDSSMT	15.44	February to December 2008	Erection of power transmission line
		UIDSSMT	12.51	July 2008	Purchase of equipment
3	Suri	UIDSSMT	6.07	June 2007 to February 2008	Payment of pension of retired employees
		SJSRY	8.76	May 2004 to February 2009	Installation of equipment (Rs 0.46 lakh), construction of building (Rs 1.20 lakh), supply of materials (Rs 1.67 lakh), repair and maintenance (Rs 1.02 lakh) wage to labour (Rs 2.80 lakh) payment of pension (Rs 1.60 lakh) and advertisement charge (Rs 0.01 lakh).
4	Kaliaganj	UIDSSMT	6.51	September 2008	Purchase of land of the scheme
5	Chakdah	IHSDP	10.22	May and September 2008	Interest was diverted to ULB's own fund
		SJSRY	2.08	2005-06	Construction of community meeting hall
6	Gangarampur	IHSDP	33.53	February to May 2008	ULB's own account
7	Katwa	SJSRY	2.05	December 2007	as own contribution to UIDSSMT
		SJSRY	3.22	June 2008 and February 2009	Transferred to own bank account
8	Dhulian	SJSRY	12.69	January 2009	Transferred to own bank account
		SJSRY	1.38	November 2004	Construction of store room
		SJSRY	0.83	June 2005	Repairing of staff quarter
9	Bally	SJSRY	0.13	August 2005	Transferred to National Slum Development Programme
10	Bangaon	SJSRY	25.73	January and September 2007	Payment of salary and pension
		SJSRY	3.26	April 2006 to March 2009	Office expenses
11	Raiganj	SJSRY	1.51	December 1997	Transferred to own fund
Total			444.75		

Source: Cash Books and payment vouchers of respective ULBs

### Appendix 2.2.4

(Refer paragraph 2.2.6.3, page 45)

**Statement showing Status Report of works under UIDSSMT as of March 2009**

Sl. No.	Type of scheme	Towns covered	Date of approval in SESC meeting	Date of sanction by MoF, GOI	Target date of completion	Sanctioned project cost	Revised project cost	Fund released to ULBs	Expenditure incurred	Present status of works
1	Water supply (SS & GS)	Haldia	22.09.06	15.01.07	14.01.09	558.57	611.27	451.74	339.89	Out of 7 items of works, five (CWR, pump house, OHR, laying of distribution lines and rising mains) excepting procurement of pipes and installation of DTW were in progress.
2	Water supply (SS)	Siliguri	22.09.06	15.01.07	14.01.09	2271.00	3095.15	1811.42	1276.83	Out of 5 items of works, 75 to 100 per cent works were completed in respect of 4 items while works relating to 1 work (OHRs) could not be started due to land problem.
3	Water supply (GS)	Tamluk	21.12.06	22.03.07	21.03.09	1135.60	1477.45	628.38	525.77	Out of 7 items of works estimate was yet to be done in respect of 1 item (CWR), works relating to 1 item (three OHRs) were in tendering stage while 35 to 89 per cent works were completed relating to 5 items.
4	Water supply (GS)	Rampurhat	21.12.06	22.03.07	21.03.09	715.67	1150.63	476.31	301.00	Out of 7 items of works, work order was to be issued (pipe lines) while 100 per cent works were completed relating to 4 items and 10 to 95 per cent were completed in respect of 2 items.
5	Water supply (GS)	Suri	21.12.06	22.03.07	21.03.09	965.73	1876.23	449.34	227.68	Out of 7 items, work orders were yet to be issued relating to 2 items (distribution lines and rising mains), works relating to 3 items were yet to be completed due to land problem and 33 to 60 per cent works were completed in respect of 2 items.
6	Water supply (GS)	Gushkara	21.12.06	22.03.07	21.03.09	780.27	1142.28	363.05	278.86	Out of 7 items, estimate was yet to be done in respect of 1 item (CWR) works relating to 2 items (OHR and CWR) were in tendering stage and work order was to be issued in respect of 1 item while 59 to 89 per cent works were completed in respect of 3 items.
7	Water supply (GS)	Krishnagar	02.02.07	22.03.07	21.03.09	1243.00	1474.45	977.26	624.38	Out of 6 items, works relating to 1 item (OHR in one zone) was in tendering stage, work relating to 1 item (pump house) was yet to start while 75 to 100 per cent works were completed relating to 4 items.
8	Water supply (SS)	Berahmpur	22.02.07	31.03.07	30.03.09	1270.00	2309.81	601.75	378.46	Out of 7 items, estimate was yet to be done in respect of 1 item (CWR), work orders were to be issued in respect of 2 items, feasibility study for intake jetty was yet to be done while 31 to 39 per cent works were completed in respect of 3 items.
9	Water supply (SS)	Santipur	22.02.07	31.03.07	30.03.09	1724.00	3370.73	802.13	317.19	Out of 7 items estimates were under preparation in respect of 4 items, 1 item was in tendering stage and procurement of pipes was completed while feasibility study for intake jetty was yet to be done.
10	Water supply (SS)	Katwa	22.02.07	31.03.07	30.03.09	1298.14	2552.34	875.67	516.30	Out of 7 items, 2 items were in tendering stage, tenders in respect of 1 item were final and work order was to be issued, feasibility study for intake jetty was yet to be done while 35 to 90 per cent works were completed in respect of 3 items.
11	Water supply (GS)	Arambag	22.02.07	06.08.07	05.08.09	1122.21	1423.07	796.85	598.25	Out of 7 items, estimate for 1 item (laying of pipe line) was under preparation, 1 item (CWR) was under tendering stage, civil works for 1 item (pump houses) were in progress and work order was issued for 1 item while 67 to 100 per cent works were completed in respect of 3 items.
12	Water supply (SS)	Old Maldah	29.11.07	26.03.08	25.03.10	1819.86	2932.46	846.76	405.34	Out of 6 items, 3 items were in tendering stage and 10 to 20 per cent works only were completed in respect of 3 items.
13	Water supply (GS)	Tarakeswar	15.02.08	31.03.08	30.03.10	927.58	1089.74	440.60	162.68	Out of 6 items, 3 items (pump house, rising main and OHR) were in tendering stage and 28 to 80 per cent works were completed in respect of 3 items (DTW, distribution lines and procurement of pipes).
14	Water supply (GS)	Kaliaganj	15.02.08	04.04.08	03.04.10	1167.84	1786.02	543.39	397.85	Out of 7 items estimate was under preparation for 1 item (CWR), 2 items

Sl. No.	Type of scheme	Towns covered	Date of approval in SLSC meeting	Date of sanction by MoF, GOI	Target date of completion	Sanctioned project cost	Revised project cost	Fund released to ULBs	Expenditure incurred	Present status of works
										(rising mains and distribution lines) were under tendering stage, work orders had been issued in respect of 2 items (DTW and pump house) while 17 to 42 per cent works had been completed for 2 items.
15	Water supply (GS)	Contai	15.02.08	04.04.08	03.04.10	2317.88	2722.29	1078.49	527.12	Out of 7 items, estimates were under preparation for 2 items (CWR and pump house), one item (laying of pipe lines) was in tendering stage, work order had been issued in respect of 3 items while 60 per cent work was done in respect of one item.
16	Water supply (SS)	Diamond-Harbour	08.08.08	18.09.08	16.09.10	3479.90	Not revised	809.58	-	Tender invited only for one item while status in respect of other works were not available in absence of progress report.
17	Water supply (SS)	Dhulian	08.08.08	18.09.08	16.09.10	2062.64	Not revised	-	-	Tender invited only for one item.
18	Water supply (SS)	Kandi	08.08.08	18.09.08	16.09.10	3740.29	Not revised	870.16	-	Tender invited for 2 items and work orders were issued in respect of 2 items while status in respect of other works were not available in absence of progress report.
19	Water supply (GS)	Taherpur	27.01.09	18.03.09	17.03.11	867.75	Not revised	-	-	Not yet started
20	Water supply (GS)	Kharar	27.01.09	18.03.09	17.03.11	679.17	Not revised	-	-	Not yet started
21	Water supply (GS)	Nalhati	27.01.09	18.03.09	17.03.11	567.62	Not revised	-	-	Not yet started
22	Water supply (GS)	Khirpai	27.01.09	18.03.09	17.03.11	946.34	Not revised	-	-	Not yet started
23	Road construction	Habra/Ashoknagar-Kalyangarh	22.09.06	15.01.07	14.01.09	730.45	Not revised	339.86	128.26	Water bound macadam works for entire 12.50 km road were completed, road shouldering and protection works were in progress and work order was not yet issued for bituminous works.
24	Drainage	Balurghat	22.02.07	06.08.07	05.08.09	1535.90	Not revised	714.63	269.33	20 per cent works were completed out of 22.08 km of total works.
25	Drainage	Siliguri	22.02.07	06.08.07	05.08.09	3386.39	Not revised	1575.66	1379.78	38 km out of 80.77 km of total works was completed.
26	Sewerage	Kurseong	29.11.07	26.03.08	25.03.10	1251.59	Not revised	-	-	The works were in tendering stage
<b>Total</b>						<b>38565.39</b>		<b>15433.03</b>	<b>8654.97</b>	

Sources: Scheme quarterly progress report as of 31 March 2009  
N.B. SS: Surface water source  
GS: Ground water source

**Appendix 3.1**  
(Refer paragraph 3.3.2, page 79)

**Statement showing details of unauthorised utilisation of Government cash**

Sl. No	Name of the office	Date of verification	Book balance as per the Cash book	Cash found physically	Total shortage	Unadjusted vouchers	Unauthorised advances from undischursed cash	Unexplained cash shortage/ theft/defalcated	Lapsed cheque
1.	The Superintendent, Sub-Divisional Hospital, Bolpur, Birbhum.	17-06-2008	6,32,224.50	2,01,949.00	<b>4,30,275.50</b>	4,30,275.50	-	-	-
2.	The Superintendent, Dum Dum Central Correctional Home, Kolkata.	01-04-2009	57,26,285.48	56,46,348.48	<b>79,937.00</b>	2,539.00	77,398.00	-	-
3.	The Superintendent, District Hospital, Malda.	29-05-2008	55,23,389.36	54,17,413.00	<b>1,05,976.36</b>	80,258.07	-	25,718.29	-
4.	The Kolkata Electoral District Officer, Kolkata.	28-01-2009	18,49,401.00	18,27,451.00	<b>21,950.00</b>	-	21,950.00	-	-
5.	The Superintendent, P.G. Poly Clinic, Kolkata.	02-07-2008	2,43,175.30	2,18,785.00	<b>24,390.30</b>	-	24,390.30	-	-
6.	The Superintendent, Ramrikdas Haralalka Hospital, Kolkata.	22-12-2008	1,66,770.00	1,03,747.00	<b>63,023.00</b>	47,474.00	15,549.00	-	-
7.	The Principal, Bankura Sammilani Medical College, Bankura.	26-08-2008	8,82,626.00	8,70,605.00	<b>12,021.00</b>	-	12,021.00	-	-
8.	The Superintendent, Calcutta Pavlov Hospital, Gobra, Kolkata.	03-07-2008	6,76,976.33	6,73,506.33	<b>3,470.00</b>	3,470.00 <sup>2</sup>	-	-	-
9.	The Superintendent, Alipore Cental Correctional Home, Kolkata.	05-01-2009	10,63,161.76	9,34,910.28	<b>1,28,251.48</b>	1,28,251.48	-	-	-
10.	Project Director, Sundervan Development Board, Salt Lake, Kolkata.	01-01-2009	13,61,466.00	12,14,871.00	<b>1,46,595.00</b> <sup>3</sup>	3110.00	1,43,485.00	-	-
11.	The District Magistrate, Jalpaiguri.	20-02-2009	30,70,817.28	26,18,845.28	<b>4,51,972.00</b>	-	1,03,519.00	3,48,453.00	-
12.	The Medical Superintendent cum Vice Principal, National Medical College & Hospital, Kolkata.	09-01-2009	33,28,535.08	32,46,097.08	<b>82,438.00</b>	-	82,438.00	-	-
13.	The District Magistrate, Nadia, Krishnanagar.	05-02-2009	22,47,79,066.61	22,45,44,263.82	<b>2,34,802.79</b>	-	-	2,32,206.79	2,596.00

<sup>2</sup> Out of the unadjusted vouchers of Rs 3470.00, an amount of Rs 1291.00 had been adjusted.  
<sup>3</sup> The advance had been adjusted by submitting vouchers

Sl. No.	Name of the office	Date of verification	Book balance as per the Cash book	Cash found physically	Total shortage	Unadjusted vouchers	Unauthorised advances from undischarged cash	Unexplained cash shortage/ theft/ defalcated	Lapsed cheques
14.	The Project Officer cum District Welfare Officer, Backward Classes Welfare, Jalpaiguri.	09-02-2009	2,29,48,999.13	2,28,83,260.38	65,738.75	33,238.75	32,500.00	-	-
15.	The Superintendent, Lady Dufryn Victoria Hospital, Kolkata.	06-04-2009	7,21,044.97	6,21,428.00	99,616.97	99,616.97	-	-	-
16.	The Superintendent, Berhampore New General Hospital, Murshidabad.	15-05-2008	4,83,927.00	3,51,517.00	1,32,410.00 <sup>4</sup>	59,872.00	-	72,538.00	-
17.	The Medical Superintendent cum Vice Principal, NRS Medical College & Hospital, Kolkata.	13-10-2008	55,06,423.78	53,27,170.09	1,79,253.69	21,926.00	36,183.90	1,21,143.79	-
18.	The Accounts Officer, West Bengal Secretariat, Kolkata	04-05-2009	6,90,99,970.31	4,48,33,936.65	2,42,66,033.66	-	2,05,81,855.63	-	36,84,178.03
		TOTAL	34,80,64,259.89	32,15,36,104.39	2,65,28,155.50	9,10,031.77	2,11,31,289.83	8,00,639.87	36,86,774.03

4 Out of Rs 1,32,410.00, an amount of Rs 14,760.00 has already been recouped and deposited into Government account

## Appendix 3.2

(Refer paragraph 3.3.3, page 79)

Statement showing names of the Departments who did not submit Action Taken Notes

Sl No	Name of the Department
1	Agriculture
2	Animal Resources Development
3	Backward Classes and Welfare
4	Commerce and Industries
5	Co-operation
6	Cottage and Small Scale Industries
7	Environment
8	Excise
9	Fisheries
10	Food and Supplies
11	Food Process and Horticulture
12	Forests
13	Health and Family Welfare
14	Higher Education
15	Hill Affairs
16	Home (Const. and Elec.)
17	Home (Police)
18	Home (Political)
19	Housing
20	Industrial Reconstruction
21	Information and Cultural Affairs
22	Information and Technology
23	Irrigation and Waterways
24	Jails
25	Labour
26	Land and Land Reforms
27	Mass Education Extension
28	Municipal Affairs
29	Panchayats and Rural Development
30	Power
31	Public Enterprises
32	Public Health Engineering
33	Public Works
34	Public Works (Commissioners for Rabindra Setu)
35	Public Works (Roads)
36	School Education
37	Sports and Youth Services
38	Technical Education and Training
39	Tourism
40	Transport
41	Urban Development
42	Water Investigation and Development
43	Women & Child Development and Social Welfare
44	Youth Services and Minorities Development and Welfare
45	Finance



**Appendix 3.3**  
(Refer paragraph 3.4.12, page 100)

**Statement showing year-wise position of Inspection Reports and Paragraphs pending settlement**

Year	Judicial		Transport		Information and Cultural Affairs		Urban Development		Commercial		Irrigation and Waterways		Public Works (CB)		Grand Total	
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1983-1984	-	-	-	-	-	-	-	-	-	-	2	5	-	-	2	5
1984-1985	-	-	-	-	-	-	-	-	-	-	7	16	-	-	7	16
1985-1986	-	-	-	-	-	-	-	-	-	-	12	13	-	-	12	13
1986-1987	-	-	-	-	-	-	-	-	-	-	6	3	-	-	6	3
1987-1988	-	-	-	-	-	-	-	-	-	-	6	1	-	-	6	1
1988-1989	-	-	-	-	-	-	-	-	-	-	16	25	-	-	16	25
1989-1990	-	-	-	-	-	-	-	-	-	-	7	-	-	-	7	-
1990-1991	-	-	-	-	-	-	-	-	-	-	13	20	-	-	13	20
1991-1992	3	4	-	-	-	-	-	-	-	-	24	24	-	-	27	28
1992-1993	6	9	-	-	-	-	-	-	-	-	13	5	1	3	20	17
1993-1994	7	17	-	-	-	-	-	-	-	-	28	54	1	9	36	80
1994-1995	2	3	-	-	-	-	2	2	-	-	35	37	1	4	40	46
1995-1996	2	3	-	-	-	-	-	-	-	-	38	40	1	5	41	48
1996-1997	4	5	-	-	-	-	-	-	-	-	45	48	-	-	49	53
1997-1998	5	8	-	-	1	1	-	-	-	-	31	46	3	3	40	58
1998-1999	2	2	-	-	-	-	-	-	-	-	24	27	5	9	31	38
1999-2000	1	1	-	-	1	1	-	-	-	-	30	59	10	14	42	75
2000-2001	3	9	-	-	-	-	1	1	-	-	33	49	10	15	47	74
2001-2002	14	36	-	-	-	-	-	-	-	-	40	97	6	6	60	139
2002-2003	7	35	-	-	-	-	-	-	-	-	41	110	6	15	54	160
2003-2004	3	5	1	1	2	7	4	8	-	-	44	119	13	19	67	159
2004-2005	1	6	1	2	4	13	3	37	-	-	25	65	8	11	42	134
2005-2006	-	-	2	8	5	10	3	12	2	2	7	14	2	1	21	47
2006-2007	1	1	1	3	3	11	4	17	-	-	9	23	2	4	20	59
2007-2008	3	21	2	2	10	28	4	26	-	-	28	83	6	18	53	178
2008-2009	4	20	3	18	3	7	6	48	2	8	31	118	8	26	57	245
<b>Total</b>	<b>68</b>	<b>185</b>	<b>10</b>	<b>34</b>	<b>29</b>	<b>78</b>	<b>27</b>	<b>151</b>	<b>4</b>	<b>10</b>	<b>595</b>	<b>1101</b>	<b>83</b>	<b>162</b>	<b>816</b>	<b>1721</b>
More than 10 years	31	51	-	-	1	1	2	2	-	-	307	364	12	33	353	451

## Appendix -4.1

(Refer paragraph 4.1.4.4, page 108)

Statement showing the status of Project works being executed under New Town Project  
(Rupees in lakh)

Sl No	Name of Works	Tender No. & Agency	Tender Amount	Scheduled date of completion	Present Status
1	Const of Arterial Road within Action Area-IIB, New Town, Kolkata-Balance work for A&B stage work including fitting & fixing of road furniture	No. 7 of SE/NTCC/HD of 2005-06, Madhumita Construction Pvt.Ltd.	1060.84	20.09.07	26 % of work completed
2	Const of East-West Road Corridor from AA-ID passing through Baliguri, to Kulti Canal Road- Balance work-Ch. 3.15 KMP to 6.13 KMP & 80 M.length at 1 <sup>st</sup> KM.	No. 3 of SE/NTCC/HD of 2006-07, Mackintosh Burn Ltd.	985.81	31.08.07	70% of work completed
3	Const of 2 lane Service Roads on both sides of East-West Road Corridor from AA-ID passing through Baliguri, to Kulti Canal road in AA-III Group-A, Ch. 0.00 KMP to 3.15 KMP	No. 3 of SE/NTCC/HD of 2007-08, M/s Debsharma Construction Co.	599.92	31.05.08	Only 1% of work completed
4	Const of 2 lane Service Roads on both sides of East-West Road Corridor from AA-ID passing through Baliguri, to Kulti Canal road in AA-III, Group-B, Ch. 3.15 KMP to 6.13 KMP	No. 2 of SE/NTCC/HD of 2007-08, Instant Developers Pvt. Ltd.	708.28	31.05.08	No work was done.
5	Const of 9 Nos. Utility Culvert & 2 Nos. Drainage Culverts across the Arterial Road (North- South) within AA-II, Group-B, Ch. 1.50 KMP to 3.00 KMP	No. 4 of SE/NTCC/HD of 2007-08, M/s Mukherjee & associates	41.29	27.04.08	incomplete
6	Const of 9 Nos. Utility Culvert & 3 Nos. Drainage Culverts across the East-West Road Corridor within AA-III, Group-A, Ch. 0.00 KMP to 3.00 KMP	No. 5 of SE/NTCC/HD of 2007-08, Azad Enterprise	36.14	27.4.08	incomplete
Total			3432.28		

Source: Records of HD

## Appendix -4.2

(Refer paragraph 4.1.5.3, page 111)

Statement showing expenditure on repair &amp; maintenance of different rental housing estates vis-a-vis rent realised leading to loss as shown below

( Rupees in crore )

Year	Total No of Rental Flats	Expenditure on			Rent Realised	Loss
		Repair & Maintenance	Establishment (ED)	Total		
2004-05	19412	18.04	02.61	20.65	3.87	16.78
2005-06	19433	18.01	02.66	20.67	4.21	16.46
2006-07	19410	21.20	02.72	23.92	3.09	20.83
2007-08	19758	21.67	02.98	24.65	3.87	20.78
2008-09	19741	22.11	3.19	25.30	5.07	20.23
Total		101.03	14.16	115.19	20.11	95.08

Source: Records of ED and HD

Appendix -4.3

(Refer paragraph 4.1.6.2, page 113)

Statement showing loss due to excess of production cost over sale proceeds in MBF

Year	Production capacity (In lakh)	No. of bricks produced (In lakh)	Expenditure on production of bricks (Rs. in lakh)	Average cost of production per brick (Rs.)	Sale value of the bricks (Rs. in lakh)	Average sale value per brick (Rs.)	Excess of production cost over sale proceeds (Rs. in lakh)
2004-05	300	50.17(17%)	426.90	8.51	113.59	2.26	313.31
2005-06	300	45.46(15%)	292.27	6.43	102.92	2.26	189.35
2006-07	300	40.97(14%)	396.27	9.67	92.75	2.26	303.52
2007-08	300	36.91(12%)	415.20	11.25	83.57	2.26	331.63
2008-09	300	31.26(10%)	531.24	17.00	105.06	3.36	426.18
Total	1500	204.77(14%)	2061.88		497.89		1563.99

Source: Records of BPD

Appendix -4.4

(Refer paragraph 4.1.7.2, page 116)

Statement showing construction of excess HIG flats over LIG/MIG flats

Sl No	Name of the Project	LIG/MIG Flats	HIG Flats	Excess over LIG/MIG Flats
1	Green Wood Nook	40+54=94(33%)	1190(67%)	96(34%)
2	Green Wood Park	64+128=192(49%)	198(51%)	6(2%)
3	Green Wood Sonata	68+144=212(46%)	248(54%)	36(8%)
4	Alantika	48+144=192(49%)	198(51%)	6(2%)
5	Sunrise Point	69+168=237(49%)	246(51%)	9(2%)
6	Sunrise Greens	0+64=64(13%)	442(87%)	378 (74%)
7	Utsha Condoville	48+144=192(48%)	208(52%)	16(4%)
8	Ujjawala the Condoville	77+154=231(50%)	235(50%)	4
	Total	1414(42%)	1965(58%)	551 (16%)

Source: Records of WBHB

## Appendix -4.5

(Refer paragraph 4.1.7.3, page 117)

Statement showing excess realisation of price by JVC over Government's price

(Rs.in lakh)

Sl. No	Name of the Project	Year of commencement	Total No of LIG/MIG Flats	Selling price fixed by JVC	Admissible Price	Difference in price	Total excess price
1	Greenfield Residency (Bengal Greenfield)	June'06	48(MIG)	11.50	10.50	1.00	48.00
2	Malancha(Bengal DCL)	March'07	80(MIG) 61(LIG)	11.91 4.20	10.50 3.00	1.41 1.20	112.80 73.2
3	Teen Kanya(Bengal Shelter)	February'08	142 (MIG)	12.18	10.50	1.68	238.56
4	Anahita(Bengal Peerless)	March'08	104 (MIG)	11.46	10.50	0.96	99.84
	<b>Total</b>		<b>435 LIG/MIG</b>				<b>572.40</b>

Source: Records relating to PPP projects of WBHB

## Glossary of Abbreviations

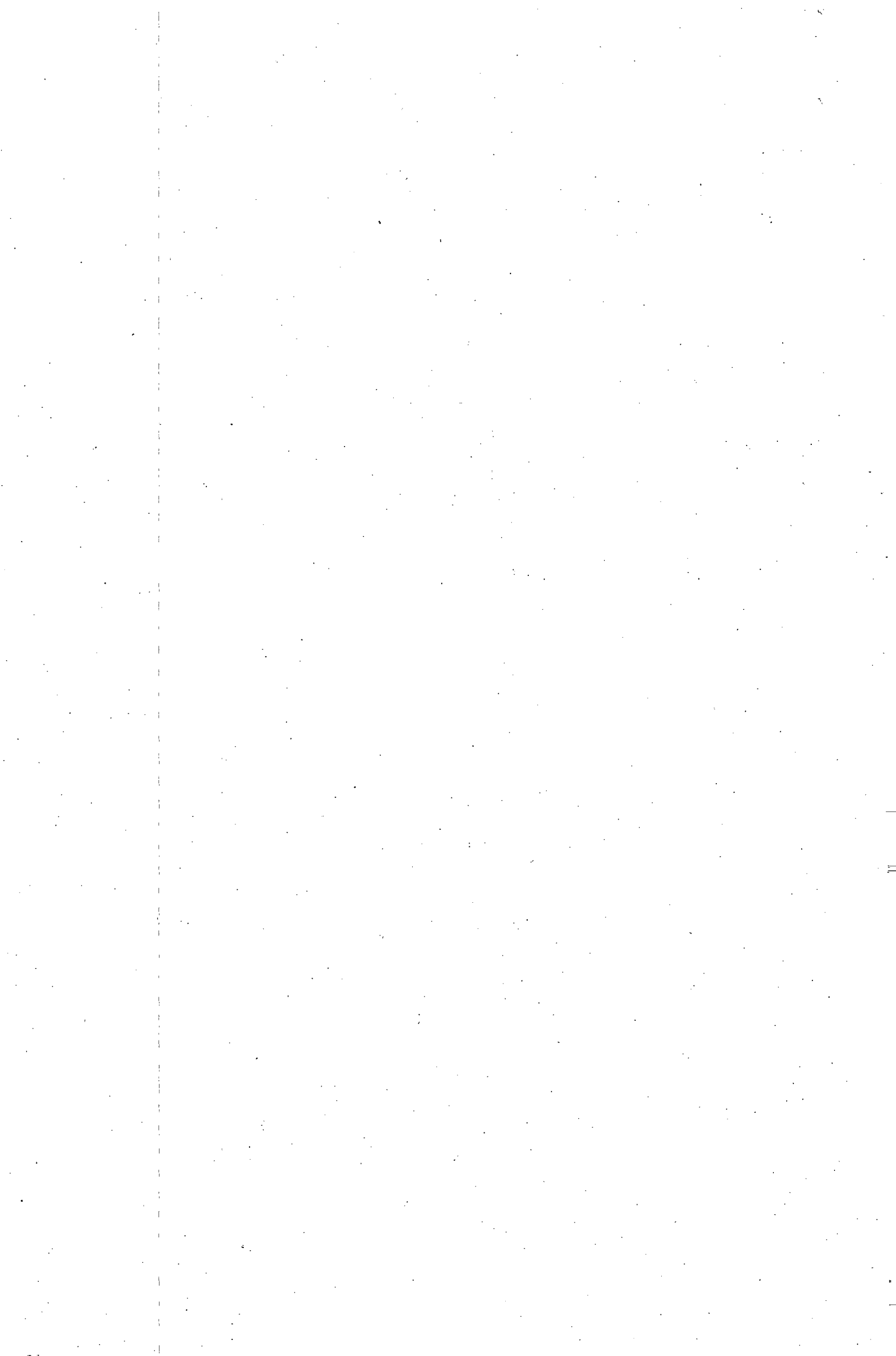
A&OE	Administrative and Office Expenses
ABER	Annual Blood Examination Rate
ACE	Assistant Chief Engineer
ADB	Asian Development Bank
ADG&IG	Additional Director General and Inspector General
AE	Assistant Engineer
AEM	Assistant Estate Manager
AIBP	Accelerated Irrigation Benefit Project
ANM	Auxiliary Nursing Midwife
API	Annual Parasite Incidence
AR	Audit Report
ASHA	Accredited Social Health Activist
ATNs	Action Taken Notes
AWW	Anganwadi Worker
BB	Banga Bhavan
BCR	Benefit Cost Ratio
BDO	Block Development Officer
BM	Barasat Municipality
BMTPC	Building Materials and Technology Promotion Council
BOOT	Build, Own, Operate & Transfer
BPD	Brick Production Directorate
BPL	Below poverty line
BSR	Broad Sheet Reply
BSUs	blood storage units
C&AG	Comptroller and Auditor General of India
CAS	Centrally Assisted Schemes
CC Account	Cash Credit Account
CCRC	Caretaker-cum-Rent Collector
CE	Chief Engineer
CEO	Chief Executive Officer
CFO	Chief Fire Officer
CHCs	Community Health Centres
CLA	Central Loan Assistance
CMOH	Chief Medical Officer of Health
CMR	Custom Milled Rice
CP	Commissioner of Police
CS	Co-operative Societies
CTI	Certificate of Treasury Issue
CTR	Consolidated Treasury Receipt
DCP	Deputy Commissioner of Police
DDO	Drawing and Disbursing Officer
DDS	Deputy Director, Sericulture
DF	Director of Finance
DHAPs	District Health Action Plans
DHS	District Health & Family Welfare Society
DHs	District hospitals
DHS	Director of Health Services

DIG	Deputy Inspector General of Police
DLLRO	District Land & Land Reforms Officer
DM	District Magistrate
DOTS	Direct Observed Treatment Short Course
DPC Act	C&AG's (Duties, Powers and Conditions of Service) Act, 1971
DPO	District Project Officer
DPR	Detailed Project Report
DRSs	District Reserve Stores
DUs	dwelling units
DWCUA	Development of Women and Children in Urban Areas
ED	Estate Directorate
EE	Executive Engineer
EIMTL	Engel India Machines and Tools Limited
EM	Estate Manager
EWS	Economically Weaker Sections
F&S	Food and Supplies
FPI&H	Food Processing Industries and Horticulture
GoI	Government of India
GoWB	Government of West Bengal
GP	Gram Panchayat
GUS	Gram Unnayan Samitis
H&FW	Health and Family Welfare
ha	Hectares
HD	Housing Directorate
HIG	High Income Group
HMC	Howrah Municipal Corporation
I&CA	Information and Cultural Affair
I&WD	Irrigation and Waterways Directorate
IA	Internal Audit
IFA	Iron Folic Acid
IG	Inspector General
IHSDP	Integrated Housing and Slum Development Programme
ILCS	Integrated Low Cost Sanitation Programme
IPHS	Indian Public Health Standards
IR	Inspection Report
IUD	Inter Uterine Device
JSY	Janani Suraksha Yojana
JVC	Joint Venture Company
JVU	Joint Venture Unit
KEIP	Kolkata Environmental Improvement Project
KMC	Kolkata Municipal Corporation
KMDA	Kolkata Metropolitan Development Authority
KPT	Kolkata Port Trust
L & LR	Land and Land Reforms
LF account	Local Fund account
LIG	Low Income Group
MBF	Mechanized Brick Factory
MBL	Mackintosh Burn Limited
MHRD	Ministry of Human Resources Development
MIG	Middle Income Group
MNGOs	Mother Non-Government Organisations
MPW	Multi Purpose Worker

MSVP	Medical Superintendent cum Vice Principal
MU	Million Unit
NCDC	National Co-operative Development Corporation
NDMC	New Delhi Municipal Council
NGO	Non-Government Organisations
NH	National Highway
NHs	Nursing Homes
NOC account	Non-operable collection account
NPCB	National Programme for Control of Blindness
NRHM	National Rural Health Mission
NTCC	New Town Construction Circle
NVBDCP	National Vector Borne Disease Control Programme
OTs	Operation Theatres
P&RD	Panchayat ad Rural Development
PAC	Public Accounts Committee
PHCs	Primary Health Centres
PHED	Public Health Engineering Department
PIP	Project Implementation Plan
PIS	Patloi Irrigation Scheme
PMU	Project Management Unit
PPP	Private Public Partnership
PSs	Panchayat Samiti
PTC	Police Training College
PwC	Pricewaterhouse Coopers
RCH	Reproductive and Child Health
RCS	Registrar of Co-operative Societies
RKS	Rogi Kalyan Samiti
RMC	Regulated Market Committee
RNTCP	Revised National Tuberculosis Control Programme
RSVY	Rashtriya Sam Vikas Yojana
SAR	Separate Audit Report
SBI	State Bank of India
SCs	Sub-Centres
SE	Superintending Engineer
SHM	State Health Mission
SHS	State Health and Family Welfare Society
SJSRY	Swarna Jayanti Sahari Rojgar Yojana
SKUS	Samabay Krishi Unnayan Samity
SMC	Siliguri Municipal Corporation
SPD	State Project Director
SPL	Simplex Projects Limited
SPs	Superintendents of Police
SSA	Sarva Shiksha Abhiyan
SSKM Hospital	Seth Sukhlal Karnani Memorial Hospital
SSM	Sarva Shiksha Mission
STC	Subsidiary Training Centres
SUDA	State Urban Development Agency
T & T	Traffic and Transport
TCS	Thrift and Credit Society
TT	tetanus toxoid
UIDSSMT	Urban Infrastructure Development Scheme for Small and Medium Towns

ULBs	Urban Local Bodies
UPEC	Urban Poverty Eradication Cell
USEP	Urban Self Employment Programme
UUP	Uttarbanga Unnayan Parshad
UWEP	Urban Wage Employment Programme
VAMBAY	Valmiki Ambedkar Awas Yojana
VHSCs	Village Health and Sanitation Committees
WBHB	West Bengal Housing Board
WBHIDCO	West Bengal Housing Infrastructure Development Corporation Limited
WBIDFC	West Bengal Infrastructure Development Finance Corporation Limited
WBPD	West Bengal Police Directorate
WBREDA	West Bengal Renewable Energy Development Agency
WBSMB	West Bengal State Marketing Board
WBTR	West Bengal Treasury Rules
YBK	Yuba Bharati Krirangan
ZP	Zilla Parisad





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