

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

FOR THE YEAR 1977-78

(CIVIL)

GOVERNMENT OF WEST BENGAL

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1977-78 together with other points arising from audit of financial transactions of the Government of West Bengal. It also includes :

- (i) certain points of interest arising from the Finance Accounts for the year 1977-78; and
- (ii) comments on Sisal Plantation Scheme, Scheme for Subsidy for Industrial Units in Backward Districts/Areas, Rural Water Supply Scheme, Water Supply Programme of the Calcutta Metropolitan Development Authority and Durgapur Milk Scheme.

2. The Report containing the observations of Audit on statutory corporations including the West Bengal State Electricity Board and Government companies and the Report containing the observations of Audit on Revenue Receipts are presented separately.

3. The cases mentioned in the Report are among those which came to notice of Audit in the course of test audit of the accounts during the year 1977-78 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 1977-78 have also been included wherever considered necessary.

4. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration of the departments/bodies/authorities concerned.

CHAPTER I

GENERAL

1.1. Summary of transactions

The receipts, expenditure and surplus/deficit of Government for 1977-78, with corresponding figures of the previous year, are given below:

			1976-77	1977-78
<i>(In crores of rupees)</i>				
(1) Revenue—				
Revenue receipts	..	..	6,21·11	6,99·27
Revenue expenditure	..	..	<u>5,97·80</u>	<u>7,01·09</u>
Revenue surplus (+)	..	..	(+ )23·61	(—)1·62
Revenue deficit (—)	..	..
(2) Public Debt—				
Internal Debt of the State Government—				
Receipts	..	..	2,17·69	4,89·05
Repayments	..	..	<u>2,05·90</u>	<u>3,89·36</u>
Increase (+)	..	..	<u>(+)11·79</u>	<u>(+)99·69</u>
Loans and advances from the Central Government—				
Receipts	..	..	1,17·31	1,68·59
Repayments	..	..	<u>57·90</u>	<u>94·58</u>
Increase (+)	..	..	<u>(+)59·41</u>	<u>(+)74·01</u>
Total Public Debt (net)		Increase (+) ..	<u>(+)71·20</u>	<u>(+)1,73·70</u>
(3) Loans and advances by the State Government—				
Recoveries	..	..	13·13	20·05
Disbursements	..	..	<u>87·28</u>	<u>1,30·36</u>
Increase (—)	..	..	(—)74·15	(—)1,10·31
(4) Capital Expenditure (net)				
Increase (—)	..	..	(—)81·05	(—)77·51
(5) Contingency Fund (net)				
Increase (+)	..	..	(+ )1·86	(—)0·65
Decrease (—)	..	..

				1976-77	1977-78
				<i>(In crores of rupees)</i>	
(6) Public Account (net)					
Increase (+)	..	..	..	(+)9.46	(+)66.05
				<hr/>	<hr/>
Net surplus (+)	..	..	..	(-)48.85	(+)49.46
Net deficit (-)	..	..	..	<hr/>	<hr/>
Opening Cash Balance	..	..	..	(-)7.27	(-)56.12
Net surplus (+)	..	..	..	(-)48.85	(+)49.46
Net deficit (-)	..	..	..	<hr/>	<hr/>
Closing Cash Balance	..	..	..	(-)56.12	(-)6.66*
				<hr/>	<hr/>

1.2. Revenue surplus/deficit

1.2.1. The year ended with a revenue deficit of Rs.1.82 crores as against a surplus of Rs.37.40 crores anticipated in the budget.

1.2.2. **Revenue receipts :** The actuals of revenue receipts for 1977-78 as compared with (i) the budget estimates and (ii) the budget estimates *plus* additional taxation levied during the year along with the corresponding figures for 1975-76 and 1976-77 are given below :

Year	Budget	Budget <i>plus</i> additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
<i>(In crores of rupees)</i>					
1975-76	..	4,88.22	5,02.94	(+)59.41	11.6
1976-77	..	5,96.23	6,03.50	(+)17.61	2.9
1977-78	..	7,47.59	7,70.29	(-)71.02	9.2

Details of important variations from budget estimates will be found in the Report of the Comptroller and Auditor-General of India for the year 1977-78 (Revenue Receipts)—Government of West Bengal.

*There was a difference (Rs. 78.54 crores) between the figure reflected in the accounts (Rs. -12.96 crores) and that intimated by the Reserve Bank, (Rs. -91.50 crores) regarding "Deposits with Reserve Bank" (included in the cash balance). After reconciliation, a difference of Rs. 0.43 crore now remains to be reconciled (October 1978).

1.2.3. **Expenditure on revenue account :** The expenditure during 1977-78 as compared with (i) the budget estimates and (ii) budget estimates plus supplementary provision along with the corresponding figures for 1975-76 and 1976-77 are given below :

Year	Budget		Budget plus supplementary	Actuals	Variation between columns (4) and (3)		
	(1)	(2)			(5)	(6)	
<i>(In crores of rupees)</i>							
1975-76	4,93.58	5,56.55	5,43.93	(-)12.62	2.3
1976-77	5,69.86	6,33.61	5,97.30	(-)36.31	5.7
1977-78	7,10.19	7,41.07	7,01.09	(-)39.98	5.4

Important variations from budget estimates have been indicated in Chapter II of this Report.

1.3. Revenue receipts

1.3.1. The revenue receipts during 1977-78 (Rs.6,99.27 crores) were more by Rs.78.16 crores than those in 1976-77 (Rs.6,21.11 crores). The increase is analysed below :

	Receipts		Increase(+) Decrease(-)	Percentage
	1976-77	1977-78		
<i>(In crores of rupees)</i>				
(i) Revenue raised by the State Government				
(a) State taxes and duties classed as tax revenue	2,62.88	2,97.11	(+)34.23	13.02
(b) Central taxes leviable for the purpose of and collected by the State Government	54.02	57.99	(+)3.97	7.35
(c) Receipts on account of interest on loans and advances by the State Government, receipts from milk supply schemes, forests, water rates, rents from buildings, etc., classed as non-tax revenue	70.91	77.87	(+)6.96	9.82
(ii) Receipts from Government of India				
(a) State's share of divisible Central taxes	1,40.05	1,49.08	(+)9.03	6.45
(b) Statutory grants	48.61	57.71	(+)9.10	18.72
(c) Other grants	44.64	59.51	(+)14.87	33.31
Total ..	6,21.11	6,99.27	(+)78.16	12.58

1.3.2. Revenue raised by the State Government during 1977-78 rose by Rs.45.16 crores as compared with that in 1976-77. Variations above Rs.1 crore occurred under :

Head of account	1976-77	1977-78	Increase(+) Decrease(-)	Remarks
<i>(In crores of rupees)</i>				
022—Taxes on Agricultural Income	3.59	6.24	(+)2.65	Increase due to more receipts from tax collection
029—Land Revenue ..	12.84	21.21	(+)8.37	Increase mainly due to more receipts on account of cess collection and accounting under this head in the accounts for 1977-78, of receipts from royalties on coal which had been booked under the head "128—Mines and Minerals" in the accounts for 1976-77.
039—State Excise .	26.44	31.86	(+)5.42	Increase occurred mainly under receipts from duties on country spirits due to normal growth.
040—Sales Tax ..	1,82.47	1,98.02	(+)15.55	Increase mainly due to additional taxation measures from time to time.
041—Taxes on vehicles	12.79	13.82	(+)1.03	Increase mainly due to larger receipts under the State Motor Vehicles Taxation Acts.
043—Taxes and Duties on Electricity	13.96	17.22	(+)3.26	Increase mainly due to better collection
045—Other Taxes and Duties on commodities and services	19.02	20.51	(+)1.49	Increase mainly due to larger receipts under Entertainment Tax
049—Interest Receipts	9.72	10.75	(+)1.03	Increase was mainly due to more receipts from departmental commercial undertakings and local bodies, co-operative societies, etc.
068—Miscellaneous General Services	7.86	4.20	(-)3.66	Receipts of 1976-77 included adjustment of pre-partition loans from the Central Government, decrease in 1977-78 is mainly due to the fact that no adjustment was required to be made in that year.
080—Medical ..	6.49	7.63	(+)1.14	Increase mainly due to larger receipts under the Employees' State Insurance Scheme
088—Social Security and Welfare	3.81	5.20	(+)1.39	Increase mainly due to more receipts under Civil Supplies.
105—Agriculture ..	4.20	2.61	(-)1.59	Decrease mainly due to less receipts on account of sale of manures and fertilisers.

Head of account	1976-77	1977-78	Increase(+) Decrease(-)	Remarks
<i>(In crores of rupees)</i>				
111—Dairy Development	0.64	15.39	(+)14.75	Increase due to opening of revenue account of departmental milk supply scheme.
128—Mines and Minerals	8.56	0.82	(-)7.74	The decrease was mainly due to exhibition under the head "029—Land Revenue", in the accounts for 1977-78, of receipts from royalties on coal which had been exhibited under this head in accounts for 1976-77.
138—Road and Water Transport Services	1.98	*	(-)1.98	The decrease was due to non-adjustment of the receipts of the undertaking of the Calcutta Tramways Company Limited due to finalisation of its accounts after the closure of Government's accounts for the year.

1.3.3. Receipts from Government of India during 1977-78 were Rs.2,66.30 crores as against Rs.2,33.30 crores in 1976-77. These constituted 38.08 per cent of the total revenue receipts (Rs.6,99.27 crores) in 1977-78 as against 37.56 per cent of the total revenue receipts (Rs.6,21.11 crores) in the previous year. The increase of Rs.33.00 crores during 1977-78 was due to larger receipts from the net proceeds of divisible taxes (Rs.9.03 crores) and larger grants for various purposes (Rs.23.97 crores).

More information about revenue receipts will be found in the Report of the Comptroller and Auditor-General of India for the year 1977-78 (Revenue Receipts)—Government of West Bengal.

1.4. Expenditure on revenue account

In 1977-78, the expenditure on revenue account (Rs.7,01.09 crores) was more by Rs.1,03.79 crores than in 1976-77 (Rs.5,97.30 crores). Significant variations are explained below :

	Actuals			Increase(+) Decrease(-)
	1976-77	1977-78		
<i>(In crores of rupees)</i>				
229—Land Revenue	(+)2.01
Increase was mainly due to rise in the cost of establishment.				
249—Interest payments	(+)8.51
Increase was mainly due to higher interest liability on account of increase in internal debt.				

*Less than Rs. 1 lakh.

	Actuals		Increase (+) Decrease (-)
	1976-77	1977-78	
(In crores of rupees)			
255—Police	47.31	54.96	(+)7.65
Increase was mainly due to rise in cost of police establishment.			
266—Pensions and other Retirement Benefits ..	8.95	11.52	(+)2.57
Increase was mainly due to more expenditure on account of family pensions.			
277—Education	1,30.14	1,50.53	(+)20.39
Increase was mainly due to more assistance to non-Government primary and secondary schools due to introduction of salary deficit scheme.			
280—Medical	53.55	60.26	(+)6.71
Increase was mainly due to more payments on account of dietary and other charges in connection with medical relief.			
281—Family Welfare	15.09	3.87	(-)11.22
Decrease was mainly due to less payment of compensation.			
282—Public Health, Sanitation and Water Supply ..	14.06	17.98	(+)3.92
Increase was mainly due to more payments on account of accelerated programmes for supply of water in rural areas.			
284—Urban Development	11.75	22.03	(+)10.28
Increase was mainly due to more assistance to local bodies and Calcutta Metropolitan Development Authority for payment of dearness concession to employees and implementation of other special programmes.			
287—Labour and Employment	4.54	5.82	(+)1.28
The increase was mainly due to more expenditure on schemes of employment survey and statistics.			
288—Social Security and Welfare	22.03	26.56	(+)4.53
Increase was mainly due to more expenditure on tribal welfare, child welfare and rehabilitation of displaced persons.			
305—Agriculture	19.63	22.94	(+)3.31
Increase was mainly due to more expenditure on schemes for land reforms, drought prone areas programme and agricultural education.			
306—Minor Irrigation	13.56	14.99	(+)1.43
Increase was mainly due to more expenditure on lift irrigation schemes.			

	Actuals		Increase (+) Decrease (-)
	1976-77	1977-78	
<i>(In crores of rupees)</i>			
309—Food	5.60	6.93	(+)1.33
Increase was mainly due to more expenditure on establishment.			
310—Animal Husbandry	5.70	7.88	(+)2.18
Increase was mainly due to more expenditure on cattle development.			
311—Dairy Development	0.07	18.63	(+)18.56
Increase was mainly due to opening of revenue account of milk supply schemes during the year.			
313—Forest	4.76	5.88	(+)1.12
Increase was mainly due to rise in cost of establishment.			
314—Community Development ..	12.01	14.89	(+)2.88
Increase was mainly due to more assistance to panchayati raj institutions.			
333—Irrigation, Navigation, Drainage and Flood Control Projects	9.85	11.19	(+)1.34
Increase was mainly due to more expenditure on flood control projects			
337—Roads and Bridges	20.13	21.78	(+)1.65
Increase was mainly due to more expenditure on repair of roads.			
363—Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	16.60	19.98	(+)3.38
Increase was mainly due to payment of larger grants out of Octroi collections to Calcutta Metropolitan Development Authority, Calcutta Corporation and municipalities.			

1.5. Capital expenditure

1.5.1. The capital expenditure during the three years ending 1977-78 compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provisions is shown below :

Year	Budget	Budget <i>plus</i> supple- mentary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
<i>(In crores of rupees)</i>					
1975-76	63.22	69.93	55.03	(-)14.90	21.3
1976-77	82.16	1,11.74	81.05	(-)30.69	27.5
1977-78	97.91	1,04.19	77.51	(-)26.68	25.6

1.5.2. Further analysis of capital expenditure is given below :

	During 1977-78	Progressive total to end of 1977-78
	<i>(In crores of rupees)</i>	
Capital expenditure on—		
(i) General Services	3.05	25.12
(ii) Social and Community Services	12.36	1,69.93*
(iii) General Economic Services	9.24	79.44†
(iv) Agriculture and Allied Services	12.93	1,17.58
(v) Industry and Minerals	3.42	51.49†
(vi) Water and Power Development	27.69	3,04.52
(vii) Transport and Communications	8.82	1,17.87
Total	77.51	8,65.95

Further details of capital expenditure are given in Statement Nos. 2 and 13 of the Finance Accounts 1977-78.

1.5.3. The sources from which the capital expenditure (Rs.77.51 crores) shown above and the net outgo under loans and advances (Rs.1,10.31 crores) mentioned in paragraph 1.1. (item 3) were met during 1977-78 are given below :

	<i>(In crores of rupees)</i>	
I. Net addition to—		
(i) Internal debt of the State Government .. .. .	..	99.69
(ii) Loans and Advances from the Central Government .. .. .	..	74.01
(iii) Small Savings, Provident Funds, etc. .. .. .	..	9.96
I. Miscellaneous—		
(i) Remittances .. .. .	..	25.78
(ii) Reserve Funds .. .. .	..	1.52
(iii) Net balances under deposits, advances, etc. .. .. .	..	18.15
(iv) Contingency Fund .. .. .	..	(-)0.65
(v) Balances under sinking fund credited to Miscellaneous Government Account .. .. .	..	7.04
III. Receipts from encashment of securities .. .. .	..	3.60
	Total	2,39.10
IV. Deduct :		
Revenue deficit	1.82	} —51.28
Increase in cash balance	49.46	
Total		1,87.82

*Reduced by Rs. 0.01 crore due to rounding.

†Increased/decreased by Rs. 0.66 crore due to allocation of pre-1974-75 outlay.

1.6. Loans and advances

1.6.1. The actual disbursements of loans and advances by the State Government in 1977-78 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provisions along with the corresponding figures of 1975-76 and 1976-77 are given below:

Year	Budget	Budget <i>plus</i> supple- mentary	Actuals	Variation between columns (4) and (3)		
				Amount	Percentage	
(1)	(2)	(3)	(4)	(5)	(6)	
<i>(In crores of rupees)</i>						
1975-76	..	63.81	79.93	77.11	(-)2.82	3.5
1976-77	..	70.76	93.23	87.28	(-)5.95	6.4
1977-78	..	1,22.75	1,28.32	1,30.36	(+)2.04	1.6

1.6.2. The budget estimates and the actuals of recoveries of loans and advances for the three years ending 1977-78 are given below:

Year	Budget	Actuals	Variation between columns (3) and (2)		
			Amount	Percentage	
(1)	(2)	(3)	(4)	(5)	
<i>(In crores of rupees)</i>					
1975-76	..	13.50	15.76	(+)2.26	16.7
1976-77	..	13.27	13.13	(-)0.14	1.1
1977-78	..	32.25	20.05	(-)12.20	37.8

The shortfall in recoveries was due to less repayments under Loans for Economic Services (Rs.15.44 crores) partly counter-balanced by more recoveries under Loans for Social and Community Services (Rs.2.12 crores) and Loans to Government Servants (Rs.1.12 crores) than anticipated in the Budget.

1.6.3. Outstanding balances under loans and advances disbursed by Government are analysed below:

	On 31st March 1977	On 31st March 1978
<i>(In crores of rupees)</i>		
(I) Loans for Social and Community Services	..	..
	1,73.40	1,96.85
(II) Loans for Economic Services—		
(a) General Economic Services	..	..
	20.98	24.50
(b) Agriculture and Allied Services	..	..
	45.33	48.85
(c) Industry and Minerals	..	..
	81.83	90.54
(d) Water and Power Development	..	..
	1,30.52	1,83.91
(e) Transport and Communications	..	..
	79.58	97.40
(III) Loans to Government Servants	..	..
	8.24	8.15
(IV) Loans for miscellaneous purposes	..	..
	0.05	0.05
Total	..	..
	5,39.93	6,50.25

Further details of loans and advances are given in Statement Nos. 5 and 18 of Finance Accounts 1977-78.

1.6.4. Non-settlement of terms and conditions of loans: The terms and conditions of repayment of loans aggregating Rs.4,07.37 crores given in 1,036 cases up to 31st March 1978 to Government Companies, Statutory Corporations, etc., have not been settled; no repayment has also been made against them. Some of these loans were paid as far back as 1955-56. Loans to the West Bengal State Electricity Board (Rs.1,68.18 crores in 149 cases), Calcutta Metropolitan Development Authority (Rs.1,15.14 crores in 66 cases), Calcutta State Transport Corporation (Rs.48.29 crores in 248 cases), Durgapur Projects Limited (Rs.40.61 crores in 29 cases), North Bengal State Transport Corporation (Rs.8.39 crores in 126 cases), West Bengal Development Corporation (in liquidation) (Rs.4.10 crores in 31 cases), West Bengal Industrial Development Corporation (Rs.3.08 crores in 7 cases), Durgapur State Transport Corporation (Rs.2.57 crores in 100 cases) and Calcutta Tramways Company Limited (Rs.1.16 cores in 17 cases) accounted for Rs.3,91.52 crores (96 per cent) of these loans. In most of these cases, fresh loans were also given in 1977-78. Reasons for the delay in settling the terms and conditions have not been intimated by Government (February 1979). Details of loans are given in Statement No. 5 of Finance Accounts 1977-78. The following table will show that the number and the amount of such loans have increased progressively:

	Position as on		
	31st March 1976	31st March 1977	31st March 1978
Cases of loans (Number)	835	903	1,036
Amount (In crores of rupees)	2,94.98	3,25.39	4,07.37

1.6.5. Recoveries in arrears: In the case of loans to Municipalities, Zilla Parishads and Anchal Panchayats, Calcutta Corporation, Statutory bodies, etc., the detailed accounts are maintained in the Audit Office. In such cases demand notices are issued by the Audit Office to the loanees for repayment of instalments of principal and payment of interest in accordance with the terms and conditions of such loans. Cases of default in repayment of principal and payment of interest are reported by the Audit Office to the departments sanctioning the loans. Recoveries aggregating Rs.55,88.17 lakhs (principal: Rs.39,23.73 lakhs; interest: Rs.16,64.44 lakhs) were in arrears in 1,235 cases on 31st March 1978; of these, recoveries totalling Rs.21,06.59 lakhs in 762 cases (principal: Rs.17,16.30 lakhs; interest: Rs.3,90.29 lakhs) were in arrears for more than three years. Details are given in Statement No. 5 of Finance Accounts 1977-78.

The following table will indicate that there has been a progressive increase in overdue amount of loans and interest thereon:

	Position as on		
	31st March 1976	31st March 1977	31st March 1978
	(In lakhs of rupees)		
Total overdue amount	34,02.23	50,26.73	55,88.17
Amount overdue for more than three years ..	13,50.21	15,98.10	21,06.59

In the case of other loans, the detailed accounts of which are maintained by departmental officers, information about recoveries in arrears has not been received (February 1979), despite reminders, from the following departments:

- (i) Agriculture and Community Development
- (ii) Animal Husbandry and Veterinary Services
- (iii) Co-operation
- (iv) Cottage and Small Scale Industries
- (v) Development and Planning
- (vi) Home (Political)
- (vii) Housing
- (viii) Information and Public Relations
- (ix) Relief and Welfare

1.6.6. **Delay in acceptance of balances under loans :** The balances under loans are communicated every year to departmental officers for acceptance. In a large number of cases such acceptances had not been received *vide* a few illustrative cases indicated below :

	Number of acceptances awaited	Earliest year from which acceptances are awaited	Balance on 31st March 1978 for which acceptances are awaited
(i) Loans for Social and Community Services ..	81	1973-74	1,22.82
(ii) Loans for Economic Services—			
Loans for Industry and Minerals ..	232	1971-72	60.66
Loans for Water and Power Development ..	158	1973-74	1,75.50
Loans for Transport and Communications ..	381	1975-76	80.87

(In crores
of rupees)

1.6.7. Utilisation certificates : Out of 559 utilisation certificates (Rs.17,80.38 lakhs) due to be received by Audit for loans given by Government up to 31st March 1977, 43 certificates (Rs.43.18 lakhs) were received leaving 516 certificates (Rs.17,37.20 lakhs) to be received (September 1978). Department-wise break-up of wanting utilisation certificates is given below :

Department	Number of outstanding utilisation certificates	Amount (In lakhs of rupees)	Year to which the earliest outstanding certificate relates
Co-operation	192	11,82.30	1960-61
Health and Family Welfare	40	2,58.89	1958-59
Cottage and Small Scale Industries	206	1,99.52	1957-58
Animal Husbandry and Veterinary Services	16	64.38	1974-75
Local Government and Urban Development (formerly Municipal Services)	49	21.13	1970-71
Fisheries	13	10.98	1975-76
Total	516	17,37.20	

In the absence of these certificates, it is not possible to state even in a broad way that the recipients have spent the loans for the purpose or purposes for which they were given.

1.7. Debt position

1.7.1. (a) The details of public debt transactions are given below :

	Receipts during the year	Repayments during the year	Net increase during the year
	(In crores of rupees)		
Internal debt of the State Government	4,89.05	3,89.36	99.69
Loans and advances from the Central Government	1,68.59	94.58	74.01
Total	6,57.64	4,83.94	1,73.70

Open market loan of Rs.14.87 crores (6 per cent West Bengal Loan, 1977) was raised in 1977-78 at a discount of 50 paise per one hundred rupees. This loan is redeemable at par in August 1987. In addition, Government issued West Bengal Estate Acquisition Compensation Bonds for Rs.0.63 crore for payment of compensation to land holders, etc., on abolition of the Zamindari system.

(b) The outstanding public debt at the end of March 1978 was Rs.13,63.33 crores. Analysis of the debt compared with the corresponding amounts at the end of the two preceding years is given below :

	At the end of		
	1975-76	1976-77	1977-78
	(In crores of rupees)		
Internal debt of the State Government	1,68.79	1,80.58	2,80.27
Loans and advances from the Central Government ..	9,49.64	10,09.05	10,83.06
Total ..	11,18.43	11,89.63	13,63.33

The increase (Rs.99.69 crores) under the head "Internal Debt of the State Government" was mainly due to increase (Rs.88.14 crores) in the amount of ways and means advances and overdraft from the Reserve Bank of India *vide* paragraph 1.7.2. below.

(c) In addition to public debt detailed above, small savings, provident funds, etc. (comprising mainly the General Provident Fund balances of Government servants) and the balances at the credit of Depreciation and other Reserve Funds as also certain deposits, to the extent these are not separately invested but are merged with the general cash balance of Government, constitute liabilities of Government. Taking the public debt and these liabilities together, the debt position of Government was as follows :

	At the end of		
	1975-76	1976-77	1977-78
	(In crores of rupees)		
Public debt	11,18.43	11,89.63	13,63.33
Small savings, provident funds, etc.	58.45	67.50	77.46
Depreciation reserve and earmarked funds ..	67.82	71.93	75.97
Deposits of local funds and civil deposits ..	75.95	82.41	1,00.77
Total ..	13,20.65	14,11.47	16,17.53

1.7.2. Ways and means advances and overdrafts from the Reserve Bank of India : Under an agreement with the Reserve Bank of India, Government have to maintain with the Bank at the end of each working day a minimum balance of Rs.1 crore. When the balance falls below the agreed minimum, the deficiency is made good by the Bank by giving ordinary ways and means advances up to the limit of Rs.10 crores. Special ways and means advances not exceeding Rs.10 crores can also be made available against Government of India securities held by the State Government. The limit for special ways and means advances was Rs.3.70 crores during 1977-78 on the basis of loanable value of the State Government's investments in Government of India securities.

The rates of interest on ways and means advances during the financial year 1977-78 were as under:

For first 90 days	..	..	..	One per cent below the Bank Rate
Beyond 90 days up to 180 days	..	..	..	One per cent above the Bank Rate
Beyond 180 days	..	..	..	Two per cent above the Bank Rate

During 1977-78, the Bank Rate was nine per cent per annum.

If, even after taking these advances, the balance falls below the agreed minimum balance, the Bank charges interest at one per cent below the Bank Rate on the shortfall. In the event of minus balance, the Bank charges interest on the overdraft at the rates indicated below:

Up to and inclusive of the 7th day	..	..	..	Bank Rate
From the 8th day	..	..	..	Three per cent above the Bank Rate

The extent to which Government were able to maintain the minimum balance with the Bank in 1977-78 is given below:

(i) Number of days on which the minimum balance was maintained without obtaining any advance.	8
(ii) Number of days on which the minimum balance was maintained by taking ordinary and special ways and means advances.	8
(iii) Number of days on which there was shortfall in the minimum balance after taking the above advances but no overdraft was taken.	1
(iv) Number of days on which overdraft was taken	.. 348

Ways and means advances: At the end of the previous year, Rs. 4.77 crores were outstanding as ways and means advance. During 1977-78, Rs.25.14 crores were taken from the Bank as ways and means advance and Rs.16.21 crores were repaid leaving a balance of Rs.13.70 crores. A sum of Rs.0.96 crore was paid during the year as interest on these advances.

Overdrafts : During the year, overdrafts aggregating Rs.4,43.10 crores were availed of, out of which Rs.3,63.89 crores were repaid during the year leaving a balance of Rs.79.21 crores at the close of the year. During the year, Rs.5.36 crores were paid towards interest on overdrafts including Rs.4.12 lakhs in discharge of arrear liability. At the close of the year there was no undischarged liability on account of interest on overdrafts.

The amounts of interest paid to the Bank on ways and means advances and overdrafts during the three years ending 1977-78 are indicated below:

Year	Amount				
	<i>(In crores of rupees)</i>				
1975-76	--	-- 0-17
1976-77	-- 0-39
1977-78	-- 6-32

1.7.3. **Loans and advances from Government of India :** The balance of loans and advances received from Government of India outstanding at the end of 1977-78 was Rs.10,83.06 crores; this formed about 79 per cent of the total public debt (Rs.13,63.33 crores).

The State Government obtained from Government of India in 1977-78 Rs.1,68.59 crores as loans for State Plan/Central Plan/Centrally Sponsored Plan Schemes (Rs.83.04 crores), ways and means advances (Rs.40.00 crores) and non-Plan loans for various purposes (Rs.45.55 crores). Details of loans outstanding on 31st March 1978 are given in Statement No. 17 of Finance Accounts 1977-78. On 31st March 1978, Rs.9.74 lakhs were overdue for payment to the Government of India towards interest.

During 1977-78, the State Government lost the benefit of rebate of interest at $\frac{1}{4}$ per cent to the extent of Rs.88.31 lakhs and had also to pay additional interest at the rate of $5\frac{1}{4}$ per cent amounting to Rs.27.49 lakhs on account of delay in repayment to Government of India of loan instalments as indicated below :

Due date of repayment	Amount due		Additional interest paid	Rebate forfeited
	Principal	Interest		
<i>(In lakhs of rupees)</i>				
30th June 1977	7,60.00	17.50	6.47	0.87
1st October 1977	2,10.07	5,32.07	8.11	24.28
15th October 1977	2,47.36	11,99.03	12.91	63.16
		Total ..	27.49	88.31

The State Government stated (December 1978) that instalments could not be repaid on due dates owing to their extremely difficult ways and means position.

1.7.4. **Interest charges :** Interest charges paid on debt and other obligations are analysed below :

	1975-76	1976-77	1977-78
<i>(In crores of rupees)</i>			
(i) Interest paid by State Government	53.99	64.42	72.93
(ii) Deduct—			
(a) Interest received on loans and advances by State Government	0.93	0.67	1.16
(b) Interest realised on investment of cash balance	0.20	0.07	..
(c) Interest on capital advanced to Damodar Valley Corporation	(A)	(A)	(A)
(iii) Net burden of interest on revenue	52.86	63.68	71.70
(iv) Percentage of net interest to total revenue receipts	9.40	10.25	10.25

(A) Payment of interest (Rs. 48.83 crores up to the end of 1977-78) was withheld by the Damodar Valley Corporation pending adjustment against the amount due to it from the State Government on account of water rates and deficits on irrigation, power and flood control.

In addition, there were certain other receipts and adjustments (Rs.9.58 crores), such as interest received from Commercial Departments, etc. If these are also taken into account, the net burden of interest on revenue was Rs.62.19 crores (8.89 per cent of revenue).

1.7.5. Arrangements for amortisation of debt : The following arrangements have been made for amortisation of loans raised in the open market. These are in accordance with the arrangements announced at the time of floating of the loans.

- (i) **Depreciation fund:** A sum equal to $1\frac{1}{2}$ per cent of the total nominal value of the loan is credited to a depreciation fund for purchasing securities of the loan for cancellation.
- (ii) **Sinking fund :** In addition to the above, annual contribution is made to a sinking fund for amortisation of loans at such rates as Government may from time to time decide.

The balances in these funds and their investment during the three years ending 1977-78 are shown below :

Year	Opening balance at the credit of the funds	Net receipts during the year	Amount transferred to Miscellaneous Government Account on maturity of loans	Total column (2) plus column (3) minus column (4)	Total investment	Amount not invested
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(In crores of rupees)</i>						
1975-76 ..	60.08	9.51	..	69.59	14.16	55.43
1976-77 ..	69.59	9.83	6.98	72.44	12.43	60.01
1977-78 ..	72.44	8.99	7.04	74.39	8.83	65.56

The balances in these funds aggregating Rs.65.56 crores which were not invested stood merged in the general cash balance of the State.

No amortisation arrangement has been made for repayment of loans from Government of India (Rs.10,83.06 crores) and other bodies (Rs.38.48 crores). Government have also not made any amortisation arrangement for repayment of market loans raised during the year.

1.8. Guarantees given by the State Government

Under Section 6 of the State Financial Corporations Act, 1951, the shares of the State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of annual dividend thereon. Similarly, under Section 7 of that Act, the bonds and debentures of the State Financial Corporation are to be guaranteed by the

State Government as to the repayment of principal and payment of interest. The actual amounts guaranteed on behalf of the West Bengal Financial Corporation by the State Government on 31st March 1978 under Sections 6 and 7 *ibid* were Rs.1.50 crores and Rs.3.60 crores respectively.

Under Section 66 of the Electricity (Supply) Act, 1948, the State Government may guarantee in such manner as it thinks fit, repayment of principal and payment of interest on any loan proposed to be raised by the State Electricity Board. The actual amount covered by guarantees given by the State Government on behalf of the West Bengal State Electricity Board was Rs.1,94.40 crores as on 31st March 1978.

Under Section 34(5) of the West Bengal Housing Board Act, 1972, the State Government may guarantee, in such manner as they think fit, repayment of principal and payment of interest in respect of any loan obtained and debentures issued by the West Bengal Housing Board. The actual amount guaranteed on behalf of the West Bengal Housing Board by the State Government was Rs.2.11 crores as on 31st March 1978.

Apart from the above, the State Government had guaranteed (to third parties) repayment of loans, bonds and debentures and payment of interest thereon, repayment of share capital and payment of minimum dividend thereon, cash credits, etc., on behalf of 4 statutory corporations, 24 joint stock companies, various co-operative banks and institutions and 8 Government companies. The maximum amount guaranteed on their behalf at the end of 1977-78 was Rs.2,51.75 crores against which loans etc., actually outstanding aggregated Rs.1,62.10 crores.

During 1977-78, Rs.54.81 lakhs were paid by the Closed and Sick Industries Department as a result of the guarantee given in favour of a joint stock company being invoked.

Government decided in June 1974 to charge fee at the rate of 50 paise per annum per Rs.100 of the sums to be guaranteed except in the case of concessional finance provided by the Reserve Bank of India to co-operative institutions. During 1977-78, Rs.16.04 lakhs were realised as fees for guarantees given by the State Government.

Fees on guarantees given in respect of loans aggregating Rs.40.62 crores obtained between July 1974 and October 1977 by the West Bengal State Electricity Board from the Rural Electrification Corporation Limited were waived by Government.

The Agriculture and Community Development Department also waived guarantee fees in respect of three loans aggregating Rs.64.00 lakhs guaranteed in favour of three Regulated Market Committees, on the ground that they were cases of concessional finance being made available to them by commercial banks.

Guarantee fees amounting to Rs.1.92 lakhs were due (September 1978) in respect of loans guaranteed by the Closed and Sick Industries Department (Rs.1.65 lakhs) and the Housing Department (Rs.0.27 lakhs).

Information regarding collection and outstanding amounts on account of guarantee fees in respect of the following departments was awaited (February 1979) :

Department	Maximum amount of loan guaranteed after June 1974 <i>(In crores of rupees)</i>
Power	1,27.98
Co-operation	81.67
Public Works (MD)	45.10
Food and Supplies	5.55

1.9. Investments

In 1977-78, Government invested Rs.12.42 crores in statutory corporations (Rs. 0.50 crore), Government companies (Rs. 4.69 crores), gramin bank (Rs.0.04 crore), joint stock companies (Rs.0.14 crore) and co-operative institutions (Rs.7.05 crores). The total investment of Government in the share capital and debentures of various concerns at the end of 1975-76, 1976-77 and 1977-78 was Rs.50.55 crores, Rs.60.30 crores and Rs.72.75 crores respectively. The dividend/interest received therefrom was Rs.9.81 lakhs (0.19 per cent) Rs.16.18 lakhs (0.27 per cent) and Rs.17.91 lakhs (0.25 per cent).

Investments shown above exclude capital advances of Rs.6,16.60 lakhs (Calcutta State Transport Corporation: Rs.6,01.96 lakhs and North Bengal State Transport Corporation: Rs.14.64 lakhs). The advances represent amounts spent by Government before the formation of these Corporations. On their formation, the amounts were treated as capital advanced to them.

Four co-operative societies (investment: Rs.0.37 lakh) were under liquidation (31st March 1978).

Further particulars of investments are given in Statement No. 14 and Appendix III of Finance Accounts 1977-78.

1.10. Grants—Utilisation certificates

During 1977-78, Rs.1,13.27 crores were paid as grants to local bodies (Rs.34.11 crores), private institutions and individuals (Rs.79.04 crores) and co-operative institutions (Rs.0.12 crore); these formed 16.16 per cent of Government's total expenditure (Rs.7,01.09 crores) on revenue account. The grants were paid mainly for maintenance and construction of buildings of educational institutions, maintenance of hospitals and charitable

institutions, maintenance and improvement of roads and communications under municipalities and development of co-operative societies. Amounts, by broad purposes of the grants, are shown below :

	Building grants	Maintenance grants	Other grants	Total grants
	<i>(In lakhs of rupees)</i>			
Local bodies—				
Recurring		27,60.92	5,99.99	33,60.91
Non-recurring		31.65	18.17	49.82
Co-operative institutions—				
Recurring		8.65	..	8.65
Non-recurring		1.97	1.00	3.57
Others—				
Recurring		67,76.25	0.55	67,76.80
Non-recurring	37.52	9,07.96	1,82.19	11,27.67
Total	37.52	1,04,87.40	8,02.50	1,13,27.42

Departmental officers sanctioning grants are required to certify to Audit the proper utilisation of the grants. Utilisation certificates for grants aggregating Rs.27.22 crores were received during 1977-78; those for Rs.2,30.01 crores in 36,581 cases paid as grants up to March 1977 were awaited (September 1978). The department-wise details are given in Appendix I. Of these, 21,172 certificates for Rs.92.67 crores were awaited for more than three years. Utilisation certificates for over Rs. 25 lakhs each were outstanding for more than three years against the departments mentioned below :

Department	Number of certificates	Amount <i>(In lakhs of rupees)</i>
Education	20,287	88,89.37
Agriculture and Community Development	87	1,43.78
Relief and Welfare	153	82.26
Refugee Relief and Rehabilitation	192	55.15
Co-operation	85	49.19
Health	357	43.22

The utilisation certificates have not been received although considerable time has passed after the payment of the grants. In the absence of utilisation certificates, it is difficult to be satisfied, even in a broad way, to what extent the recipients spent the grants for the purpose or purposes for which they were given and whether they fulfilled the other conditions governing the grants.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary

(a) The following table compares the total expenditure during the year with the totals of grants and charged appropriations:

			Grants/ charged appropriations	Expendi- ture	Saving (-) Excess (+)	Percentage	
<i>(In crores of rupees)</i>							
Voted—							
Original	..	9,21.92	}	9,58.68	9,15.31	(-)43.37	4.5
Supplementary	..	36.76					
Charged—							
Original	..	2,92.80	}	5,87.74	6,66.85	(-)20.89	3.5
Supplementary	..	2,94.94					
Total	..	15,40.42		14,82.16	(-)64.26	4	

The overall saving of Rs. 64.26 crores was the result of saving of Rs. 88.11 crores in 52 grants (Rs. 67.16 crores) and 30 charged appropriations (Rs. 20.95 crores) partly counterbalanced by excess of Rs. 23.85 crores in 19 grants (Rs. 23.79 crores) and 4 charged appropriations (Rs. 0.06 crore).

(b) Further details are given below:

		Revenue	Capital	Loans and Advances	Public Debt	Total
<i>(In crores of rupees)</i>						
Authorised to be spent (Grants and charged appropriations)—						
Original ..	..	7,43.47	1,33.84	1,22.75	2,15.16	12,14.72
Supplementary	..	30.88	6.28	5.57	2,88.97	3,31.70
Total	..	7,74.35	1,39.62	1,28.32	5,04.13	15,46.42
Actual expenditure (Grants and charged appropria- tions)						
		7,47.08	1,20.78	1,30.36	4,83.94	14,82.16
Shortfall (-)						
Excess (+)	..	(-)27.27	(-)18.84	(+)2.04	(-)20.19	(-)64.26

2.2. Excess over grants charged appropriations requiring regularisation

(a) Grants : Excesses aggregating Rs.23.79 crores in the following 19 grants require regularisation under Article 205 of the Constitution :

Sl. No.	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
(1)	7—Land Revenue	15,04,90,000	15,18,33,903	13,43,903
Excess was mainly due to (i) drawal of pay at increased rate and arrears of pay in the selection grade posts and (ii) enhancement in the rates of dearness, house rent and other allowances.				
(2)	8—Stamps and Registration	2,23,81,000	2,52,55,723	28,74,723
Excess was mainly due to (i) payment of <i>ad hoc</i> pay, (ii) payment of house rent, medical and other allowances at enhanced rates and (iii) more expenditure on stamps supplied from Central Stamp Stores.				
(3)	14—Other Fiscal Services	28,43,000	30,53,702	2,10,702
Excess which occurred under "Promotion of Small Savings" was attributed to (i) distribution of rewards to the districts which achieved the targets and (ii) omission to provide for purchase of a jeep.				
(4)	16—Interest Payments	85,02,000	99,56,342	14,54,342
Excess occurred under "Interest on compensation money payable to land holders", reasons for which have not been intimated (March 1979).				
(5)	24—Stationery and Printing	2,46,45,000	2,51,09,016	4,64,016
Excess was attributed mainly to (i) sanction of <i>ad hoc</i> pay, selection grade pay and payment of dearness and medical allowances at enhanced rates, (ii) payment of arrear claims, (iii) grant of overtime allowance for printing of ballot papers and budget documents, (iv) introduction of <i>ex gratia</i> grant, (v) payment of more wages to casual workers for printing jobs, (vi) purchase of more tools and equipment and (vii) printing and binding of State lottery tickets through private presses.				
(6)	25—Public Works	35,06,25,000	43,10,60,856	8,04,35,856

Excess was mainly due to (i) acquisition of more stores and stock materials and machinery than anticipated and (ii) more expenditure on building works of various departments and on maintenance of Government non-residential and residential buildings.

Sl. No.	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
(7)	28—Pension and Other Retirement Benefits	10,90,66,000	11,45,02,170	54,36,170

Excess was mainly due to (i) increase in the number of beneficiaries of family pension (ii) enhancement of the rate of *ad interim* family pension, (iii) sanction of provisional gratuity in most of the retirement cases, (iv) increase in the number of commutation cases and (v) sanction of more proposals for pension to employees of State-aided educational institutions than anticipated.

(8)	31—Secretariat—Social and Community Services	1,13,26,000	1,14,02,815	76,815
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Excess occurred under "I—Secretariat" mainly due to larger expenditure on salaries and allowances on account of sanction of dearness, house rent and other allowances at higher rates and payment of *ex gratia* grant to the staff.

(9)	32—Education (Sports)	60,00,000	1,06,88,119	46,88,119
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Excess occurred under "Development of National Discipline Schemes", "Improvement of Sports and Games" and "Campus works, stadium, playgrounds, etc.", reasons for which have not been intimated (March 1979).

(10)	35—Scientific Services and Research	29,000	29,800	800
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Excess was mainly due to adjustment of arrear grant to Calcutta Mathematical Society.

11)	36—Medical	64,26,58,000	64,51,17,181	24,59,181
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Excess was mainly attributed to (i) payment of *ad hoc* pay, additional dearness allowance, house rent and other allowances at enhanced rates to staff, (ii) opening of new hospitals, (iii) provision of additional blocks and beds, (iv) payment of matching contribution towards completion of two aided hospitals, (v) adjustment of larger number of book debit bills on account of materials and supplies, (vi) increased expenditure on diet charges and (vii) purchase of more materials, other stores and medicines.

(2)	38—Public Health, Sanitation and Water Supply	24,30,09,000	25,67,06,965	1,36,97,965
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Excess occurred mainly under "Raniganj Coal Field Area Water Supply Scheme", "Small-pox Eradication Programme", "Direction and Administration—Director of Health Services", "National Leprosy Control Programme" and "Anti-Cholera Programme", reasons for which have not been intimated (March 1979).

Sl. No.	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
(13) 40—Urban Development	47,39,42,000	47,56,76,628	17,34,628

Excess occurred mainly under (i) "Grants to Calcutta Corporation, Municipalities, Town Committees, etc., towards payment of additional dearness allowance and arrear dues to their employees" and (ii) "Grants to local bodies for maintenance of assets created by Calcutta Metropolitan Development Authority investments", "Development of Municipal Areas", "Assistance to Calcutta Metropolitan Development Authority for resettlement of city-kept cattle" and "Laying pipe lines in the housing colony at Bidhan Nagar, Durgapur", reasons for which have not been intimated (March 1979).

(14) 50—Co-operation	16,80,45,001	17,46,87,055	66,22,054
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Excess was stated to be due to (i) investments in eight weak Central Co-operative Banks at the post-budget stage, (ii) release of more funds by Government of India according to recommendations of the Reserve Bank for providing loan assistance in co-operatively under-developed areas, (iii) increased assistance to West Bengal State Co-operative Bank due to implementation of the food production programme on a bigger scale, (iv) availability of more funds from Government of India for giving loan assistance to Industrial Co-operatives, meeting Plan expenditure on Handloom Co-operatives and share participation in West Bengal States Handloom Weavers' Co-operative Society Ltd. and different primary societies and (v) larger requirement of funds for share participation in Co-operative Spinning Mills at Serampore.

(15) 63—Village and Small Industries (Excluding Public Undertakings)	6,18,87,001	6,26,07,149	7,20,148
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Excess was mainly due to (i) larger expenditure under "Schemes for Sericulture Industries" due to sanction of dearness, house rent and medical allowances at enhanced rates, increase in the number of trainees and extension of the activities of the Directorate, (ii) increased loan and financial assistance to small-scale entrepreneurs, (iii) payment of more matching contribution towards share capital for purchase of shares of West Bengal Handloom and Powerloom Development Corporation and (iv) non-provision of funds for the scheme of "Setting up of Industrial Estates".

(16) 67—Loans for Power Projects	43,98,00,000	45,88,49,000	1,90,49,000
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Excess was attributed to payment of more loans to the West Bengal Electricity Board to meet certain urgent payments against supplies received from Bharat Heavy Electricals Ltd., and availability of more funds from Government of India for construction of inter-State transmission lines.

Sl. No.	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
(17)	70—Roads and Bridges	38,96,19,000	47,84,78,658	8,88,59,658

Excess was due mainly to (i) less provision of funds for purchase of stores and stock materials and non-provision of funds for accommodating transfer of establishment and tools and plant charges on a *pro rata* basis from the common establishment charges accounted for under Grant No. 25, (ii) larger expenditure on maintenance of district and other roads and (iii) higher establishment cost of Public Works (Roads) Directorate.

(18)	76—Public Undertakings	12,93,11,000	13,14,30,299	21,19,299
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Excess was attributed mainly to larger working capital requirements of Kalyani Spinning Mills Ltd.

(19)	84—Loans and Advances	6,61,61,000	7,18,00,237	56,39,237
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Excess was due mainly to larger requirement of funds for payment of festival advances and house building advances.

(b) **Charged appropriations :** Excess of Rs.0.06 crore over the charged appropriation in the following four cases also requires regularisation :

Sl. No.	Number and name of charged appropriation	Total appropriation	Expenditure	Excess
		Rs.	Rs.	Rs.
(1)	28—Pensions and Other Retirement Benefits	9,06,000	11,10,844	2,04,844

Excess was due to unanticipated increase in the number of pensioners and revision of pension cases due to liberalisation of pension rules.

(2)	36—Medical	8,257	11,106	2,849
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Excess was attributed to payment of decretal charges in connection with "Employees' State Insurance Scheme—Medical Benefit Scheme".

(3)	66—Multipurpose River Projects, Irrigation, Navigation, Drainage and Flood Control Projects	4,02,172	4,46,578	44,406
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Reasons for the excess which occurred mainly under "Drainage Projects (Commercial)—Major and Medium Drainage Projects—Drainage Works" have not been intimated (March 1979).

(4)	70—Capital Outlay on Petroleum, Chemicals and Fertiliser Industries (Excluding Public Undertakings)	5,00,000	8,68,304	3,68,304
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Reasons for the excess which occurred under "Fertilizers—Durgapur Fertilizer Factory" have not been intimated (March 1979),

2.3. Supplementary grants|charged appropriations

The supplementary provision of Rs.3,31.70 crores (27 per cent of original provision) was obtained under 36 grants (Rs. 36.76 crores) and 25 appropriations (Rs.2,94.94 crores). Details of some significant cases of unnecessary, excessive and inadequate supplementary grants/charged appropriations are given below :

(1) *Unnecessary supplementary grants*—In the following cases, the supplementary grants (exceeding Rs.5 lakhs each) remained wholly unutilised as the expenditure in each case did not come up even to the original provision :

Sl. No.	Number and name of grant	Original grant	Supplemen- tary grant	Expenditure	Saving
(In lakhs of rupees)					
(1)	10—State Excise	2,30.00	5.99	2,25.99	10.00

Reasons for the shortfall have not been intimated (March 1979).

(2)	13—Other Taxes and Duties on Commodities and Services	1,50.00	11.00	1,44.83	16.17
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Reasons for the shortfall have not been intimated (March 1979).

(3)	21—Police	58,25.75	61.41	58,94.19	1,92.97
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Saving was attributed mainly to non-adjustment of expenditure under "Loss on sale of subsidised foodstuff to the Police Force" owing to the non-receipt of particulars from local officers and deployment of less number of Home Guards, National Volunteer Force personnel and Contingency paid staff and reduction in other expenditure consequent upon the relaxation of cordoning.

(4)	39—Housing	9,17.59	19.31	8,77.44	59.46
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Reasons for saving which occurred mainly under "Salt Lake Reclamation Scheme" have not been intimated (March 1979).

(5)	46—Social Security and Welfare (Excluding Civil Supplies, Relief and Rehabilitation of Displaced Persons and Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes)	12,57.96	26.34	9,61.79	3,22.51
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Shortfall of Rs.1,45.93 lakhs was attributed mainly to delay in finalisation of schemes owing to the late receipt of proposals from the implementing agencies, non-maintenance of feeding centres throughout the year due to administrative difficulties and want of suitable accommodation. Reasons for the balance shortfall have not been intimated (March 1979).

Sl. No.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
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(In lakhs of rupees)

(6)	59—Agriculture	30,35.19	3,19.10	26,54.69	6,99.70
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Shortfall was attributed mainly to non-execution of certain schemes of civil works owing to non-selection of consultants, and less debit raised by Government of India on account of fertilisers supplied, non-filling up of posts owing to administrative reasons and technical difficulties, non-~~sanction~~ sanction of schemes and observance of economy measures.

(7)	53—Minor Irrigation, Soil Conservation and Area Development ¹	34,45.40	1,87.29	32,60.08	3,72.61
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Reasons for the shortfall have not been intimated (March 1979).

(8)	58—Forest	6,15.00	12.29	6,13.41	13.88
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Shortfall of Rs.4.03 lakhs under "Government Saw Mills at Siliguri" was attributed to late finalisation of purchase of wood preservative, less supply of timber from territorial divisions for the Government Saw Mills and less intake due to low voltage and irregular supply of electric energy. Reasons for the balance shortfall of Rs.9.85 lakhs have not been intimated (March 1979).

(9)	62—Industries (Excluding Closed and Sick Industries)	11,42.42	30.90	10,70.76	1,02.66
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Shortfall was attributed mainly to non-commencement of work under "Development of Haldia" owing to non-receipt of clearance of the Planning Commission for the surface water supply scheme.

(10)	66—Multipurpose River Projects, Irrigation, Navigation, Drainage and Flood Control Projects	70,74.00	1,95.37	68,30.54	4,38.93
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Reasons for the shortfall have not been intimated (March 1979).

(11)	71—Road and Water Transport Services	20,78.14	2,78.01	18,23.62	5,32.53
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Shortfall was due to part adjustment of the transactions of the Calcutta Tramways Company Limited owing to non-finalisation of the accounts of the undertaking before closing of the accounts for the year.

(ii) *Supplementary grants/charged appropriations which proved excessive.*—In the following cases, among others, the supplementary provision (exceeding Rs.5 lakhs each) proved excessive; against the supplementary provision of Rs.11,20.66 lakhs, Rs.5,26.06 lakhs were actually utilised :

Sl. No.	Number and name of grant/charged appropriation	Original grant/charged appropriation	Supplementary grant/charged appropriation	Expenditure	Saving
(In lakhs of rupees)					
(1)	5—Elections (Voted)	1,99.58	1,75.27	3,34.28	40.57

Reasons for the saving have not been intimated (March 1979).

(2)	27—Other Administrative Services (Voted)	7,56.00	1,23.30	7,75.21	1,04.09
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Saving to the extent of Rs.35.07 lakhs was attributed mainly to strict observance of economy, excess assessment of requirements, non-filling up of some posts and non-receipt of bills from suppliers. Reasons for the balance saving of Rs.69.02 lakhs resulting from non-utilisation of provision for *ad hoc* pay and other allowances and non-implementation of the schemes "Establishment of an Administrative Training Institute at Bidhan Nagar (Salt Lake City)" and "Training of Administrative Officers" have not been intimated (March 1979).

(3)	34—Education, Art and Culture (Excluding Sports and Youth Welfare) (Voted)	1,48,20.29	2,20.74	1,40,17.53	1,23.50
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Reasons for the shortfall have not been intimated (March 1979).

(4)	59—Community Development (Panchayat) (Voted)	5,42.50	1,41.04	6,22.22	61.32
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Saving to the extent of Rs.23.33 lakhs was attributed mainly to belated decision on holding Panchayat elections and non-payment of grants to Zilla Parishads for want of reports from District Officers. Reasons for the remaining saving of Rs.37.99 lakhs have not been intimated (March 1979).

(5)	60—Community Development (Excluding Panchayat) (Voted)	9,80.47	1,06.05	9,89.83	96.69
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Saving to the extent of Rs.73.17 lakhs was stated to be due to delay in finalisation of schemes for construction of rural roads. Reasons for the balance saving have not been intimated (March 1979).

(6)	74—Compensation and Assignments to Local Bodies and Panchayat Raj Institutions (Excluding Panchayat) (Voted)	17,27.54	3,40.93	19,06.70	1,61.77
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Reasons for the shortfall have not been intimated (March 1979).

(7) 76—Public Undertakings (Charged) .. 13.33 6.67 6.66

The shortfall which occurred under "Setting up of a mechanical compost plant by West Bengal Agro-Industries Corporation at Calcutta—Central assistance by way of Central subsidy" was attributed to non-receipt of the instalment of Central subsidy for the scheme.

(iii) *Inadequate supplementary grants.*—In the following cases, among others, the supplementary grants (exceeding Rs.5 lakhs in each case) of Rs.8,51.04 lakhs proved inadequate; the final uncovered excess (reasons to the extent received indicated in paragraph 2.2) was Rs.12,22.72 lakhs:

Sl. No.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Excess
<i>(In lakhs of rupees)</i>					
(1)	8—Stamps and Registration ..	2,00.00	23.81	2,52.56	28.75
(2)	36—Medical	62,62.50	1,64.08	64,51.17	24.59
(3)	38—Public Health, Sanitation and Water Supply	20,80.00	3,50.09	25,67.07	1,36.98
(4)	50—Co-operation	16,63.54	16.91	17,46.67	66.22
(5)	70—Roads and Bridges ..	36,95.00	2,01.19	47,84.79	8,88.60
(6)	76—Public Undertakings ..	12,05.15	87.96	13,14.30	21.19
(7)	84—Loans and Advances ..	6,54.61	7.00	7,18.00	56.39

2.4. Unutilised provision

(i) Rupees 88.11 crores remained unutilised in 52 grants (Rs.67.16 crores) and 30 charged appropriations (Rs.20.95 crores).

(ii) In 17 grants and 1 charged appropriation, the savings (more than Rs. 10 lakhs in each case) were more than 10 per cent of the total provision. The details of these grants and the charged appropriation are given in Appendix II.

(iii) Some of the major schemes where the provision remained substantially/wholly unutilised are shown below:

Sl. No.	Department, Grant No. and head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
<i>(In lakhs of rupees)</i>				
Irrigation and Waterways Department				
66—Multipurpose River Projects, Irrigation, Navigation, Drainage and Flood Control Projects				
(1)	532—Capital Outlay on Multipurpose River Projects—			
	C—Damodar Valley Project—			
	Non-Plan—			
	C.VI-Damodar Valley Power Scheme	18,26.40	6,15.50 (34)	Reasons for saving have not been intimated (March 1979).

Sl. No.	Department, Grant No and head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
<i>(In lakhs of rupees)</i>				
(2)	332—Multipurpose River Projects— C—Damodar Valley Project— Non Plan— C V Damodar Valley Irrigation Scheme.	4,06 83	2,74 81 (67)	Reasons for saving have not been intimated (March 1979).
(3)	532—Capital Outlay on Multipurpose River Projects— D-Teesta Barrage Project— State Plan (Fifth Plan)— D-VII-Teesta Barrage Irrigation Scheme	6,60 00	2,66 69 (40)	Ditto.
Department of Agriculture and Community Development (Planning Cell)				
(4)	53—Minor Irrigation, Soil Conservation and Area Development— 506—Capital Outlay on Minor Irrigation, Soil Conservation and Area Development— I—Minor Irrigation— State Plan (Fifth Plan)— I(7)-World Bank Project on Agricultural Development	4,94 90	3,98 47 (81)	The provision was meant for shore/off-shore installations and water transmission arrangements in more than six hundred sites. Reasons for saving have not been intimated (March 1979).
(5)	52—Agriculture— 505—Capital Outlay on Agriculture— XIV—Other Expenditure— State Plan (Fifth Plan) 2. World Bank Project on Agricultural Development— Improvement of Agricultural Extension and Research	1,10 90	1,10 90 (100)	The scheme aimed at agricultural development and agricultural extension and research. Saving was attributed to non-execution of civil works owing to non-selection of consultants.

Sl. No.	Department, Grant No. and head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
<i>(In lakhs of rupees)</i>				
(6)	52—Agriculture—			
	305—Agriculture—			
	VII—Manures and Fertilisers—			
	Non-Plan (Development)—			
	1. Distribution of Chemical fertilisers	2,16 00	1,10 09 (51)	Saving was attributed to uncertainty in the quantum of debit to be raised by Government of India on account of fertilisers supplied previously.
Public Works (Metropolitan Development) Department				
(7)	70—Roads and Bridges—			
	737—Loans for Roads and Bridges—			
	I—District and Other Roads—			
	Centrally Sponsored (New Schemes)—			
	I. (1)—Loans for construction of Second Bridge over Hooghly River	8,00 00	3,50.00 (44)	Reasons for saving have not been intimated (March 1979).
(8)	(Salt Lake Branch)—			
	39—Housing—			
	483—Capital Outlay on Housing—			
	B—Other Housing Schemes—			
	B(I)—Salt Lake Scheme—			
	Non-Plan—			
	B(I)1—Salt Lake Reclamation Scheme	3,41.61	2,08.60 (61)	Reasons for saving have not been intimated (March 1979).
Department of Health and Family Welfare				
(9)	(Public Health Branch)—			
	38—Public Health, Sanitation and Water Supply—			
	282—Public Health, Sanitation and Water Supply—			
	B—Sewerage and Water Supply—			
	B X—Rural Piped Water Supply Scheme—			
	Central Sector (New Schemes)—			
	B-X(1)—Accelerated Programme	2,40.00	2,35.50 (98)	The programme aimed at coverage of problem villages with financial assistance from the Centre. Reasons for saving have not been intimated (March 1979).

Sl. No.	Department, Grant No. and head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
<i>(In lakhs of rupees)</i>				
(Family Welfare Branch)—				
37—Family Welfare—				
281—Family Welfare—				
VI—Compensation—				
Centrally Sponsored (New Schemes)—				
(10)	VI(2)-Compensation for Vasectomy	2,06 48	1,95 13 (94)	Reasons for saving have not been intimated (March 1979).
(11)	VI(1)-Compensation for Tubectomy	2,00.00	1,83.13 (91)	Reasons for saving have not been intimated (March 1979).
Closed and Sick Industries Department				
(12)	61—Industries (Closed and Sick Industries)—			
	522—Capital Outlay on Machinery and Engineering Industries—			
	I—Heavy Engineering Industries—			
	State Plan (Fifth Plan)—			
	I(1) Revival of closed and Sick Industrial Units	1,80.00	1,80 00 (100)	The scheme aimed at purchasing all the shares of a heavy engineering unit to facilitate its continued running.
Saving was attributed to non-materialisation of the proposal for purchase of shares of the unit as the foreign company holding those shares did not get necessary approval of their Government for transfer of the shares during the year				
Fishery Department (Fish Branch)				
(13)	57—Fisheries—			
	512—Capital Outlay on Fisheries—			
	IV—Mechanisation of Fishing Crafts—			
	Non-Plan (Developmental)—			
	1 Scheme for development of coastal fishing with mechanised boats (including one inspection launch)	1,68.00	1,64.36 (98)	Reasons for saving have not been intimated (March 1979).

Sl. No.	Department, Grant No. and head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
<i>(In lakhs of rupees)</i>				
Commerce and Industries Department				
Industries (Planning) Branch				
(14)	62—Industries (Excluding Closed and Sick Industries)— 520—Capital Outlay on Industrial Research and Development— II—Other Expenditure— State Plan (Fifth Plan)— II(2).Development of Haldia Water Supply Scheme	1,46.00	1,41.00 (96)	The provision was for implementation of 2nd phase of the scheme involving construction of six more tubewells of the same capacity as in the 1st phase and also for taking up the preliminary work for the permanent surface Water Supply Scheme at Haldia. Saving was attributed to non-commencement of work due to non-receipt of the clearance of the Planning Commission for the surface water supply scheme.
Education Department				
	34—Education, Art and Culture (Excluding Sports and Youth Welfare), 277—Education—			
(15)	A—Primary Education— A-VII—Minimum Needs Programme— State Plan (Fifth Plan)— 3. Free and Compulsory Primary Education (Universal)	4,31.07	1,40.67 (33)	The provision was for free primary education during 1977, maintenance of Primary Schools sanctioned in 1974-75 and 1975-76 and appointment of new primary teachers. Reasons for saving have not been intimated (March 1979).
(16)	B—Secondary Education— B-IV—Assistance to Non-Government Secondary Schools— Non-Plan— 5. Improvement of the conditions of services of staff in secondary schools	1,65.000	1,29.00 (78)	Reasons for saving have not been intimated (March 1979).

2.5. Drawal of funds in advance of requirements

The financial rules of Government enjoin that withdrawal of money from Government account should be made only when it is required for immediate disbursement. Further, Government money should not be kept outside Government accounts by depositing in post office, in the shape of bank drafts and deposit at call, etc. Any amount remaining unspent is required to be refunded into the treasury promptly. In 31 cases, Rs.3,27.78 lakhs were drawn in contravention of the above provision as detailed in Appendix III. Out of this amount, Rs.57.77 lakhs were deposited in Postal Savings Bank and Personal Ledger Account.

2.6. Reconciliation of departmental figures

To ensure effective control over expenditure, the departmental officers are required to reconcile the departmental figures of expenditure month by month with those booked in the office of the Accountant General before the close of the accounts for a year. This also enables the Controlling Officers to detect in the early stages frauds and defalcations, if any. The reconciliation is heavily in arrears in some departments although this was periodically brought to their notice.

During 1977-78, reconciliation was not done for all the twelve months in 86 cases, while it was not done for periods ranging from one month to eleven months of the year in 56 cases.

The Directorate of Public Instruction (Refugee, Relief and Rehabilitation Department) has not reconciled the figures for any year since 1969-70.

The above position was brought to the notice of the Finance Department (January 1979) for issuing necessary instructions to all the departments for immediate completion of the work. The total amount remaining unreconciled for the year 1977-78 was Rs.2,26.64 crores approximately.

The number of wanting reconciliation certificates for various years was 1,774 as shown below :

1969-70	...	24
1970-71	...	24
1971-72	...	36
1972-73	...	45
1973-74	...	60
1974-75	...	72
1975-76	...	86
1976-77	...	179
1977-78	...	1,248

Total 1,774

2.7. Advances from the Contingency Fund

A Contingency Fund of Rs.5 crores has been placed at the disposal of Government to enable it to meet unforeseen expenditure pending authorisation by the State Legislature.

The advances from the Fund can be made only to meet unforeseen expenditure, not provided in the budget, which is of such an emergent character that postponement of it, till vote of the Legislature is taken, would be undesirable.

The West Bengal Contingency Fund Rules enjoin that supplementary estimates for all expenditure met out of advances from the Fund shall be presented to the Legislature as far as practicable within the financial year in which the advances were sanctioned and that the advances shall be repaid to the Fund as soon as the Legislature authorises the expenditure included in the supplementary estimates.

During 1977-78, the total amount advanced from the Contingency Fund was Rs.1,83.86 lakhs against twenty-four sanctions issued by Government. Two items of advances amounting to Rs.70.26 lakhs, details of which are given below, were not recouped to the Fund till the close of the year:

Number and name of Grant	Amount of [advance Rs.	Date of sanction	Remarks
61—Industries (Closed and Sick Industries)	54.81 lakhs	7th February 1978	Provision was made under voted section of the Grant for recoupment of the advance drawn for meeting State Government's guarantee liability to the State Bank of India against their loan assistance to the Bengal Luxmi Cotton Mills Ltd. Recoupment, however, could not be effected as the expenditure was required to be booked in the charged section of the Grant.
39—Housing	15.45 lakhs	20th March 1978	As the advance required for meeting a decretal charge was drawn towards the end of the financial year, supplementary appropriation could not be obtained for recoupment of the advance.

2.8. Non-receipt of Explanations for savings/excesses

After the close of each financial year, the detailed Appropriation Accounts showing the final grants/appropriations, the actual expenditure and the resultant variations are sent to the Controlling Officers requiring them to explain the variations in general and those in important heads in particular. It is, however, seen that in regard to many important heads the reasons for variations are not furnished in time to Audit by the Controlling Officers. Such delays in the submission of material for Appropriation Accounts result in the Report remaining incomplete in certain essential respects.

As regards the Appropriation Accounts, 1977-78, explanations for variations were not received at all or received incomplete (March 1979) in respect of 414 heads. These formed 63 per cent of the total number of heads, the variations in which were to be explained.

CHAPTER III

CIVIL DEPARTMENTS

Home (Transport) Department

3.1. Non-utilisation of services of staff

Out of the 23 pool vessels under the control of the Engineer and Chief Ship Surveyor (18) and the District Magistrate, 24-Parganas (5), 12 vessels were out of commission from different dates between November 1962 and February 1976 either for want of major repairs or replacement of engine; of these one vessel, which had been lying idle from April 1974 and was condemned in June 1977, was awaiting disposal by auction (September 1978). Between April 1976 and June 1978, Rs.5.40 lakhs were spent on pay and allowances of 59 members of the staff attached to these 12 vessels, who were not assigned any alternative work. In addition, the Engineer and Chief Ship Surveyor incurred an expenditure of Rs.0.17 lakh on account of stores, fuel, etc., for these idle vessels.

As all the five vessels at the disposal of the District Magistrate, 24-Parganas were lying idle for want of major repairs, he had to hire private vessels for which Rs.2.93 lakhs were paid during 1976-77 and 1977-78 as hire charges.

Government stated (January 1979) that action on an emergent basis was being taken for economic repairs of the vessels as well as for condemnation of the vessels where economic repairs could not be carried out.

Agriculture and Community Development Department**3.2. Agricultural information and publicity**

3.2.1. Non-exhibition of films produced : For dissemination of agricultural news and information twentyseven films (1 of 16 mm size, 11 of 35 mm size and 15 of both 16 and 35 mm sizes) were produced by the Directorate of Agriculture between March 1964 and March 1978 at a cost of Rs.11.29 lakhs. Of these, prints of 18 films were made between 1964 and 1973 and distributed for exhibition (16 up to July 1967 and one each in 1971 and 1973); prints of the remaining 9 films produced between 1966 and 1978 at a cost of Rs.7.18 lakhs were not made for exhibition to the public owing to paucity of funds as stated (December 1977) by the Director. Thus, production of these 9 films (1 in 1966, 1 in 1967, 1 in 1971 and 2 each in 1974, 1975 and 1978) has not served any purpose. Government stated (March 1979) that the Director had received funds for making prints of 4 out of the 9 films produced and that proposals had been drawn up for sanction of funds in respect of the remaining 5 films.

For an all out propaganda urging preparation of indigenous manure in view of acute shortage of chemical fertiliser during 1974-75, Government decided (April 1974) to produce a documentary film entitled "Organic Manure" (length: 2,000 feet); work order was placed in August 1975 with a firm, but no agreement was executed stipulating the date of completion of the film, deposit of security money, penal provision, etc. The film was received from the firm in January 1978, i.e., after about 3 years 9 months from the time Government had decided to produce it and paid for it (Rs.0.57 lakh) in March 1978; this is one of the nine films mentioned earlier which have not been printed.

3.2.2. Printing of charts: For dissemination of agricultural information by display of charts, a publishing firm "A" of Calcutta offered (February 1974), on its own initiative, to supply to the Directorate coloured charts on pests and diseases of crops at Rs.6 per chart; designs of these charts were prepared by the firm under the technical guidance of the Directorate. The Director, without inviting competitive tenders or negotiating with similar other publishing firms, proposed (August 1975) to Government the purchase of the charts from the firm. Government instructed (November 1975) the Director to invite tenders for the charts. Tender notice for four different types of charts of the prescribed specifications was issued in February 1976 for 5,000 copies (likely to be increased to 10,000); the notice required the tenderers to supply the final design of charts along with their offer. Three firms including firm "A" offered their rates. The lowest rate of Rs.1.32 per copy for first 5,000 copies and 75 paise each for subsequent copies offered by firm "B" on supply of "necessary art work" by the Directorate was rejected mainly for not furnishing the final design. The tender (next lowest) of firm "A", which reduced its rate to Rs.5 per copy from Rs.5.40 per copy originally tendered, was accepted in July 1976 and 20,000 copies were purchased (against the quantity of 10,000 indicated in the tender notice) for one lakh of rupees. As pointed out earlier, the design had been prepared by this firm with the help of the department; the reasons for not extending this facility to firm "B" especially when the rates quoted by "B" were less (the total cost as per "B"'s rates would have been Rs.0.18 lakh as against one lakh of rupees paid to "A") were not available.

Of 20,000 copies received by the Directorate in May 1977, 17,912 copies were distributed (up to March 1979) amongst the Agricultural Officers of the districts leaving 2,088 copies (value: Rs.0.10 lakh) unused (March 1979). It was stated by the Director (November 1978) that these were not issued as the posts of Agricultural Officers in some districts were lying vacant. The copies which were issued to the Agricultural Officers remained unused in the districts in some cases. Test check in audit showed that in two districts which received 1,900 copies (Burdwan: 1,000 and Nadia: 900). 1,106 copies were stated to have been distributed amongst the Sub-divisional Agricultural Officers, leaving 794 copies (value: Rs.0.04 lakh) unused.

8.3. Sisal Plantation Scheme

3.3.1. For processing of ropes from bunks of sisal plants, and demonstrating by actual practice how waste lands or tracts with low rainfall and rocky soil could be profitably used for cultivation of sisal plants, cultivation of the plant in 1,000 acres of land acquired by the Irrigation and Waterways Department (date and cost of acquisition not furnished by the department) at Rajnagar in the district of Birbhum was approved by Government in December 1955. The detailed estimates of the scheme for 12* years envisaged a total expenditure of Rs.20.11 lakhs (excluding the cost of land). It was expected that during the first 4 years the plantation would be developed (estimated cost: Rs.4.16 lakhs) and from the fifth year decortication of leaves for extraction of fibre and processing of ropes from such fibres would be started, the estimated expenditure for 8 years being Rs.15.95 lakhs (including cost of maintenance). The receipts were estimated at Rs.32.00 lakhs (Rs.4.00 lakhs per year). Setting up of cottage industries (from the fifth year) for manufacture of carpets, papers, suitcases, etc., from 'tow fibre'† and utilisation of waste materials (96 per cent of the total weight of the leaves) for manufacture of power alcohol, cortison (medicine), etc., by private entrepreneurs were also envisaged.

3.3.2. On a test check of the records of the Farm and the Principal Agricultural Officer, Birbhum, for the period from 1971-72 to 1977-78 conducted in audit (June 1978), the following points were noticed.

3.3.2.1. **Financial results of working of the scheme :** The scheme was declared commercial from 1964-65 but *pro forma* accounts and initial books of accounts like cultivation register, production register, etc., have not been prepared since then. Government stated (January 1979) that the relevant records were being made up-to-date. In the absence of *pro forma* accounts the actual quantum of loss could not be ascertained. However, according to the statements prepared by the Finance Department showing financial results of important schemes involving transactions of commercial nature presented as part of Budget documents, only in the year 1965-66 a profit of Rs.0.05 lakh was earned whereas losses aggregating Rs.20.61 lakhs were sustained in all the other years, i.e., 1964-65 and 1966-67 to 1977-78.

The poor performance under the scheme was attributed (June 1978) by the farm authorities to the following factors :

- (i) lack of plan and programme of replantation;
- (ii) want of sufficient water for washing fibres;
- (iii) insufficient marketing arrangement;
- (iv) lack of supervision and management; and
- (v) less yield of fibre.

*Replantation was to start at the end of 12 years.

†Waste fibres obtained at the time of extraction of fibres from sisal leaves.

8.3.2.2. **Shortfall in production:** The annual target of production had been fixed by the Director of Agriculture at 2,000 quintals of fibres (including 400 quintals of "tow fibres") and 1,600 quintals of ropes from the fibres. The production never rose above 42 per cent of the target for fibres and above 51 per cent of the target for ropes. The peak levels of production were reached in 1969-70 (813 quintals of fibre and 807 quintals of rope) and 1972-73 (845 quintals of fibres and 653 quintals of rope) but production declined thereafter as shown in the table below:

Year	Actual production	
	Fibre	Rope
	(In quintals)	
1973-74	776	652
1974-75	688	135
1975-76	336	96
1976-77	388	5
1977-78	294	2

The shortfall in production of fibres was mainly due to deficiencies in plantation and replantation.

Plantation in 1,000 acres of land commenced from 1956-57 and was completed in 1959-60. The capital expenditure excluding cost of land was Rs.3.54 lakhs. Plants grown in 717 acres of land at a cost of about Rs.4.00 lakhs were reported to have been completely damaged by cattle and by cutting of immature leaves by unscrupulous persons in the absence of fencing around the farm and by fire. Government stated (January 1979) that arrangement of fencing was difficult and costly.

Replantation work was due to start in 1969-70, i.e., from the thirteenth year and was to be completed by 1972-73, i.e., by the sixteenth year, to maintain a steady production of sisal leaves. Such replantation was actually taken up in 1973-74 and completed during 1976-77 in 84 acres only out of 1,000 acres available for plantation. According to the Project Officer (June 1978), the delay of four years and underplantation (92 per cent) were due to non-availability of *suckers. The Directorate of Agriculture stated (June 1979) that the old plants are still standing and yielding leaves though not economically, in the area not yet replanted.

The scheme envisaged only sale of ropes made from fibres, which, as stated by the Project Officer, is more profitable than the sale of the fibre itself. The portion of the annual production of fibres processed into ropes declined from 84 per cent (652 quintals out of 776 quintals) in 1973-74 to

*Suckers are daughter sisal originating from the mother sisal plant at the root for mutation of sisal plant.

less than 1 per cent (2 quintals out of 294 quintals) in 1977-78. The Principal Agricultural Officer stated (August 1978) that the processing of rope decreased gradually as the rope line, combing yard and yarn-making shed (capital cost: about Rs.2 lakhs) were heavily damaged due to severe storm in 1973-74. Government stated (January 1979) that repair of the ropery and re-organisation of the project with up-to-date machinery, etc., was under their consideration and that it was likely to take some time.

3.3.2.3. **High labour cost—entertainment of idle labour:** The highest production of 845 quintals of fibres was in 1972-73 when the quantity of ropes produced was 653 quintals. This was achieved by employment of 248 labourers per day on an average and labour charges per kilogramme of fibre and rope worked out to Rs.2.70 and Rs.3.70 respectively. Labour costs for the subsequent years were much higher, as indicated below:

Year					Labour charges for production of kilogramme of	
					Fibre	Rope
(In rupees)						
1973-74	..	..	..	..	3.45	4.45
1974-75	..	..	..	..	5.65	6.65
1975-76	..	..	..	..	18.00	14.00
1976-77	..	..	..	..	11.80	*
1977-78	..	..	..	..	7.70	*

Although the production of fibres and ropes was gradually on the decline from 1973-74 (vide paragraph 3.3.2.2), 30 more labourers were employed from that year and the labour charges per kilogramme of fibre and rope increased from year to year, reaching the maximum of Rs.13 and Rs.14 respectively (which was about three times the prevailing selling price of fibres and ropes respectively) in 1975-76. The labour strength was reduced to 192 in February 1977. Even then 35 labourers, as stated by the farm authorities in June 1978, remained idle. As indicated by the Farm Manager (March 1979), the total working expenses between 1975-76 and 1977-78 were Rs.14.84 lakhs and the expenditure on labour wages during that period was Rs.11.35 lakhs representing 76 per cent of the total working expenses. Government stated (January 1979) that in a big farm like this there are different kinds of miscellaneous works for which labourers are necessary and that "the labourers were given some work to do during working hours".

*Production of ropes was insignificant in these years (5 quintals in 1976-77 and 2 quintals in 1977-78).

3.3.2.4. Accumulation of fibres: Of 2,482 quintals of fibres produced between 1973-74 and 1977-78, 1,196 quintals were sold, 974 quintals were converted into 890 quintals of rope, leaving 312 quintals (about a year's production in the period 1975-76 to 1977-78) valuing Rs.1.94 lakhs approximately undisposed of till June 1978. According to the farm authorities (June 1978), these could not be sold due to non-receipt of any offer from tenderers. The Project Officer stated (November 1978) that about 80 quintals of accumulated stock of fibre had partially deteriorated.

3.3.2.5. Disposal of by-products: Of 80 tonnes of "tow fibres" (to be used for manufacturing of carpet, paper, suitcases, etc.) collected between 1959-60 and 1970-71, 49 tonnes were sold for Rs.0.72 lakh, 10 tonnes were used with good fibres and 21 tonnes (value: Rs.0.33 lakh approximately) remained undisposed of till June 1978. Collection of such fibres was stopped from 1971-72. Government stated (January 1979) that collection of "tow fibres" was discontinued and the existing stock could not be disposed of due to absence of demand for it.

Ninety-six per cent of the total weight of the leaves decorticated (to be utilised for manufacture of power alcohol, cortizon, etc.) were stated to have been used as compost as, according to the Project Officer (November 1978), the cottage industries in which these were to be utilised were not set up by private entrepreneurs. Between 1974-75 and 1977-78, 370 tonnes of compost were stated to have been sold for Rs.0.05 lakh.

Thus, the utilisation of by-products did not materialise as envisaged in the scheme.

3.3.3. Summing up:

- (i) *Pro forma* accounts have not been prepared by the department for this commercial scheme. According to information gathered from statements presented along with Budget documents, the scheme has been running on loss, the cumulative loss up to 1977-78 being Rs.20.56 lakhs.
- (ii) The production of fibres (294 quintals in 1977-78) was far short of the annual target (2,000 quintals) mainly due to damages in plantation and delay in replantation (only 84 acres were replanted out of 1,000 acres due for replantation).
- (iii) Though the fibre production was declining over the years, the labour force was not correspondingly reduced (35 out of 192 labourers were "surplus" in June 1978); labour charges accounted for about 76 per cent of the working expenses in 1977-78.

- (iv) Stocks (312 quintals) of fibres equivalent to one year's production remained unsold reportedly due to lack of demand.
- (v) The utilisation of by-products did not materialise as envisaged in the scheme.

EDUCATION DEPARTMENT

3.4. Machine lying unutilised

For imparting practical training to students in the Spinning Laboratory of the College of Textile Technology, Berhampore, Murshidabad, one blow room machine with nine component parts was purchased in July 1971 from its manufacturer in Bombay at a cost of Rs.3.43 lakhs. There was no provision for the installation and commissioning of the machine in the contract with the supplying firm. On request from the College authorities, the firm sent a technician in December 1971 for commissioning the machine at the cost of the College authorities. He reported on 31st January 1972 that the machine could not be commissioned as certain accessories had got damaged and some parts had been supplied short. As stated by the Principal of the College in November 1978 there was no expert in the College at the time of receipt of the machine to detect short supplies of parts, etc. The firm supplied the missing parts in May 1972 but another technician deputed by the firm in August 1972 could not commission the machine as he found that some parts were still wanting. A third technician came in September 1972 with these parts but he too could not commission the machine as he found that one of its parts (lattice for hopper feeder) had got damaged due to long storage. The lattice for hopper feeder was purchased by the College authorities from a firm in Calcutta in March 1978 at a cost of Rs.0.07 lakh. The Principal of the College stated (December 1978) that the work of commissioning was in progress.

Owing to failure to make timely and contractual provision for inspection and commissioning of the machine on its arrival, delayed and piecemeal detection of missing and damaged parts and delays in arranging for supplies or replacements of such parts, the machine costing Rs.3.43 lakhs has remained uncommissioned for more than seven years.

Government stated (February 1979) that steps were being taken to put the machine in operation.

COMMERCE AND INDUSTRIES DEPARTMENT AND

COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENT

3.5. Subsidy for industrial units in backward districts/areas

3.5.1. Introductory : For promoting growth of industries in the backward districts/areas, Government of India announced in August 1971 a scheme for giving subsidy for setting up new industrial units or for expansion of existing units in those areas.

In West Bengal, the scheme came into operation in Purulia district on 1st October 1970 and later on was extended to Midnapore and Nadia districts from 26th August 1971. The scheme was implemented through the Cottage and Small Scale Industries Department (C & S S I Department) and West Bengal Financial Corporation (WBFC) in respect of subsidy to small-scale industries and through the West Bengal Industrial Development Corporation Limited (WBIDC) in respect of medium and large-scale industries.

3.5.2. **Financial outlay :** Under the scheme, subsidy disbursed during the period from 1973-74 to 1977-78 by the various agencies was as follows:

Year	C & SSI Department		WBIDC		WBFC		Total		
	No. of units to whom subsidy was paid	Amount of subsidy paid (In lakhs of rupees)	No. of units to whom subsidy was paid	Amount of subsidy paid (In lakhs of rupees)	No. of units to whom subsidy was paid	Amount of subsidy paid (In lakhs of rupees)	No. of units to whom subsidy was paid (cols. 2+4+6)	Amount of subsidy paid (cols. 3+5+7) (In lakhs of rupees)	
1	2	3	4	5	6	7	8	9	
1973-74	..	38	1.08	..	..	3	0.59	41	1.67
1974-75	..	44	2.21	..	..	6	4.14	50	6.35
1975-76	..	48	3.94	4	29.23	4	1.93	56	35.10
1976-77	..	18	0.83	3	24.65	6	1.20	27	26.68
1977-78	..	61	6.95	4	19.34	13	7.57	78	33.86
Total	..	209	15.01	11	73.22	32	15.43	252	1,03.66

3.5.3. Certain points noticed by Audit during test check (July 1978) of the working of the scheme are mentioned in the following paragraphs.

3.5.3.1. Only from 11th August 1976, cold storage units, which had been hitherto outside the purview of the scheme, became eligible for subsidy. It was observed in audit that in the case of a cold storage unit, expansion of the unit had been completed during the period from 18th December 1975 to 20th February 1976 but a subsidy of Rs.0.52 lakh, although inadmissible, had been sanctioned (September 1977) and paid (March 1978).

3.5.3.2. **Excess payments of subsidy :** In the following cases, excess payments of subsidy were noticed :

- (i) A subsidy of Rs.14.96 lakhs was paid in two instalments of Rs.7.48 lakhs each (September 1976 and December 1976) to a gas company with reference to capital investment of Rs.99.73 lakhs,

which included Rs.3.50 lakhs on account of erection cost and Rs.2.15 lakhs on account of a goods carrier (not required for transportation of either raw materials or marketing of finished goods); as these two items were not to be reckoned for subsidy, an excess payment of subsidy of Rs.0.85 lakh (15 per cent of Rs.5.65 lakhs) was made in this case.

- (ii) A subsidy of Rs.12.45 lakhs (15 per cent of Rs.83.03 lakhs) sanctioned to a steel company on the estimated fixed capital investment on 21st March 1974 was paid on 12th June 1975. The Company refunded Rs.1.15 lakhs on 2nd August 1975 being subsidy on inadmissible items of assets valued at Rs.7.81 lakhs included in the capital investment reckoned for subsidy, based on the report of their statutory auditor and retained a subsidy of Rs.11.30 lakhs. Government of India approved (September 1976) reimbursement to the State Government of a sum of Rs.10.55 lakhs as 15 per cent subsidy on admissible fixed assets, valued at Rs.70.32 lakhs. Thus, a sum of Rs.0.75 lakh was paid in excess to the unit. No action has been taken so far (January 1979) for recovery. Government stated (December 1978) that if the actual cost of land including "development charges" and "erection costs" of plant and machinery was taken into consideration, the recovery of the excess amount (Rs.0.75 lakh) of subsidy might not arise. It may be mentioned that expenditure on both these items was not eligible for subsidy prior to 1st January 1977 and had been disallowed by Government of India in this case.
- (iii) A subsidy of Rs.7.08 lakhs was paid on 27th May 1977 to a private limited company against a fixed capital investment of Rs.47.25 lakhs which included Rs.0.34 lakh being the premium on leasehold land paid in August 1976 and November 1976 although subsidy was inadmissible on such expenditure prior to 1st January 1977. Further, the fixed capital investment included Rs.31.84 lakhs towards the cost of solvent extraction plant and machinery while the actual payment made for such plant by the unit was Rs.28.71 lakhs. Thus, subsidy was inadmissible on Rs.3.13 lakhs (Rs.31.84 lakhs *minus* Rs.28.71 lakhs). The total excess payment of subsidy in this case was Rs.0.52 lakh being 15 per cent of Rs.3.47 lakhs (Rs.3.13 lakhs *plus* Rs.0.34 lakh).
- (iv) A private limited company, which was incorporated on 28th March 1974, acquired the running business of a partnership firm from 15th June 1974 with all assets and liabilities on a purchase consideration of Rs.499 in cash. The provisional registration granted to the partnership firm by the Department of Industries on 29th May 1973 was transferred to the Company from the same

date (29th May 1973). The Company was not eligible for any subsidy as no new industrial unit had been set up. However, it was paid subsidy of Rs.1.07 lakhs on the entire value (Rs.7.14 lakhs) of the assets acquired in June 1974 from the partnership firm, on conversion.

- (v) Under the scheme, the "fixed capital investment" for grant of subsidy was to cover only investment of land, buildings and cost of plant and machinery as erected at site. It was, however, observed that the WBFC paid subsidy on several inadmissible items such as furniture and fixtures, tools and implements, pre-operative expenses capitalised, electrical installations, etc. During test check, it was noticed in audit that in 7 cases the total amount of inadmissible items included in the fixed capital investments was Rs.1.63 lakhs and excess subsidy paid thereon was Rs.0.25 lakh.

3.5.4. Absence of follow-up action: The industrial units receiving subsidy under the scheme are required to submit their annual progress reports to the State Government/financial institutions concerned disbursing the subsidy for a period of 5 years after going into production. The State Government in turn are to forward a consolidated statement of such reports to Government of India by 30th June every year in the prescribed *pro forma*. For this purpose, the State Government department and the financial institutions concerned are required to maintain a register containing detailed information, district-wise, regarding setting up of the industrial units, capital investments, items of manufacture, amount of subsidy granted, date of commencement of production, date of receipt of the annual progress report, etc. The disbursing units are also required to furnish certificates of utilisation of subsidy to Government of India within a period of one year from the date of disbursement of the last instalment of subsidy in respect of all the units.

It was noticed (December 1978) that the register prescribed had not been maintained by the WBIDC and submission of the annual report was not insisted upon from the assisted units. In fact, the annual audited statement of accounts and balance sheets had not been received (January 1979) from any of the 11 units to which a sum of Rs.73.22 lakhs was disbursed by the WBIDC till the end of 1977-78. The consolidated statement as required under the scheme embodying the progress of the unit was not also furnished to Government of India. Besides, the disbursing agency did not receive utilisation certificate from any of the units receiving subsidy from it and hence the certificates could not also be furnished to Government of India.

Regarding subsidies disbursed by the State Government, it was noticed (December 1978) that neither utilisation certificates nor progress reports had been obtained from the units and sent to Government by the District Industrial Officers. The consolidated statement of Annual Progress Reports was not also sent by the State Government to Government of India. The prescribed register showing the detailed information was not also kept. It was noticed that the annual audited statement of accounts, balance sheets, *pro forma*, etc., as required under the subsidy scheme had not been received (January 1979) from any of the 200 units which had obtained subsidy from the Cottage and Small Scale Industries Department amounting to Rs.15.01 lakhs till the end of 1977-78.

3.5.5. Non-execution of agreements : To safeguard Government's interest, the scheme contemplates execution of legally enforceable agreements by the units availing themselves of subsidy. But, out of 209 units which received a subsidy of Rs.15.01 lakhs between April 1973 and March 1978, 194 units (Midnapore—84 units receiving Rs.7.88 lakhs, Nadia—70 units Rs.2.73 lakhs and Purulia—40 units Rs.3.56 lakhs) have not executed the agreements so far (January 1979) with the department. The prescribed forms of agreement were supplied to the disbursing officers of the districts by the State Level Committee only in April 1978.

3.5.6. Summing up : Test check in audit disclosed that subsidy of Rs.3.96 lakhs was paid in 12 cases which was not admissible in terms of the conditions prescribed under the scheme, e.g., payment of subsidy on estimated value of assets and not on actual value of assets acquired by a unit, payment of subsidy on certain items which were not eligible like furniture, fixtures, erection charges and pre-operative expenses and payment of subsidy for units which had taken effective steps before the crucial dates of eligibility under the scheme.

Though the scheme required follow-up action, the Cottage and Small Scale Industries Department and the WBIDCO did not take follow-up action and did not keep the prescribed records to show the progress made by the units benefited. They also did not obtain utilisation certificates, audited Statement of Accounts and Balance Sheets and progress reports from the assisted units. No utilisation certificate was sent to Government of India. The test audit also indicated that agreements were not executed by the units receiving subsidy through the department mainly because of non-finalisation of the form.

The points mentioned above were reported to Government (October 1978) and their reply in respect of disbursements made by the Cottage and Small Scale Industries Department and West Bengal Financial Corporation is awaited (March 1979).

COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENT

3.6. Project for development of small industries in rural areas

3.6.1. For creation of employment opportunities in rural areas by way of diversification of rural occupation and introduction of improved technology in the traditional industries, the Director, Cottage and Small Scale Industries, undertook *inter alia* a training programme for rural people and grant of financial assistance to individual entrepreneurs under the Bengal State Aid to Industries Act, 1931. On a test check (April-May 1978) in audit of the records in the project offices in Darjeeling, Midnapore and Murshidabad districts, the following points were noticed.

3.6.2. Training Programme : Training capacity and results : For improving the level of skill of existing artisans and imparting training to non-artisans, 8 training centres in different trades like tile-making, blacksmithy, carpentry, wool-knitting, bee-keeping were set up in different villages and towns of Midnapore district between 1963-64 and 1972-73.

The total training capacity of 980 trainees available between 1963-64 and 1974-75 was utilised to the extent of 31 per cent only and 299 persons were trained (expenditure incurred: Rs.10.33 lakhs including Rs.2.00 lakhs being the cost of machinery and equipment used in the centres). Government stated (March 1979) that under-utilisation of the training capacity was due to poor response from the public in spite of timely issue of notices in all public places. All the centres were wound up between 1966-67 and 1974-75 as, according to the Project Officer (July 1978), the need for training was over; the machinery and equipment worth Rs.2.00 lakhs were lying idle for the last three years. Of 299 persons trained, 48 were reported to be employed in trades (blacksmithy: 35 and carpentry: 13) in which they were trained, by forming three industrial co-operative societies, 128 were engaged in their respective trades, 71 were stated to have been employed in trades for which they had no training and the remaining 52 were not employed in any trade (according to the information given by the department in July 1978). The three co-operative societies (employing 48 trained persons) incurred losses and ceased to function in April 1974.

3.6.3. Financial assistance : (a) Non-recovery of loans : For improvement of cottage and small scale industries, Rs.22.50 lakhs were distributed as loans among 1,069 persons (recoverable in 15 equal instalments together with interest at the rate of 8 per cent per annum) between 1963-64 and 1977-78 in Darjeeling (Rs.15.11 lakhs) and Murshidabad (Rs.7.39 lakhs) districts. Of Rs.11.40 lakhs (Darjeeling: Rs. 9.70 lakhs and Murshidabad: Rs.1.70 lakhs) due for recovery on 31st March 1978, Rs.0.77 lakh (i.e., 7 per cent) were recovered leaving a balance of Rs.10.63 lakhs (Darjeeling: Rs.9.54 lakhs and Murshidabad: Rs.1.09 lakhs) unrealised (May-June 1978).

Of Rs.4.70 lakhs (Darjeeling: Rs.4.17 lakhs and Murshidabad: Rs.0.53 lakh) realisable as interest, Rs.0.24 lakh were realised leaving Rs.4.46 lakhs (Darjeeling : Rs.4.14 lakhs and Murshidabad: Rs.0.32 lakh) unrealised till May-June 1978. Government stated (March 1979) that the main reason for slow progress of realisation of loan in Darjeeling district was that the trainees were reluctant to pay their dues in time and that steps were being taken by issuing warning notices, termination of bond and initiation of certificate cases. The Project Officer, Murshidabad, stated (May 1978) that certificate proceedings were being instituted against 210 defaulters for realisation of overdue instalments as a public demand.

No survey/investigation was made by authorities concerned to ascertain the extent to which the loans were gainfully utilised for improvement of small industries. Government stated (March 1979) that reports of utilisation of the loans were being collected from the respective Extension Officers (Industries).

(b) Suspected misappropriation: In Darjeeling district, the cashier-cum-accountant of the project office was reported to have collected Rs.4,384 being the instalments of repayment of loans between 1970 and 1974, on *kutchra* receipts issued on plain paper but the amount was not accounted for in the cash book and was not deposited into the treasury. Further, Rs.20,000 were stated to have been disbursed between 1970 and 1974 as loans to 4 persons (Rs.5,000 each) for whom the cashier-cum-accountant stood surety. The whereabouts of the loanees could not, however, be traced when action was initiated to recover the dues. The cashier-cum-accountant was placed under suspension with effect from 12th September 1974. According to Government (March 1979), the cashier was still under suspension and the case had not been disposed of by the Vigilance Commission.

FISHERIES DEPARTMENT

3.7. Expenditure on maintenance of a power boat not in use

For transporting dry fish materials in winter months from different "Khaties" to the Fish Technological Station, Junput, the Technical Officer-in-Charge of the station received in 1963-64 a power boat (value: Rs.0.12 lakh) from a Fishermen's Co-operative Society in 24-Parganas district after the Society went into liquidation. After the winter of 1972-73, no effective service has been rendered by the boat. The driver was deputed to another scheme between December 1975 and January 1978. From January 1976, the boat was lying damaged in a canal. The position was reported by the Technical Officer-in-charge to the Director of Fisheries in October 1976 and orders were sought for transfer and utilisation of the staff (one crew member and a driver) in the regular work of the station as it was considered useless to maintain the damaged boat. Subsequently, proposals

were also submitted by him to the Director for transferring the boat elsewhere for repair or condemnation, after inspection. No action was taken on these proposals and the condition of the boat continued to deteriorate. In June 1978, the Director approved (a) disposal of the boat by auction after obtaining a certificate from the competent authority regarding its unserviceable condition and (b) placing the staff at the disposal of the Superintendent of Fisheries (Coastal Mechanised Scheme), Diamond Harbour. The department stated (December 1978) that steps were being taken for obtaining condemnation certificate from the Home (Transport) Department and that the boat was expected to be disposed of shortly; further report is awaited (March 1979).

Due to delay in disposal of the defective boat, unproductive expenditure of Rs.0.33 lakh was incurred on the boat—Rs.0.28 lakh on the maintenance of the staff who could not be utilised and Rs.0.05 lakh on repairs and maintenance.

3.8. Unfruitful expenditure

A Rotary-Drum-Drier was purchased by the Technical Officer-in-Charge, Government Fish Technological Station, Junput in December 1970 at a cost of Rs.0.33 lakh for drying fishmeal ingredients. The heating arrangements necessary for its proper functioning were completed in 1971-72 at a cost of Rs.0.36 lakh and the machine was installed in July 1972. The machine, however, could not be put to use reportedly due to non-installation (October 1978) of an industrial meter for electricity by the Public Works (Electrical) Department. The Assistant Engineer (Mech,) had reported, in January 1976, to the Director of Fisheries that the machine had also developed some mechanical defects. According to the Technical Officer-in-Charge (November 1978), efforts to get the defects rectified by a local firm had not been successful and steps were being taken to get these set right by the firm which had supplied the machine. Meanwhile, the drying machine purchased in 1970 at a cost of Rs.0.33 lakh and provided with heating arrangements at a cost of Rs.0.36 lakh has been lying unused for about eight years after its purchase and the fishmeal ingredients are being dried in the sun.

Government stated (February 1979) that efforts were being made to bring the machine in order.

LOCAL GOVERNMENT AND URBAN DEVELOPMENT DEPARTMENT

3.9. Defective fire fighting equipment

For the purpose of fighting fires in high rise buildings in Calcutta, Government of West Bengal imported in June 1973 through the Director General, Supplies and Disposals, New Delhi, two turntable ladders each 120 feet high from a Calcutta firm—an agent of the manufacturer in London

—at a cost of Rs.13.75 lakhs (inclusive of customs duty Rs.2.63 lakhs) to be shared equally by Government of India and the State Government. As per terms of the contract, Rs.10.56 lakhs being 95 per cent of the total cost were paid by the Director General of Supplies and Disposals in July 1973 on the basis of the inspection certificate issued by the India Supply Mission, London on 8th March 1973 and visual inspection by the Director of Inspection, Calcutta on 27th June 1973. The balance of Rs.0.56 lakh (5 per cent) was payable after receipt of the equipment by the Director, West Bengal Fire Services, Calcutta in good condition.

The Director, Fire Services, who took delivery of the ladders on 30th June 1973, reported (August 1973) to the Director General of Supplies and Disposals, that the ladders had been found heavily rusted all over and suffering from serious defects like jammed lock mechanism, ladders having heavy jerks during elevation and depression and engines getting overheated. These defects were, according to the Director, set right in April and May 1974 by the firm free of cost. Some more defects, viz., ladders not being capable of extending beyond 114 feet in one case and 90 feet in the other (the optimum height for each being 120 feet), non-working of automatic safety gears and audible and visible signals, defect in pump engine of one of the ladders and defects in vehicle vacuum system were found to have developed in the ladders, as reported by the Director, Fire Services to the Director General of Supplies and Disposals between June 1974 and May 1975. These defects were also stated to have been rectified by the firm before September 1975 free of cost and the ladders were commissioned in November 1975. The Director again reported (July 1976) to the firm that the ladders went out of commission due to leakage of air pressure from both the vehicles, leakage of pressure from the elevate line (special type of hose line from the main hydraulic pump for elevation and operation of the ladder), etc. These defects were also stated to have been rectified by the firm in October 1976 free of cost. The Director, Fire Services issued final inspection certificate on 19th October 1976 and the balance of Rs.0.56 lakh (5 per cent) was paid on 14th January 1977.

One of the two ladders was utilised for fighting one fire in November 1976, while 13 more incidents (8 cases of fires in high altitude buildings and 5 cases of rescue of trapped persons in tall buildings, bridges, etc.) between July 1973 and August 1978 were stated to have been tackled with the old ladder with the Directorate. It was noticed from the log books that both the new ladders remained out of commission from March 1977/July 1977 due to leakage in the brake system. The Director stated that as the vacuum units of the brakes were not available in India, the ladders could not be put to use and attempts were being made to repair the ladders locally by changing the brake system.

Thus, the two ladders purchased for Rs.13.75 lakhs five years ago were found to be defective from the beginning. Though the defects were stated to have been removed by the supplier firm, from time to time, and the final payment was made in January 1977 on the basis of certificate issued (October 1976) by the department, the ladders continued to remain idle reportedly due to defects in the brake system. In the meantime, expenditure totalling Rs.1.59 lakhs was incurred on maintenance of these ladders (Rs.1.36 lakhs on pay and allowances of staff attached to the ladders and Rs.0.23 lakh on repair).

The matter was reported to Government in June 1978; their reply is awaited (March 1979).

LAND UTILISATION AND REFORMS AND LAND AND LAND REVENUE DEPARTMENT/EDUCATION DEPARTMENT

3.10. Requisition of premises

Three floors (total area: 20,203 square feet) of a five storeyed building in Calcutta were requisitioned (29th September 1972), at the instance of the Public Service Commission, West Bengal for accommodation of their Secretariat. The Land Acquisition Collector, Calcutta made over (4th October 1972) possession of the accommodation to the Commission but the latter did not occupy the floors due to non-completion of essential works like construction of partitions and cubicles, plumbing and electrical works which were reported to have been verbally agreed to be provided by the landlord at the time of requisition.

The Commission advised the Collector (February 1973) to de-requisition the floors; this was not done because, on a request from a Central Government Department, Government of West Bengal had already agreed (2nd January 1973) to allot the accommodation to that department. The Central Government Department, however, informed the Collector (17th May 1973) that they were not interested in having office accommodation at the premises. Ultimately, the Education Department of the State Government agreed to take possession of the floors on 22nd January 1974. Thereafter, Government accorded approval (October 1974) to execution of plumbing and electrical works and construction of cubicles in the requisitioned floors at a cost of Rs.2.00 lakhs. The first and second floors were occupied by the Education Directorate in stages from January 1975 to September 1975 after completion of cubicles and plumbing works. The third floor, allotted to the West Bengal Board of Secondary Education, was occupied from May 1975; this floor also was taken over by the Directorate in February 1977 from the Board for accommodating its subordinate offices but it lay vacant up to October 1978. Construction of cubicles and plumbing works were completed in that floor by June 1978 and, from 1st November 1978, the floor was placed at the disposal of the District School Board, 24-Parganas. Total expenditure

incurred up to October 1978 on construction of cubicles and plumbing and electrical works, etc., was stated to be Rs.1.12 lakhs and Rs.0.21 lakh respectively. According to the Deputy Director of Public Instruction, West Bengal (June 1978), no agreement was entered into with the landlord as to the recovery or adjustment of the expenditure incurred on construction of cubicles and plumbing and electrical works on private property.

Expenditure of Rs.3.89 lakhs was incurred towards rent for the building for the period when it was not used at all (Rs.3.01 lakhs for the period from 4th October 1972 to 31st December 1974 in respect of all the floors and Rs.0.88 lakh for the period from February 1977 to October 1978 in respect of the third floor). The building could not be put to use due to delay in arranging for essential electrical and plumbing works, partitions and cubicles in the requisitioned building.

The matter was reported to Government in June 1978; their final reply is awaited (March 1979).

LABOUR DEPARTMENT

3.11. Idle machinery and equipment

Tools and equipment (cost: Rs.0.36 lakh) for imparting instruction in the trades of welding, motor mechanism and blacksmithy in the Industrial Training Institute at Raiganj and a milling machine (cost: Rs.0.57 lakh) for introducing the instrument mechanic course in the Industrial Training Institute at Gariahat were purchased in 1973-74 and in May 1976 respectively by the Principals of the Institutes at Raiganj and Gariahat. The tools and equipment have not been provided with necessary electric supply arrangements at Raiganj (January 1979) and the milling machine has not been installed at Gariahat (January 1979) for want of accommodation. The Additional Director of Industries (Training), West Bengal stated (January 1979) that fresh estimate for power-wiring was being asked for from the Principal, Industrial Training Institute, Raiganj and accommodation for the instrument mechanic course was being provided in a newly constructed shed at Calcutta Technical School.

Failure to provide electric supply/accommodation for the equipment and machine has resulted in items of equipment costing Rs.0.93 lakh remaining idle from 1973-74/May 1976 and non-starting of the training courses.

The matter was reported to Government in April 1977 and August 1978; their reply is awaited (March 1979),

HEALTH AND FAMILY WELFARE DEPARTMENT

3.12. Non-installation of imported equipment

(a) In October 1975, Government accorded sanction for the purchase, by direct import from the manufacturer in USA, of one heart lung machine complete with accessories for use in the Department of Cardio-Thoracic Surgery of the Nilratan Sircar Medical College Hospital, Calcutta at a cost of Rs.2.43 lakhs. The machine was required for valve replacement operations and the optimum capacity of such a machine is 1,000 operations per annum.

The machine with accessories imported at a cost of Rs.2.22 lakhs reached Calcutta Airport in six packets on 19th February 1976 and 25th February 1976 which were taken delivery by the hospital authorities without opening the packets on 27th August 1976 after payment of clearing charge of Rs.0.01 lakh and import terminal charge of Rs.0.12 lakh to the International Airport Authority for delay in taking delivery. The Superintendent of the hospital stated (March 1978) that the packets were taken delivery in unopened condition as no specialist was available to examine the equipment.

Along with the original proposals (October 1974) for purchase of the new machine the Head of the Department of Cardio-Thoracic Surgery had indicated that, as valve replacement surgery needed rigid aseptic precautions and intense post-operative care, it would be necessary to build an operation theatre complex for it. Though this requirement was again brought up on several occasions in 1976 and 1977, the decision on the location of the operation theatre complex had not been taken. The Superintendent of the hospital stated in December 1978 that no Government order regarding the location of the Cardio-Thoracic Surgery Department and its operation theatre complex had been received and the work of providing accommodation for the heart lung machine had not commenced. The packets containing the machine and its accessories were lying unopened in the store (December 1978). Meanwhile, the guarantee period of the machine, which was to be installed by the local agent of the supplier, had expired on 26th August 1977.

Due to absence of co-ordinated planning and action to provide infrastructure facilities, the heart lung machine imported at a total cost of Rs.2.35 lakhs in February 1976 has not been installed (December 1978) even after two years and ten months.

(b) Simultaneously, along with the purchase of the heart lung machine referred to above, Government, as part of their programme for undertaking regular valve replacement operations, also accorded sanction in October 1975 for the import of 35 prosthetic valves with accessories. The valves were imported in May 1976 at a cost of Rs.1.22 lakhs. Of these, only three could be used in the operations carried out with the existing old machine while the remaining thirty-two valves were lying unused (October 1978).

3.13. Rural water supply scheme

3.13.1. Introductory

3.13.1.1. Government have been making efforts over the years to supply adequate quantity of safe drinking water to the rural people. The goal is to provide one source of drinking water to every 400 persons (revised to 300 persons from January 1978) or at least one source for every village.

3.13.1.2. A review on the working of the piped water supply programme was included as paragraph 41 of the Report of the Comptroller and Auditor-General of India for the year 1974-75 (Civil). The results of test check conducted in June 1978 in audit of the rural water supply works (other than piped water supply schemes) in four districts, viz., Bankura, Burdwan, Malda and Midnapore are given in the succeeding paragraphs.

3.13.2. Organisational set up

3.13.2.1. The Chief Engineer (I), Public Health Engineering (hereafter referred to as CE, PHE), is in overall charge of execution of the scheme. On receipt of allotments from Government, he allots funds to the District Magistrates/Deputy Commissioners to cover labour charges for sinking/resinking of tubewells and construction/renovation of wells and their maintenance.

3.13.2.2. The Block Development Officers are primarily responsible for execution of the works in consultation with the Block Level Water Supply Committees which had been constituted by Government in 1971. They are required to submit monthly progress reports to the District Magistrates/Deputy Commissioners through the Subdivisional Officers.

3.13.2.3. From funds placed at his disposal by Government, materials for tubewells are purchased by the CE, PHE through the Resources Division, Calcutta. The Assistant Engineer (Rural Water Supply) of the PHE Directorate attached to a district is the custodian of the stores received from the Central Stores (Resources Division). He is to supply materials to the Block Development Officers on receipt of written requisitions. He is further required to submit monthly progress reports on creation of spot sources (wells and tubewells) to the CE, PHE through the Executive Engineer, PHE, on the basis of data supplied to him by the Block Development Officers. He is also responsible for issuing completion certificates in respect of all works executed by the Block Development Officers.

3.13.2.4. The construction of tubewells in rocky areas by drilling rigs is done directly by the three Executive Engineers of the Public Health Engineering Directorate stationed at Bankura, Calcutta and Purulia.

3.13.3. Budget provision and actuals : Provision of funds and expenditure booked in the accounts between 1973-74 and 1977-78 are shown below :

Year					Total provision	Actuals
<i>(In lakhs of rupees)</i>						
1973-74	..	..	..	..	80.00	1,03.16
1974-75	..	..	..	..	1,13.78	1,08.10
1975-76	..	..	..	..	1,00.00	2,15.89
1976-77	..	..	..	..	2,43.05	1,80.58
1977-78	..	..	..	..	2,31.00	1,53.43
Total				..	7,69.83	8,80.96

It was noticed in audit that funds were drawn in anticipation of expenditure in all the blocks in the four selected districts. Consequently, there were heavy unspent balances with the blocks at the end of each year; the bulk of the unspent balances aggregating Rs.31.41 lakhs on 31st March, 1978 (Bankura: Rs.11.17 lakhs, Burdwan: Rs.7.58 lakhs, Malda: Rs.1.36 lakhs and Midnapore: Rs.11.30 lakhs) was retained in the Treasury/Sub-Treasury (not forming part of the treasury cash balance) and as Deposit at Call Receipts with the State Bank of India and Personal Ledger Accounts of Anchalik Parishads.

3.13.4. Targets and achievements

3.13.4.1. Out of 335 blocks in the State, the scheme was executed in 327 blocks. Figures of targets were not made available by the CE, PHF separately for each type of water source. The overall targets for all kinds of spot sources and the achievements of each type of spot source during the years from 1973-74 to 1977-78 as indicated by the CE, PHE are given below :

Achievements—	1973-74	1974-75	1975-76	1976-77	1977-78	Total
1. Tubewells—						
(i) New wells sunk ..	6,144	2,380	1,695	3,461	2,959	16,639
(ii) Re sunk ..	4,132	2,531	2,455	6,765	3,473	19,356
Total ..	10,276	4,911	4,150	10,226	6,432	35,995
2. Wells -						
(i) Constructed ..	1,739	526	753	320	194	3,531
(ii) Renovated ..	..	..	..	915	276	1,191
Total ..	1,738	526	753	1,235	470	4,722
3. Rig bores completed ..	..	..	..	258	728	986
Total sources : (1+2+3)	12,014	5,437	4,903	11,719	7,630	41,703
Target of spot sources ..	*10,137	3,270	3,270	8,509	4,905	30,091

*Target (410 wells) has separately been indicated for tubewells by the rig boring process only for 1976-77.

3.13.4.2. Details of targets and achievements district-wise between 1973-74 and 1977-78, as reported by the CE, PHE are indicated in Appendix IV separately for tubewells sunk by the rig boring process and for other spot sources. As may be seen from Part I of that Appendix, in almost all the districts the number of spot sources created other than rig bore tubewells was more than the targets fixed for different years. In nine districts the achievements exceeded targets by more than 100 per cent in one or more years during the period 1973-74 to 1977-78. The CE, PHE stated (October 1978) that the circumstances in which targets were shown as exceeded were not known to him as the responsibility for execution of works rests with the district authorities who created the excess sources according to their discretion.

The records on the basis of which the figures were compiled by the PHE Directorate were not made available. In course of test-check in audit in June, July and August 1978 of the accounts of four selected districts, it was noticed that the Assistant Engineers (Rural Water Supply) did not submit to the CE, PHE monthly progress reports required to be prepared on the basis of data to be supplied to them by the Block Development Officers.

3.13.4.3. Information collected in audit from the Block Development Officers indicated wide variations between the figures of targets and achievements furnished by the Blocks to Audit and those reported by the CE, PHE.

In the district of Bankura the discrepancies noticed between achievements reported by CE, PHE and those reported by the Block Development Officers are shown below :

Year					Achievement as per CE, PHE	Achievement as per Block Development Officers
1973-74	..	..	..	..	700	682
1974-75	..	..	..	..	231	58
1975-76	..	..	..	..	235	220
1976-77	..	..	..	..	225	619
1977-78	..	..	..	..	147	102

In the district of Burdwan, CE, PHE reported creation of 519 and 801 spot sources in 33 blocks during 1975-76 and 1976-77 respectively whereas thirty blocks reported figures of 638 and 916 spot sources in those years. Similarly in Malda district, 225 spot sources were stated by the CE, PHE to have been created in 15 blocks during 1977-78 whereas only 11 blocks reported creation of 261 in that year. In Midnapore district, achievements in 52 blocks during 1974-75 and 1976-77 as indicated by the CE, PHE

were respectively 518 and 905 but 50 blocks in that district reported achievements totalling 674 and 1,387 sources respectively. The differences between the two sets of figures have not been reconciled (October 1978) by the PHE Directorate.

3.13.4.4. The total shortfall/excess with reference to targets of wells to be sunk for the five years from 1973-74 to 1977-78, as reported to Audit by the Block Development Officers of the four selected districts are given below:

District	Total target	Total achievement	Shortfall (-) Excess (+)	Reasons for shortfall/excess as stated by the Block Development Officers
Bankura ..	1,862	1,681	(-)281	(i) Receipt of allotments at fag end of the financial year ; (ii) Short supply of tubewell materials; (iii) Paucity of technical staff.
Midnapore ..	4,800	4,086	(-)714	
Burdwan ..	2,880	3,548	(+)668	
Malda ..	1,056	1,593	(+)537	(i) Creation of more sources by utilising savings (both funds and materials) arising out of sinking of tubewells above depths specified by PHE, to meet public demand ; (ii) Execution of works at rates (labour charges) below the PHE schedule of rates ; (iii) Placing of excess allotment at the disposal of certain blocks by the district authority.

3.13.4.5. A detailed village by village survey was made for the first time during 1977. Until then, targets were being set for each block every year and Government were earmarking the same number of sources uniformly for every block without ascertaining the actual needs of the blocks. The survey indicated that six districts, viz., Murshidabad, Nadia, Hooghly, Burdwan, Jalpaiguri and West Dinajpur had more than the admissible number of spot sources (excess 3 to 62 per cent), while in the remaining nine districts, the total number of sources fell short of the admissible number by 7 to 62 per cent. The survey also brought out that on 30th June 1977, against the requirement of about 1.33 lakh sources to cater to the needs of the villages according to the scale of one source for every 300 persons or at least one source for every village, there were 0.99 lakh tubewells and 0.27 lakh wells; due to maldistribution of spot sources, the actual requirement of additional spot sources to achieve the prescribed pattern (0.37 lakh sources) is much more than the gap (0.07 lakh) between the number of admissible sources and the number of existing sources.

Government decided (January 1978) that while the target of spot sources for the district as a whole will be fixed with reference to the number of blocks in it as before, the actual allocation of water sources within the district among the blocks would be decided by the District Officer in consultation with the District level co-ordination committee in accordance with the prescribed policies and priorities.

3.13.4.6. According to Government order (June 1971), no well should be located within any educational or a religious institution like temple, church or mosque and private premises. This stipulation was made in the interest of free and full accessibility of wells to the public. It was noticed in audit that in 341 cases (85 in Bankura, 172 in Burdwan, 52 in Malda and 32 in Midnapore) involving a total expenditure of Rs.4.19 lakhs (labour charges* only) approximately, spot sources were created in educational/religious institutions and private premises.

3.13.5. Execution of works

3.13.5.1. Test check of accounts of the blocks in the four selected districts showed that no systematic records indicating the exact location of tubewells, viz., *Jote* number, *Khatian* number and name of *mauza*, date and cost of installation/repairs, etc., were maintained. As a result, the position of spot sources created in various villages/anchals, number of sources becoming derelict and number of sources in working condition as on 31st March 1978 were not available in the records of the blocks.

3.13.5.2. In the four districts examined in audit, the Assistant Engineers (Rural Water Supply) did not test-check the measurements of works done in the blocks and did not issue completion certificates, as required under orders of Government. The Assistant Engineers concerned stated (July/August 1978) that this could not be done in the absence of any intimation about completion of works by the blocks.

Five hundred and ninety-two tubewells were sunk in Burdwan district by the Block Development Officers at a cost of Rs.2.21 lakhs (labour charges only) at depths varying from 40 feet to 60 feet as against the PHE specification of 150 feet to 200 feet where good water strata existed. Similarly, 352 tubewells were sunk in Malda district by the Block Development Officers at a cost of Rs.1.96 lakhs (labour charges only) at depths varying from 40 feet to 160 feet as against the specified depth of 200 feet. The Block Development Officers stated (July-August 1978) that the tubewells were not sunk deeper as water was available at higher levels. In reply to an audit enquiry regarding the adequacy of discharge of bacteria-free drinking water

*Cost of materials was not ascertainable in audit as the intitial accounts maintained by the Block Development Officers do not exhibit the cost of such materials supplied by the PHE Directorate.

in tubewells sunk at levels above those specified, the CE, PHE stated (October 1978) that he was not in a position to comment without verifying the layer charts and sample of sands which were not available vide paragraph 3.13.5.3.

Rupees 37.05 lakhs were spent on 1,482 wells constructed in Bankura district between 1973-74 and 1977-78 at depths between 30 feet and 40 feet as against the PHE specified depth of 50 feet. According to the Block Development Officers (July 1978), such wells do not maintain steady supply of water throughout the year and generally dry up in summer. The number of such wells which dried up in summer could not, however, be stated by them in the absence of a detailed survey in this respect.

3.13.5.3. In none of the blocks charts of layers bored through in sinking of tubewells were maintained. These charts are required to show whether the tubewell has been sunk in the level of good water strata and also to check the length and size of the pipes, etc. Samples of sand collected from the strata where tubewells were sunk, were also not sent to the Executive Engineer, Public Health Engineering of the district for his examination and approval.

3.13.5.4. The PHE Directorate had categorised areas into two zones—ordinary tubewell zone and deep water pump zone. It was noticed in audit that 327 ordinary tubewells (Bankura: 250 and Burdwan: 77) were installed at a cost of Rs.2.08 lakhs (labour charges only; Bankura: Rs.1.06 lakhs and Burdwan: Rs.1.03 lakhs) in areas categorised as deep water pump zones. In reply to an audit enquiry the Chief Engineer stated in October 1978 that sinking of ordinary tubewells in deep water pumping zone is not permissible and that in case of any deviation, "the purpose of drinking water may not be served".

3.13.5.5. Five blocks under Asansol subdivision of Burdwan district were classified by PHE Directorate to be lying in well zone, i.e., area fit for constructing open surface wells only because of presence of rocky soil, shale and coal. However, the Block Development Officer, Hirapur under Asansol subdivision reported (April 1978) to the District Magistrate that all the wells in his block dried up in summer and suggested that, instead of constructing wells, arrangement should be made for supplies of piped water. The District Magistrate, Burdwan, accordingly issued orders (June 1978) to the five blocks to make over the entire amount of Rs.2 lakhs allotted to them for construction of wells during 1977-78 in cash to the Subdivisional Officer, Asansol for being handed over to the Raniganj Coalfield Area Division of PHE Directorate for constructing piped lines for supply of water. In this connection, the CE, PHE informed (October 1978) Audit that "it is preferable to go in for piped water supply system in this area".

Classification of an area which needs supply of piped water as "ordinary surface well zone" had led to the construction of wells which dry up in summer, with the result that the bulk of the expenditure of Rs.7.14 lakhs incurred in constructing surface wells in these blocks during the five years up to 1977-78 did not yield the desired result of providing perennial sources of germ-free water.

3.13.6. **Derelict tubewells:** The maintenance of the wells is being done by the Block Development Officers. The survey conducted by the district authorities in 1977 indicated that as against 99,127 tubewells in working condition in the State, 32,575 tubewells were in derelict condition on 30th June 1977. The CE, PHE stated that 10 per cent of the tubewells became derelict every year and that it posed a serious problem. This caused a setback to the overall progress made, *vide* details given below in respect of two districts test-checked in audit:

District	Number of tubewells existing on 31st March 1973	Number of tubewells installed from 1973-74 to 1977-78	Number of tubewells becoming derelict from 1973-74 to 1977-78	Number of tubewells existing on 31st March 1978	Net increase in number of wells
				(2+3-4)	(5-2)
(1)	(2)	(3)	(4)	(5)	(6)
Burdwan*	.. 9,340	3,548	2,347	10,541	1,201
Midnapore	.. 12,698	3,729	3,261	13,166	468

Government asked (December 1977) the District Magistrates/Deputy Commissioners to examine the feasibility of installing one tubewell by utilising the materials to be recovered from two or three derelict tubewells. In none of the districts test checked in audit, the proposal had been given a trial (September 1978).

3.13.7. Other topics of interest

3.13.7.1. **Under-utilisation of rigs:** According to the Public Health Engineering Directorate, each of the rigs for drilling tubewells has the capacity of sinking 100 tubewells per annum. The Bankura Drilling Division had six rigs in 1976-77 and 3 more were purchased at a cost of

*Position of 30 out of 33 blocks which furnished information has been shown.

Information relating to Bankura and Malda districts could not be incorporated in the table as the number of tubewells existing on 31st March 1973 in those districts was not made available to audit.

Rs.18.57 lakhs in 1977-78. The total capacity for sinking tubewells with existing rigs, achievement and non-utilisation of available capacity were as follows :

Year	Number of rigs	Capacity	Achievement	Non-utilisation of capacity
			(Number of tubewells)	
1976-77 (six months)	6	300	212
1977-78	9	700	330*
				370

The Executive Engineer stated (August 1978) that the machines lay idle for 120 days on an average in a year because of (i) repair and servicing (60 days), (ii) occasional major repairs (30 days) and (iii) site disputes (30 days).

As the full capacity of the existing machines was not utilised, sinking of 55 tubewells was got done by contractors during 1977-78 for which a total sum of Rs.3.64 lakhs had been paid up to August 1978, involving extra cost of about Rs.1.16 lakhs compared to the cost of sinking of tubewells by the department.

3.13.7.2. Extra expenditure on purchase of drilling rigs: In response to notice inviting quotations issued on 27th January 1977 by the Superintending Engineer, Mechanical Circle II, PHE Directorate, for the supply of 5 rig machines, six offers ranging from Rs.4,59,730 to Rs.6,91,325 were received. While considering the offers, the Superintending Engineer observed (4th March 1977) that "due to prevailing drought conditions we are in urgent need of as many rigs as possible". As the performance of the rigs offered by the lowest tenderer (Firm A) was not known to the department and certain technical details (not specified) were wanting, a reference was made on 4th March 1977 to the Chief Engineer, Tamilnadu Water Supply and Drainage Board, whose organisation was stated to be using such rigs, to ascertain the performance of the rigs offered by that firm. The second and third lowest offers were not considered as those did not conform to the departmental specifications. The fifth lowest offer was also not considered as it involved procurement of certain imported items. Without waiting for a reply from the Chief Engineer, Tamilnadu, orders were placed with the two firms B and C, the 4th lowest and the highest tenderer, for supply of two rigs each at the rate of Rs.6,71,700 and Rs.6,91,325 respectively (total cost: Rs.27,26,050) by 31st March 1977. The Chief Engineer, Tamilnadu, intimated (10th March 1977) that the rigs offered by the lowest tenderer (firm A) were capable of drilling in rocky strata for shallow borewells of 112 mm up to a depth of 150 to 200 feet and that their performance was fairly satisfactory. On the basis of this information, order was placed with this firm on 5th April 1977 for supply of one rig at Rs.4,59,730.

*Excluding 55 bored by contractors.

†Based on data furnished by the department.

While seeking *ex-post-facto* approval of Government, the CE, PHE in January 1978, justified the purchase of four rigs from firms B and C at higher rates due to grave emergency arising out of drought condition in certain districts during 1976-77 and also because of the fact that the price of drilling rigs and other sophisticated machinery varies from firm to firm depending on capability and efficiency of the machines; orders of Government are awaited (October 1978).

Firm B supplied two rigs within the stipulated date (31st March 1977) and these were commissioned on 30th April 1977. Firm C supplied two rigs on 4th May 1977 as against the stipulated date of 31st March 1977. When firm C tried to commission these between 14th February 1978 and 23rd February 1978, these produced two bores of 68 feet and 160 feet depth respectively in hard formation. Since the firm could not commission the machines up to full capacity as per specification (200 feet), the Executive Engineer, Calcutta Drilling Division suggested to the Superintending Engineer, Mechanical Circle II (10th March 1978), that the balance of 10 per cent payment due to the firm (90 per cent of the cost having been paid already as per terms of the contract) might be forfeited after serving final notice on the firm. Further action taken in the matter has not been intimated (October 1978).

As against the contractual commissioning date of 31st March 1977, two of the rigs were commissioned only on 30th April 1977 and the remaining two which were supplied only on 4th May 1977 could not be commissioned up to specified depth. The extra price of Rs.8.87 lakhs given to the supplier firms *vis-a-vis* the lowest offer of firm A for meeting the grave emergency arising out of drought conditions in 1976-77 could not, therefore, be held to have served the intended purpose.

3.13.7.3. Purchase of sub-standard drilling rigs: Four rigs were purchased from firm X in May 1974 at a cost of Rs.21.93 lakhs, as per tender accepted by the CE, PHE. Before commissioning a machine, the supplier is required to make successful trial boring in the presence of the field officers. In August 1974, the Executive Engineer, Resources Division, Calcutta, informed the firm and the Chief Engineer that the rigs were not capable of boring up to the specified depth of 350 feet and that pending submission of proposal by the firm for remodelling of necessary components so as to make these fit to bore to a depth of 350 feet, further trial boring would be kept in abeyance. No remodelling was done. It was noticed in audit from a report submitted by the Chief Engineer to Government that out of 12 trial bores to be done attempts were made only in 8 cases when the rigs failed to go up to the specified depth; the balance of 10 per cent (90 per cent of the cost having been paid already as per terms of the contract on proof of despatch) had been withheld for non-fulfilment of the contract.

The sub-standard rigs (cost: Rs.21.93 lakhs) which were not capable of drilling up to the specified depth (350 feet) did not meet the requirement of the department. The department did not make available records relating to the performance and utilisation of these rigs.

3.13.7.4. Acquisition and utilisation of materials: (i) Test-check of stock registers of tubewell materials maintained in four blocks of Bankura district disclosed that the book balances of stores were less than the balances as on 31st March 1978 arrived at in audit by deducting the total issues as per measurement books from the total receipts as per receipt vouchers between April 1972 and March 1978. Value of stores less accounted for was Rs.1.25 lakhs. Clarifications for such short accounting were not forthcoming from any of the blocks (October 1978). Physical verification of these stores had not been conducted by the Block Development Officers.

(ii) During 1972-73, the District Magistrate, Bankura, issued 6,512 re-reinforced cement concrete rings (3 feet and 4 feet diameter) to 14 blocks. The recipient blocks could show utilisation of 3,458 rings; 145 were stated to have been damaged, 148 were in stock of Khatra I Block. No account of 2,761 rings (value: Rs.0.83 lakh) was forthcoming (January 1979).

(iii) In none of the selected districts, contractors' ledger and site accounts were maintained. As a result, materials lying unutilised with contractors could not be ascertained in audit. The list of materials lying with contractors submitted in August 1978 by the Block Development Officers in Midnapore indicated that materials worth Rs.0.37 lakh had not been returned by contractors since 1973-74.

3.13.8. Summing up

(i) According to the figures furnished by the Chief Engineer, Public Health Engineering, Rs.8,80 lakhs were spent during the period 1973-74 to 1977-78 and 41,703 wells were constructed as against the target of 30,091. The records on the basis of which these figures were compiled were not made available. During test check in audit of 4 districts, it was noticed that the Assistant Engineers did not submit to the Chief Engineer the monthly progress report required to be prepared on the basis of data to be supplied by the Block Development Officers who implemented the scheme. Test check in audit also showed that there were large variations between the figures reported to Audit by Block Development Officers and those intimated by the Chief Engineer (2,922 and 1,931 wells respectively) during the year 1976-77 in three districts.

(ii) A detailed village to village survey was made for the first time during 1977. Until then, Government earmarked the same number of wells uniformly for every block without ascertaining the actual needs of the blocks. This resulted in mal-distribution of wells. Six districts had more than the number of spot sources admissible on the basis of one source for every

300 persons or at least one source for every village (excess 3 to 62 per cent) while in nine districts the total number of sources fell short of the admissible number by 7 to 62 per cent.

(iii) In the four districts covered by audit scrutiny, the Assistant Engineers of the Public Health Engineering Directorate did not test check the measurement of works done in the blocks and did not issue completion certificates, as required under the scheme.

(iv) In 341 cases, wells were sunk (expenditure of Rs.4.19 lakhs on labour charges only, the material cost not being available) in educational/religious institutions and private premises without full accessibility to the public in contravention of the orders of Government.

(v) 944 tubewells were sunk by the Block Development Officers (expenditure of Rs.4.17 lakhs on labour charges only) with depths less than what was specified by the Public Health Engineering Directorate. The Chief Engineer, Public Health Engineering could not commit on the adequacy of discharge of bacteria-free drinking water in these cases without charts of layers bored and samples of sand collected from the strata; the latter were not maintained in the blocks.

(vi) Rs.37.05 lakhs were spent on 1,482 surface wells constructed in Bankura district between 1973-74 and 1977-78 at depths 30 feet to 40 feet as against the prescribed 50 feet. According to the Block Development Officers, such wells do not maintain steady supply of water throughout the year.

(vii) 327 ordinary tubewells (expenditure of Rs.2.08 lakhs on labour charges only) were sunk in two districts in areas categorised as deep water tubewell zones. As clarified by the Chief Engineer, "the purpose of drinking water may not be served" in the case of such deviations from the prescribed specifications.

(viii) Rs.7.14 lakhs were spent during the period 1973-74 to 1977-78 on construction of surface wells in areas where it was preferable to go in for piped water supply schemes; these surface wells dried up in summer and did not provide perennial water supply.

(ix) As on 30th June 1977, 32,575 tubewells (25 per cent of the total number of tubewells in the State) were in derelict condition. The feasibility of installing one new tubewell by utilising the materials to be recovered from 2 or 3 derelict tubewells is reported to be under examination.

(x) Test check in audit disclosed a case of extra expenditure of Rs.8.87 lakhs in the purchase of 4 rigs and a case of purchase of 4 sub-standard rigs for Rs.21.93 lakhs.

The points mentioned above were reported to Government in November 1978; their reply is awaited (March 1979).

GENERAL

3.14. Misappropriations, losses, etc.

The cases of misappropriation, defalcation, etc., of Government money, reported up to 31st March 1978 and on which final action was pending at the end of December 1978 were as follows :

	Number of cases	Amount (In lakhs of rupees)
Cases outstanding at the end of 1976-77	542	50.92
Cases reported during 1977-78	31	16.31
Cases disposed of up to December 1978	10	1.14
Cases outstanding at the end of December 1978	563	66.00

Department-wise analysis of the outstanding cases is given in Appendix V. Of the 563 cases outstanding at the end of December 1978, 401 cases (amount involved: Rs.29.46 lakhs) were outstanding for more than five years. Sixty-five per cent of the cases related to the Board of Revenue.

Details of some of the cases of suspected misappropriation/shortage of cash are given in the succeeding paragraphs.

REFUGEE RELIEF AND REHABILITATION DEPARTMENT

3.15. On a surprise physical verification of cash in chest on 15th September 1977, the Deputy Refugee Rehabilitation Commissioner, West Bengal found actual cash amounting to Rs.75,825.86 in place of Rs.3,07,910.11 being the total of book balances as per three independent cash books maintained by the Deputy Controller, Relief to whom the powers of drawing and disbursing were delegated by the Deputy Commissioner under the existing rules. The balance of Rs.2,32,084.25 was, as stated (September 1977) by the Deputy Refugee Rehabilitation Commissioner, suspected to have been defalcated.

Government stated (December 1978) that examination of the accounts of the Deputy Controller had been conducted by a team of departmental officers constituted by them in November 1977. According to the report (January 1978) of this team, the provisions of the existing rules were not observed as detailed below :

- (i) Three cash books—one for establishment matters, one for realisation of rents from stalls, etc., and one for transactions from the Minister's discretionary grants—were maintained; the consolidated picture for all the transactions was not worked out and reflected in one of the cash books or in a general cash book to enable the Deputy Controller and the head of the office to have the correct and complete picture of the book balances for verification.

- (ii) The cash books were not balanced and closed daily under the signature of the Deputy Controller.
- (iii) All the columns of the bill register were not filled in and periodical review of outstanding bills was not made.
- (iv) Against the prescribed monthly physical verification, cash balances as per one of the three cash books were physically verified once, i.e., 21st January 1977 by the Deputy Controller and the balance as per another cash book was verified by the Deputy Commissioner only on two occasions, i.e., 21st January 1977 and 8th March 1977 during the period from 1st January to 15th September 1977. The balances as per the third cash book were not physically verified at all.
- (v) Analysis of closing balances as per the transactions in the cash books was not prepared in respect of any of the cash books.
- (vi) Remittances into the bank of large sums of revenues realised on account of rents of stalls, etc. and recovery of loans were delayed, resulting in retention of heavy cash balances varying between Rs.2,29,133.86 and Rs.2,84,790.28 between January 1977 and September 1977.
- (vii) Between January 1977 and June 1977 departmental receipts aggregating Rs.31,378.20 were temporarily appropriated for meeting establishment expenses.
- (viii) The prescribed security was not obtained from the cashier.

Besides, it was stated in the report of the team that lack of supervision on the part of the head of the office was a contributory factor leading to the defalcation.

The Deputy Commissioner stated in June 1978 that two criminal cases had been started against the Deputy Controller, Relief and the cashier and that they had been placed under suspension in October and September 1977 respectively. Government stated (December 1978) that the Police investigation was going on. Further developments are awaited (March 1979).

Agriculture and Community Development Department

3.16. On physical verification of cash on 21st December 1976, the Block Development Officer, Nayagram found that the actual cash balance was Rs.51,021.00 as against the book balance of Rs.1,10,574.75 (total of book balances of three cash books maintained). The amount of Rs.59,553.75, being the shortage in cash, had been taken by the Cashier-cum-Storekeeper of the office for personal use without his knowledge as reported by the Block Development Officer on the same date to the Officer-in-charge, Nayagram Police Station.

On a test check in audit (December 1977) of the records, the following irregularities were noticed:

- (i) In place of a single cash book for all the transactions, three independent cash books were maintained; and
- (ii) entries in the cash books were not attested and balances as per cash books were not physically verified each month.

Heavy cash balances were kept; the cash balance had been more than Rs.1 lakh on each day throughout the period from April 1977 to November 1977 and on 26th November 1977 it was Rs.1,48,412.57 including Rs.1.04 lakhs drawn on 31st March 1977.

The Cashier-cum-Storekeeper was placed under suspension from 21st December 1976 on which date he had been taken into custody. Government stated (February 1979) that the Police was investigating into the matter and that the final report of the investigation was yet to be received by the district authorities.

Health and Family Welfare Department

3.17. The Director of Health Services, West Bengal maintained three independent cash books for the three branches of the Directorate, *viz.*, Public Health branch, Administration branch and Family Welfare and Calcutta Metropolitan Immunisation branch. On physical verification of cash by the Accounts Officer of the Directorate on 7th June 1977 consequent on his assumption of charge, a total shortage of cash of Rs.1,47,478.76 was detected as detailed below:

	Rs.
Public Health branch 	1,19,277.53
Administration branch 	22,281.23
Family Planning and Calcutta Metropolitan Immunisation branch.	5,920.00
Total	1,47,478.76

Of this shortage, a sum of Rs.1 lakh was suspected to have been misappropriated and the balance of Rs.47,478.76 was stated (September 1977) by the Director to have been advanced to members of staff of the Directorate and Health and Family Welfare Department. The details are given below:

Under the orders of the Accounts Officer of the Directorate, a sum of Rs.70,000 was paid by the cashier of the Public Health branch from undischarged cash to the cashier of the Administration branch against a hand receipt on 15th September 1976 for the purpose of payment of puja advances to the staff but the transaction was not entered in the cash book of either

of the branches. Puja advances were actually paid to the staff by drawing a regular bill for Rs.75,112 on 14th September 1976 by the Accounts Officer of the Directorate. Similarly, Rs.6,000, Rs.3,000, Rs.5,000 and Rs.16,000 were paid by the cashier of the Public Health branch to the cashier of the Administration branch against hand receipts on 17th May 1976, 10th August 1976, 13th September 1976 and 29th October 1976 respectively for meeting departmental expenses without entering the transactions in the cash books of either of the branches. The amounts aggregating Rs.1 lakh were neither returned by the cashier of the Administration branch to the Public Health branch nor were available as part of cash when physical verification of cash was done on 7th June 1977.

The balance of Rs.47,478.76 (Rs.1,47,478.76—Rs.1,00,000) had been paid between January 1959 and May 1977 on simple hand receipts to the members of the staff and departmental officers as advances on various grounds such as expenses of marriage ceremony of daughters of the members of the staff, medical treatment of members of family of the staff and urgent official tours. There were no orders sanctioning these advances. The Accounts Officer of the Directorate stated (April 1979) that a sum of Rs.10,494 had been adjusted out of the total advances amounting to Rs.47,478.76 up to 31st March 1979.

It was noticed in audit (October 1977) that the provisions of the existing rules were not observed, as detailed below :

- (i) While three independent cash books were maintained, the totals of transactions in the three books were not consolidated and the balance worked out in one of those or in a separate cash book for the office as a whole in order to facilitate verification of cash.
- (ii) Though pointed out in successive audit inspection reports, no bill-wise and date-wise analysis of cash balances at the end of each month was made as required under the rules as a result of which the total amount remaining undisbursed for long period, as also the amounts not required for immediate disbursement, could not be ascertained and refunded.
- (iii) Prescribed physical verification of cash was not done at the end of each month for the period from October 1976 to July 1977 in respect of Administration branch and from February 1977 to June 1977 in respect of Public Health branch.
- (iv) Prescribed security was not obtained from the persons handling cash and stores.

Government stated (March 1979) that the Accounts Officer and the two Cashiers who were found, *prima facie*, responsible for the alleged defalcation have been placed under suspension pending departmental proceedings.

3.18. A case of suspected defalcation of Rs.0.63 lakh in the Afternoon Pay Clinic attached to the R. G. Kar Medical College Hospital, Calcutta was noticed in audit conducted between November 1977 and December 1977 and between April 1978 and June 1978. The details of the case are given below :

A Junior Accountant-cum-Cashier posted to the Afternoon Pay Clinic from 1963 was allowed to handle cash (average monthly transaction: Rs.24,000), realise fees/charges from the patients, grant receipts to the patients under his signature, remit the moneys collected into the Treasury and maintain the cash book. Fees/charges for different kinds of clinical tests, X-Ray examinations, etc., are collected from patients at the counter of the Afternoon Pay Clinic and receipts in prescribed form are issued to them. Clinical tests, X-Ray examinations, etc., are done in the respective out-patient departments against receipts produced by the patients. The details given in the receipts (name of the patients, kind of test, fees paid, receipt No. and date, etc.) are noted in a register of patients maintained in each out-patient department. On a comparison of the counterfoils of receipts kept for office records and as the basis for entry in the cash book, granted by the Junior Accountant-cum-Cashier to the patients with the registers of patients maintained in the different out-patient departments, it was noticed in audit that in many cases amounts shown to have been realised as per counterfoils of receipts (as also entries in the cash book) were less than the amounts entered in the registers of out-patients, against money receipts granted to them.

Specialist charge of Rs.5 actually realised from some patients was shown in the counterfoils of receipts as ordinary (non-specialist) charge of Rs.2 only. Similarly, X-Ray charges of Rs.5 (one exposure), Rs.10 (two exposures) and Rs.20 (four exposures) actually realised from some patients were recorded in the counterfoils of receipts as pathological charges of Re.1 and/or ordinary eye examination charge of Rs.2.

Since the smaller amounts recorded in the counterfoils of receipts were only accounted for in the cash book, a total amount of Rs.0.63 lakh was not accounted for in the cash book during the period from January 1974 to December 1977. Complete records relating to two departments could not, however, be made available; these were stated (January 1979) by the Superintendent of the hospital to have been lost.

While agreeing that there had been defects in the system and lack of supervision in the hospital, Government stated (March 1979) that the defects were being rectified. They also stated that the Accountant-cum-Cashier had been suspended (11th May 1978) and proceeded against departmentally on the charges and that necessary report had also been lodged with the Police whose report was awaited.

Home (Police) Department

3.19. In course of local test audit (February 1978) of the accounts of the Superintendent of Police, Nadia, a case of suspected defalcation of Rs.93,762 was detected, *vide* details given below :

- (a) Sale proceeds of the subsidised ration stores to police personnel amounting to Rs.35,075 realised by the Office-in-Charge (Sub-Inspector) between 25th January 1977 and 17th February 1977 were recorded to have been deposited into the treasury on 23rd February 1977, but, on a verification in audit of the treasury records, no such amount was found to have been deposited into the treasury on that day. No chalan in support of the deposit of the amount into the treasury could be shown to Audit.
- (b) Between 16th August 1977 and 31st December 1977, a total sum of Rs.6,392 was paid to the Officer-in-Charge of the ration store by the Officer-in-Charge of State Armed Police, 9th Battalion, Krishnanagar on account of sale proceeds of rationed articles supplied to them, but the amount was neither accounted for in the Daily Sales Register nor deposited into the treasury. When the omission was pointed out (February 1978) by Audit, a sum of Rs.3,030 only was deposited (February 1978) into the treasury leaving Rs.3,362 still unaccounted for.
- (c) An amount of Rs.1,456 had been short remitted to the treasury out of collections during September 1976 to November 1977.
- (d) According to the Sales Registers of the ration store, sale proceeds amounting to Rs.60,915 were realised during the period from 1st January 1978 to 6th February 1978, but the amount was not deposited into the treasury.
- (e) On a suggestion by Audit, the cash was physically verified by the Deputy Superintendent of Police under orders of the Superintendent of Police on 7th February 1978 and the cash in chest was found to be Rs.7,046 in place of Rs.1,00,808 (Rs.35,075 + Rs.3,362 + Rs.1,456 + Rs.60,915) showing a shortage of Rs.93,762.

In this connection the following procedural lapses in the maintenance of cash book and handling of cash were noticed :

- (i) Though pointed out in previous local audit inspection reports, no cash book was maintained in the ration store as per Government order issued in December 1966 and, instead, all transactions of the store were recorded in a rough hand book.

- (ii) No physical verification of cash in hand of the Officer-in-Charge was done by the Superintendent of Police or any officer deputed by him at any time except that done at the instance of Audit on 7th February 1978, *vide* sub-para (e) above.
- (iii) Instead of remitting the cash balance in hand promptly to the treasury, heavy cash balances ranging from Rs.39,577 to Rs.1,17,044 between February 1976 and December 1977 were retained in hand.
- (iv) No security deposit was obtained from the Officer-in-Charge of the ration store who handled cash.

The Superintendent of Police, Nadia stated (December 1978) that the Officer-in-Charge of the store and an Assistant Sub-Inspector of Police had been placed under suspension from 11th February 1978 and a criminal case started against them. Further developments in the matter are awaited (December 1978).

The matter was reported to Government in May 1978; their reply is awaited (March 1979).

3.20. Losses, etc., written off

In 141 cases, Rs.0.77 lakh mainly representing losses due to theft, fire, irrecoverable revenue, duties and advances, remission of revenue, etc., were written off during 1977-78. The details are given in Appendix VI.

CHAPTER IV

WORKS EXPENDITURE

Irrigation and Waterways Department

4.1. Nugatory expenditure on the closing of the river Peali

The East Mograhat Basin Drainage Scheme (estimated cost: Rs.296.50 lakhs) was approved by Government in August 1971 to facilitate drainage of the basin in the district of 24-Parganas through the river Peali. In order to protect the basin from the ingress of saline water through the tidal river Peali, the work of closing* the river near Kultali was taken up in November 1976 as a part of the scheme. The estimated cost of the work was Rs.39.53 lakhs and the tender was accepted for Rs.41.41 lakhs. Work order was issued on 1st November 1976 and the work was to be completed by 31st March 1977.

Construction of the earthen embankment was simultaneously started from both the right and left banks and the river was finally blocked with brick crate embankment on 27th February 1977. But, on 3rd March 1977, during rising tide, the embankment subsided by 3 to 4 feet and, overtopped by tidal water, gave way. The total expenditure incurred on the embankment was Rs.82.33 lakhs as, in actual execution, the quantity of work to be undertaken was found to be in excess of the original estimate. (Payment of Rs.68.30 lakhs was made to the contractor and liability of Rs.14.03 lakhs incurred).

The department decided to press on with the work and closure of the river was attempted for the second time in early April. The river was blocked again on 13th April 1977. However, the embankment gave way on the same day in the same manner as in the first attempt. The value of the work done was Rs.34.91 lakhs in the second attempt (yet to be paid for). Since then, an additional expenditure of Rs.12.76 lakhs was incurred for protection and strengthening of the remaining portion of the closure dyke (October 1978). It was observed in audit that a technical committee constituted by Government to advise on the location, method and programme for closure of the river noted (November 1977) *inter alia*, the following points:

- (i) The department did not undertake proper advance planning.
- (ii) Closure of the river without providing a diversion channel for flow of tide during the critical closure time made the closure risky.

*By closing the river is meant blocking the river by the construction of a cross dam and diverting the flow of the river through a diversion channel controlled by sluice so that ingress of saline water can be checked during flow tide and passage of drainage water can be made easy during ebb tide.

- (iii) There was no soil testing prior to the attempted closures. Subsequent tests made by the River Research Institute indicated that the bearing capacity of the soil was below the minimum requirement to provide the necessary subsidence coverage.
- (iv) Peali being a tidal river, the working season had to synchronise with low tides and small tidal fluctuations. The best working season was identified to be January and February with the closure to be attempted in the first half of February as after the middle of February high winds would cause disturbance to the work.

After completing the diversion channel in October 1978 Government decided to attempt once again the closure of the river at a new site at about 2,000 feet upstream of the previous site and just downstream of the offtake of the diversion channel. Tender for the work was accordingly accepted (November 1978) at 35 per cent above the estimated cost of Rs.38.94 lakhs and the work was in progress (March 1979).

Thus, a major work taken up without adequate planning, resulted in infructuous expenditure of Rs.1.30 crores (including liabilities of Rs.61.70 lakhs). The drainage scheme targeted to be completed in 1973-74 has also not been completed (February 1979).

The matter was reported to Government (November 1978); their reply is awaited (February 1979).

4.2 Infructuous expenditure on the voyage of a dredger

For the restoration of the navigability of the river 'Kalindi' from Fulahar to Mahananda in the district of Malda, it was decided to take up the work of dredging of the river. For this work, it was necessary to utilise the suction dredger 'Burdwan'. Accordingly, an estimate for Rs.2.91 lakhs was prepared for the voyage of the suction dredger with its ancillaries from the berthing place at Kristopur to Noorpur in the Malda district. The estimate, *inter alia*, provided for,

- (i) hire charges including fuel, establishment, etc., of two towing tugs of Central Inland Water Transport Corporation (a Government of India Undertaking) for carrying the ancillaries of the dredger against the current from Calcutta to Jangipore, and
- (ii) hire charges of two tugs of the Farakka Barrage Project for towing the dredger with ancillaries across the Jangipore Barrage and Farakka Barrage Project up to Noorpur.

The Marine Superintendent, Central Inland Water Transport Corporation, intimated the Superintending Engineer and the Executive Engineer on 9th July 1974 that it would not be possible for them to tow

the ancillaries from Calcutta to Jangipore as they had no suitable power craft for the towage and their vessel would not also be able to pass under the Jaugipore lock gate. He suggested that the only safe way to undertake this towage would be either to wait till such time as the Farakka Canal became ready and open for navigation so that passing through the Barrage could be avoided or to take the longer route via Sunderbans and Bangladesh through the river 'Padma'. In spite of the non-availability of tugs to transport the dredger ancillaries, the Executive Engineer, Urban Drainage Division, went ahead with the moving of the dredger itself. The work order was issued to the contractor (lowest tenderer) on 23rd July 1974 by the Executive Engineer without obtaining necessary administrative approval. The contractor commenced work the next day and the dredger was brought from its base at Kristopur up to Namkhana *en route*. The vessel was kept anchored at Namkhana from 22nd August 1974 pending receipt of instructions from the department. It transpired subsequently that the work for which the dredger was required could not be taken up in near future and the vessel was brought back near its base at Bhangor Kata Khal near Kristopur from Namkhana. A sum of Rs.1.50 lakhs was paid to the contractor on 22nd September 1978 for the work from which Government derived no benefit.

The case was reported to Government in August 1977; their reply is awaited (February 1979).

4.3. Unproductive expenditure

For the protection of the left bank of the river Teesta from Chengmari to Premganj in the district of Jalpaiguri, the following two schemes were approved by Government (7th September 1973):

- (1) **Stage I**—Construction of earthen embankment from 00M to 3100M (estimated cost: Rs.13.49 lakhs).
- (2) **Stage II**—Construction of earthen embankment from 3,100M to 6,784M (estimated cost: Rs.16.45 lakhs).

The embankments were to end at the confluence of the river Teesta and Dharala. As it was apprehended by the departmental engineers that the area benefited by the embankment might be flooded at high flood stage of the river Dharala, it was proposed to extend the embankment on the right bank of the river Dharala from 6,840M to 10,750M. The alignment of embankment for the extended portion was finalised by the Chairman, North Bengal Flood Control Commission, after a visit to the site on 8th March 1975. As there was public opposition to the alignment of the extended portion of embankment, a new alignment within 150M to 240M of the river at four places was fixed by Government in consultation with the local people.

Meanwhile, the work in the extended portion (6,840M to 10,750M) was taken up by the Executive Engineer, Jalpaiguri Irrigation Division, along the new alignment without obtaining the administrative approval of Government and technical sanction of the competent authority and was distributed (March 1975) among three contractors for the total tendered amount of Rs.3.84 lakhs with the stipulation to complete the work within one month. The embankment in the extended portion which was vulnerable due to its proximity to the river bank, was washed away by a low flood on 18th August 1975 resulting in unproductive expenditure of Rs.3.90 lakhs. The Chairman, North Bengal Flood Control Commission, declared the work as abandoned in May 1977.

The matter was reported to Government in July 1978; their reply is awaited (February 1979).

Kangsabati Project

4.4. Construction of a head regulator

The work of construction of right bank head regulator of the Kumari Dam was awarded in February 1969 to a contractor based on open competitive tenders. The estimated cost of the work and tendered value were Rs.11.52 lakhs and Rs.10.02 lakhs (13.13 per cent below estimate) respectively. The work was to be completed within 18 months of the award of the work, that is, by August 1970, so as to synchronise with the anticipated progress of work of the main dam under construction by the department. However, the contractor was informed (February 1969) that the design of the regulator was under revision and he could take up, for the time being, only the work of excavation of foundation. The final design and connected drawing were made available to the contractor in January 1970. During the course of execution it was found that the progress of work by the contractor was not satisfactory. The engineer-in-charge had repeatedly taken up this question with the contractor and also reported the matter (May 1971) to the Superintending Engineer. The contractor contended that the unsatisfactory progress of work was due to increase in quantities of excavation. Actual quantity of earth excavated was 42,272 cu.m. against 7,600 cu.m. provided in the contract. The Executive Engineer intimated the Superintending Engineer that the increase was due to change of site and design of the structure. The work was completed only in February 1974, that is, after a period of about 5 years after the award of the work and 4 years after finalisation of the design. Extension of time prayed for by the contractor was given from time to time.

Owing to the delay in completion of the regulator the programme of impounding water for irrigation on the left bank had to be taken up (June 1973) prior to the completion of the head regulator. To protect the head regulator under construction and to facilitate impounding of water a ring bundh had to be constructed (April 1973-June 1973) in front of the head

regulator at a cost of Rs. 2.93 lakhs which was later demolished (March 1976-May 1976) at a cost of about Rs.0.15 lakh. Total expenditure on the temporary ring bundh was Rs.3.08 lakhs.

The contractor for the head regulator, while reporting completion of the work in February 1974, desired settlement of all the extra claims he had been preferring from time to time. In February 1975, he requested the department to refer the matter for arbitration and in September 1975 he moved the High Court for appointment of an arbitrator. The High Court appointed an arbitrator (January 1976) who gave an award (July 1976) of Rs.2.72 lakhs in favour of the contractor mainly on the ground that the schedule of works and items were changed after entrustment of the work. The award was implemented in November 1976. It was observed by the Executive Engineer (November 1976) that the department failed to claim against the contractor an amount of Rs.0.46 lakh being the cost of material issued to him. According to the Government pleader there was no scope of realising from the contractor this amount after the award.

Thus, the failure of the department to get the head regulator completed in time, primarily on account of design not being finalised in time, resulted in an infructuous expenditure of Rs.3.08 lakhs on temporary protection works. The failure of the department to lodge proper claim in the arbitration case relating to the work resulted in a further loss of Rs.0.46 lakh being the cost of material issued to the contractor.

The matter was reported to Government in November 1978; their reply is awaited (February 1979).

4.5. Construction of Deer Park

In October 1975 the Irrigation and Waterways Department decided to establish a deer park on the Jhantipahari hillock which is jutting into the Kangsabati reservoir area. While the hillock is completely cut off from the adjoining land when the water level in the reservoir is high, the hillock is connected with the adjoining land at lower water level. To convert the hillock into a permanent island even at low water level, as a prelude to developing the deer park, it was decided (December 1975) to undertake departmentally excavation of a 2,000 feet link channel at an estimated cost of Rs.6.50 lakhs (estimate prepared by the Executive Engineer, Kangsabati Left Bank Division, not sanctioned by the competent authority). After an expenditure of Rs.0.49 lakh was incurred, this work of excavation of a link channel was abandoned in April 1976 as it was felt that some sort of a masonry wall with barbed wire fencing around the hillock for a length of 4,500 feet would serve the purpose of protecting the area. For this purpose an estimate for Rs.1.81 lakhs was sanctioned by the Superintending Engineer in May 1976. The work was again modified by the Superintending Engineer into driving of steel joists and fixing barbed wire fencing. This

work, commenced in June 1976, was completed in January 1977 at a cost of Rs.0.73 lakh. A revised consolidated estimate for Rs.3.02 lakhs providing for fencing and other ancillary items of work for the deer park was submitted by the Superintending Engineer to the Chief Engineer in February 1977 which is pending with the Chief Engineer (December 1978).

Meanwhile, in April 1977 the Chief Engineer had contacted the Chief Conservator of Forests for help and co-operation in the establishment of the deer park. In May 1977 the Chief Conservator informed the Chief Engineer that he had not recommended the setting up of a separate deer park as a deer sanctuary (started in 1974-75) was already being established near about (about a mile away) by the Forests Department.

In view of the expenditure which had already been incurred, the Chief Engineer requested Government (June 1977) not to drop the proposal but to construct and maintain the deer park as an additional one. Final decision of Government has not yet been received. In September 1977, the Superintending Engineer ordered that no further expenditure should be incurred on the deer park without his prior approval except on pay and allowances of employees engaged for the purpose. Expenditure incurred on the deer park up to October 1978 amounted to Rs.2.35 lakhs including Rs.1.31 lakhs spent towards pay and allowances of the employees. Pending issue of order of Government the full complement of staff (24 employees) employed is retained involving a monthly expenditure of about Rs.5,000.

The construction of the deer park started by the department without co-ordination with the Forests Department was stopped in September 1977 rendering the expenditure of Rs.2.35 lakhs (incurred up to October 1978) unproductive.

The matter was reported to the Government in September 1978; their reply is awaited (February 1979).

4.6. Avoidable expenditure

The work of excavation of the right bank main canal from chain 587 to 612 estimated to cost Rs.17.38 lakhs was awarded to a contractor on the basis of open competitive tenders in April 1967. The work was stipulated to be completed by April 1969. However, the target could not be kept and extension of time was granted to the contractor from time to time. The last such extension was granted up to 31st December 1972. Against the tender amount of Rs.15.94 lakhs (8.29 per cent less than the estimated amount) the value of work executed by the contractor by that date was Rs.13.13 lakhs. Total quantity of various categories of soil excavated was 2.59 lakhs cu.m. against the stipulated quantity of 3.19 lakhs cu.m.

In November 1972, the Executive Engineer reported to the Superintending Engineer that the contractor was unwilling to carry out further work as he had already executed 'hard weathered rock or hard laterite excavation' for 1.89 lakhs cu.m. as against the estimated provision of

90,000 cu.m. and was unable to excavate further quantity of 'hard weathered rock or hard laterite' at the accepted rate. Since the work was required to be completed urgently, the Executive Engineer recommended to the Superintending Engineer termination of the contract and awarding of the residual work at the same rates as in the old contract to another contractor whom he had contacted and selected through negotiation. The Executive Engineer informed the Superintending Engineer that the residual work would have to be completed urgently by June 1973. According to the agreement entered into with the second contractor, the stipulated time for completion was, however, up to December 1973. In terminating the original contract (December 1972) penal action as provided in the agreement was not taken on the ground that no extra expenditure was involved in entrusting the work to the subsequent contractor.

In November 1973, the second contractor applied for extension of time up to 30th June 1975 due to certain difficulties such as non-availability of labour during harvesting seasons, heavy percolation of water during rainy season, scarcity of foodgrain, kerosene, coal, blasting material, etc. This and subsequent extensions of time were granted up to 30th June 1976 when the work was completed. According to the agreement, the rate of excavation of hard weathered rock or hard laterite was Rs.14.02 per hundred cft. In December 1973, the contractor asked for enhancement of the rate with effect from 3rd November 1973 by Rs.9.60 per 100 cft. (enhancement shortly revised by the contractor to Rs.13.33 per hundred cft.) on grounds of increased cost of petrol, lubricant, spares, tyres, tubes, explosives, labour, foodgrains, coal, kerosene, etc. In April 1974 the contractor again applied for further enhancement of the rate on grounds of further increase in cost of petrol, tyre, etc., by Rs.9.34 per hundred cft. to be effective from 4th March 1974. The increased rates were allowed with Government's approval. Extra payment was made to the contractor at the rate of Rs.13.33 per hundred cft. for excavation of 2,22,196 cft. of 'hard weathered rock' during 8th November 1973 to 2nd April 1974 and at the rate of Rs.22.67 (Rs.13.33 + Rs.9.34) per hundred cft. for excavation of 5,49,543 cft. of 'hard weathered rock' from 3rd April 1974 onwards. This resulted in extra expenditure of Rs.1.54 lakhs not permissible in terms of the agreement which did not provide for escalation.

Thus, the residual work on termination of the original contract was awarded to another contractor without tenders on grounds of urgency for completion by June 1973 and penal clause was not invoked against the original contractor on the grounds that the residual work was awarded at the same rates as in the terminated agreement and no extra expenditure was involved. The residual work was actually completed only in June 1976 and extra expenditure of Rs.1.54 lakhs was also incurred due to payment of escalation charges not provided for in the agreement with the contractor for the residual work.

The matter was reported to Government in November 1978; their reply is awaited (February 1979).

Public Works (Roads) Department

4.7. Delay in construction of a bridge

Mention was made in paragraph 84 of the Report of the Comptroller and Auditor-General of India for the year 1969-70 regarding award of work on the construction of a bridge over river Haldi at Narghat on Tamluk-Coutai Road to the second lowest tenderer for Rs.59.73 lakhs in preference to the lowest offer of Rs.57.87 lakhs. The work commenced in January 1967 and was scheduled to be completed by January 1970.

Up to March 1972, the contractor executed work only to the extent of Rs.16.23 lakhs and applied in April 1972 for enhancement of tendered rates due to certain restrictions on progress of works imposed by the department for financial and technical reasons. This was accepted by Government to the extent of 31 per cent with effect from March 1972. The contractor wanted (December 1973) further enhancement of rates by 33½ per cent which was not accepted and the contract was terminated in September 1974 forfeiting the security deposit of Rs.1 lakh. The total liability of the contractor (on account of value of materials issued by the department, hire charges for departmental machinery, etc.) on the date of termination of the contract was assessed by the division at Rs.2.44 lakhs. The final bill of the contractor for work to be paid for amounting to Rs.0.53 lakh was lying with the division pending settlement (June 1979).

For carrying out the work left over by the original contractor, limited tenders were invited in December 1974 on estimated cost of Rs.1,00.00 lakhs put to tender. The lowest lump sum offer of Rs.1,43.00 lakhs was accepted for completion within twenty-four calendar months from the date of issue of the work order or 30th June 1977, whichever was earlier. The date of issue of work order was 22nd April 1976. The contractor was subsequently entrusted (June 1976) with the construction of an additional span of 122 feet on Tamluk side of the bridge for an amount of Rs.12.75 lakhs and also price escalation thereon up to the maximum of Rs.1.56 lakhs with an extended period of six months for completion of both parts of the work in all respects by 21st October 1977. The work has not yet been completed and a sum of Rs.1,27.00 lakhs was paid to the contractor (October 1978).

Government stated (December 1978) that further progress on the work would depend on solving the serious technological problems involved in (a) considerable erosion caused by river turbulence, (b) soft nature of the soil and (c) slip in the embankment in July 1977 caused by floods and incessant rains causing tilting of the abutment and consequent movement of abutments.

The bridge estimated to cost Rs.59.24 lakhs and begun in January 1967 is still incomplete (February 1979) after incurring an expenditure of Rs.1,63.98 lakhs.

4.8. Abandoned work

For accelerated development of hill areas, administrative approval for Rs.6.47 lakhs was accorded by the Development and Planning Department in November 1975 for construction of a tourist promenade (Rs.4.92 lakhs) and foot bridge (Rs.1.55 lakhs) around the Mirik Lake in the Darjeeling district. The notice inviting tender for the work "Construction of a foot bridge around Mirik Lake" was issued on 24th April 1976, prior to the preparation of detailed estimate, with last date for tender as 5th May 1976. There were only two tenders and the work, estimated cost of which put to tender was Rs.4.73 lakhs, was awarded to the lowest tenderer for Rs.5.56 lakhs at 17.5 per cent above the estimate.

The work was stopped in November 1976 reportedly on the ground that Government did not consider that provision of a foot bridge was necessary. Formal Government orders for stoppage of the work were not made available to Audit.

The infructuous expenditure on the work abandoned in October 1976 was Rs.2.22 lakhs.

The matter was reported to Government in November 1978; their reply is awaited (December 1978).

Agriculture and Community Development Department

4.9. Infructuous expenditure

Government approved in February 1976 construction of three boro bundhs* (temporary) on the canals of the river Mundeawari in the Hooghly district at an estimated cost of Rs.4.95 lakhs. The bundhs were designed to supply water over a command area of 16,450 acres of land so as to obtain an additional yield of agricultural crops valued at Rs.2.16 crores. Based on open competitive tenders, the work was awarded to a contractor on 6th February 1976 and the work commenced on 15th February 1976 in two sites.

(a) Boro bundh at Churamanitala over Hurhura Khal (estimated cost Rs.2.83 lakhs)

Work order was issued to the contractor on 6th February 1976 with the stipulation that the work be completed within 30 days. The contractor commenced work on 15th February 1976 but, after partial execution, discontinued work mainly due to non-availability of earth, and on 22nd February 1976 the site of the proposed bundh was shifted to Moyrahana about 1,500 feet upstream of the original site. The contractor started work

*Between the time of harvesting of *Kharif* and *Rabi*, summer Paddy 'Boro' is harvested in the area with water made available from the river 'Mundeawari' by construction of temporary bundhs. The bundhs commonly known as 'Boro Bundhs' are removed during monsoon.

at the new site on 4th March 1976. While the work was in progress, another bundh was under construction (by the local people without authority from the Collector) in the downstream. Consequently, the new work site of the boro bundh was submerged in about 6 feet deep water on 8th March 1976 and the work had to be abandoned. A sum of Rs.0.24 lakh was paid to the contractor being the value of work done and a further sum of Rs.0.07 lakh was spent on work-charged establishment and other items. The total expenditure of Rs. 0.31 lakh thus became infructuous.

(b) Bundh at Kamdevchawk (estimated cost: Rs.0.87 lakh)

Work order was issued to the contractor on 6th February 1976 with the stipulation to complete the work within 21 days. In this case also the work had to be abandoned on 27th March 1976 due to inundation of the work site resulting from the construction of the bundh put up by the local people. A sum of Rs.0.20 lakh paid to the contractor for value of the work done proved infructuous in this case also.

The matter was reported to Government in March 1978; Government replied in February 1979 that attention of all concerned (including civil authorities) was drawn to the matter.

4.10. The Peali Reservoir Scheme

The Peali Reservoir Scheme at Uttarbhag, 24-Parganas district, was sanctioned in July 1967 to provide irrigation facilities to 4,200 acres by improving the derelict loop of the Peali river to form a 4-mile long reservoir in which water pumped up from Dabu-khal would be impounded. This water would be released through pipes to provide irrigation during *khari* and *rabi* seasons. The administrative approval issued by Government in July 1967 was for Rs.4.60 lakhs.

The work was taken up for execution in two phases. The first phase consisting of earthwork was completed in June 1968. The second phase of the work consisting of installation of pumping sets, taken up only in 1972 owing to certain administrative difficulties, had to be suspended at different times because of—

- (i) objection to the canal alignment,
- (ii) non-availability of land for pump-house, and
- (iii) construction of unauthorised bundhs in the reservoir.

After considerable delay, the work connected with construction of pump-house and staff quarters, installation of pumping sets and laying pipes were completed during 1974-75 and 1975-76. Thereafter, the question of supply of a 100 KVA transformer was taken up with the West Bengal State Electricity Board. The installation of the transformer and provision of electrical connection was completed in July 1976 and the scheme was

commissioned on 19th July 1976. Considering the storage capacity of the reservoir, it is now estimated by the Executive Engineer, Calcutta Agri-Irrigation Division that only 525 acres in *kharif* season and 45 acres in *rabi* season could be irrigated. The department is unable to clarify the circumstances under which the irrigation potential is drastically scaled down from 4,200 acres in the original estimate to less than 600 acres in the latest assessment of the scheme. Even this reduced potential was not utilised since the commissioning of the scheme. No irrigation could be undertaken in 1976 due to frequent theft of accessories of the distribution system, in 1977 owing to entry of saline water into intake channel and till June 1978 on account of non-demarcation of command area.

By the time the scheme was completed, total capital cost had increased to Rs.8.14 lakhs and Government sanctioned (October 1974) further expenditure of Rs.3.37 lakhs in addition to Rs.4.60 lakhs sanctioned earlier. The increase was due to escalation in cost especially since the work was under suspension at different times.

Thus, while the scheme's cost has increased from Rs.4.60 lakhs to Rs.8.14 lakhs mainly due to prolonged construction, the irrigation potential has been reduced from 4,200 acres to less than 600 acres per annum.

The matter was reported to Government in November 1978; their final reply is awaited (March 1979).

4.11. Drilling rigs, lying idle

The Water Resources Investigation Division, Midnapore, purchased in January 1971 one unit of truck-mounted rotary water-well drilling rig with ancillary pumps and accessories at a cost of Rs.2.49 lakhs for drilling bore-holes for deep tubewells under the programme of investigation for groundwater resources. The first drilling work by the rig was taken up in July 1975 on an experimental basis without success and the equipment was lying unutilised thereafter for want of any programme of work. The division procured three more units of rigs of higher capacities in March 1976 at a total cost of Rs.31.39 lakhs on the basis of supply orders issued by the Chairman, State Water Board. Items like water-tanker, diesel generating sets and turbine pumps were also purchased in this connection at a cost of Rs.1.83 lakhs during September 1976 to March 1977. Out of these three units, one unit was utilised for 389 hours in boring three tubewells (one abandoned) and the two other units with ancillary machinery were stated by the Executive Engineer, Water Resources Investigation Division to be lying idle (August 1978) for want of any programme of their utilisation and due to absence of qualified operational staff.

Purchase of costly machines without drawing up a programme of work or recruiting necessary operational staff resulted in machines purchased in January 1971 at a cost of Rs.2.49 lakhs and in March 1976 at a cost of Rs.31.39 lakhs remaining idle (August 1978). An expenditure of Rs.4.75 lakhs had also been incurred on the idle machines up to December 1978 mainly on salaries of the non-operational staff.

Government stated (March 1979) that delay in sanctioning operational staff, was on account of the fact that a new type of technical staff is required for operation of drilling rigs and examination of the proposal for staff took more time than usual.

CHAPTER V

STORES AND STOCK

Stores and stock accounts

5.1. The major points noticed in the course of audit of stores and stock accounts (other than those relating to Government commercial and quasi-commercial departments/undertakings) are given in the paragraphs which follow.

5.1.1 **Accounts in arrears:** The stores and stock accounts of the following departments which are due to be submitted to Audit by the 5th September each year were in arrears (March 1979):

Department	Year of account	Reasons, if any, for non preparation of the accounts as intimated by the department
Agriculture and Community Development—		
Consolidated stores accounts of Intensive Food Production Scheme	1976-77 and 1977-78	Reasons have not been intimated.
Commerce and Industries—		
(i) West Bengal Government Press and Raj Bhavan Press	1975-76 onwards	Reasons have not been intimated
(ii) West Bengal Stationery Office	.. 1977-78	Non-completion of annual physical verification of stock by the stock taker appointed by Government.
Health and Family Welfare—		
(i) Central Medical Stores	1976-77 and 1977-78	Reasons have not been intimated.
(ii) Consolidated stores accounts of principal State Hospitals	1972-73 onwards	Reasons have not been intimated
(iii) Netaji Subhas Sanatorium, Kalyani (formerly Kanohrapara T. B Hospital)	1977-78	Delay in settlement of the value of stores
(iv) Infectious Diseases Hospital, Behaghata, Calcutta	1977-78	Reasons have not been intimated.
Home (Jails)—		
(i) Consolidated stores accounts of Presidency and Central Jails	1975 onwards	Non receipt of stores accounts of Midnapore Central Jail.
(ii) Jail Depot, Calcutta	1976-77 and 1977-78	Non-receipt of invoices from various jails
(iii) Alipore Central Jail Press	1976-77 and 1977-78	Reported to be under preparation.
Information and Public Relations—		
(i) Consolidated stores accounts (other than Distribution Section)	1976-77 and 1977-78	Reasons have not been intimated.
(ii) Distribution Section	1976-77 and 1977-78	Reported to be under preparation.

5.1.2. **Stock in Public Works divisions:** (i) Transactions relating to stock booked in the accounts for 1977-78 against some of the divisions under the administrative control of three engineering departments are summarised in the table below :

Department	Nature of main stores	Opening balance as on 1st April 1977	Receipts	Issues	Closing balance on 31st March 1978
<i>(In lakhs of rupees)</i>					
Irrigation and Waterways	Small stores and building materials	5,99.08	4,21.65	3,84.84	6,35.89
Public Works	.. Ditto	6,40.93	10,15.00	10,54.18	6,01.75
Public works (Roads)	.. Ditto	3,27.78	4,66.07	5,08.38	2,85.47

(ii) Of the 247 public works divisions at the end of 1977-78, 117 had been holding stock during the year. Information relating to stores accounts and allied matters was, however, received from only 39 of them (March 1979).

(iii) **Excess over reserve limit of stock**—According to the information received, the stock held in 17 divisions on 31st March 1978 exceeded the reserve stock limit as indicated below :

Department	Number of divisions	Amount in excess of the reserve limit on the 31st March 1978	Remarks
(1)	(2)	(3)	(4)
<i>(In lakhs of rupees)</i>			
Health and Family Welfare (Public Health Engineering Wmg)	1	1,86.02	The excess was in respect of the Resources Division which has been exceeding the limit of Rs. 75 lakhs since 1973-74.
Public Works (Roads)	.. 4	90.30	In 24-Parganas Highway Division, which has been exceeding its limit of Rs. 8 lakhs since 1975-76, the excess was Rs. 65.99 lakhs on 31st March 1978. In Murshidabad Highway Division the excess was Rs. 14.84 lakhs on 31st March 1978.
Public Works	.. 8	51.28	Of the 11 divisions, 6 divisions holding excess stock of more than Rs. 5 lakhs each accounted for an excess of Rs. 75.15 lakhs. Of these Alipore I Division which exceeded the limit by Rs. 28.98 lakhs on 31st March 1978 has been exceeding the limit since 1969-70.
Irrigation and Waterways	1	11.82	The excess is in respect of the Canals Division which has been exceeding the limit since 1974-75.
Housing	.. .. 2	4.97	In Housing Construction I Division the excess has been persisting since 1971-72 and it stood at Rs. 4.45 lakhs on 31st March 1978.
Public Works (Construction Board)	1	2.78	The excess was in respect of the Howrah Division which has been exceeding the limit since 1973-74.
Total	.. 17	3,47.17	

In Part II of the Report of the Committee on Public Accounts, 1976-77, presented to the Assembly on the 11th April 1977, the Committee had recommended that if at any time it was necessary to store materials over and above the prescribed limit, specific sanction of Government should be obtained. The divisions with excess stock had not, however, obtained any such sanction (February 1979).

(iv) No reserve limits of stock have been fixed for the following divisions although sizable stocks are being held as indicated in the table below :

Department	Name of division	Value of stock held on 31st March 1978	Remarks
(1)	(2)	(3)	(4)
		<i>(In lakhs of rupees)</i>	
Public Works	.. C M D A I ..	16.77	
	C M D A II ..	6.00	
	C M D A III ..	9.63	Stock being held since 1972-73
Housing ..	.. Housing Construction Division IV	1.92	

(v) **Closing of stock registers.**—The register of stock in any public works division is required to be closed at the end of each year and reviewed by the Divisional Officer to ensure that the stores consist only of necessary and serviceable articles and that the stores are priced within the prevailing market rates. Of the 39 stock-holding divisions from whom information was available, closing of stock registers was in arrears in 38 divisions as indicated below :

Department	Number of divisions in which closing of stock registers is in arrears	Remarks
(1)	(2)	(3)
Public Works	15	In five divisions stock registers have not been closed for over 5 years.
Public Works (Roads) ..	8	In Murshidabad Highway and 24-Parganas Highway Divisions stock registers have not been closed for over 10 years. In Mechanical II Division these have not been closed for over 5 years.
Irrigation and Waterways ..	8	In two divisions stock registers have not been closed for over 15 years and in two divisions these have not been closed for more than 5 years. In Metropolitan Drainage II Division the stock registers have not been closed since 1971-72.
Housing	4	In one division the stock registers have not been closed for over 5 years.
Public Works (Construction Board)	2	In both the divisions the stock registers have not been closed for over 5 years.
Health and Family Welfare ..	1	In the Resources Division (Public Health Engineering) the registers have not been closed for 5 years.
Total ..	38	

(vi) **Physical verification of stock.**—The Divisional Officers are required to ensure that physical verification of stock in the division is conducted at least once a year. In 26 of the 39 divisions from which information was available, physical verification of stock was not conducted during 1977-78; in some cases it was not done in the earlier years also. The department-wise position is indicated below :

Department		Number of divisions in which physical verification of stock was not done	Remarks
(1)		(2)	(3)
Public Works .. ..	..	8	In two divisions physical verification has not been done since 1969-70. In one of them (Calcutta Construction Division) value of stock held on 31st March 1978 was Rs. 7.55 lakhs and in the other (West Dinajpur Division) the stock stood at Rs. 14.85 lakhs on that date.
Public Works (Roads) ..	..	6	In two divisions physical verification of stock has not been done since 1970-71. In one of these (24-Parganas Highway Division), the value of closing stock as on 31st March 1978 stood at Rs. 73.99 lakhs.
Irrigation and Waterways ..	..	5	In one division (Metropolitan Drainage II) physical verification has not been done since 1971-72.
Housing .. ..	..	4	In the Housing Construction III Division physical verification has not been done since 1970-71. The value of closing stock as on 31st March 1978 of this division stood at Rs. 3.84 lakhs.
Public Works (Construction Board)		2	In one division, physical verification has not been done since 1976-77. The value of closing stock as on 31st March 1978 was Rs. 6.30 lakhs.
Health and Family Welfare (Public Health Engineering Wing)		1	In the Resources Division (Public Health Engineering) physical verification has not been done since 1971-72. Value of the closing stock as on 31st March 1978 was Rs. 2.61 crores.

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1. According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the accounts of bodies and authorities substantially financed by grants and loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General of India. For this purpose a body or an authority is deemed to be substantially financed if the total amount of grants and loans paid to it during a financial year, including the unspent balance of previous years, does not fall short of Rs.5 lakhs and is not less than 75 per cent of the total expenditure of the body or authority in that year. As in previous years, for identification of such bodies/authorities, all administrative departments of the State Government were requested in April 1978 to furnish information about grants and loans given to bodies and authorities and their total expenditure for the year or years in which the grants or loans were paid. This requirement of audit was also brought to the notice of the Finance Department. However, no information was received from several departments including the Department of Health and Family Welfare, which normally releases large grants. (This department did not send the data in the previous four years also.)

The results of audit of some bodies/authorities were incorporated in the Reports of the Comptroller and Auditor General of India for the years 1973-74 to 1976-77. Important points noticed during audit (October 1977 to September 1978) of some more bodies/authorities are given in paragraphs 6.2 to 6.5 in Section A.

Where any grant or loan is given for any specific purpose from the Consolidated Fund, Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 requires that the Comptroller and Auditor General of India shall scrutinise the procedure by which the sanctioning authorities had satisfied themselves as to the fulfilment of the conditions subject to which such grants or loans were given. Important points noticed during scrutiny conducted under this section are given in paragraph 6.6 in Section B.

Important points noticed during audit of the Calcutta Metropolitan Development Authority under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are given in paragraphs 6.7 to 6.10 in Section C.

SECTION A

Local Government and Urban Development Department

6.2. Municipalities

6.2.1.1. The accounts of 12 municipalities which attracted audit under Section 14 of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971 for one or more of the years from 1973-74 to 1976-77 as indicated in Appendix VII were audited during 1976-77 and 1977-78. The extent of financial assistance received by them in those years also is indicated in that Appendix *vis-a-vis* their total expenditure.

6.2.1.2. The liabilities (including unspent grants) exceeded the cash balance of the municipalities at the end of the latest year, the accounts of which were audited under Section 14, by Rs.89.77 lakhs as indicated in Appendix VIII.

6.2.2. Irregularities in loans and grants

(i) **Diversion of grants, and loans.**—As indicated in Appendix VIII, the cash balances of all the municipalities except Kanchrapara were less than the unutilised balances of grants and loans from Government for specific purposes by amounts ranging from Rs.0.90 lakh (Balurghat) to Rs.8.47 lakhs (Santipur) and aggregating Rs.39.41 lakhs. This indicates that at least equivalent amounts of such grants and loans had been diverted to other purposes till the end of the concerned years.

(ii) **Non-repayment of loans.**—The municipalities (except Kanchrapara) had not repaid to Government instalments of loans with accrued interest aggregating Rs.28.79 lakhs. Out of these, Rs.8.45 lakhs were in respect of 5 municipalities the cash balances of which were more than the amounts overdue.

(iii) In 1967-68, the Santipur Municipality received Rs.0.52 lakh on account of compost manure scheme which has remained unutilised. In 1977-78, out of this amount, Rs.0.10 lakh were spent for other purposes.

(iv) From 1954-55 to 1957-58, the Bolpur Municipality received Rs 2.04 lakhs as grant for construction of Junior Basic Schools and purchase of equipment out of which Rs.0.93 lakh have remained unspent (August 1978). In the meantime, 3 of the municipal Junior Basic Schools are housed in premises rented at a cost of Rs.0.02 lakh per annum (August, 1978).

(v) There was excess drawal of grant by Katwa Municipality (Rs.0.95 lakh during the period 1975-77) and Purulia Municipality (Rs.0.51 lakh during the period 1973-75) from the Municipal Services Department due to claims for dearness allowances of certain teachers which had been met by grants received from the Education Department. The excess drawals were brought to the notice of Government in August and November 1977; information regarding recoveries is awaited (March 1979).

6.2.3. Collection of revenue

(i) **Arrears in collection.**—In paragraph 7.5.2 of the Report of the Comptroller and Auditor General of India for the year 1975-76 (Civil) it had been mentioned that while the minimum standard for collection of rates fixed by Government was 85 per cent of the demand, the actual collections were between 12.4 per cent and 79 per cent in the 22 municipalities then audited. In the municipalities covered in the present Report also, the collections have been low, ranging from 16 per cent (Kanchrapara) to 76 per cent (Katwa 1975-76) of the demand, with the result that there has been heavy accumulation of outstanding demand of taxes which aggregated Rs.87.96 lakhs in the 12 municipalities. In seven of these municipalities arrears of taxes, if recovered, could wipe out the liabilities mentioned in paragraph 6.2.1.2.

(ii) **Delay in revaluation of holdings.**—The Bengal Municipal Act provides for quinquennial revaluation of holdings within a municipal area for the purpose of assessment of municipal rates. On the ground that about 2,000 objections received against previous revaluations had not been disposed of, the Nabadwip Municipality delayed by one year the revaluation due to take effect from 1976-77. As a result, increase of Rs.2 lakhs in the current annual demand which arose from the revaluation could be given effect to only from 1977-78

(iii) **Collections of rates not verified.**—Under the Bengal Municipal Account Rules, 1935, the Municipal Commissioner shall arrange for verification of at least 10 per cent of the receipts granted to the payers with the duplicate copies filed in the office and also arrange for enquiry in at least 10 per cent of the cases in which taxes are outstanding. This was not done in any of the municipalities. On receipt of complaints from the rate payers, local verifications were conducted in July 1974 and October 1976 by the Alipurduar and Santipur Municipalities which revealed that the amounts shown in the duplicate copies filed in the office were less by Rs.0.02 lakh in each of them than the amounts shown in the receipts in the possession of the rate payers indicating misappropriation of collections to that extent.

6.2.4. Works expenditure

(i) **Delay in completion of work.**—In March 1973, the Bishnupur Municipality received a loan of Rs. 1 lakh for construction of a municipal market. The estimate of the work (Rs.1.06 lakhs) was sanctioned by Government in June 1973. The municipality entrusted the work to a contractor who left the work incomplete after construction up to the ground level. He was paid Rs.0.16 lakh and his security money of Rs.0.04 lakh was forfeited (March 1976). A revised estimate of Rs.1.10 lakhs was prepared in November 1976 and Government's approval thereto is awaited (September 1978) and the work approved in 1973 is still incomplete.

(ii) **Excess payment for work.**—For works executed with funds received from the Calcutta Metropolitan Development Authority (CMDA), payments were to be made on the basis of certificate by the Zonal Engineers of CMDA of the value of the works. However, the Kanchrapara Municipality made payments in 1974-75 for such works on the basis of value of works measured by it which turned out to be in excess of the amount subsequently certified (March/July 1975) by CMDA by Rs.0.23 lakh.

6.2.5. Default in deposit to Provident Fund

As indicated in column 7 of Appendix VIII, eight municipalities had defaulted in payment of provident fund deductions from employees and of their own contributions to the employees' provident fund to the extent of Rs.6.24 lakhs.

Government stated (April 1979) that irregularities relating to the municipalities arose mostly from inadequacies of municipal funds, and that steps were being taken to place the municipalities on a better financial footing. Regarding assessments of rates they stated that the West Bengal Central Valuation Act, 1978 had been enacted to rationalise valuation and the Central Valuation Board, the functioning of which was expected to augment the resources of the municipalities, was expected to be set up soon.

Education Department

6.3. District School Boards

6.3.1. District School Boards had been set up under the Bengal (Rural) Primary Education Act, 1930 in all the 15 districts of West Bengal.

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

- (i) Education cess under the Cess Act, 1880 read with Section 32 of the Bengal (Rural) Primary Education Act, 1930.
- (ii) Taxes imposed under Section 34 of the Bengal (Rural) Primary Education Act, 1930.
- (iii) Government grants and contributions.

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

Accounts of the District School Boards, for the years detailed below, were not available to Audit (September 1978):

Name of District School Board	Year(s) for which accounts were not available to Audit
Bankura*	1971-72 and 1974-75 to 1976-77
Burdwan	1975-76 and 1976-77
Birbhum and Purulia	1976-77

6.3.2. The total amounts of grants received from Government and the expenditure incurred by eight District School Boards whose accounts were audited are shown below:

Name of District School Board	Year of account	Total grants including unutilised balance of grants received in previous years	Total expenditure
<i>(In lakhs of rupees)</i>			
Bankura	1972-73 ..	1,63.71†	1,59.59
	1973-74 ..	1,51.19†	1,75.25
Howrah	1975-76 ..	2,78.62	1,99.32
Jalpaiguri	1973-74 ..	1,73.26	1,11.42
Midnapore	1974-75 ..	7,14.00	6,15.45
Murshidabad	1975-76 ..	5,41.74	2,57.33
Nadia	1975-76 ..	3,45.20	2,47.13
Purulia	1974-75 ..	1,55.68†	1,60.43
	1975-76 ..	1,79.82†	1,80.07
West Dinajpur	1974-75 ..	2,39.15	1,75.72

6.3.3. (i) Scrutiny of the data furnished by 370 schools in 5 circles to the District School Boards in the districts of Bankura, Birbhum, Midnapore, Malda and West Dinajpur showed that only about 20 per cent of the

*The accounts for the years 1972-73 and 1973-74 and the Appropriation Register of Loans and Special grants for those years without opening and closing balances were produced to Audit.

†Does not include unutilised balances of grants received in previous years which could not be determined as the District School Boards did not maintain the Appropriation Register of Grants.

students enrolled in Class I in 1974 were prosecuting their studies in Class IV (at the end of which Primary Final Examinations were held by District Inspectors of Schools) in 1977 as shown below :

Year	Number of students in			
	Class I	Class II	Class III	Class IV
1974	17,675			
1975		5,977		
1976			4,647	
1977				3,467

The sharp fall of 80 per cent by the stage of Class IV was mainly due to stagnation in the same class (mainly in Class I) and drop-outs.

(ii) The data furnished by schools in 12 circles in different districts disclosed that 63 to 70 per cent of the students taught in Class I could not secure promotion and stagnated in the same class for more than one year as shown below :

Year	Number of circles	Total enrolment		
		In Class I	In Class II in the following year	Percentage of decrease in enrolment in Class II
1974	11	58,001	17,269	70.2
1975	12	61,764	19,005	69.2
1976	6	22,046	7,949	63.9

(iii) The average drop-out of students in Classes I to IV covering 49 schools in Kalanabagram circle in Burdwan district during 1975 and 1976 was about 24 per cent. The District Inspector of Schools stated (September 1977) that this was the common feature of drop-out in all the circles in the district.

6.3.4. Unproductive expenditure.—Against an advertisement issued in December 1974, the Midnapore District School Board received, up to 20th January 1975, 44,477 applications from candidates for appointment as primary school teachers. On 14th May 1975, the Advisory Committee of the School Board, appointed by Government for preparation of panel for appointment, formed six Sub-Committees for interviewing the candidates. The Sub-Committees interviewed the candidates from July 1975 till 10th April 1976 but the convenors and sub-committees did not submit any panel or records of interview in spite of reminders from the District School Board. The expenditure of Rs.0.40 lakh incurred by the Board on account of payment of honorarium and travelling allowances of staff, printing of application forms and postage, etc. in this connection was thus unproductive.

6.3.5. **Scheme for free distribution of school dress.**—With effect from 1974-75, Government sanctioned a scheme for free distribution of school dress valued at Rs.10 each to all scheduled tribe girl students, 25 per cent. of the scheduled caste girl students and other poor and meritorious girl students in primary and junior basic schools. Grants aggregating Rs.1,27.28 lakhs were paid for this purpose to 15 District School Boards during the years 1974-75 to 1977-78. Except in Burdwan district, these grants were mostly not utilised but grants were released in subsequent years without getting data in respect of actual expenditure in previous year and adjusting the shortfall in this respect *vide* table below :

Year	Amount of grant		Amount utilised during the year	Balance of unutilised grant at the end of the year	Number of Boards wholly not utilising the grant during the year	Balance of unutilised grant in respect of the Boards referred to in Column 6	
	Paid during the year	Total including balance from the previous year					
1	2	3	4	5	6	7	
<i>(In lakhs of rupees)</i>							
1974-75	25.62	25.62	3.10	22.52	12	22.52
1975-76	38.02	60.54	5.13	55.41	7	33.95
1976-77	31.82	87.23	18.70	68.53	1	15.00
1977-78	31.82	1,00.35	9.17	91.18	8	58.90

The points mentioned above were reported to Government in December 1977 and November 1978; their reply is awaited (March 1979).

6.4. Jadavpur University

6.4.1. **Persistent delay in submission of annual accounts:** As mentioned in paragraph 60.1 of the Report of the Comptroller and Auditor-General of India for the year 1974-75 (Civil), the annual accounts of the University for the year 1972-73 had been received only in February 1976. The annual accounts for 1973-74 and 1974-75 were received in June 1977 and February 1979 respectively. Accounts for the years from 1975-76 are still awaited (March 1979).

The details of grants and expenditure during 1972-73 and 1973-74 are given below :

Year	Grants from the State Government and the Government of India (including opening balance of unutilised grant)	Expenditure	Percentage of grants to the total expenditure	
<i>(In lakhs of rupees)</i>				
1972-73	1,53.69	1,87.14	82.12
1973-74	1,42.96	1,75.62	81.40

6.4.2. Approval of Government to the budget estimates not received!

Non-receipt of approval of Government to the budget estimates of the University for the years 1970-71 and 1971-72 had been pointed out in paragraph 60.4 of the Report of the Comptroller and Auditor-General of India for the year 1974-75 (Civil). Approval of Government to the budget estimates of the University for those years and the estimates for the years 1972-73 and 1973-74, which were submitted to Government on 17th April 1972 and 9th April 1973 respectively were not received.

6.4.3. Irregular debit to maintenance grant: Maintenance grant is sanctioned by Government on *ad hoc* basis from year to year subject to adjustment based on the actual expenditure on finalisation of annual accounts of the University. The adjustment in respect of the grant sanctioned for 1972-73 and 1973-74 has not been made so far (March 1979).

Mention was made in paragraph 60.6 of the Report of the Comptroller and Auditor-General of India for the year 1974-75 (Civil) that Rs.0.75 lakh had been spent in 1971-72 for running the Students' Health Centre against the maximum amount of Rs.0.15 lakh per year fixed by Government for the purpose, resulting in excess debit of Rs.0.60 lakh to the maintenance grant account. Excess debits were made on this item in 1972-73 and 1973-74 also and expenditure on two other items assistance for which had been declined by Government, was also debited to the maintenance grant in 1972-73 and 1973-74 without Government's sanction, as indicated below:

Item of expenditure	Amount debited in excess/ irregularly to the maintenance grant in— (In lakhs of rupees)	
	1972-73	1973-74
Students' Health Centre (expenditure in excess of approved limit of Rs. 0.15 lakh per year)	0.71	0.51
Items for which assistance was declined by Government :		
Interim relief to staff	0.45	2.18
Tiffin allowance to non-teaching staff	0.46	0.86
Total	1.62	3.55

6.4.4. Unadjusted advances: The unadjusted balance of advances to employees and suppliers rose from Rs.12.19 lakhs at the end of March 1972 to Rs.19.05 lakhs at the end of March 1974. The amount of advances outstanding at the end of March 1974 comprised festival advances to staff (Rs.9.36 lakhs), other advances to staff (Rs.5.67 lakhs) and advances to suppliers (Rs.4.02 lakhs).

6.4.5. Non-verification of stock of library books: Up to the end of March 1976, the University had acquired about 2.71 lakh books. Physical verification of the books conducted prior to 1965 had been left incomplete and thereafter no physical verification was done.

The points mentioned above were reported to Government in October 1978; their final reply is awaited (March 1979).

Agriculture and Community Development Department

6.5. Bidhan Chandra Krishi Viswavidyalaya

6.5.1. To provide facilities for the study of agriculture, animal husbandry and allied sciences and to conduct research in these sciences, the Bidhan Chandra Krishi Viswavidyalaya was established at Haringhata in Nadia district on 1st September 1974 by an Ordinance (later replaced by the Bidhan Chandra Krishi Viswavidyalaya Act, 1974). The Viswavidyalaya was substantially financed by grants from Government in the years 1974-75 (1st September 1974 to 31st March 1975) and 1975-76 and the accounts thereof attracted the provisions of section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 as indicated below :

Year	Grants received	Total expenditure
	<i>(In lakhs of rupees)</i>	
1974-75	87.23	46.88
1975-76	1,74.50	2,20.08

6.5.2. **Budget and accounts:** The Act requires the Vice-Chancellor to present the annual financial estimates and annual accounts and balance sheet to the Board of Management of the University. It also lays down that the budget for each year shall be presented to and considered by the Viswavidyalaya at a meeting not less than one month before the end of the preceding year. No budget estimates were prepared for the year 1975-76. nor were the annual accounts for 1974-75 and 1975-76 prepared and the balance sheet drawn up (October 1978).

6.5.3. **Agricultural farms:** There are eleven agricultural farms including six seed farms situated at different places in West Bengal under the control of the Director of Farms of the Viswavidyalaya for imparting practical training and facilitating research work, etc. A total sum of Rs.47.15 lakhs (including Rs. 13.80 lakhs advanced for meeting wages of labourers) was spent from 1st September 1974 to 31st March 1976 on the farms and Rs.3.28 lakhs were credited to the Viswavidyalaya Fund as sale proceeds of farm produce during the period. No cash book was maintained in five of the eleven farms. Government stated (April 1979) that the Viswavidyalaya was being requested to pay proper attention to the affairs in the agricultural farms so as to bring about the desired improvement as early as possible.

6.5.4. **Advances:** During 1974-75 and 1975-76 advances totalling Rs 1,34.01 lakhs were paid to the Public Works Department, heads of various departments and others for public works (Rs.87.11 lakhs), wages of labour (Rs. 13.80 lakhs), purchases (Rs. 5.16 lakhs), etc. An Advance Ledger was maintained but advances aggregating Rs.1.98 lakhs during 1975-76 had not been entered in it. In cases where items had actually been

entered in this Ledger, there were notes of adjustment only against items totalling Rs.3.25 lakhs. Government stated (April 1979) that the Viswavidyalaya had been directed to take prompt and effective steps for adjustment of the advances.

6.5.5. Shortage of cash: At the instance of Audit, the closing cash balance of the Veterinary College, Belgachia was verified on 27th July 1977 by the Dean of the Faculty of Veterinary and Animal Science. The physical balance was Rs.52,454.98 comprising cash and uncashed cheques which was short of the book balance of Rs.1,37,328.81 by Rs. 84,873.83. The difference was stated by the Cashier of the College (July 1977) to be on account of advances to various persons which had not been entered in the cash book. However, there was no note of such advances in the Advance Ledger of that Faculty and there was no list of persons to whom the amounts were stated to have been advanced.

6.5.6. Krishi Mela 1975: Against an estimate of Rs.1.34 lakhs for the purpose of holding a "Krishi Mela" in the year 1975, as approved by a Functional Committee formed (February 1975) with the Vice-Chancellor as its President, a total sum of Rs.1.71 lakhs was advanced (1974-75) to different teaching and non-teaching staff. Approval of the Board of Management of the Viswavidyalaya for holding the Mela and incurring expenditure thereon was not, however, obtained as required under section 11 of the Bidhan Chandra Krishi Viswavidyalaya Act, 1974. The Mela was held in February 1975 but no consolidated statement of expenditure was prepared nor were the supporting vouchers made available to Audit (May 1978).

6.5.7. Government superseded the Viswavidyalaya and placed the administration under a council with effect from 8th December 1977 by an ordinance (later replaced by an Act in March 1978).

Government have set up (September 1978) a commission to enquire into the administration and functioning of the University from its establishment till its supersession.

SECTION B

Local Government and Urban Development Department

6.6. Financial assistance to municipalities

6.6.1. Government, in the Municipal Services Department (renamed in March 1978 as the Local Government and Urban Development Department), sanction, from time to time, financial assistance in the form of grants, loans/ways and means advances, etc., to the municipalities in the State for meeting the cost of development works, improvement of civic amenities, payment of dearness allowance to employees and for supplementing municipal funds. Some of these grants are paid against collections of octroi

duties. All sanctions to grants and loans are issued by the department. The records of the department were test checked between April 1978 and May 1978 to scrutinise the procedure by which the sanctioning authority satisfied itself as to the fulfilment of the conditions subject to which the grants were released. Some of the points which came to notice are indicated below.

6.6.2. Grants and loans given during the years 1975-76 and 1976-77 to the municipalities were as under:

Year	Total number of municipalities	Grants released		
		Against collection of Octroi	For payment of dearness allowance	For development
1975-76	.. 98	1,56.90	3,42.60	19.02
1976-77	.. 98	3,67.92	3,18.42	19.15

(In lakhs of rupees)

Grants for meeting the expenditure on dearness allowance are released monthly; octroi grants are generally released in three instalments and grants for development works are released once in a year.

6.6.3. **Octroi grants:** (i) The octroi grants are sanctioned subject to the condition that at least 50 per cent thereof should be used for the benefit of the rate-payers by providing improved services. In addition, at least 25 per cent was to be used for restoration of diversion, if any, of provident fund money or, if not required for that purpose, that portion too was to be used for providing improved services/general purposes.

Separate accounts are to be maintained and utilisation certificates furnished to Government within six months from the date of sanction in respect of octroi grants. It was noticed in Audit that 82 utilisation certificates involving Rs.2,11.02 lakhs pertaining to the year 1976-77 had not been received (July 1978). The department stated in July 1978 that they had not received any report from the District Magistrates/Deputy Commissioners or the municipalities about improved services to the rate-payers and restoration of diversion of provident fund money.

(ii) Test check by Audit of the accounts of 16 grantees showed that four of them had not kept separate accounts for watching the appropriation of the grants as required. As seen from separate accounts where maintained, four municipalities had not spent anything on improvement of services out of grant of Rs.3.60 lakhs on that account.

6.6.4. **Development grants:** Development grants aggregating Rs.19.02 lakhs and Rs.19.15 lakhs were sanctioned to 21 and 35 municipalities in 1975-76 and 1976-77 respectively. One of the conditions of such grants was that these would be spent on approved development schemes such as road construction, water supply, etc, and the grantee had to bear

one-third of the total expenditure. Regarding the fulfilment of the conditions of these grants, the department relied on the District Officers who were to supervise the progress of the works.

It was ascertained in audit (November 1978) from the District Magistrate, 24-Parganas, Alipore that while utilisation certificates were received the condition regarding matching contribution as stipulated in orders sanctioning such grants was not being watched. No inspection was undertaken by him in 1975-76 and 1976-77. It was stated by him (November 1978) that steps would be taken to enforce the conditions subject to the availability of inspecting staff.

In the course of audit scrutiny, it was noticed that Government had directed in February 1976 that 75 per cent of the sanctioned grants should be released at the time of approval of the development schemes by the District Officers and the remaining 25 per cent of the grants after the works had progressed 50 per cent. However, this direction was not observed and the grants aggregating Rs.14.09 lakhs sanctioned were released in full to 17 municipalities in 1975-76 and 1976-77.

Government stated (April 1979) that reliance on the district administration would be gradually withdrawn and the Directorate of Local Bodies already set up would take care of the municipalities which would ensure more vigorous monitoring of the financial as well as administrative functioning of the municipalities.

SECTION C

Public Works (Metropolitan Development) Department

Calcutta Metropolitan Development Authority

6.7. Pumping sets lying idle

In 1971, the Irrigation and Waterways Directorate of Government of West Bengal, an implementing agency of Calcutta Metropolitan Development Authority (CMDA), placed an indent on CMDA for purchase of 5 sets of pumps along with motors, starters, L.T. Panels, etc., for the Uttarbhag Pumping Station under the Sewerage and Drainage Scheme of the CMDA.

CMDA placed order for the pumpsets on 28th April 1972 which were received, against payments, as indicated below :

Particulars of equipment	Supplied on	Payment on	Amount (Rs.)	Percentage of payment
1. 5 Motors and 5 Starters	24th May 1973 ..	13th July 1973 ..	1,66,622	95
2. 5 Motors and 5 Starters	24th May 1973 ..	6th February 1974	8,770	5
3. L. T. Board, etc.	28th December 1973	14th March 1974 ..	35,713	95
4. 5 sets of pumps	7th June 1974 ..	29th March 1974 ..	2,37,921	95
		Total ..	4,49,026	

The pumping sets were not, however, lifted by the Irrigation and Waterways Directorate from CMDA, as the pumphouse for installing the pumpsets was yet to be constructed (May 1977). The Director of Materials wrote (May 1977) to the Irrigation and Waterways Directorate pointing out, *inter alia*, that unless the pumps were installed immediately, there was risk of serious damage to the pumpsets due to long storage. The pumps are still (December 1978) lying idle in the custody of CMDA. The pumphouse has not been completed reportedly due to foundation problems.

Purchase of pumpsets without ensuring synchronous construction of pumping house has resulted in the pumpsets (cost: Rs.4.50 lakhs) being stored in warehouse for more than five years. Owing to failure of the department to install the pumpsets, warranty clause guaranteeing trouble-free operations of pumpsets for one year has also expired.

The matter was reported to Government in October 1978; their reply is awaited (March 1979).

6.8. Purchase of 20/30 tonnes capacity pavers

A firm, in their letter dated 3rd September 1975, addressed to the Chairman, CMDA, made an offer on their own for manufacturing and supplying five 20/30 tonnes capacity pavers at a cost of Rs.2.12 lakhs each, ex-factory, plus excise duty and sales tax as applicable. The firm pleaded that, as a small scale industry, they were not in a position to invest on manufacturing one machine for the first time and that they could go ahead if they received an order for at least five such machines.

Though there was no indent for such a machine from any of the implementing agencies which were then executing city road works undertaken by CMDA, the Director, Traffic and Transport, Additional Director, Materials and the Technical Adviser, CMDA, recommended on 19th September 1975 that "orders for 3 machines might be placed first and if these three machines be proved useful, orders for 2 more machines might be placed and thereafter CMDA would have freedom to call open tenders for this type of machine to assess competitive cost". The proposal was approved by the Chairman, CMDA on 19th September 1975.

The Additional Director, Materials, CMDA asked the firm (24th September 1975) to submit a formal quotation indicating detailed specification and cost analysis. The firm submitted their formal quotation on 30th September 1975 but did not agree to submit cost data which were "Trade Secret". Order for 3 such machines was placed on 1st October 1975 at the rate of Rs.2.12 lakhs each, ex-factory, plus sales tax and excise duty. Subsequently, the firm was directed to attach a hopper with gear arrangement at Rs.3,800 each with each of the pavers and the machines were supplied by the firm in November 1976 and April 1977

The order for 2 more machines was placed on 17th August 1977 with the approval of the Secretary, CMDA at the same rate, viz., Rs.2.12 lakhs for the machine and Rs.0.04 lakh for hoppers. The machines were received on 28th November 1977 and 20th May 1978. Orders for these machines were placed even before the first three machines had been put to regular work and their performance tested as indicated below :

(i) Out of the total of 65 available working months, the machines were reported to have been put to work only for 14 months as detailed below :

Machine No.	Date of receipt of the machine	Available working months up to 31st August 1978	Actual working months as reported by the Executive Engineer, Mechanical Division on 9th September 1978
I	April 1977 ..	.. 16 months ..	Nil
II	November 1976	.. 21 months ..	February 1978, March 1978 and May 1978—3 months
III	April 1977 ..	.. 16 months ..	December 1977 to April 1978—5 months
IV	November 1977	.. 9 months ..	January 1978 to June 1978—6 months
V	May 1978 ..	.. 3 months ..	Nil
		65 months ..	14 months

(ii) Out of the 14 months of utilisation, log book in respect of machine No. II (which only was made available to Audit) indicated that the machine worked for 33 hours only, i.e., for 4 days (of 8 hours each) and 1 hour during the period of two months and that too with an outturn of 3586.30 square metres (sq.m.) of paving as against stipulated capacity of 7425 sq.m. (1800 sq.m. per day per machine).

Test-check in audit also disclosed that a contractor using machine No. III complained (January 1978) that due to poor performance of the machine (684 sq.m. per day as against stipulated capacity of 1200 sq.m.) he suffered a huge loss and that capacity of the machine (684 sq.m. per day) is even less than the capacity (1516 sq.m. per day) as could be achieved by manual labour.

Thus, the five machines purchased between November 1976 and May 1978 at a cost of Rs.10.80 lakhs without indent and with reference to the firm's own offer have remained practically unutilised so far.

The matter was reported to Government in October 1978; their reply is awaited (March 1979).

6.9. Purchase of hand carts for the Calcutta Corporation

Tenders for the supply of 2,000 hand carts were called for by CMDA on 12th January 1977 to be opened on 21st January 1977; the carts were to be supplied to the Calcutta Corporation for disposal of garbage. The lowest offer

of Rs.6,52,131 (Rs.332.72 per cart less 2 per cent discount) was accepted on 9th February 1977. Supply order was placed on 4th March 1977 with the conditions that

- (i) supply should be completed within 12 weeks as stipulated in the tender (as against 8 months stipulated by the firm),
- (ii) Rs.16,000 to be deposited as earnest money, and
- (iii) the firm would be penalised at 1 per cent of the contract value for each day's delay in completion of the supply subject to a maximum of 10 per cent of the value of the contract.

The firm agreed to reduce the completion period to 6 months and also to deposit Rs.16,000 as security deposit but did not agree to the penalty clause stating that security deposit of Rs.16,000 would be refundable only after completion of the work.

Supply order on the firm was cancelled and the work was awarded on 25th April 1977 after negotiation, to another firm (the next lowest tenderer) for Rs.7,46,000 (at Rs.373 per cart) thereby involving additional expenditure of Rs.93,869. As against the stipulated date of 24th July 1977, the firm completed the supply on 30th September 1977 up to which extension of time had been given by CMDA due to lack of space to store the carts.

The additional expenditure of Rs.0.94 lakh incurred by ignoring the lowest offer in the interests of urgent delivery of the carts has not achieved the objective as the carts were received only by the extended delivery period sought by the lowest tenderer. Also, only about one-third of the carts received (September 1977) had actually been utilised by March 1978.

The matter was reported to Government in November 1978; their reply is awaited (March 1979).

6.10. Water supply programme of Calcutta Metropolitan Development Authority

6.10.1. Introductory

6.10.1.1. The Water Supply Programme of Calcutta Metropolitan Development Authority (CMDA) was based on the Master Plan prepared in 1966. Under the Master Plan, the Calcutta Metropolitan District (CMD) was divided into five service Districts as under, each with its own centralised system of collection, treatment and supply of water:

- (1) Calcutta City Proper (Calcutta Service District),
- (2) Garden Reach consisting of the southern portion of CMD,
- (3) Howrah consisting of the south western part of CMD,
- (4) Palta (Baranagar-Kamarhati) covering north eastern part of CMD,
- (5) Serampore covering the north western part of CMD.

For facility of implementation, the Master Plan divided the period of coverage into the following 3 phases :

1. **Interim phase up to 1971:** 20 gallons of potable water per capita daily (gcd) in all areas except Calcutta and Howrah where higher supplies would be available.
2. **Intermediate phase, 1971-1981 :** 40 gcd in all area except Calcutta and Howrah where 50 gcd would apply.
3. **Ultimate phase, 1981-2001 :** 50 gcd in all areas except Calcutta and Howrah where 60 gcd would apply.

The Master Plan recommended the Hooghly river as the major source of potable water. Development of interim ground water supplies was also considered important in that it represented the only practical means, prior to large scale development of the Hooghly river supplies, of relieving existing acute shortages and providing safe water supply to urban zones outside the limits of the Calcutta Corporation distribution system.

The Master Plan indicated construction costs and their phasing for the water supply programme relating to the interim phase (1966-1971) and the intermediate (1971-1981) phase, as indicated in Appendix IX.

6.10.1.2. Before CMDA started functioning in September 1970, interim phase works were being implemented by the Public Health Engineering Directorate of Government of West Bengal, Calcutta Metropolitan Planning Organisation of Government of West Bengal (CMPO) and the Calcutta Improvement Trust in respect of the Ground Water Supply Programme and by the Calcutta Corporation in respect of the Surface Water Supply Programme under Calcutta Service District.

Total expenditure up to the end of the interim phase (March 1971) was Rs.8,35.33 lakhs as below :

			Estimated cost as per the Master Plan	Expendi- ture
<i>(In lakhs of rupees)</i>				
Ground Water	..	..	6,12.40	6,39.90
Surface Water	..	..	5,74.80	1,95.43
		Total	11,87.20	8,35.33

According to the Master Plan, schemes for ground water were to have been implemented within the interim phase (1971). The schemes were, however, not completed within the interim phase. This aspect was commented upon in paragraph 46 of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil).

6.10.1.3. Estimated cost for the water supply programme up to the intermediate phase (1981) according to the Master Plan, the estimated cost (July 1978) worked out by CMDA and the expenditure up to March 1978 were as below:

		Estimated cost in the Master Plan	Cost estimated by CMDA(a)	Expendi- ture up to March 1978(a)
<i>(In lakhs of rupees)</i>				
Ground Water	.. ..	6,12.40	24,56.80	20,60.79
Surface Water	.. ..	68,43.30	72,92.74	38,83.50
Total	.. ..	74,55.70	97,49.54	59,44.29

As may be seen from the above table, the estimated cost and expenditure on ground water schemes have been more than three times the provision in the Master Plan. The reasons for the increase have not been stated by the department. As could be seen from records during test check in audit, more tubewells had to be sunk due to delay in completion of surface water schemes. It may be mentioned that surface water schemes are more economical than ground water schemes. According to the estimation (June 1976) of the Planning Directorate of CMDA, capital costs of ground water supply system and surface water supply system for supply of 60 mgd over a period of 30 years, are Rs.36,00.00 lakhs and Rs.16,00.00 lakhs respectively and the numbers of operational staff required for running the two systems are 1,200 and 100 respectively.

6.10.1.4. None of the surface water schemes has been completed as envisaged in the Master Plan. The points noticed in audit, in test check, regarding the execution of these schemes are given in the succeeding paragraphs.

6.10.2. Calcutta Service District

6.10.2.1. **Renovation of Tallah-Palta Water Supply System:** (i) The Tallah-Palta Water Supply System, which is the main source of supplying potable water to the city of Calcutta, has its Head Works and Treatment Plant at Palta, situated on the east bank of the river Hooghly. Treated water is sent through transmission mains to Tallah, a boosting station, situated within the city limits, about 24 km from Palta, for distribution within the city.

The water works at Palta have two parallel systems. The old system (constructed in 1865 and developed thereafter) employs, for filtration of water, four pre-settling tanks, one final settling tank or sedimentation basin, and a battery of slow sand filters (presently 93 serviceable units of 1 mgd* nominal capacity each), augmented by a battery of rapid gravity

(a) Source: CMDA's Physical and Financial Status Report up to 1977-78.

*"mgd"—million gallons per day.

filters of 18 mgd nominal capacity. The new system, commissioned in 1971, employs mechanical clariflocculators* and a battery of rapid gravity filter of 60 mgd nominal capacity. Both the systems have their own separate intake jetty, raw water pumping station, filtered water pumping station and chlorination arrangement. These are connected to Tallah through four transmission mains.

At Tallah, filtered water discharges into three covered and partly buried reservoirs of 8 million gallons (mg), 10 mg and 7 mg capacity. An additional 9 mg of elevated storage is available in a steel overhead reservoir which is intended to act as a balancing tank of a distribution system, maintaining continuous pressurised supply.

The Master Plan (1966) mentioned the then total plant output as 84 mgd (from the old system only, the new 60 mgd plant then being under construction). According to this Plan, the minimum output was to be increased to 166 mgd by 1971 through the commissioning of the 60 mgd plant and improvement to the old system and to 176 mgd by 1981 through additional facilities to be put up. The total provision made in the Plan was Rs.2,25.10 lakhs.

(ii) Even though the Master Plan contemplated a detailed engineering study and finalisation of a comprehensive plan before taking up works, renovation works were actually being taken up, piece-meal, by the Calcutta Corporation till these works were taken over by CMDA in 1973-74 for direct execution. A comprehensive Project Estimate was prepared by CMDA only in March 1975 for Rs.3,60.00 lakhs. This project estimate was cleared by the Works Committee of CMDA in May 1975. In August 1976, the estimate was recast to Rs.7,58.17 lakhs (works outlay) mainly due to inclusion of some new works and also because of increased provision for other works. This estimate was also cleared by the Works Committee of CMDA for Rs.8,15.04 lakhs including the provision for contingencies and work-charged establishment. These project estimates were exclusive of expenditure previously incurred by the Calcutta Corporation amounting to Rs.2,59.10 lakhs up to 1973-74. Administrative approval of CMDA is still to be taken for these estimates. In these estimates the plant output aimed at was mentioned as 160 mgd, *i.e.*, even less than the minimum output of 166 mgd as targeted in the Master Plan for the Interim Phase by March 1971.

In accordance with the bar-chart attached to the project estimate prepared in March 1975, all the works were to be completed by December 1977. According to the assessment of the department in July 1977, the scheme is expected to be completed by March 1982; no reasons have been stated for this deferment of the target date of completion of the project by about five years. Total capital outlay on the project up to 1977-78 was Rs.7,18.34 lakhs.

*Device to make the unfiltered water free from suspended materials before it is fed into the filters.

Thus, the estimated cost of the scheme has gone up from Rs.2,25 lakhs to Rs.8,15 lakhs (excluding the expenditure of Rs.2,59.10 lakhs incurred by the Calcutta Corporation prior to takeover of the scheme for direct execution) with a reduction in the targeted output from 166 mgd by 1971 to 160 mgd. Even this reduced target is now expected to be achieved only by 1982.

(iii) **Construction and installation of 100 mgd clariflocculator plant at Palta :** Under the existing system, raw water was made sediment-free by using the pre-settling tanks and the final settling tank. Silt removal from these tanks were posing problems. Construction of one 100 mgd mechanical clariflocculator plant, comprising six units, was taken up by Calcutta Corporation to supply sediment-free water direct to the filters so that the existing pre-settling tanks and the final settling tank could be eliminated. Against an estimated cost of Rs.70.00 lakhs (works outlay: Rs.63.46 lakhs) tenders, according to the contractors' own designs and drawings, were invited by the Calcutta Corporation in September 1969, and the lowest tender amounting to Rs.62.81 lakhs was accepted. Work order was issued to the contracting firm on 19th November 1970 with the stipulation to complete the work within 24 months from that date, i.e., by 19th November 1972. The work commenced on 21st November 1970 and continued under the supervision of the Calcutta Corporation till 25th February 1974, when it was taken over by CMDA. The plant, stated to be under trial run after rectification of the defects pointed out by the Executive Engineer in July 1978, was to be commissioned as yet (February 1979).

Extension of time had been granted by the Calcutta Corporation up to 14th November 1974. Further extension of time was granted by CMDA up to 31st December 1975 on account of delay in procurement of structural steel for issue to the firm and, thereafter, up to 30th June 1976 on the ground that delayed completion of the work had already been accepted. For the period from 1st July 1976 onwards no extension of time was granted (December 1978) and the question as to whether penalty was to be imposed was stated to be under consideration. It may be mentioned that in terms of the contract the contractor was responsible for procurement of materials.

While the work was in progress under the supervision of CMDA, direct feeding of water from the clariflocculators to the slow sand filters was objected to (November 1974) by the Adviser, Calcutta Corporation, on the ground that the clariflocculators required high dosage of alum and the residual alum, finding its way into the slow sand filter beds, would induce water tight blanket over the sand layers as also quicker clogging of residual turbidity materials in the sand. An Expert Committee, which reviewed the position relating to Tallah-Palta System, recommended (March 1975) that clarified water from the clariflocculators should be routed through the final settling tank (partly silted up), before feeding the filters. The Expert Committee also recommended desilting the existing pre-settling tanks

which were then practically silted up. Two of the four pre-settling tanks were since desilted at a cost of Rs.41.67 lakhs, desilting of the final settling tank was also in progress (December 1978) and a sum of Rs.15.85 lakhs was paid to the concerned contracting firm against the contract value of Rs.33.75 lakhs.

The following main points emerge regarding this work :

- (i) The mechanical clariflocculator plant scheduled for completion in November 1972 was undergoing trial run in February 1979.
- (ii) The main object of setting up the mechanical device (on which an expenditure of Rs.82.30 lakhs was incurred up to December 1978 as against the total estimated cost of Rs.1,03.05 lakhs), namely, obviating the need for the existing pre-settling/final settling tanks has not been achieved as the clariflocculator plant is proposed to be connected to the filters not directly but through the tanks due to technical reasons. The expenditure incurred on desilting the tanks up to December 1978 was Rs.57.52 lakhs which could have been avoided had the mechanical device been used as envisaged.

6.10.2.2. **Booster Pumping Station at Auckland Square, Calcutta:**

Tenders for construction of an underground reservoir and pumphouse at Auckland Square were invited in March 1972 against the estimated cost of Rs.46.82 lakhs, based on official design prepared by a firm of consultants which did not provide for pile foundation. The tenderers were also asked to offer rates based on their own designs. The lowest tender amounting to **Rs.64.46** lakhs offered by one firm based on the official design and that amounting to Rs.54.90 lakhs offered by another firm based on their own design were rejected by the Tender Committee in November 1972, on the ground that since the reservoir would be a longstanding structure and of critical significance to the water supply system in the city, the design should provide for pile foundation as a measure of additional safety even if it involved additional cost. Accordingly, the design was modified by the consultants providing for pre-cast R.C. piles and tenders were re-invited in December 1973, on the basis of official design only, against the revised estimated cost of Rs.85.93 lakhs. Out of five tenders received, the value of the lowest and the second lowest tenders, after considering the financial effects of the conditions put forth by the respective tenderers, came to Rs.1,13.91 lakhs and Rs.1,20.92 lakhs respectively.

The lowest tender was not accepted on the ground that CMDA could not agree to the tenderer's condition for supply of sheet piles to them since this would inordinately delay the entire programme thereby increasing the cost of the work.

The second lowest tender which did not contain any condition for supply of sheet piles by CMDA was, therefore, accepted by the Tender Committee in July 1974, and work order was issued on 20th July 1974 with the stipulation to commence the work from 1st August 1974 and complete it by 4th November 1976.

The contracting firm intimated (28th September 1976) that it had completed the work in all respects but the Executive Engineer concerned reported even as on 31st December 1977 that there was leakage in the pump house and the reservoir besides various other defects which had not been attended to by the firm. It was observed in audit that water-tightness test had also not been undertaken by the firm as provided in the agreement. The work remained to be completed (February 1979) pending rectification of defects and performance of water-tightness test. Up to July 1978, the firm had been paid Rs.1,28.92 lakhs as against the tender value of Rs.1,20.92 lakhs.

Though the prime consideration for rejecting the lowest offer and accepting the second lowest offer was that the second lowest offer did not specify any condition for supply of sheet piles by CMDA, it was observed in audit that 218.257 tonnes of sheet piles were issued by CMDA to the firm out of which 143.060 tonnes were returned to CMDA after use, in re-usable condition. The balance quantity of 75.197 tonnes was not taken back by CMDA as these got damaged in use; for these piles a sum of Rs.1.38 lakhs was recovered from the firm at the issue rate of Rs.1,840 per tonne instead of Rs.2.07 lakhs which should have been recovered in terms of the contract resulting in short recovery of Rs.0.69 lakh.

Thus, rejection of the lowest tender resulted in an extra liability of Rs.7.01 lakhs (Rs.1,20.92 lakhs—Rs.1,13.91 lakhs) to the department without the benefit of quicker completion of the work.

6.10.3. Garden Reach Service District

6.10.3.1. Estimates: The Garden Reach Service District (GRSD) covers five municipalities (viz., Budge-Budge, Garden Reach, South Suburban, Rajpur and Baruiপুর) and ten non-municipal urban areas. The Master Plan provided for setting up of 85 mgd plant by 1976 and distribution system by 1981 at a total estimated cost of Rs.9,92.60 lakhs.

CMDA approved (June 1971) an estimate of Rs. 5,30 lakhs to set up a 60 mgd plant with the target date of completion as 1973-74. In March 1977, the original estimate for the water works was revised by CMDA to Rs.13,33.63 lakhs. The excess (Rs.8,03.63 lakhs) was mainly due to increase in the capacity of the clear water reservoir and higher tendered rates (Rs.2,52.40 lakhs), increase in the cost of treatment plant (Rs.1,70.96 lakhs), rise in the cost of labour and materials (Rs.83.76 lakhs), inclusion of new items (Rs.82.92 lakhs) and provision for extra pumps and accessories (Rs.32.65 lakhs).

The estimate for the primary* distribution grid of GRSD (Rs.4,92.80 lakhs) was approved by CMDA in May 1977. This did not, however, include any provision for the grid required to supply filtered water to the Calcutta Service District.

Estimates for the secondary grid for only one municipality (South Suburban Municipality) were administratively approved by CMDA in May 1978 for Rs.4,48 lakhs.

Expenditure incurred on the project up to March 1978 was Rs.13,06.87 lakhs.

6.10.3.2. Progress of construction: The project was scheduled to be completed in 1973-74. Work on the project commenced in 1971-72 under the supervision of CMPO, acting as implementing agency of CMDA. In August 1973, the project was taken over by CMDA for expeditious execution.

The physical progress of various components of the project as at the end of March 1978 was as follows:

Description	Percentage of work done
Intake Jetty	35
Raw water pumping station ..	32
Raw water rising main	46
Treatment plant	74
Clear water reservoir	100 (except water tightness test)
Clear water pump house	73
Primary grid	39
Secondary grid	65 (in one out of three municipalities)

The target date of completion was mentioned by CMDA (July 1978) as March 1982. The Director, Water Supply and Environmental Hygiene stated (October 1978) that, on the expectation of additional funds from Government, CMDA had re-scheduled the target date as March 1981.

The following broad reasons for delay were noticed in the records of concerned divisions:

- (a) Delay in receipt of permission from the Calcutta Port Trust for using Hooghly river bank for construction purposes;
- (b) Delay in receipt of drawings from the consultants; and
- (c) Arrangement for diversion for traffic/underground utility services, etc.

*Primary grid is meant for delivering water from the clear water reservoir. Secondary grid receives supply from primary grid and serves the consumers directly.

The clear water reservoir completed in March 1977 at a cost of Rs.2,81.03 lakhs remains unutilised pending completion of other components of the project.

6.10.3.3. Raw Water Reservoir: The project provided for a raw water reservoir in view of the following main advantages from storage of raw water :

- (a) Economic operation and adequacy of supply at all times.
- (b) Self-purification.
- (c) Avoidance of intake of water occasionally polluted by oil discharged from ships nearby.
- (d) Avoidance of installation of costly motors to meet tidal effects.
- (e) Reduction of alum demand from 40 ppm* to 17 ppm.

A contract for construction of a ground reservoir (capacity 4,00,000 cubic metres) was concluded in December 1971. The earth to be obtained from excavation of the reservoir was proposed to be transported over a railway track (6,000 metres long) to develop the low-lying 'treatment plant' site.

While the work was in progress, CMDA decided to deliver raw water directly to the treatment plant, reportedly on the following considerations:

- (i) The alignment of rising main determined by CMPO (the implementing agency before CMDA took over direct execution) was found "meandering" and involved difficulties in land acquisition.
- (ii) The treatment plant without pre-settling in raw water reservoir would be less costly.

Execution of the raw water reservoir was abandoned and the contractor was asked (November 1973) to close the work; meanwhile, a sum of Rs.9.35 lakhs had already been spent on excavation work (2.50 lakh cubic metres). Though the railway lines for transportation of earth had not been laid, materials (rails, fish-plates, tippler wagons, etc.) worth Rs.7.63 lakhs had been purchased prior to 1972. In December 1973, CMDA placed an order for purchase of pumping machinery for Garden Reach Water Works including one pump for pumping water from the raw water reservoir; materials worth Rs.14.29 lakhs were received between March 1975 and August 1976.

*'ppm' denotes parts per million.

The decision to deliver raw water direct to the treatment plant and abandon the raw water reservoir thus entailed:

- (a) unfruitful expenditure of Rs.9.35 lakhs on the excavation of raw water reservoir,
- (b) materials worth Rs.7.63 lakhs on rails, etc., remaining unutilised on the project from 1972,
- (c) pumping machinery worth Rs. 14.29 lakhs lying idle from August 1976.

6.10.3.4. Clear Water Reservoir: The work was entrusted by CMPO to a firm in February 1972 with a time schedule of two years for completion. The time of completion was extended up to March 1977 due to delay in making the work site available to the contractor, delay in the allotment of Railway wagons (to be arranged by the department) to the contractor, delay in issue of departmental materials to the contractor and temporary suspension of roof treatment works. Between June 1974 and March 1977, *i.e.*, during the period of construction extended due to departmental delay, the contractor was paid Rs.11.40 lakhs for dewatering the site.

The specification of work appended to the agreement provided that the contractor should carry out at his own cost all tests regarding water tightness of R.C. tanks and reservoirs to the satisfaction of the Engineer-in-Charge. The contractor had, however, while tendering submitted a technical note with the following provisions which also formed a part of the accepted contract:

“The cost of test for water tightness of tanks shall obviously be on the department’s account at mutually agreed rates”.

The Executive Engineer, GRWW Division, requested the contractor (January 1977) to proceed with the test. This was followed by a reminder in February 1977 when the contractor indicated that cost of the test was to be borne by CMDA. In June 1978, CMDA decided to carry out the test departmentally. The reservoir completed in March 1977 at a cost of Rs. 2,81.03 lakhs is yet to be tested (January 1979).

6.10.4. Howrah Service District

6.10.4.1. Designed capacity and the estimated cost for the surface water supply programme during the intermediate phase (1971-1981) for the Howrah Service District according to the Master Plan and CMDA’s original

estimate (November 1970) and revised estimate (July 1978) were as below :

	Designed capacity (mgd)	Estimated cost (In lakhs of rupees)			Total
		Water treatment plant	Distribution system		
			Primary grid	Secondary grid	
Master Plan ..	37	1,02.00	2,08.10	11,56.60	14,66.70
As proposed by CMDA in November 1970	60	4,29.00	1,71.00	..	6,00.00
Revised estimate (not yet approved by CMDA)	40	8,50.00	2,32.00	3,68.00	14,50.00

According to the Master Plan, the water treatment plant, primary grid and 50 per cent of the secondary grid were to have been completed by March 1976. Remaining 50 per cent of the secondary grid was to be completed by the end of the intermediate phase (March 1981).

6.10.4.2. Up to March 1978, Rs.6,33.53 lakhs had been spent against the estimated cost of Rs.8,50.00 lakhs for the water treatment plant.

Physical progress up to June 1978 in respect of the main components of the water treatment plant was as below :

Items of works	Estimated costs (In lakhs of rupees)	Dates of work orders	Stipulated dates of completion	Physical progress up to June 1978
(i) Treatment Plant ..	1,80.50	September 1975	March 1978	77 per cent
(ii) 48" Raw Water Rising Main ..	60.63	August 1975	December 1976	63 per cent
(iii) Clear Water Pumping Station (equipment)	26.35	September 1975	September 1977	47 per cent
(iv) Clear Water Pumping Station and underground reservoir (civil) works	1,02.62	February 1976	October 1977	47 per cent

Though the administrative approval and financial sanction for the scheme had been accorded in November 1970 and the water treatment plant was to be completed by March 1976, issue of work orders for the main components of the treatment plant was delayed by more than four years. The target date for completion of the water treatment plant was shifted to March 1981 in a review meeting held in August 1977. The target date was further proposed (July 1978) to be shifted to March 1982. Reasons for deferring the target date were not indicated by the department.

Thus, while the water treatment plant has been delayed by six years, the cost estimates (Rs.8,50 lakhs) have nearly doubled in spite of a reduction in capacity from 60 mgd to 40 mgd,

6.10.4.3. Up to March 1978, expenditure on the primary grid of the distribution system was Rs. 1.80 lakhs as against the estimated cost of Rs. 2.32 lakhs. Against the estimated cost of Rs.3,68 lakhs, expenditure* on the secondary grid during 1977-78 was Rs.29.94 lakhs.

Physical progress of the distribution system as on 31st March 1978 was also slow as indicated below :

Primary grid—16.14 per cent (4,913.86 metres out of 30,370 metres).

Secondary grid—10.5 per cent (31,193 metres out of 2,94,635 metres).

6.10.4.4. While commencement of the main items of works was delayed, 40 units of Class IV quarters and 4 units of Assistant Engineers' quarters, which would be required during the operation period of water works, had been completed in February 1975 and September 1975 respectively at a total cost of Rs.5.07 lakhs. The quarters remained unutilised (March 1978).

6 10.5. Palta (Baranagar-Kamarhati) Service District

6.10.5.1. Designed capacity and the estimated cost for the surface water supply programme during the intermediate phase (1971-1981) for the Palta (Baranagar-Kamarhati) Service District in the Master Plan and CMDA's original estimate (July 1971) were as below :

	Designed capacity (mgd)	Estimated cost (In lakhs of rupees)			Total
		Water treatment plant	Distribution system		
			Primary grid	Secondary grid	
Master Plan	63	1,93.00	2,56.50	18,85.60	23,35.10
Approved by the State Government in July 1971	60	4,31.00	..	..	4,31.00

According to the Master Plan, the water treatment plant, primary grid and about 50 per cent of the secondary grid were to be completed by March 1976. Remaining portion of the secondary grid was to be completed by the end of the intermediate phase (March 1981).

6.10.5.2. It was stated in a report (June 1976) of the Planning Directorate of CMDA that, in view of the stringent financial position, the Baranagar-Kamarhati water works and the primary grid would be kept at

*Expenditure up to 1976-77 on the secondary grid was booked jointly with that on the secondary grid of Garden Reach Water Works.

the minimum level, *i.e.*, confined to preparation of project report, land acquisition and development. Up to March 1978, an expenditure of Rs.57.26 lakhs was incurred on the water treatment plant as detailed below:

					<i>(In lakhs of rupees)</i>
(i) Land Acquisition	..	..	..	..	38.19
(ii) Works—Cinder filling in lands	..	..	..	9.57	
Boundary Walls	..	..	..	0.64	
Class IV Staff Quarters	..	..	..	1.51	11.72
(iii) Work charged establishment	..	..	..	3.74	
(iv) Miscellaneous items	..	..	..	3.61	
Total				..	57.26

The scheme has thus virtually been kept in abeyance.

Under CMDA's prescribed procedure, open tenders were required to be called allowing a time of three weeks between the publication of the tender notice in the leading news papers and the last date of receiving of the tenders in respect of all works costing more than Rs.2 lakhs unless the work was emergent. For cinder filling works in the acquired land to the extent of 2 lakh cubic metres (estimated cost: Rs.20.00 lakhs), short notice quotations were called on 21st March 1973 and opened on 29th March 1973 (allowing 8 days only for submission of the quotations). Work to the extent of 50,000 cubic metres (value: Rs.5,17,500) was entrusted to a firm (25th April 1973) after 27 days from the date of opening of the quotations at the rate of Rs.1,035 per hundred cubic metres. The work was completed (31st August 1974) more than 13 months after the stipulated date (24th July 1973) of completion of the work.

Four months after the completion of the work, a fresh work order was issued on 23rd December 1974 to the same firm for further cinder filling work of equivalent quantity (50,000 cubic metres) at the same rate (Rs.1,035 per hundred cubic metres). The second work was completed (31st December 1975) after more than six months from the stipulated date (22nd June 1975) of completion of the work.

It may thus be seen that although the work of cinder filling was entrusted to a firm without open tenders on grounds of urgency, there was substantial delay in execution which nullified the advantages sought to be derived through relaxation of the prescribed financial rules.

As the Baranagar-Kamarhati water works scheme was kept in abeyance due to stringent financial position, no work was executed in the site for the water works after January 1976. Cinder was reportedly being stolen from the site of the water works to such an extent that the Executive Engineer

intimated (March 1978) to the concerned Deputy Director in CMDA that unless some positive action was taken by the Police to prevent theft of cinder, the entire sum of Rs.9.57 lakhs already spent for cinder filling work would be a total waste.

6.10.6. Serampore Service District: The Master Plan provided for construction of a 17.4 mgd water works for the service district at an estimated cost of Rs.60.20 lakhs, to be completed by March 1976. For construction of the Serampore water works in Serampore district, a sum of Rs.10.00 lakhs only was provided for expenditure during the Fourth Plan period but no expenditure was incurred.

6.10.7. Summing up: (i) Ground water schemes are more expensive than surface water schemes both in capital cost and operational expenditure. Still, the Master Plan envisaged an outlay of Rs.6.12 lakhs on ground water schemes to be completed by 1971 to relieve immediate water scarcity. Works on these schemes were still in progress and the expenditure incurred up to March 1978 was more than three times the provision. As seen from the departmental records, more tubewells had to be sunk due to delay in completion of surface water schemes.

(ii) There has been considerable delay in completion of surface water scheme as indicated below:

Name of scheme	Original target for completion in Master Plan	Latest target for completion
(a) Renovation of Tallah-Palta Water Supply system	March 1971	.. March 1982
(b) Garden Reach Water Works	.. March 1976	.. March 1981
(c) Howrah Water Works ..	.. March 1976	.. March 1982
(d) Baranagar-Kamarhati Water Works ..	.. March 1976	.. Kept in abeyance
(e) Serampore Water Works ..	.. March 1976	.. Not taken up

The last two schemes could not progress for want of funds; the expenditure of Rs.57.26 lakhs incurred on the Baranagar-Kamarhati scheme has been mainly on acquisition and preparation of land. Reasons for delay in respect of the other three schemes were not stated by the department. The delay in completion of the Garden Reach Water Works, as could be seen in audit from the departmental records, was due to delay in receipt of permission from the Calcutta Port Trust for using the Hooghly river bank for construction purposes, delay in receipt of drawings from the consultants and arrangements for diversion of traffic/underground utility services, etc.

(iii) For the three surface water schemes now under execution, the cost of water works alone on completion is estimated to be more than five times the Master Plan estimates (Rs.29.98 lakhs against Rs.5.54 lakhs). Revised

estimates have not been approved (March 1979) by CMDA for the Renovation of Tallah-Palta Water Supply System (Rs.8,15 lakhs), Howrah Water Works (Rs.8,50 lakhs) and Baranagar-Kamarhati Water Works (Rs.8,50 lakhs). According to the revised estimate for the Garden Reach Water Works approved by CMDA in March 1977, the increase in cost of Rs.8,03 lakhs (from Rs.5,30 lakhs to Rs.13,33 lakhs) was mainly due to higher tendered rates, increase in the cost of treatment plant, rise in cost of labour and material and inclusion of new items.

(iv) Some major cases of extra expenditure/infructuous expenditure noticed in audit were—

- (a) A mechanical clariflocculator plant undergoing trial run in February 1979 (expenditure Rs.82.30 lakhs) was intended to eliminate the existing pre-settling/final settling tanks. This objective could not be achieved as the plant is to be connected to the filters through the existing tanks due to technical reasons.
- (b) Rejection of the lowest tender for an underground reservoir and pump house resulted in extra liability of Rs.7.01 lakhs to the department without the benefit of quicker completion of the work for which the extra liability was undertaken.
- (c) A raw water reservoir was abandoned after the work was in progress resulting in unfruitful expenditure of Rs.9.35 lakhs on excavation and materials and pumping machinery worth Rs.21.92 lakhs lying idle from 1972/1976.

The points mentioned above were reported to Government in November 1978; their reply is awaited (March 1979).

CHAPTER VII

COMMERCIAL ACTIVITIES

7.1. This chapter deals with the results of audit of departmentally managed Government commercial and *quasi*-commercial undertakings.

7.2. Delay in preparation of *pro forma* accounts

Out of the 27 undertakings as on 31st March 1978, eight have not prepared their *pro forma* accounts since inception and the accounts of the remaining nineteen undertakings are in arrears (January 1979) for different periods, *vide* Appendix X.

In addition, the *pro forma* accounts for the period from April 1973 to October 1975 of the three undertakings, *viz.*, Tourist Lodges at Darjeeling, Santiniketan and Durgapur which were taken over by West Bengal Tourism Development Corporation Limited with effect from 1st November 1975, are in arrears (January 1979).

A synoptic statement showing the summarised financial results of two undertakings based on their latest available accounts is given in Appendix XI.

Animal Husbandry and Veterinary Services Department

7.3. Durgapur Milk Scheme

7.3.1. **Introduction:** A scheme for the establishment of a State Dairy at Durgapur was included in the Third Five Year Plan and 11 acres were acquired for the purpose at a cost of Rs.1.10lakhs in 1962-63.

The construction of the Dairy, designed to handle 50,000 litres of milk per day (one shift), was taken up by the Department of Animal Husbandry and Veterinary Services in 1965, but administrative approval (estimated capital cost: Rs.1.84 lakhs) was accorded by Government only in August 1969. The scheme was taken up without detailed Project Report.

By the time the administrative approval for the scheme as a whole was accorded by Government, a capital expenditure of Rs.60.88 lakhs had been incurred during the period from 1962-63 to 1968-69 against individual sanctions.

The Dairy was commissioned in October 1972, *i.e.*, ten years after the purchase of land and seven years after the commencement of construction. The delay was reported to be due to failure of Durgapur Projects Ltd. (a State Government Undertaking) to complete the civil and electrical works within the prescribed time schedule. The total capital expenditure incurred up to 31st March 1978 was Rs.1,76.89 lakhs. This included Rs.36.20 lakhs advanced to Durgapur Projects Limited for civil works, including staff quarters, for which accounts have not been rendered.

The Dairy is being run as departmentally managed undertaking under the administrative control of the Milk Commissioner. A Dairy Manager is in charge of the plant at Durgapur and of the chilling centres.

7.3.2. Procurement of milk

7.3.2.1. The Dairy procures raw milk mainly through the milk collection-cum-chilling centres and from local milk producers in the vicinity of the Dairy. In addition, supplies are also obtained from the Central Dairy at Calcutta and Haringhata Dairy Farm.

The total quantity of raw milk collected during the five years ended 1977-78 was as follows:

Source	1973-74	1974-75	1975-76	1976-77	1977-78
	(In lakh litres)				
(i) Milk collection-cum-chilling centres	10.25	7.41	11.61	13.61	7.09
(ii) Local milk producers ..	9.10	1.30	0.62	3.07	0.56
(iii) Supply from Greater Calcutta Milk Supply Scheme	0.65	0.49	1.61	4.40	4.49
Total ..	20.00	9.20	13.84	21.08	12.14

7.3.2.2. Up to 31st March 1978, five milk collection-cum-chilling centres had been set up in the districts of Bankura, Purulia and Burdwan to collect raw milk from producers and, after testing and chilling, transport it to the Dairy. Besides, raw milk was also received from Saktigarh and Mogra chilling centres which are under the control of the Central Dairy, Calcutta.

7.3.2.3. The table below indicates the capacity of milk collection-cum-chilling centres set up and the average quantity of raw milk procured and chilled daily during the five years ended 1977-78:

Name of Centre/date of commissioning	Capacity (in litres per day)	Capital cost (Rupees in lakh)	Average daily collection (in litres per day)				
			1973-74	1974-75	1975-76	1976-77	1977-78
Bishnupur (3rd October 1972)	4,000	0.71*	1,808.73	1,114.81	2,310.60	2,231.60	962.34
Sonamukhi (6th May 1973)	4,000	0.63*	1,073.57	866.17	869.66	914.16	635.06
Katwa (11th January 1977)	4,000	2.05	..	..	..	2,658.57	358.71
Purulia ..	4,000	0.50*	..	..	..	..	..
Bajepratappur (24th December 1973)	4,000	2.00	103.94	63.95	..	..	..
Total ..	20,000	5.89	2,986.24	2,044.93	3,180.26	5,804.33	1,956.11
Percentage of actual average daily collection to capacity	..	..	18.66	12.78	19.88	29.02	9.78

*Excluding cost of equipment.

As may be seen from the above table, the utilisation of the total capacity was poor year to year and was as low as 10 per cent in 1977-78. Some of the reasons for shortfall of procurement of milk in the chilling centres, as stated by the Dairy Manager and endorsed by Government (December 1978), were:—

- (1) Seasonal variation in supply between lean season and flush season.
- (2) Absence of legal obligation of milk producers to sell milk at chilling centres.
- (3) Existence of "Dadan" system, *i.e.*, advance purchase of milk by milk traders making advance payments even before the cow is in lactation.
- (4) Occasional outbreak of epidemic disease, flood, drought, etc.

7.3.2.4. The collection-*cum*-chilling centre at Purulia completed in April 1973 at a cost of Rs.49,837 has not yet been commissioned (December 1978).

Another chilling centre at Bajepuratappur (Burdwan) which was erected and commissioned in December 1973 at a cost of Rs.2.00 lakhs, was closed down in January 1975 due to short collection of milk.

The running expenses incurred on those two centres on account of establishment charges up to 31st March 1978 were Rs.1.91 lakhs (Purulia—Rs.0.97 lakh and Bajepuratappur—Rs.0.94 lakh).

This expenditure was largely unfruitful.

7.3.3. Loss of milk in handling and processing: Raw milk procured is made suitable for preservation and converted into standard milk after processing with the addition of skimmed milk powder, blend butter and butter oil. The raw milk handled, the standard milk processed and the loss of milk at different stages during the last five years ended 1977-78 are shown below:

	1973-74	1974-75	1975-76	1976-77	1977-78
	(Quantity in lakh litres and value in lakh rupees)				
(A)(i) Raw milk handled.. ..	20.00	9.20	13.84	21.08	12.14
(ii) Total quantity of raw milk lost in transit and due to curdling and rejection	0.88	0.18	1.26	1.37	0.51
(iii) Percentage of loss of raw milk (ii) to (i)	4.40	1.91	9.25	6.50	4.20
(iv) Net value of quantity lost (ii above)	1.00	0.21	2.14	2.53	0.80
(B)(i) Total quantity of standard milk processed	38.74	45.19	34.18	32.09	37.41
(ii) Quantity of milk lost in processing	0.41	0.22	0.25	0.94	0.48
(iii) Value of milk lost in processing excluding (ii) above	0.59	0.36	0.54	1.97	1.02
(iv) Percentage of milk lost in processing	1.06	0.49	0.73	2.93	1.28

It may be seen that the loss of raw milk handled varied from 1.91 per cent to 9.25 per cent and that of milk in processing from 0.49 to 2.93 during the years from 1973-74 to 1977-78. The value of raw milk lost in handling and of milk in processing during these years was Rs. 6.68 lakhs and Rs. 4.48 lakhs respectively.

No norm for losses at different stages has been fixed by the Management (February 1979). The Milk Commissioner, West Bengal stated (February 1978) that the losses were, *inter alia*, due to frequent power failure, mechanical breakdown of machines and natural calamities which were beyond control. While recognising that the loss in handling was high, Government stated (December 1978) that steps were being taken for scaling it down.

7.3.4. Utilisation of capacity in the Dairy : The installed capacity, capacity sanctioned (first phase) by Government for utilisation, average daily output and the shortfall in the Dairy for the last five years ended 1977-78 are given below :

Year	Installed capacity	Capacity* sanctioned by Government for utilisation	Average daily output	Shortfall with reference to installed capacity	Shortfall with reference to sanctioned capacity	Percentage of shortfall to installed capacity	Percentage of shortfall to sanctioned capacity
(In litres per day)							
1973-74 ..	50,000	20,000	10,697	39,303	9,303	78.6	46.6
1974-75 ..	50,000	20,000	12,370	37,630	7,630	75.2	38.1
1975-76 ..	50,000	20,000	9,437	40,563	10,563	81.1	52.8
1976-77 ..	50,000	20,000	8,787	41,213	11,233	82.4	56.1
1977-78 ..	50,000	20,000	10,307	39,693	9,693	79.38	48.46

The substantial shortfall in milk processing as disclosed in the above table, was stated to be due to non-availability of raw milk in adequate quantity (mentioned in paragraph 7.3.2.) as well as poor demand from the consumers.

7.3.5. Bottling plants

7.3.5.1. Two automatic milk bottling plants, each having capacity of 12,000 bottles per hour, were to be installed at the Dairy at a cost of Rs.15.12 lakhs. One was commissioned in October 1972 and the other (one line of automatic bottling plant) purchased in January 1970 at a cost of Rs.7.56 lakhs and installed in October 1970 has not yet been commissioned (December 1978).

*Reasons for reduced handling vis-a-vis the installed capacity have not been intimated.

A test-check of the performance of the operating bottling plant during the last five years ended 1977-78 disclosed that it was under-utilised, percentage of utilisation varying from 11.00 to 16.13.

The low utilisation of capacity was attributed (August 1978) by the local Management to inadequacy of demand from the consumers of the area.

7.3.5.2. During the five years ended March 1978, 5.86 lakh bottles (valued at Re 1 per bottle) were broken *i.e.*, 1.67 per cent of the total number of bottles (349.01 lakhs) filled. No norm was fixed by the Management (August 1978) for the breakage of bottles during handling.

7.3.6. Distribution

7.3.6.1. The Dairy supplies standard milk to the consumers in Durgapur-Asansol industrial belt through agents appointed on commission basis and also directly to bulk consumers like hospitals, canteens, etc., run by Government and semi-Government institutions and engages transport contractors for the purpose.

According to the agreements with the transport contractors, the value of the milk handed over to them but not distributed to the agents and direct consumers was recoverable from them. It was noticed in audit in August 1978 that during the period from October 1972 to March 1978, against the value of Rs.0.87 lakh of milk received but not distributed by the contractors, an amount of Rs.0.14 lakh only was recovered till then.

7.3.6.2. Rupees 1.84 lakhs* were paid to the agents during the period from 1972-73 to 1975-76 for 1.12 lakh litres of curdled milk and were not covered by the agreements.

7.3.6.3. Appendix XII indicates the position regarding non-return by the agents of bottles, cans and crates and the resultant losses for the five years ended 1977-78. The total loss due to non-return of bottles, cans and crates for the five years ended 31st March 1978 worked out to Rs 3.55 lakhs. To recover the amount, 36 certificate cases have been instituted against the agents involving an amount of Rs.1.18 lakhs. against which amount of Rs. 0.17 lakh was realised by instalments up to September 1978 and certificate cases for the remaining dues were being instituted by the Management (January 1979).

7.3.7. Transport : The Dairy uses hired vehicles for transporting raw milk from the collection centres and for distributing processed milk.

*This is over and above the reimbursement (Rs. 0.31 lakh) for milk curdled by not less than 5 per cent on a day during the same period.

The table below indicates the cost of transportation of milk in hired vehicles during the five years ended 1977-78:

Procurement—	1973-74	1974-75	1975-76	1976-77	1977-78
Total transport cost of milk (in lakhs of rupees)	1.73	2.37	2.13	2.43	3.63
Cost per litre of milk procured (in paise)	9	26	15	11	29
Distribution—					
Total transport cost incurred for distribution (Rupees in lakhs)	3.18	4.31	5.32	5.39	6.08
Cost per litre of milk distributed (in paise)	8	9	16	17	16
Total cost of transportation (per litre in paise)	17	35	31	28	45

The Milk Commissioner, West Bengal stated (February 1978), that the transport cost was on the increase, as the quantity of milk collected had not increased substantially.

7.3.8. **Financial results :** The selling prices of standard milk were fixed by Government at Rs.1.46 per litre from October 1972 and at Rs.2.10 per litre from 1st December 1974.

No costing system has been introduced so far (August 1978); as such, no periodical statement showing the actual daily cost of production of milk or the average cost of production thereof is being prepared by the Dairy.

The Dairy has been declared as a commercial undertaking but no *pro forma* accounts have been prepared since its inception. Mention of this was made in Appendix VIII of the Report of the Comptroller and Auditor-General of India (Civil) for the year 1976-77. The Milk Commissioner stated (February 1979) that the staff sanctioned for preparing the *pro forma* accounts were yet to be appointed.

In the absence of the *pro forma* accounts, the actual quantum of loss could not be ascertained in audit. However, the figures available in the statements showing "Financial results of Important Commercial Schemes of Government" prepared by the Finance Department as part of budget papers, indicate a total loss of Rs.2.44 lakhs for the five years ending 1977-78, (including depreciation and interest) and a cash loss every year, the cash income not being adequate to cover even the cash expenditure. Government stated (December 1978) that in fixing selling price of milk, the paying capacity of consuming public was also taken into account. It may be mentioned that, as pointed out earlier, there is need to introduce a costing system and explore the possibilities of cost reduction especially through fuller utilisation of capacity, reduction in loss of milk, in handling and processing, etc.

7.3.9. Other points of interest

7.3.9.1. **Payment of energy charges:** The dairy authorities entered (November 1971) into an agreement with Durgapur Projects Limited for bulk supply of electrical energy effective for seven years. In the agreement, the contract demand for initial and subsequent years of operation was indicated at 250 KVA to 500 KVA. On the basis of this assessed contractual demand, the Dairy had also agreed to annual "guaranteed minimum consumption" varying from 4,38,000 Kwh to 8,76,000 Kwh. During the period from October 1972 to March 1978, the actual consumption was 8,97,514 Kwh against the contractual guaranteed minimum consumption of 38,54,400 Kwh resulting in short-consumption of energy to the extent of 29,56,886 Kwh, for which the Dairy had to pay Rs.2.23 lakhs to fulfil the annual minimum guarantee up to March 1978 when the contract demand was sealed down to 150 KVA. The Management has not intimated the reasons (September 1978) for low consumption and for not scaling down the contractual demand of energy earlier.

7.3.9.2. **Damaged milk powder :** During the years 1974-75, 1975-76, 1976-77 and 1977-78, 0.56 M.T., 1.35 M.T., 5.30 M.T. and 4.9 M.T. of skimmed milk powder valued respectively at Rs.0.10 lakh, Rs.0.17 lakh, Rs.0.52 lakh and Rs.0.48 lakh were damaged. During 1976-77, 1 M.T. of blend butter valued at Rs.0.24 lakh was damaged and became unfit for human consumption, due to prolonged storage at the Dairy.

7.3.9.3. **In-input and output of fat and solid-not fat (SNF) :** No detailed analysis of receipt and disposal of fat and solid-not fat (SNF) was maintained by the Dairy. However, on the basis of the total quantity of fat and SNF in the raw milk procured, skimmed milk powder, blend butter and butter oil used in processing and the milk and milk products disposed of (by distribution) in the Dairy during 1977-78, it was noticed in audit that there was a shortage of 0.06 lakh kg of fat and 0.14 lakh kg of SNF total value of which was Rs.2.05 lakhs.

7.3.9.4. **Manufacture of ice-cream:** In December 1972 production of ice-cream was started as a measure to scale down the anticipated loss of the main scheme and to have a fruitful utilization of sub-standard milk. It was expected to yield a net profit of Rs.22.74 lakhs per annum on 67.60 lakh cups of ice-cream. The necessary machines (cost: Rs.2.99 lakhs) were installed in July 1971 and Government approved the scheme *post facto* in March 1973. During the 5 years ending 1977-78 the production varied from 0.2 per cent to 2.2 per cent of the target. The Dairy Manager attributed the shortfall in production to frequent power failures, transport breakdown, mechanical breakdown and rejection.

Audit scrutiny of the financial results of the scheme to manufacture ice-cream disclosed that, instead of contributing to the scaling down of the loss, it has increased the loss of the Dairy by Rs.4.73 lakhs (excluding transportation cost, electricity, depreciation and interest charges) during the five years ending March 1978. The Dairy Manager stated (March 1979) that the main reason for the loss is low production.

7.3.10. **Summing up:** (i) Only about 20 per cent of the installed capacity of the plant of 50,000 litres of milk per day was being utilised mainly due to non-availability of raw milk.

(ii) The collection of milk at the collection-cum-chilling centres ranged between 1,956 litres and 5,804 litres only against the target of collection of 20,000 litres of milk per day during the five years ending March 1978.

(iii) Two chilling plants are not in operation (March 1979), one for six years and the other for four years, and the expenditure of Rs.1.91 lakhs on their running has been largely unproductive.

(iv) The total loss in handling of raw milk and in processing of milk during the five years amounted to Rs.6.68 lakhs and Rs.4.48 lakhs respectively and no norms have been fixed in respect of these losses.

(v) The manufacture of ice-cream taken up for scaling down the loss on the Dairy has itself resulted in a loss of Rs.4.73 lakhs during the five year period ending 1977-78.

(vi) There was no costing system in the Dairy. The *pro forma* accounts have not been prepared since the inception with the result that the quantum of loss could not be ascertained. According to certain statements prepared by the department, the total loss during the five years was Rs.2.44 lakhs.

CHAPTER VIII

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

8.1. Outstanding audit observations

(a) Audit observations on financial transactions of Government are reported to the departmental authorities concerned so that appropriate action is taken to rectify the defects and omissions. Half-yearly reports of such observations outstanding for more than six months are also forwarded to Government to expedite their settlement.

The following table shows the number of audit observations issued up to the end of March 1978 and outstanding at the end of September 1978 as compared with the corresponding position indicated in the two preceding reports:

		As at the end of September 1976	As at the end of September 1977	As at the end of September 1978
Number of observations	--	6,640	6,784	7,541
Amount (<i>In crores of rupees</i>)	--	27.82	29.97	34.70

Year-wise break-up of the items is as follow :

Year			Number of observations	Amount
(1)			(2)	(3) (<i>In crores of rupees</i>)
1975-76 and earlier years	..	..	3,526	18.27
1976-77	..	..	1,935	7.62
1977-78	..	..	2,080	8.81
		Total	7,541	34.70

(b) The following departments have comparatively heavy outstanding observations :

Department	Number	Amount (<i>In lakhs of rupees</i>)
Relief and Welfare	742	14,80.08
Agriculture and Community Development (Agriculture Branch)	1,887	3,99.73
Animal Husbandry and Veterinary Services	277	3,25.08
Health and Family Welfare (Public Health Branch)	372	2,61.81
Agriculture and Community Development (Community Development Branch)	997	2,32.91

Department	Number	Amount . (In lakhs of rupees)
Education	628	1,18.53
Cottage and Small Scale Industries	67	1,50.17
Home (Police)	270	94.12
Fisheries	98	79.53
Information and Public Relations	155	41.81
Irrigation and Waterways	74	41.03
Development and Planning	38	35.04
Public Undertakings	9	31.66
Refugee Relief and Rehabilitation	123	30.22
Commerce and Industries	60	23.78
Land Utilisation and Reforms and Land and Land Revenue.	197	21.79
Health and Family Welfare (Medical Branch) ..	259	20.61

(c) The following are some of the major reasons for which audit observations have remained outstanding:

Nature of observation	Number	Amount (In lakhs of rupees)
Detailed contingent bills for lump sum drawals not received.	2,440	23,59.08
Payees' receipts, vouchers, etc., not received ..	1,749	5,50.70
Sanctions for contingent and miscellaneous expenditure not received.	1,011	1,24.29

(d) The facility of drawing money on abstract contingent bills by disbursing officers is intended to expedite payments in certain cases, but these are to be followed by detailed contingent bills containing full particulars of expenditure with supporting documents which should be sent to the Audit Officer by the 25th of the month succeeding that to which the abstract contingent bills relate.

In respect of such advances drawn up to 31st March 1978, detailed bills had not been received in audit (September 1978) for 2,440 cases of advance aggregating Rs.23,59.08 lakhs. In the absence of the detailed contingent bills, it is not possible for Audit to know whether the whole amount has

been spent on the purpose or purposes for which the advances were drawn. The departments with comparatively heavy outstandings on this account are mentioned below :

Department	Number	Amount (In lakhs of rupees)
Relief and Welfare	739	14,80.06
Animal Husbandry and Veterinary Services ..	165	3,12.92
Health and Family Welfare (Public Health Branch) ..	250	2,53.15
Education	374	99.30
Agriculture and Community Development (Agriculture Branch).	135	48.78
Information and Public Relations	41	26.37
Refugee Relief and Rehabilitation	38	22.86

(e) The departments with comparatively heavy outstandings in submission of payees' receipts and vouchers are :

Department	Number	Amount (In lakhs of rupees)
Agriculture and Community Development (Agriculture Branch).	599	1,84.06
Agriculture and Community Development (Community Development Branch).	383	1,51.54
Home (Police)	165	89.96
Fisheries	21	36.00
Commerce and Industries	3	19.89
Development and Planning	11	14.58
Information and Public Relations	29	12.47

(f) The departments with comparatively heavy outstandings for want of sanctions to contingent and miscellaneous expenditure are :

Department	Number	Amount (In lakhs of rupees)
Agriculture and Community Development (Community Development Branch)	407	51.56
Agriculture and Community Development (Agriculture Branch)	421	49.38

8.2. Outstanding inspection reports

(a) Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the Heads of Offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are reported to the Heads of Departments and Government.

Government have prescribed that first replies to inspection reports should be sent by the Heads of Offices to the respective Heads of Departments within three weeks from the date of receipt of the inspection reports. The Heads of Departments are required to transmit such explanations along with their comments to the Accountant General within two months from the date of receipt of the explanations from their subordinate offices.

At the end of September 1978, 11,846 inspection reports issued up to March 1978 contained paragraphs not settled as shown below with corresponding figures for the earlier two years:

	As at the end of September 1976	As at the end of September 1977	As at the end of September 1978
Number of inspection reports with paragraphs not settled	10,522	11,231	11,846
Number of paragraphs	50,762	53,637	56,240

The year-wise break-up of the outstanding inspection reports is given below:

	Number of inspection reports	Number of paragraphs
up to 1973-74	7,187	31,867
1974-75	815	3,422
1975-76	1,289	5,892
1976-77	1,090	6,587
1977-78	1,465	8,472
Total	11,846	56,240

(b) The following departments had comparatively heavy outstanding inspection reports:

Department	Number of inspection reports	Number of paragraphs
Agriculture and Community Development ..	2,453	15,458
Health and Family Welfare	1,160	5,995
Irrigation and Waterways	515	4,230
Board of Revenue	575	4,027
Public Works	663	3,965
Education	925	2,748
Refugee Relief and Rehabilitation	669	2,177
Public Works (Roads)	395	2,117
Judicial	620	1,713
Relief and Welfare	381	1,323
Housing	369	1,256
Public Works (Construction Board)	258	1,200
Animal Husbandry and Veterinary Services	289	1,172
Home (Police)	307	1,131
Labour	274	1,013

(c) Of the 11,846 reports outstanding at the end of September 1978, first replies in respect of 1,729 reports had not been received.

The year-wise break-up of such reports is as follows:

Year					Number of reports
Up to 1973-74	..	..	..	..	102
1974-75	..	..	..	..	37
1975-76	..	..	..	..	74
1976-77	..	..	..	..	256
1977-78	..	..	..	..	1,260
			Total	..	1,729

P. K. Ganapathi

(P. K. GANAPATHI)

Accountant General I, West Bengal

Calcutta,

The 12 DEC 1979

Countersigned,

G. Prakash

(GIAN PRAKASH)

Comptroller and Auditor General of India

New Delhi,
18 DEC 1979
The.....1979

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APPENDIX I

(Reference : Paragraph 1.10, page 19)

Utilisation certificates awaited in September 1978 for grants paid by Government up to March 1977'

Department	Up to 1972-73		1973-74		1974-75		1975-76		1976-77		Total	
	No. of certificates	Amount	No. of certificates	Amount	No. of certificates	Amount	No. of certificates	Amount	No. of certificates	Amount	No. of certificates	Amount
	<i>(Amounts in lakhs of rupees)</i>											
Education	7,200	25,02.09	7,470	36,94.06	5,617	26,93.22	7,176	57,31.80	7,110	73,01.14	34,573	2,19,22.31
Agriculture and Community Development	32	53.22	19	18.74	36	71.82	40	1,00.02	37	87.33	164	3,31.13
Co-operation	59	47.48	11	0.71	15	1.00	81	36.91	111	79.50	277	1,65.60
Health and Family Welfare (Public Health Branch)	52	4.63	100	13.68	205	24.91	194	42.91	145	54.30	696	1,40.43
Health and Family Welfare (Medical Branch)	..	..	..	..	..	..	..	..	40	75.67	40	75.67
Refugee Relief and Rehabilitation	124	37.32	61	15.18	7	2.65	104	14.59	16	62.00	312	1,31.74
Relief and Welfare ..	89	40.79	32	14.46	32	27.01	78	20.77	74	16.91	305	1,19.94
Cottage and Small Scale Industries	..	..	..	..	..	..	7	7.70	56	39.21	63	46.91
Animal Husbandry and Veterinary Services	..	..	4	0.62	2	0.60	7	4.95	5	15.69	18	21.86
Labour .. ..	..	..	..	..	..	..	..	..	4	10.24	4	10.24
Commerce and Industries ..	..	..	..	..	..	..	8	5.71	5	5.82	13	11.53
Scheduled Castes and Tribes Welfare	..	..	..	..	..	..	..	..	88	8.87	88	8.87

Fisheries	..	..	..	..	..	..	2	3.00	1	3.00	1	0.12	4	6.12
Finance (Taxation)	..	..	..	..	..	..	..	..	..	..	5	3.64	5	3.64
Finance (Budget)	..	..	..	..	..	..	..	..	3	0.77	3	1.12	6	1.89
Information and Public Relations	..	..	..	..	..	..	..	..	1	0.10	4	1.20	5	1.30
Home (Political)	..	..	..	..	..	..	..	..	..	..	3	0.65	3	0.65
Education (Public Instruction and Social Welfare)	..	..	..	..	..	..	3	0.43	..	..	..	..	3	0.43
Public Works	..	..	..	..	..	..	..	..	..	..	1	0.25	1	0.25
Home (Defence)	..	..	..	..	..	..	..	..	1	0.20	..	..	1	0.20
Total	..	7,556	26,85.53	7,697	37,57.45	5,919	28,24.64	7,701	59,69.43	7,708	77,63.66	36,581	2,30,00.71	

APPENDIX II

(Reference : Paragraph 2.4, page 28)

Cases where the savings (more than Rs. 10 lakhs in each case) exceeded 10 per cent of the provision**A—Voted grants**

Sl. No.	Number and name of the grant	Total provision	Expenditure	Saving	Percentage of saving
(In lakhs of rupees)					
(1)	5—Elections	3,74.85	3,34.28	40.57	11
(2)	20—Treasury and Accounts Administration,	1,75.00	95.99	79.01	45
(3)	27—Other Administrative Services	8,79.30	7,75.21	1,04.09	12
(4)	37—Family Welfare	8,55.00	3,87.30	4,67.70	55
(5)	41—Information and Publicity ..	2,55.00	2,15.90	39.10	15
(6)	44—Social Security and Welfare (Relief and Rehabilitation of Displaced Persons),	14,71.90	10,49.84	4,22.06	29
(7)	46—Social Security and Welfare (Excluding Civil Supplies, Relief and Rehabilitation of Displaced Persons and Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes)	12,84.30	9,61.79	3,22.51	25
(8)	48—Other Social and Community Services	1,98.75	1,75.58	23.17	12
(9)	49—Secretariat—Economic Services	1,70.83	1,47.27	23.56	14
(10)	52—Agriculture	33,54.29	26,54.59	6,99.70	21
(11)	54—Food	18,18.82	15,66.37	2,52.45	14
(12)	55—Animal Husbandry ..	10,67.52	9,12.66	1,54.86	14
(13)	56—Dairy Development (Excluding Public Undertakings)	28,84.48	18,99.30	9,85.18	34
(14)	57—Fisheries	5,50.00	3,13.92	2,36.08	43
(15)	61—Industries (Closed and Sick Industries)	5,00.67	2,09.50	2,91.17	58
(16)	71—Road and Water Transport Services	23,56.15	18,23.62	5,32.53	23
(17)	80—Capital Outlay on Consumer Industries (Excluding Public Undertakings and Closed and Sick Industries)	91.00	40.92	50.08	55

Sl. No.	Number and name of the appropriation	Total provision	Expenditure	Saving	Percentage of saving
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(In lakhs of rupees)

B—Charged Appropriation

(1)	44—Social Security and Welfare (Relief and Rehabilitation of Displaced Persons).	30.60	9.99	20.61	67
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APPENDIX III

(Reference : Paragraph 2.5, page 33)

Drawal of funds in advance of requirements

Sl. No.	Name of department/Drawing Officer	Amount and month of drawal from Treasury	Purpose	Month of disbursement/refund
Development and Planning Department				
1.	Collector, Nadia	Rs. 1.68 lakhs (March 1975)	Execution of Narendranagar Drainage Scheme	Rupees 1.37 lakhs advanced to a contractor up to September 1976 ; balance of Rs. 0.31 lakh lies in Postal Savings Bank Account.
2.	Ditto	Rs. 2.00 lakhs (March 1975)	Execution of Drainage Scheme, purchase of vehicles, construction of hawkers' market, park, etc.	Rupees 1.26 lakhs advanced to Administrator, Krishnanagar Municipality up to March 1977 ; balance of Rs. 0.74 lakh lies in Postal Savings Bank Account.
3.	Ditto	Rs. 1.54 lakhs (March 1977)	Construction of 50 Harijan quarters	Rupees 0.14 lakh advanced to Administrator, Krishannagar Municipality up to April 1978 ; balance of Rs. 1.40 lakhs lies in Postal Savings Bank Account.
4.	Ditto	Rs. 0.98 lakh (March 1977)	Construction of 16 Harijan quarters	Rupees 0.35 lakh advanced to Administrator, Krishnanagar Municipality in July 1978 ; balance of Rs. 0.61 lakh lies in Postal Savings Bank Account.
5.	Ditto	Rs. 0.20 lakh (March 1977)	Construction of burning ghat	Lying undisbursed in Postal Savings Bank Account.
6.	Ditto	Rs. 1.17 lakhs (March 1978)	Construction of fish market, park, trenching ground, street lighting, etc.	Rupees 0.44 lakh advanced to West Bengal State Electricity Board in April 1978 ; balance of Rs. 0.73 lakh lies in Postal Savings Bank Account.
7.	Ditto	Rs. 3.84 lakhs (March 1978)	Construction of road, burning ghat, sinking of tubewells, drains, etc.	Rupees 1.47 lakhs advanced up to July 1978 to the Chairman, Ranaghat Municipality ; balance of Rs. 2.37 lakhs lies in Postal Savings Bank Account.

61	8.	Ditto	..	..	..	Rs. 6.44 lakhs (March 1978)	Development of district towns outside C.M.D.A. area during 1977-78	Rupees 0.27 lakh advanced to the Adminis- trator, Krishnanagar Municipality in July 1978; balance of Rs. 6.17 lakhs lies in Postal Savings Bank Account.
	9.	Ditto	..	..	..	Rs. 0.84 lakh (March 1978)	Construction of Town Hall at Ranaghat	Lying undischarged in Postal Savings Bank Account.
	10.	Deputy Commissioner, Darjeeling			..	Rs. 2.00 lakhs (February 1978)	Construction of Stadium at Siliguri	Lying in Personal Ledger Account of Distret Improvement Fund.
	11.	Ditto	..	..	..	Rs. 0.41 lakh (March 1978)	Construction of playground	Ditto.
	12.	Ditto	..	..	..	Rs. 0.50 lakh (March 1978)	Development of playground at Darjeeling Government College	Ditto.
	13.	Ditto	..	..	..	Rs. 16.60 lakhs (March 1978)	Schemes for supply of piped water in Bustee areas	Ditto.
	14.	Ditto	..	..	..	Rs. 2.31 lakhs (March 1978)	Improvement of approach road from Surenbazar to Sureni Bustee	Ditto.
	15.	Ditto	..	..	..	Rs. 3.10 lakhs (March 1978)	Construction of 2 storied R.C.C. Latrine, repair of roads, etc.	Ditto.
	16.	Ditto	..	..	..	Rs. 7.34 lakhs (March 1978)	Construction of Rabindra Sadan, Darjeeling	Ditto.
	17.	Ditto	..	..	..	Rs. 4.59 lakhs (March 1978)	Construction of Super Market	Ditto.
	18.	Ditto	..	..	..	Rs. 0.48 lakh (March 1978)	Construction of Ambulance garage at Takdah Primary Health Centre	Ditto.

**Agriculture and Community Development
Department**

19.	Collector, Nadia	Rs. 0.27 lakh (March 1977)	.. Construction of huts for landless 1 huts	Lying in Postal Savings Bank Account.
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APPENDIX III—*conold.*

Drawal of funds in advance of requirements

Sl. No.	Name of department/Drawing Officer	Amount and month of drawal from Treasury	Purpose	Month of disbursement/refund
20.	Collector, Nadia	Rs. 1.50 lakhs (March 1977)	Construction of tubewell, etc. in cluster of houses for landless labourers	Rupees 0.80 lakh advanced to twelve Block Development Officers up to August 1978; balance of Rs. 0.70 lakh lies in Postal Savings Bank Account.
21.	Ditto	Rs. 3.75 lakhs (March 1977)	Construction of huts for landless labourers	Rupees 0.58 lakh advanced to a contractor in August 1978; balance of Rs. 3.17 lakhs lies in Postal Savings Bank Account.
22.	Executive Engineer, Calcutta Agri-Mechanical Division	Rs. 1.92.00 lakhs (March 1978)	Taking up different river lift irrigation works	Paid to West Bengal State Minor Irrigation Corporation Ltd. without any specific contract.
23.	Ditto	Rs. 1.30 lakhs (March 1978)	Purchase of 18 motor cycles	Paid to M/s Enfield India Ltd. before actual receipt of materials.
24.	Ditto	Rs. 38.64 lakhs (March 1978)	Drilling of 46 Irrigation tubewells and payment of service charges	Paid to West Bengal State Minor Irrigation Corporation Ltd. Advance payment was made towards the end of the year without recording measurement in Measurement Books.
Irrigation and Waterways Department				
25.	District Agricultural Officer, Jalpaiguri	Rs. 4.00 lakhs (March 1976)	Implementation of Dugwell Scheme at different sites	Rupees 1.59 lakhs disbursed up to March 1978 and Rs. 0.58 lakhs between April 1978 and July 1978; balance of Rs. 0.83 lakh lies in cash and Rs. 1.00 lakh in deposit-at-call with the State Bank India.

26.	Ditto.	..	Rs. 10.42 lakhs (March 1976)	Sinking of shallow tubewells =	Rupees 10.30 lakhs disbursed up to March 1978; balance of Rs. 0.12 lakh lies in cash.
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Education Department

27.	Collector, Nadia	=	Rs. 0.25 lakh (March 1977)	Financial assistance for construction of swimming pool	Entire amount kept in Postal Savings Bank Account (September 1978).
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28.	District Social Education Officer, Burdwan	..	Rs. 1.83 lakhs (March 1978)	Maintenance grant for adult education centre, adult high schools, district library, etc.	Rupees 0.56 lakh disbursed in March 1978; balance of Rs. 1.27 lakhs is lying in a bank account.
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Department of Municipal Services

29.	Collector, Nadia	=	Rs. 2.68 lakhs (March 1978)	Payment of grants to Municipalities for development schemes of immediate importance	Entire amount lies in Postal Savings Bank Account (September 1978).
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Co-operation Department

30.	Assistant Registrar of Co-operative Societies, Cooch Behar	..	Rs. 9.10 lakhs (March 1978)	Payment of subscription towards share capital, etc., to various agricultural societies	Rupees 2.42 lakhs disbursed up to July 1978; balance of Rs. 6.68 lakhs lies in the form of bank drafts.
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Scheduled Castes and Tribes Welfare Department

31.	Special Officer, Scheduled Castes and Tribes Welfare, Balurghat	..	Rs. 6.04 lakhs (January to March 1978)	Construction of houses for scheduled caste people, providing drinking water, construction of dugwells, distribution of pigs, goats, etc.	Entire amount lies in sealed bags with the Treasury Officer, Balurghat (August 1978).
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	Total	=	Rs. 3,27.78 lakhs	
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APPENDIX IV

(Reference: Paragraph 3.13.4.2., page 55)

Statement of targets and achievements for the years 1973-74 to 1977-78 for sinking of tubewells and construction of wells

Part I—Spot sources other than tubewells sunk by rig bore process

District	1973-74			1974-75			1975-76			1976-77			1977-78		
	Target	Achievement	Short-fall(-) Ex-cess(+)	Target	Achievement	Short-fall(-) Ex-cess(+)	Target	Achievement	Short-fall(-) Ex-cess(+)	Target	Achievement	Short-fall(-) Ex-cess(+)	Target	Achievement	Short-fall(-) Ex-cess(+)
Bankura ..	682	700	18	220	231	11	220	235	15	234	225	-9	330	147	-183
Birbhum ..	589	709	120	190	322	132	190	329	139	225	573	348	285	252	-33
Burdwan ..	1,023	1,046	23	330	714	384	330	519	189	770	801	31	495	1,005	510
Cooch Behar ..	341	371	30	110	203	93	110	219	109	330	1,222	892	165	740	575
Darjeeling ..	62	67	5	20	50	30	20	18	-2	60	60	..	30	68	38
Hooghly ..	527**	779	252	170	495	325	170	239	69	510	561	51	255	430	175
Howrah ..	434	312	-122	140	169	29	140	95	-45	420	420	..	210	210	..
Jalpaiguri ..	403	536	133	130	196	66	130	161	31	390	312	-78	195	195	..
Malda ..	465	667	202	150	396	246	150	262	112	400	395	-5	225	225	..
Midnapore ..	1,612	1,863	251	520	518	-2	520	652	132	1,370	905	-465	780	823	43
Murshidabad ..	806	1,284	478	260	655	395	260	843	583	780	1,847	1,067	390	492	102
Nadia ..	496	551	55	160	276	116	160	227	67	480	913	433	240	557	317
Purulia ..	620	597	-23	200	209	9	200	219	19	120	120	..	300	20	-280
24-Parganas ..	1,581**	1,269	-312	510	425	-85	510	626	116	1,530	1,485	-45	765	729	-36
West Dinajpur ..	496	1,263	767	160	578	418	160	259	99	480	707	227	240	733	493
Total ..	10,137	12,014	1,877	3,270	5,437	2,167	3,270	4,903	1,633	8,099	10,546	2,447	4,905	6,626	1,721

Note: In addition 915 wells in 1976-77 and 276 wells in 1977-78 were renovated.

Part II—Statement of targets and achievements of sinking tubewells by rig process

District	1976-77			1977-78		
	Target	Achievement	Short-fall (-) Excess (+)	Target (b)	Achievement	Short-fall (-) Excess (+)
Bankura	80	42	-38	..	258	..
Birbhum	80	49	-31	..	70	..
Burdwan	60	..	-60	..	..	..
Malda	50	45	-5	..	..	..
Midnapore	50	37	-13	..	..	..
Purulia	80	78	-2	..	400	..
West Dinajpur	10	7	-3	..	..	..
Total	410	258	-152 (a)	..	728	..

(a) The reasons for the shortfall have not been furnished (October 1978) by CE, PHE.

(b) Targets fixed for different districts could not be stated by the CE, PHE.

APPENDIX V

(Reference : Paragraph 3.14, page 64)

Cases of misappropriation reported up to March 1978 remaining to be finalised at the end of December 1978

Sl. No.	Name of the Department	Reported up to 31st March 1973		Reported in 1973-74		Reported in 1974-75		Reported in 1975-76		Reported in 1976-77		Reported in 1977-78		Total	
		No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.
1.	Agriculture and Community Development	37	3,78,611	1	6,961	3	29,227	4	4,760	7	13,963	6	7,10,225	58	11,43,747
2.	Animal Husbandry and Veterinary Services	4	54,471	..	..	..	..	1	60,783	2	24,476	..	..	7	1,39,730
3.	Board of Revenue	264	7,53,552	3	12,478	10	99,434	8	66,783	47	3,82,619	8	1,17,339	340	14,32,205
4.	Commerce and Industries	..	..	1	1,81,000	..	..	1	4,780	..	..	..	..	2	1,85,780
5.	Co-operation	1	557	..	..	..	..	..	..	..	..	..	..	1	557
6.	Cottage and Small Scale Industries	5	92,001	..	..	..	..	..	..	..	..	..	..	5	92,001
7.	Education	24	2,47,172	1	31,800	1	43,706	..	..	1	1,96,174	1	1,25,666	28	6,44,518
8.	Excise	1	39,120	..	..	..	..	2	24,350	..	..	1	2,978	4	76,448
9.	Finance	1	228	1	236	4	1,04,479	1	37,450	1	85,923	..	..	8	2,28,316
10.	Fisheries	..	..	..	..	..	..	3	11,733	4	11,642	6	1,13,092	13	1,36,467
11.	Food and Supplies	6	1,13,686	..	..	..	..	..	..	..	..	..	..	6	1,13,686
12.	Health and Family Welfare	15	7,53,229	..	..	..	..	..	..	5	53,317	4	1,84,344	24	9,90,890

13. Homs (Police)	7	52,448	-	-	-	-	2	37,054	-	-	1	93,762	10	1,83,264
14. Information and Public Relations.	1	518	-	-	-	-	1	2,734	1	15,000	..	..	3	18,252
15. Irrigation and Waterways.	8	4,169	-	-	-	-	1	203	4	95,833	2	2,638	10	1,02,843
16. Judicial	2	3,864	-	-	-	-	..	..	1	2,000	..	..	3	5,864
17. Labour	1	94,795	-	-	-	-	2	2,15,175	1	18,371	-	..	4	3,28,341
18. Local Government and Urban Development.	-	-	..	..	1	10,500	-	-	-	-	..	..	1	10,500
19. Public Works	-	-	-	-	-	-	1	10,292	-	-	..	..	1	10,292
20. Public Works (Construction Board)	-	-	1	78,900	-	-	-	..	..	-	..	..	1	78,900
21. Public Works (Roads)	-	-	-	-	1	18,000	-	-	-	-	1	49,206	2	67,206
22. Public Works (Metropolitan Development).	2	1,49,920	-	-	-	..	-	-	-	..	..	..	2	1,49,920
23. Relief and Welfare	25	73,905	-	..	..	-	1	6,125	-	..	..	..	26	80,030
24. Refugee, Relief and Rehabilitation.	1	18,268	-	..	-	-	..	..	-	..	1	2,32,084	2	2,50,352
25. Tourism	1	1,15,628	-	..	..	..	..	..	..	..	..	..	1	1,15,628
26. Panchayat	..	..	-	..	..	..	1	23,488	..	..	..	..	1	23,488
Total	401	29,46,142	8	3,11,375	20	3,05,346	29	5,15,710	74	8,99,318	31	16,31,334	563	66,09,225

APPENDIX VI

(Reference : Paragraph 3.20, page 70)

Cases of losses, irrecoverable revenue, etc., written off in 1977-78

Department	Number of cases	Amount Rs.
Food and Supply	128	57,488
Relief and Welfare	1	12,900
Land Utilisation and Reforms and Land and Land Revenue ..	2	2,419
Animal Husbandry and Veterinary Services	1	1,900
Finance	2*	1,029*
Information and Public Relations	5	636
Cottage and Small Scale Industries	1	635
Agriculture and Community Development	1	57
Total	141	78,564

*In addition, recovery of excess house rent allowance drawn by the employees in pursuance of Government orders issued in March 1977 was waived (May 1978) by Government. A test-check of a few cases showed that overpayments waived amounted to Rs. 0.18 lakh in 15 such cases.

APPENDIX VII

(Reference : Paragraph 6.2.1.1, page 88)

Statement showing financial assistance received by municipalities from Government and their total expenditure

Municipalities	Year	Total grants/loans from Government including unspent opening balances	Total expenditure	Percentage of grants and loans to total expenditure
<i>(In lakhs of rupees)</i>				
Alipurduar	1974-75	5.09	5.65	90.0
	1975-76	6.02	6.68	90.1
Balurghat	1974-75	11.16	10.91	102.3
	1975-76	8.10	7.56	107.1
Biahnupur	1975-76	9.28	9.84	94.3
	1975-76	5.22	2.71	192.6
Kanchrapara	1974-75	11.29	11.17	101.0
	1975-76	11.14	13.56	82.1
Katwa	1975-76	10.75	9.50	113.2
	1976-77	12.10	11.06	109.4
Kharagpur	1975-76	15.47	14.78	104.7
	1975-76	6.04	6.03	100.2
Nabadwip	1975-76	17.21	13.92	123.6
	1973-74	15.68	16.16	97.0
Purulia	1974-75	18.50	18.76	98.6
	1975-76	14.64	8.93	163.9

APPENDIX VII

(Reference : Paragraph 6.2.1. 2, page 83)

Statement showing liabilities of municipalities as against cash balance]

Municipality	Position as on the 31st March of the year	Cash balance	Total unspent grants and loans from Government	Cash balance less unspent balance of Government grants and loans (cols. 3-4)	Arrears in re-payment of loans (principal and interest due)	Unpaid Provident Fund subscription and contribution	Other liabilities	Total liabilities (cols. 6+7+8)	Total deficit (cols. 5 +9)	Annual current demand of taxes	Outstanding book demand of taxes
1	2	3	4	5	6	7	8	9	10	11	12
<i>(In lakhs of rupees)</i>											
Alipurduar	1976	0.67	1.59	(-)0.92	2.64	0.24	0.87	3.75	4.67	2.32	7.14
Balurghat	1975	4.48	5.38	(-)0.90	3.38	1.05	0.80	5.23	6.13	3.28	6.30
Bishnupur	1976	0.91	3.42	(-)2.51	0.60	..	0.70	1.20	3.71	2.32	5.35
Bolpur	1976	1.58	4.53	(-)2.95	2.51	0.65	0.58	3.74	6.69	2.84	7.66
Chakdah	1976	0.40	3.97	(-)3.57	2.60	0.07	1.38	4.05	7.62	1.13	1.74
Kanchrapara	1976	5.40	5.21	(+)0.19	..	..	2.08	2.08	1.89	4.88	13.94
Katwa	1977	1.82	6.24	(-)4.42	1.30	0.44	2.23	3.97	8.39	5.51	3.77
Kharagpur	1976	6.71	10.52	(-)3.81	1.09	..	0.22	1.31	5.12	5.57	9.48
Kurseong	1976	1.96	3.59	(-)1.63	3.26	..	0.21	3.47	5.10	3.18	9.03
Nabadwip	1976	2.00	9.29	(-)7.29	4.38	0.42	2.09	6.89	14.18	6.80	11.39

Purulia	..	..	1975	4.47	7.41	(-) 2.94	2.08	3.33	3.05	8.46	11.40	5.49	5.48
Santipur	..	..	1976	1.44	9.91	(-) 8.47	4.95	0.04	1.41	6.40	14.87	3.76	6.68
Total	..	..		81.84	71.06	(-) 39.22	28.79	6.24	15.52	50.55	89.77	47.08	87.96

Note : Earliest year of default in repayment of loan as per municipal records on which figures in column 6 are based were—Purulia (1954-55), Balurghat (1956-57), Bolpur and Kharagpur (1957-58), Chakdah (1962-63), Nabadwip (1963-64), Santipur (1964-65), Kurseong (1965-66), Alipurduar (1968-69), Katwa (1969-70) and Bishnupur (1974-75).

APPENDIX IX

(Reference : Paragraph 6.10.1.1, page 102)

Master Plan schedule of construction costs and phasing

Item of works	Estimated costs	Interim 1966-71	Phasing		
			Intermediate		Total
			1971-76	1976-81	
(In lakhs of rupees)					
Interim ground water supply	.. 6,12.4	6,12.4	..	..	..
Total	.. 6,12.4	6,12.4			
<i>Calcutta Service District</i>					
A. Palta Water Works					
(i) Studies and Improvement	1,94.1	1,94.1	..	—	..
(ii) Expansion (10 mgd)	.. 31.0	..	31.0	..	31.0
B. Distribution System					
(i) Renovation of transmission lines	1,00.0	1,00.0	..	..	..
(ii) Interim phase distribution system improvement.	2,80.7	2,80.7	..	..	..
(iii) Intermediate phase distribution system improvement	5,32.0	..	4,22.8	1,09.2	5,32.0
Total	.. 11,37.8	5,74.8	4,53.8	1,09.2	5,63.0
<i>Garden Reach Service District</i>					
A. Water Works Intermediate phase (85 mgd)	2,27.8	..	2,27.8	..	2,27.8
B. Distribution System Intermediate phase	7,64.8	..	3,82.4	3,82.4	7,64.8
Total	.. 9,92.6	..	6,10.2	3,82.4	9,92.6
<i>Howrah Service District</i>					
A. Howrah Water Works Intermediate phase (37 mgd)	1,02.0	—	1,02.0	..	1,02.0
B. Distribution System Intermediate phase	13,64.7	..	7,86.4	5,78.3	13,64.7
Total	.. 14,66.7	..	8,88.4	5,78.3	14,66.7

Item of works	Estimated costs	Interim 1966-71	Phasing Intermediate			
			1971-76	1976-81	Total	
<i>(In lakhs of rupees)</i>						
<i>Palta Service District</i>						
A. Baranagar-Kamarhati Water Works Intermediate phase (63 mgd)	1,93.0	..	1,93.0	..	1,93.0	
B. Distribution System Intermediate phase	21,42.1	..	11,96.5	9,45.6	21,42.1	
Total	.. 23,35.1	..	13,89.5	9,45.6	23,35.1	
<i>Serampore Service District</i>						
A. Serampore Water Works Intermediate phase (17.4 mgd)	69.2	..	69.2	..	69.2	
B. Distribution System Intermediate phase	8,41.9	..	4,87.1	3,54.8	8,41.9	
Total	.. 9,11.1	..	5,56.3	3,54.8	9,11.1	
<i>Abstract</i>						
Ground Water	.. .. 6,12.4	6,12.4	..	..	..
Surface Water	.. .. 68,43.3	5,74.8	38,99.2	23,70.3	62,68.5
Grand Total	.. 74,55.7	11,87.2	38,98.2	23,70.3	62,68.5	

APPENDIX X

(Reference : Paragraph 7.2, page 116)

Statement showing arrears in preparation of *pro forma* accounts by departmental commercial and *quasi*-commercial undertakings

Sl. No.	Name of the Scheme/Undertaking	Name of department	Year of inception/ Year from which accounts are due	Remarks
(1)	(2)	(3)	(4)	(5)
	Undertakings whose <i>pro forma</i> accounts have not been prepared since inception			
1.	Oriental Gas Company's Undertaking	Commerce and Industries	1960-61	The case is <i>sub judice</i> in the Supreme Court. The Finance Department observed (September 1977) that it would not be proper to draw up <i>pro forma</i> accounts till the case is decided in the Supreme Court.
2.	Industrial Estate, Kalyani	Cottage and Small Scale Industries	1956-57	The matter is under correspondence with Government (January 1979).
3.	Industrial Estate, Barnipur	Ditto	1958-59	Ditto.
4.	Durgapur Milk Scheme	Animal Husbandry and Veterinary Services.	1972-73	Government directed (November 1977) the Management to prepare and submit the <i>pro forma</i> accounts.
5.	The Undertaking of the Calcutta Tramways Company Limited.	Home (Transport)	1976-77	Reasons for non-submission of accounts are awaited (December 1978).
6.	Central Lock Factory, Bargachia	Public Undertakings	1972-73	Ditto.
7.	Mechanical Toy Making Centre, Chinsurah	Ditto	1972-73	Ditto.
8.	Industrial Estate, Howrah	Cottage and Small Scale Industries	1962-63	Ditto.

Other Undertakings whose *pro forma* accounts are in arrears

1.	Central Engineering Organisation, Howrah	Cottage and Small Scale Industries.	1978-79	..	Reasons for non-submission of <i>pro forma</i> accounts have not been communicated by the Department (October 1977).
2.	Integrated Wood Industries Scheme at Durgapur, Kalyani	Ditto	1965-66	..	} In September 1970 <i>pro forma</i> accounts for each unit for the period from 1960-61 to 1964-65 were received, but the same could not be audited as the consolidated accounts for the scheme, on which certificate is to be issued have not been received so far (August 1977). Government stated (September 1977) that a task force is engaged in consolidation of the accounts (January 1979).
3.	Training cum Production Centre for Wood Industries, Siliguri	Public Undertakings	1965-66	..	
4.	Directorate of Brick Production (Brick and Tile Board)	Housing, Public Works Branch	1976-77	..	} Reasons for non-submission of the accounts have not been intimated by the Department (August 1977).
5.	Mechanised Brick Factory at Palta	Ditto	1976-77	..	
6.	Scheme for production of Shark Liver Oil, Fishmeal, etc.	Fisheries	1976-77	..	.. Accounts are in arrear (January 1979).
7.	Silk Reelers' Co-operative and Allied Organisation	Cottage and Small Scale Industries	1956-57	..	.. Government stated (September 1977) that a task force has been set up and the task force is engaged in preparation of the <i>pro forma</i> accounts.
8.	Greater Calcutta Milk Supply Scheme	Animal Husbandry and Veterinary Services.	1976-77	..	.. Government issued orders to the Management to expedite submission of the <i>pro forma</i> accounts (September 1977).
9.	Government Cinchona Plantation, Government Quinine Factory, Mungpoo, Quinine Sales Department, Calcutta	Commerce and Industries	1969-70	..	.. Reasons for non-submission of the accounts have not been intimated by the Management.
10.	Surgical Instruments Servicing Station, Buruipur	Public Undertakings	1969-70	..	.. Reasons for non-submission of the accounts have not been intimated by the Government (September 1977).

APPENDIX X—*concl'd.*

Statement showing arrears in preparation of *pro forma* accounts by departmental commercial and *quasi*-commercial undertakings

Sl. No.	Name of the Scheme/Undertaking	Name of department	Year of inception/ Year from which accounts are due	Remarks
(1)	(2)	(3)	(4)	(5)
11.	Government Sales Emporium in Howrah and Calcutta .	Cottage and Small Scale Industries,	1951-52 to 1962-63 and 1969-70 to 1970-71.	Government stated (September 1977) that a task force has been set up and it is engaged in preparation of the <i>pro forma</i> accounts.
12.	Government Saw Mills, Siliguri	.. Forest ..	1977-78	.. Reasons awaited (January 1979).
13.	Kanchrapara Area Development (Kalyani Township)	Development and Planning ..	1975-76 onwards.	The Finance Department had suggested discontinuance of preparation of <i>pro forma</i> accounts. But as the scheme was to run on 'no-profit no-loss basis' the desirability of preparation of such accounts to ascertain the financial working of the scheme was suggested in October 1978 ; reply is awaited (March 1979).
14.	Sisal Plantation Scheme ..	.. Agriculture and Community Development	1964-65 to 1977-78	Reasons for delay in preparation of accounts are awaited (March 1979).
15.	Eggs and Poultry Production-cum-Marketing Scheme,	Animal Husbandry and Veterinary Services	1977-78	.. Ditto.
16.	Industrial Estate, Saktigarh ..	.. Cottage and Small Scale Industries	1976-77 and 1977-78	Ditto.
17.	Deputy Director of Industries (Cottage under Director of Handloom and Textile	Ditto ..	.. 1957-58 onwards	Government formed a task force to probe into the matter ; their report is awaited.

18. Flying Training Institute, Behala: .. Home(Transport) .. 1976-77 and 1977-78 Reasons for delay in preparation of accounts are awaited (March 1979).
19. Consolidated *pro forma* accounts of 'hats' Board of Revenue under the management of Government. .. 1973-74, 1974-75, 1975-76, 1976-77 and 1977-78 (1) Discrepancies pointed out in the accounts for 1972-73 have not been settled by Government (March 1979).
(2) Consolidated *pro forma* accounts for 1973-74 to 1977-78 have not been received from Government (January 1979).

APPENDIX XI

(Reference : Paragraph 7.2, page 116)

Summarised financial results of departmentally managed commercial and quasi-commercial undertakings

Sl. No.	Name of Undertaking/Scheme	Name of Department	Year of accounts	Capital at close	Mean capital	Free reserves	Net block	Depreciation	Turnover	Net Profit (+) Net Loss (-)	Interest charged added back	Total (11+12)	Percentage of total return on mean capital
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1.	Greater Calcutta Milk Supply Scheme	Animal Husbandry and Veterinary Services	1975-76	1,606.73	1,437.78	73.84	378.56	43.18	1,151.73	(-)435.97	98.40	(-)337.57	..
2.	Government Saw Mills, Siliguri	Forest ..	1976-77	20.99	23.48	Nil	5.72	0.32	34.88	(+)3.06	1.60	(+)4.66	19.8

APPENDIX XII

(Reference : Paragraph 7.3-6.3, page 120)

Statement showing the position regarding non-return of bottles, cans and crates and the resultant losses for the five years ending 1977-78

	1973-74	1974-75	1975-76	1976-77	1977-78
	<i>(Figures in thousands)</i>				
(a) Bottles					
(i) Number of filled bottles distributed	7,370.15	8,433.79	6,299.49	5,636.43	6,748.60
(ii) Number of empty bottles returned	7,315.19	8,380.15	6,264.12	5,582.17	6,701.93
(iii) Number of bottles found short	54.96	53.64	35.37	54.26	46.67
(iv) Allowance for handling ..	33.92	37.60	27.10	..	..
(v) Shortage after allowing for handling loss	21.04	16.04	8.27	54.26	46.67
(vi) Value of excess shortage at the rate of Re. 1 per bottle	21.04	16.04	8.27	54.26	46.67
(b) Cans					
(i) Number of cans distributed ..	3.98	9.00	7.88	10.36	11.47
(ii) Number of empty cans returned	3.91	8.90	7.87	10.34	11.44
(iii) Number of cans found short	0.07	0.10	0.01	0.02	0.03
(iv) Value of cans found short (at the rate of average price of Rs. 197.86 per can)	14.05	17.61	0.99	3.40	3.68**
(c) Crates					
(i) Number of crates distributed	372.15	425.20	318.31	284.65	341.37
(ii) Number of crates returned ..	369.73	424.70	317.91	283.54	339.86
(iii) Number of crates found short	2.42	0.50	0.40	1.11	1.51
(iv) Value of crates found short i.e., loss at the rate of Rs. 24.33 per crate.	58.85	11.92	10.83	27.00	61.01

**Plastic can at the rate of Rs. 122.70 per can during 1977-78.



Comptroller and Auditor General of India

1979