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

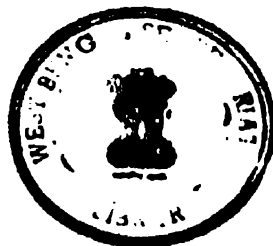
FOR THE YEAR ENDED 31 MARCH 2008

(CIVIL)

GOVERNMENT OF WEST BENGAL

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TABLE OF CONTENTS

| | Paragraph | Page |
|---|-----------|------|
| Preface | | vii |
| Overview | | xi |
| CHAPTER I – FINANCES OF THE STATE GOVERNMENT | | |
| Introduction | 1.1 | 1 |
| Methodology adopted for the assessment of fiscal position | 1.2 | 3 |
| Trends and composition of aggregate receipts | 1.3 | 6 |
| Application of resources | 1.4 | 9 |
| Expenditure by allocative priorities | 1.5 | 13 |
| Misappropriations, losses, defalcations, etc. | 1.6 | 18 |
| Assets and liabilities | 1.7 | 18 |
| Undischarged liabilities | 1.8 | 22 |
| Debt sustainability | 1.9 | 25 |
| Management of deficits | 1.10 | 27 |
| Fiscal ratios | 1.11 | 29 |
| Conclusion | 1.12 | 30 |
| CHAPTER II – ALLOCATIVE PRIORITIES AND APPROPRIATION | | |
| Introduction | 2.1 | 33 |
| Summary of Appropriation Accounts | 2.2 | 33 |
| Fulfilment of allocative priorities | 2.3 | 34 |
| Rush of expenditure | 2.4 | 37 |
| Operation of Personal Ledger Accounts | 2.5 | 38 |
| Huge amounts drawn on Abstract Contingent (AC) Bills remaining outstanding | 2.6 | 39 |
| Budgetary and expenditure control | 2.7 | 40 |
| Other topics of interest | 2.8 | 42 |
| CHAPTER III - PERFORMANCE AUDIT | | |
| MANAGEMENT OF CORRECTIONAL HOMES (Jails Department) | 3.1 | 43 |
| NATIONAL PROGRAMME FOR NUTRITIONAL SUPPORT TO PRIMARY EDUCATION (School Education Department) | 3.2 | 60 |
| ACCLEARATED RURAL WATER SUPPLY PROGRAMME (Public Health Engineering Department) | 3.3 | 74 |
| MANAGEMENT OF BIO-MEDICAL AND PLASTIC WASTE (Environment and Health and Family Welfare Departments) | 3.4 | 92 |

| | | |
|---|------------|-----|
| CHAPTER IV - AUDIT OF TRANSACTIONS | | |
| Fraudulent drawal/Misappropriation/Embezzlement/Losses | 4.1 | |
| HEALTH AND FAMILY WELFARE DEPARTMENT | | |
| Defalcation of Government money | 4.1.1 | 103 |
| HILL AFFAIRS AND SCHOOL EDUCATION DEPARTMENTS | | |
| Misappropriation of Sarva Shiksha Abhiyan funds | 4.1.2 | 104 |
| URBAN DEVELOPMENT DEPARTMENT | | |
| Loss of revenue from advertising due to mismanagement | 4.1.3 | 105 |
| PUBLIC WORKS DEPARTMENT | | |
| Loss due to non-revision of recovery rate of electricity charges | 4.1.4 | 107 |
| PUBLIC WORKS (ROADS) DEPARTMENT | | |
| Doubtful execution of excess quantity | 4.1.5 | 108 |
| Loss due to unnecessary purchase | 4.1.6 | 109 |
| TRANSPORT DEPARTMENT | | |
| Loss due to inefficient fund management | 4.1.7 | 110 |
| FOREST DEPARTMENT | | |
| Doubtful and unauthorised expenditure | 4.1.8 | 111 |
| Infructuous/Wasteful expenditure and Overpayment | 4.2 | |
| ANIMAL RESOURCES DEVELOPMENT DEPARTMENT | | |
| Infructuous expenditure in procurement of piglets | 4.2.1 | 113 |
| CO-OPERATION DEPARTMENT | | |
| Infructuous expenditure on construction of rural godowns | 4.2.2 | 114 |
| FISHERIES DEPARTMENT | | |
| Infructuous expenditure on a Marine Food Park | 4.2.3 | 115 |
| INDUSTRIAL RECONSTRUCTION DEPARTMENT | | |
| Infructuous investment on a closed unit | 4.2.4 | 116 |
| URBAN DEVELOPMENT DEPARTMENT | | |
| Wasteful expenditure | 4.2.5 | 117 |
| Violation of contractual obligations/undue favour to contractors | 4.3 | |
| PUBLIC WORKS (ROADS) DEPARTMENT | | |
| Undue benefit to a contractor | 4.3.1 | 118 |

| | | |
|---|------------|-----|
| Avoidable/Excess/Unfruitful expenditure | 4.4 | |
| CO-OPERATION DEPARTMENT | | |
| Delayed settlement of cash credit account leading to avoidable expenditure | 4.4.1 | 120 |
| Extra expenditure towards payment of interest subsidy | 4.4.2 | 121 |
| HEALTH AND FAMILY WELFARE DEPARTMENT | | |
| Avoidable expenditure in outsourcing the scavenging/cleaning work | 4.4.3 | 122 |
| Avoidable expenditure on excess drawal of power | 4.4.4 | 123 |
| Unfruitful expenditure due to non commissioning of X-ray machines | 4.4.5 | 124 |
| HIGHER EDUCATION DEPARTMENT | | |
| Avoidable expenditure towards payment of compensation and penalty | 4.4.6 | 125 |
| INDUSTRIAL RECONSTRUCTION DEPARTMENT | | |
| Unfruitful expenditure on a closed industrial unit | 4.4.7 | 126 |
| INFORMATION AND CULTURAL AFFAIRS DEPARTMENT | | |
| Excess payment for telecasting advertisements | 4.4.8 | 127 |
| PANCHAYAT & RURAL DEVELOPMENT AND MUNICIPAL AFFAIRS DEPARTMENTS | | |
| Avoidable expenditure towards interest payment | 4.4.9 | 128 |
| PUBLIC WORKS DEPARTMENT | | |
| Avoidable interest liability and blocking of borrowed fund | 4.4.10 | 129 |
| Additional expenditure due to non-compliance with Financial Rules | 4.4.11 | 130 |
| PUBLIC WORKS (ROADS) DEPARTMENT | | |
| Avoidable expenditure due to non observance of IRC guidelines | 4.4.12 | 131 |
| TOURISM DEPARTMENT | | |
| Avoidable expenditure on Income Tax liabilities of a departmental undertaking | 4.4.13 | 132 |
| URBAN DEVELOPMENT DEPARTMENT | | |
| Avoidable expenditure and blocking of fund | 4.4.14 | 133 |
| WOMEN AND CHILD DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT | | |
| Excess expenditure in purchase of medicine kits | 4.4.15 | 134 |
| Regularity issues and other points | 4.5 | |
| FOOD AND SUPPLIES DEPARTMENT | | |
| Shortage of subsidised food grains | 4.5.1 | 136 |

| | | |
|--|-------|-----|
| HEALTH AND FAMILY WELFARE DEPARTMENT | | |
| Consumption of 'Non-Standard' quality drugs by patients | 4.5.2 | 137 |
| HOME (POLICE) DEPARTMENT | | |
| Excess payment towards special pay | 4.5.3 | 138 |
| GENERAL | | |
| Cash management in Government departments | 4.5.4 | 139 |
| Recovery at the instance of Audit in Co-operation Department | 4.5.5 | 140 |
| Lack of response of Government to audit | 4.5.6 | 140 |
| Follow up action on earlier Audit Reports | 4.5.7 | 142 |
| CHAPTER V – INTERNAL CONTROL MECHANISM IN GOVERNMENT DEPARTMENTS | | |
| INTERNAL CONTROL MECHANISM IN TOURISM DEPARTMENT (Tourism Department) | 5.1 | 145 |

APPENDICES

| Serial number | | Page |
|---------------|---|------|
| Appendix 1.1 | Structure and Form of Government Accounts | 161 |
| Appendix 1.2 | Statement showing summarised financial position of the State Government as on 31 March 2008 | 164 |
| Appendix 1.3 | Statement showing abstract of receipts and disbursements for the year 2007-08 | 165 |
| Appendix 1.4 | Statement showing sources and application of funds | 168 |
| Appendix 1.5 | Statement showing time series data on State Government finances | 169 |
| Appendix 1.6 | Statement showing Utilisation Certificates for grants outstanding from departments | 170 |
| Appendix 1.7 | Statement showing Audit Reports not laid before the Legislature | 171 |
| Appendix 1.8 | Statement showing status of audit | 172 |
| Appendix 1.9 | Statement showing arrears in preparation of accounts | 173 |
| Appendix 1.10 | Statement showing unutilised Government Grant as on 31 March 2008 | 174 |
| Appendix 1.11 | Statement showing year-wise and department-wise analysis of cases of misappropriation, losses, etc. awaiting final action at the end of March 2008 | 175 |
| Appendix 1.12 | Statement showing department-wise position of non-preparation of <i>pro forma</i> accounts since inception | 176 |
| Appendix 1.13 | Statement showing department-wise position of arrears in preparation of <i>pro forma</i> accounts | 177 |
| Appendix 1.14 | Statement showing the details of investment and accumulated profit of major Government companies and Statutory corporations as per their latest finalised accounts (till 30 September 2007) | 180 |
| Appendix 2.1 | Statement showing Major Savings | 181 |
| Appendix 2.2 | Statement showing cases where expenditure fell short by more than Rs 1 crore in each case and also in excess of 10 <i>per cent</i> of the total provision | 182 |
| Appendix 2.3 | Statement showing persistent savings in excess of Rs 1 crore in each case and 20 <i>per cent</i> or more of the provisions | 186 |
| Appendix 2.4 | Statement showing cases where supplementary provisions proved unnecessary | 187 |
| Appendix 2.5 | Statement showing cases where supplementary provision obtained proved excessive (saving in each case being more than Rs 10 lakh) | 188 |
| Appendix 2.6 | Statement showing cases where supplementary provision proved insufficient | 189 |
| Appendix 2.7 | Statement showing cases where expenditure exceeded the Budget Provision but no supplementary grant was obtained | 190 |
| Appendix 2.8 | Statement showing injudicious re-appropriation resulting in excess expenditure | 190 |
| Appendix 2.9 | Statement showing injudicious re-appropriation resulting in savings | 191 |

| Serial number | | Page |
|---------------|---|------|
| Appendix 2.10 | Statement showing cases where the whole amount of savings (Rs 1 crore and above) remained un-surrendered | 192 |
| Appendix 2.11 | Statement showing Grants/Appropriations in which large savings (Rs 1 crore and above) had not been surrendered | 194 |
| Appendix 2.12 | Statement showing some major cases where expenditure was incurred without provision | 195 |
| Appendix 2.13 | Statement showing inadequate budgetary control | 196 |
| Appendix 2.14 | Statement showing cases which satisfied the criteria laid down for treatment of New Service/New Instrument of Services but were not treated as such | 197 |
| Appendix 2.15 | Statement showing DDOs operating PLAs and continuing the same over the years | 198 |
| Appendix 2.16 | Statement showing year-wise retention of unspent balances in the PLAs over the years | 199 |
| Appendix 2.17 | Statement showing PLAs remaining inoperative over the years | 200 |
| Appendix 2.18 | Statement showing the discrepancies between PLA cash book and Treasury pass book in respect of closing balances as on 31 March 2008 | 200 |
| Appendix 2.19 | Statement showing trend of increase in the fund balances held in the PLAs of the state over the last few years | 201 |
| Appendix 2.20 | Statement showing DDO-wise drawals of AC bills up to 2007-08 and adjustment awaited there against as of March 2008 | 201 |
| Appendix 3.1 | Statement showing performance of various factory units of five test checked CCHs | 202 |
| Appendix 3.2 | Statement showing parking of funds | 203 |
| Appendix 3.3 | Statement showing diversion of funds | 204 |
| Appendix 3.4 | Statement showing non-submission of utilisation certificate by the Zilla Parishad | 205 |
| Appendix 3.5 | Statement showing the status of the FC, PC and NC habitations during the period 2002-08 | 206 |
| Appendix 3.6 | Statement showing irregularities in execution of Piped Water Supply Schemes | 207 |
| Appendix 3.7 | Statement showing various irregularities in execution of Piped Water Supply Schemes | 208 |
| Appendix 3.8 | Statement showing various irregularities in execution of Piped Water Supply Schemes in North 24 Parganas W/S Division | 209 |
| Appendix 3.9 | Statement showing details of 21 schemes in the test checked divisions which could not be completed due to various bottlenecks | 210 |
| Appendix 3.10 | Statement showing the shortfall in sinking tubewells in schools | 213 |
| Appendix 3.11 | Statement showing the non-utilisation of funds by CCDU/ non-submission of UCs by DWSCs | 214 |

| Serial number | | Page |
|---------------|---|------|
| Appendix 4.1 | Statement showing bill-wise details of mismatch of amounts drawn from Treasury and those entered in the Cash Book of BMOH, Pundibari, Cooch behar | 215 |
| Appendix 4.2 | Statement showing diversion of food grains (BPL Rice/Wheat) from PDS channel during 2006-07 | 216 |
| Appendix 4.3 | Statement showing cases of consumption of non standard drugs | 217 |
| Appendix 4.4 | Statement showing details of cases of Misutilisation of Government cash under various DDOs | 218 |
| Appendix 4.5 | Statement showing year-wise position of Inspection Reports and Paragraphs pending settlement | 221 |
| Appendix 4.6 | Statement showing names of the departments who did not submit Action Taken Notes | 223 |
| Appendix 5.1 | Statement showing the Centrally sponsored projects executed during 2002-08 | 224 |
| | Glossary of Abbreviations | 229 |

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2008.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Departments and departmentally run commercial undertakings.
4. The Report containing the observations arising out of Audit of Statutory Corporations, Boards and Government companies and the Report containing such observations on Revenue Receipts are also presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2007-08 as well as those which had come to notice in the earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2007-2008 have also been included wherever considered necessary.

OVERVIEW

OVERVIEW

This Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of West Bengal for the year 2007-08 and three others comprising five reviews and 36 paragraphs dealing with the results of performance audit of selected programmes and schemes, internal control system as well as audit of the financial transactions of the Government.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. The specific audit methodology adopted for programmes and schemes has been mentioned in the respective reviews. The audit conclusions have been drawn and recommendations made taking into consideration the views of the Government.

A summary of the financial position of the State and the audit findings on the performance of the Government in implementation of certain programmes and schemes as well as internal control mechanism in Tourism Department is given below:

FINANCIAL POSITION OF THE STATE GOVERNMENT

The fiscal position of the State viewed in terms of the key fiscal parameters – revenue, fiscal and primary deficit showed only a marginal improvement in 2007-08 over the previous year. In the absence of FRBM Act which was yet to be enacted by the State, the State Government did not seem to have any statutory binding or commitment to achieve the fiscal targets as recommended by the TFC during its award period. Moreover, due to non-enactment of the fiscal responsibility legislation, the State Government had foregone the relief in interest payments on Government of India loans as well as debt relief and other benefits linked to the fiscal performance of the State during 2005-08.

Revenue expenditure as a percentage of total expenditure hovered around 90 *per cent* during the period 2003-08 leaving inadequate resources for expansion of services and creation of assets as a result of which only 32 *per cent* of fiscal liabilities of the State has asset backup during 2007-08. Overall fiscal liabilities of the State increased from Rs 89388 crore in 2003-04 to Rs 134402 crore in 2007-08. These liabilities stood at 4.46 times the Revenue Receipts and 9.21 times that of the State's own resources as at the end of 2007-08. Moreover, within the revenue expenditure, four components – salary expenditure, pension liabilities, interest payments and subsidies constitute about 90 *per cent* of the non-plan revenue expenditure during 2007-08. The continued prevalence of revenue, fiscal and primary deficits indicates the increasing fiscal liabilities accompanied with negligible rate of return on Government investments and inadequate interest cost recovery on loans and advances might lead to an unsustainable debt situation unless measures are initiated to compress the

Abbreviations used in this overview have been listed in the Glossary (page 229)

non-plan revenue expenditure and to mobilise the additional resources in ensuing years.

Against the total provision of Rs 51337.95 crore including the supplementary budget, the expenditure was Rs 60702.08 crore. The overall excess of Rs 9364.13 crore was the net result of excess of Rs 12145.54 crore in 14 grants and eight appropriations offset by the savings of Rs 2781.41 crore in 54 grants and 29 appropriations. The excess expenditure of Rs 16055.11 crore required regularisation under Article 205 of the Constitution of India.

Records of 12 DDOs test-checked during 2007-08 disclosed that Rs 122.01 crore was drawn upto 2007-08 through AC Bills including Rs 72.04 crore drawn during 2007-08. As against Rs 122.01 crore so drawn in AC Bills, Rs 97.10 crore remained unadjusted as of March 2008.

PERFORMANCE AUDIT

MANAGEMENT OF CORRECTIONAL HOMES

The Correctional Homes are administered under the provisions of the West Bengal Correctional Services Act, 1992 and provide for detention, reformation and rehabilitation of prisoners committed to prison custody. Performance audit of the management of Correctional Homes (CHs) for the period 2003-08 showed that in violation of the provisions of the Act individual bank accounts were not opened for 65 *per cent* of the prisoners of five test-checked CHs. Prisoners' cash aggregating to Rs 1.90 crore was retained in cash chest and in Superintendents' personal ledger accounts, which was often unauthorisedly used to defray the expenses of the CHs. Cases of misappropriation were also noticed in two CHs. There was over-crowding of inmates by 39 *per cent* on an aggregate in 12 CHs while under-trial prisoners constituted 73 to 78 *per cent* of total prisoners. In many cases life convicts were retained even after completion of 14 years of imprisonment. Other prisoners were also not released on parole in disregard to provisions of the Act and the Criminal Procedure Code. There were delays in construction of new CHs/barracks, etc, and out of 460 works taken up during 2002-07, 76 works including construction of four new CHs remained incomplete as of March 2008. Further, staff quarters and barracks constructed between June 2005 and December 2006 at a cost of Rs 1.43 crore remained unutilised as of March 2008. Extra expenditure of Rs 0.67 crore was incurred in eight test-checked CHs due to procurement of medicines at higher prices.

NUTRITIONAL SUPPORT TO PRIMARY EDUCATION

The National Programme of Nutritional Support to Primary Education aimed at boosting universalisation of primary education by improving enrolment, attendance, retention and learning levels of children and simultaneously improving nutritional status of students of primary schools. Performance audit of

the scheme disclosed instances of parking of scheme funds in the personal ledger accounts of District Magistrates, excess expenditure on transportation of rice, extra payment of cooking cost, etc. Even after implementation of the scheme for over a decade, 7321 primary schools in the State were not covered under the scheme while 7.78 lakh eligible children remained out of school as of March 2007. Further, the average attendance rate was found to be between 69 and 79 *per cent* against the target of 85 *per cent* on the basis of which foodgrains were to be distributed and payment of cooking cost was to be made to schools. Out of 16834 primary schools in five test-checked districts, health check-up of students of 3483 schools (21 *per cent*) was conducted and nutritional deficiency was detected in 31706 students while 77142 students were suffering from other diseases. Thus, the scheme objective of improving enrolment, average attendance rate and nutritional status of primary school children remained unachieved.

There was short lifting of 18.32 lakh quintals of rice during 2002-07 due to non-coverage of all the primary schools under Mid Day Meal programme and serving of cooked meals for less than targeted 222 school-days in a year. During January 2003 to July 2006, the Department paid cooking cost to schools on the basis of total enrolment of students in violation of the norm of 85 *per cent* resulting in extra expenditure of Rs 90 crore. Payment of transportation charge to contractors at the flat rate of maximum admissible amount (Rs 50/Rs 75 per quintal) irrespective of the distance covered resulted in an extra expenditure of Rs 1.58 crore during 2002-07. There was no action plan for management, monitoring and evaluation of the scheme. In absence of the same, proper monitoring and evaluation was not being done to assess the impact of implementation of the scheme.

ACCELERATED RURAL WATER SUPPLY PROGRAMME

The objective of the Accelerated Rural Water Supply Programme (ARWSP) was to provide safe and adequate drinking water facilities to all the rural population by 2009. A review ARWSP in audit reveals that the implementation of the ARWSP suffered from several drawbacks and in spite of availability of funds, thousands of rural habitations and schools remained without adequate drinking water. The Annual Action Plans were not drawn up properly. Poor financial management led to delay in release of funds to the implementing agencies, savings, inadmissible expenditure and diversion of funds. Despite an investment of Rs 1543.84 crore since 2002-03, 5535 habitations did not have any source of drinking water and over 12000 habitations suffered due to unacceptable water quality, including arsenic and fluoride contamination. Periodic testing and monitoring of quality of water sources was not done. A large number of ongoing schemes remained incomplete due to lack of initiative and proper planning. Similarly, the implementation of Swajaldhara Schemes was marred by lack of financial control, maintenance of records, audit of accounts and non adherence to norms. Cases of non-submission of utilisation certificates were rampant. Provision of ground water recharge had not been made compulsory to prevent over-exploitation of ground water.

MANAGEMENT OF BIO-MEDICAL AND PLASTIC WASTE

To control the health and environmental hazards due to Bio-Medical Waste (BMW) and Plastic Waste, Government of India notified the Bio-Medical Waste (Management and Handling) Rules, 1998, (BMW Rules) and Recycled Plastics Manufacture and Usage Rules in 1999 (Plastic Rules). West Bengal Pollution Control Board (WBPCB) was responsible for enforcement of the rules. The Environment and Health and Family Welfare departments (H&FWD) were to provide infrastructural support.

The BMW Rules were not implemented due to lack of infrastructure, awareness, and initiative on the part of the local authorities as well as the Department. Sixty *per cent* of Health Care Units (HCUs) of the state were running without waste treatment facility (WTF). WBPCB inspected only 23 *per cent* of HCUs in the state during 2002-07 for checking compliance to rules. H&FWD procured 16 WTF for management of BMW, of which five remained inoperative since installation. In North Bengal no common WTF was set up. Cases of improper segregation of BMW, non-clearance of untreated BMW from hospitals within 48 hours, pilferage/sale of used and untreated saline I.V. fluid bottles, burning of contaminated linen articles in hospital campus, etc. were also observed.

Despite restriction imposed on use of plastic carry bags in different areas, the orders were not implemented in a meaningful manner. Municipalities and Government agencies were very much reluctant to implement different orders regarding control and use of plastic carry bags and such apathy had a serious consequence upon the plastic waste management of the state.

INTERNAL CONTROL MECHANISM IN TOURISM DEPARTMENT

Evaluation of internal control mechanism in Tourism Department revealed deficiencies in budgetary, expenditure, administrative and operational controls. Deficient budgetary and expenditure control resulted in incurring of expenditure without budget provision, release of substantial funds at the close of the financial year, irregular appropriation of Government revenue, delay in depositing the departmental receipts into Government account and non-recovery of loans, interest and unutilised grants from the executing agencies of the tourism promotion projects. There was no mechanism to monitor the utilisation of funds released by the Department to the implementing agencies for execution of various tourism development schemes and to watch the physical progress of such projects. In the absence of adequate monitoring and supervision over the functioning of the executing agencies of the projects, out of Rs 60.64 crore paid by the Department to West Bengal Tourism Development Corporation Limited for 112 State schemes for promotion of tourism, 42 schemes for Rs 9.47 crore were not started at all while Rs 41.64 crore remained unutilised as of March 2008. Similarly, out of Central assistance of Rs 65.70 crore received during 2002-08 for execution of 30 Centrally Sponsored projects costing Rs 86.29 crore, Rs 50.97 crore remained

unutilised as of March 2008, Out of 30 projects, only two were completed, 15 remained incomplete for over two to five years and 13 were not started as of March 2008. Further, tourism infrastructure created between May 2002 and June 2007 at a cost of Rs 3.77 crore remained unutilised as of March 2008 due to non-availability of required facilities. There was no control exercised by the Department in the functioning of Government tourist lodges. Out of 43 Government tourist lodges, ten remained inoperative as these were not commercially viable and two lodges were not put into operation since their construction.

AUDIT OF TRANSACTION

Audit of financial transactions, subjected to test-check of various departments of the Government and their field functionaries, showed instances of losses, excess payment, unfruitful expenditure of about Rs 87.64 crore as mentioned below:

There were cases of defalcation of Government money of Rs 0.22 crore and misappropriation of Sarva Siksha Abhiyan funds amounting to Rs 5.15 crore. Besides, there were losses sustained by Urban Development (Rs 0.70 crore), Public Works (Rs 0.54 crore), Public Works (Roads) (Rs 0.78 crore) and Transport (Rs 0.49 crore). Besides, irregular expenditure of Rs 0.50 crore was observed under Forest Department.

Instances of infructuous/wasteful expenditure and overpayment of Rs 11.53 crore were noticed in Co-operation (Rs 3.03 crore), Fisheries (Rs 6.86 crore), Urban Development (Rs 0.71 crore), Industrial Reconstruction (Rs 0.62 crore) and Animal Resources Development (Rs 0.31 crore) Departments.

Undue financial benefits worth Rs 0.58 crore was extended to a contractor by Public Works (Roads) Department.

Expenditures aggregating Rs 62.95 crore incurred by Co-operation (Rs 34.34 crore), Health and Family Welfare (Rs 3.42 crore), Tourism (Rs 4.61 crore), Higher Education (Rs 12 crore), Industrial Reconstruction (Rs 1.50 crore), Information and Cultural Affairs (Rs 1.46 crore), Panchayat and Rural Development/Municipal Affairs (Rs 1.11 crore), Women and Child Development and Social Welfare (Rs 0.45 crore), Public Works (Rs 1.17 crore), Public Works (Roads) (Rs 1.25 crore) and Urban Development (Rs 1.64 crore) Departments proved either excess or avoidable.

Non-adherence of Government rules and orders and laxity on the part of the Government functionaries led to shortage of subsidised food grains worth Rs 0.90 crore meant for Public Distribution System, consumption of non-standard drugs worth Rs 0.39 crore by patients, excess payment of Special Pay of Rs 0.60 crore and shortage of undischursed Government cash of Rs 2.31 crore.

Some of these audit observations are mentioned below:

Failure on the part of the Block Medical Officer of Health, Pundibari, Coochbehar in exercising prescribed checks in preparation, presentation and realisation of the bills resulted in defalcation of Government money of Rs 22.14 lakh through non-entry/short-entry of drawals from treasury in the Cash Book.

(Paragraph 4.1.1)

Sarva Siksha Abhiyan (SSA) funds amounting to Rs 5.15 crore earmarked for construction of new schools in Darjeeling district were misappropriated by the then Education Secretary and Council Project Officer, SSA Cell, Darjeeling Gorkha Hill Council between December 2004 and March 2005 in collusion with bank officials.

(Paragraph 4.1.2)

Non-utilisation of first instalments of loans received from National Co-operative Development Corporation for construction of 258 rural agricultural godowns within the stipulated time frame led to non-release of the second instalments. As a result, the works had to be abandoned rendering Government assistance of Rs 3.03 crore infructuous.

(Paragraph 4.2.2)

One Marine Food Park, constructed at a cost of Rs 6.86 crore at Shankarpur, Purba Medinipur, was inaugurated in January 2006. The Food Park, however, remained abandoned owing to reluctance on the part of the fish traders to shift from a nearby private fish market, rendering the construction cost infructuous.

(Paragraph 4.2.3)

The Kolkata Metropolitan Development Authority took up renovation of a road belonging to Irrigation & Waterways Department without consulting the latter. The road got completely damaged during the desiltation of the adjacent canal due to dumping and scraping of the excavated material rendering expenditure of Rs 71 lakh incurred on road renovation wasteful.

(Paragraph 4.2.5)

Reluctance on the part of the West Bengal State Co-operative Marketing Federation Limited in clearing its own liabilities relating to one inoperative cash credit facility availed by it from a bank, coupled with prolonged inaction on the part of the Co-operation Department as guarantor for ensuring settlement of the same, led the liability to accumulate for years together. It ultimately led to an avoidable expenditure of Rs 33.82 crore out of the State exchequer.

(Paragraph 4.4.1)

Negligence of a departmental undertaking in complying with the statutory requirements coupled with lack of timely initiative on the part of the Tourism Department to ensure settlement of income tax liabilities of the undertaking led to avoidable expenditure of Rs 4.61 crore towards clearing of dues.

(Paragraph 4.4.13)

CHAPTER I

CHAPTER I

Finances of the State Government

1.1 Introduction

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account (*Appendix 1.1-Part A*). The Finance Accounts of the Government of West Bengal are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Accounts of the State of West Bengal. The layout of the Finance Accounts is depicted in *Appendix 1.1-Part B*.

1.1.1 Summary of Receipts and Disbursements

Table-1 summarises the finances of the Government of West Bengal for the year 2007-08 covering revenue receipts and expenditure, capital receipts and expenditure and public accounts receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table-1: Summary of receipts and disbursements for the year 2007-08

(Rupees in crore)

| 2006-07 | Receipts | 2007-08 | 2006-07 | Disbursements | 2007-08 | | |
|---------------------------|-----------------------------------|----------|----------|---------------------------------|----------|----------|----------|
| | | | | | Non-Plan | Plan | Total |
| Section-A: Revenue | | | | | | | |
| 25828.32 | Revenue Receipts | 30167.38 | 34161.27 | Revenue expenditure | 31562.85 | 6751.57 | 38314.42 |
| 11694.77 | Tax Revenue | 13126.34 | 17901.30 | General services | 18794.27 | 72.31 | 18866.58 |
| 1248.77 | Non-Tax Revenue | 1473.09 | 11379.98 | Social Services | 9409.30 | 4053.70 | 13463.00 |
| 8505.60 | Share of Union Taxes and Duties | 10729.06 | 4503.93 | Economic Services | 2947.45 | 2606.36 | 5553.81 |
| 4379.18 | Grants from Government of India | 4838.89 | 376.06 | Grants-in-aid and Contributions | 411.83 | 19.20 | 431.03 |
| Section-B: Capital | | | | | | | |
| | Misc. Capital Receipts | | 2018.23 | Capital Outlay | 19.25 | 2668.48 | 2687.73 |
| 237.90 | Recoveries of Loans and Advances | 496.64 | 1317.26 | Loans and Advances disbursed | 46.98 | 1015.14 | 1062.12 |
| 11032.36 | Public debt receipts ¹ | 15332.62 | 3706.38 | Repayment of Public Debt | 4579.80 | - | 4579.80 |
| 1.74 | Contingency Fund | 7.16 | 6.98 | Contingency Fund | 7.28 | - | 7.28 |
| 35408.25 | Public account receipts | 50942.07 | 33185.41 | Public account disbursements | 49076.77 | - | 49076.77 |
| 4763.99 | Opening Cash Balance | 2877.03 | 2877.03 | Closing cash balance | 4094.78 | - | 4094.78 |
| 77272.56 | Total | 99822.90 | 77272.56 | Total | 89387.71 | 10435.19 | 99822.90 |

Analysis of the Table 1 discloses the following:

Revenue receipts increased by Rs 4339 crore during 2007-08 from the level of Rs 25828.32 crore in 2006-07 registering a growth of nearly 17 per cent. The increase was accountable to increase in Tax Revenue (Rs 1431.57 crore); Non-tax Revenue (Rs 224.32 crore) and share of Union Taxes and Duties (Rs 2223.46 crore) and receipts under grants from GOI (Rs 459.71 crore);

¹ Excluding Ways and Means Advances and Overdraft

- Revenue expenditure during 2007-08 was Rs 38314.42 crore against Rs 34161.27 crore in 2006-07 registering an increase of Rs 4153.15 crore (12 *per cent*) over the previous year;
- During 2007-08 Capital outlay increased by 33 *per cent* (Rs 669.50 crore) over that of previous year which was mainly attributable to increase in expenditure under Water Supply, Sanitation, Housing and Urban Development (Rs 317 crore) and energy sector (Rs 194 crore);
- Recovery of Loans and Advances increased by 258.74 crore in 2007-08 while disbursements during the year fell from Rs 1317.26 crore in 2006-07 to Rs 1062.12 crore in 2007-08;
- Both receipts and repayments under the Public Debt increased by Rs 4300.26 crore and Rs 873.42 crore respectively;
- Other significant points noticed were increase in Public Account Receipts to the extent of Rs 15533.82 crore;
- Public Account disbursement was Rs 49076.77 crore in 2007-08 against Rs 33185.41 crore in 2006-07;
- Closing cash balance as on 31 March 2008 was 42 *per cent* higher than that of last year.

1.1.2 State's Fiscal Position by Key Indicators

The fiscal position of the State Government as reflected by the key fiscal indicators during the current year as compared to the previous year is given in Table 2:

Table 2

| 2006-07 (Rupees in crore) | Sl No. | Major Aggregates | 2007-08 (Rupees in crore) |
|------------------------------|-----------|---|------------------------------|
| 25828.32 | 1 | Revenue Receipts (2+3+4) | 30167.38 |
| 11694.77 | 2 | Tax Revenue (Net) | 13126.34 |
| 1248.77 | 3 | Non-Tax Revenue | 1473.09 |
| 12884.78 | 4 | Other Receipts | 15567.95 |
| 237.90 | 5 | Non-Debt Capital Receipts | 496.64 |
| 237.90 | 6 | Of which Recovery of Loans | 496.64 |
| 26066.22 | 7 | Total Receipts (1+5) | 30664.02 |
| 29454.00 | 8 | Non-Plan Expenditure | 31629.08 |
| 29359.45 | 9 | On Revenue Accounts | 31562.85 |
| 11178.88 | 10 | Of which, Interest Payments | 11593.56 |
| 8.64 | 11 | On Capital Accounts | 19.25 |
| 85.91 | 12 | On Loans disbursed | 46.98 |
| 8042.76 | 13 | Plan Expenditure (14+15+16) | 10435.19 |
| 4801.82 | 14 | On Revenue Account | 6751.57 |
| 2009.59 | 15 | On Capital Account | 2668.48 |
| 1231.35 | 16 | On Loans disbursed | 1015.14 |
| 37496.76 | 17 | Total Expenditure (13+8) | 42064.27 |
| (-) 8332.95 | 18 | Revenue Deficit (1- (9+14)) | (-) 8147.04 |
| (-) 11430.54 | 19 | Fiscal Deficit ((1+5) - 17) | (-) 11400.25 |
| (-) 251.66 | 20 | Primary Deficit ((1+ 5) - (17- 10)) / Surplus (+) | (+) 193.31 |

During 2007-08, while revenue receipts increased by 17 *per cent* (Rs 4339 crore) over 2006-07, revenue expenditure rose by nearly 12 *per cent* (Rs 4153 crore) resulting in marginal decrease of Rs 186 crore in revenue deficit during the current year. Given the decrease of Rs 186 crore in revenue deficit along with an increase of Rs 259 crore in non-debt capital receipts, an

increase of Rs 670 crore in capital expenditure accompanied with a decrease of Rs 255 crore in disbursement of loans and advances disbursed resulted in decline of Rs 30 crore in fiscal deficit over the previous year. Further, increase of Rs 415 crore in interest payments resulted in a primary surplus of Rs 193 crore during 2007-08 as against primary deficit of Rs 252 crore in 2006-07.

1.2 Methodology adopted for the assessment of fiscal position

The trends in the major fiscal aggregates of receipts and expenditure as emerged from the Statements of Finance Accounts are analysed wherever necessary over the period of last five years and observations are made on their behaviour. In its Restructuring Plan of State finances, Twelfth Finance Commission (TFC) recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, TFC also recommended that all States are required to enact the Fiscal Responsibility Acts which was not enacted in the State till date. The norms/ceilings prescribed by the TFC as well as its projections for fiscal aggregates are used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that Gross State Domestic Product (GSDP) is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure etc, with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The qualitative assessment of the trends and pattern of various fiscal variables would depend on the quality and correctness of the GSDP estimates. The trends in growth of GSDP² for last five years are presented in table below:

Table 3: Trends in Growth of GSDP

| Estimates | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|-----------------------------------|-----------|-----------|---------------|---------------|---------------|
| GSDP (Rupees in crore) | 172540.17 | 188997.67 | 212453.07 (P) | 246611.36 (Q) | 279781.21 (A) |
| Rate of Growth of GSDP (per cent) | 12.35 | 9.54 | 12.41 | 16.08 | 13.45 |

Source: Bureau of Applied Economics and Statistics, Development and Planning Department, Government of West Bengal

P Provisional; Q Quick; A Advance

The key fiscal aggregates for the purpose are grouped under four major heads: (i) Resources by Volume and Sources, (ii) Application of Resources, (iii) Assets and Liabilities, and (iv) Management of Deficits (*Appendices 1.2 to 1.5*). The overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. The definitions of some of the selected terms used in assessing the trends and patterns of fiscal aggregates are given in *Appendix 1.1 Part C*.

² The new GSDP series with 1999-2000 as base as published by the Bureau of Applied Economics and Statistics, Development and Planning Department, Government of West Bengal have been used in estimating these percentages and buoyancy ratios.

1.2.1 Impact of non-enactment of the FRBM Act

With enactment of a Fiscal Responsibility and Management Act (FRBM Act) in 2003 at the Centre, the TFC was mandated not only to recommend on the distribution of the divisible pool of net proceeds of taxes between the Union and the States and the allocation between the States of such proceeds, but also to suggest a plan by which the Governments collectively and severally may bring about a restructuring of public finances, restoring budgetary balances, achieving macro-economic stability and debt restructuring along with equitable growth. While formulating approach to debt relief, the TFC recommended that each State must enact a fiscal responsibility legislation prescribing specific annual targets with a view to eliminating the revenue deficit by 2008-09 and reducing fiscal deficit based on a path for reduction of borrowings and guarantees. Enacting the fiscal responsibility legislation will be a necessary pre-condition for availing of debt relief. In West Bengal, however, FRBM Act has not yet been enacted.

It was recommended that the Central Loans to States contracted till 31 March 2004 and outstanding as on 31 March 2005 (amounting to Rs 128795 crore of which West Bengal's share was Rs 9700.29 crore) may be consolidated and re-scheduled for a fresh term of 20 years resulting in repayment of 20 equal instalments and an interest of 7.5 *per cent* per annum be charged on them. Out of the outstanding balances of Rs 9700.29 crore of Central Loan, before consolidation and re-schedulement total repayment due during 2005-10 amounted to Rs 3612.55 crore (i.e. an annual instalment of Rs 722.51 crore). The same would come down to Rs 2425.07 crore (i.e. Rs 485.01 crore annually) after re-schedulement. The relief that would be admissible year-wise towards interest payment during 2005-10 was calculated by the TFC as under:

| Year | Amount of interest (Rupees in crore) |
|---------|--------------------------------------|
| 2005-06 | 398.77 |
| 2006-07 | 356.52 |
| 2007-08 | 309.18 |
| 2008-09 | 256.74 |
| 2009-10 | 226.60 |

Scrutiny showed that relief of Rs 237.50 crore (Rs 722.51 crore—Rs 485.01 crore) towards annual instalment and Rs 309.18 crore towards interest payment on Central Loans during 2007-08 could not be availed of by the State due to non-enactment of the FRBM Act.

Thus, the State could not avail of relief to the tune of Rs 546.68 crore (Rs 237.50 crore *plus* Rs 309.18 crore) due to non-enactment of the legislation.

1.2.2 Non-availability of TFC grants due to non-fulfilment of conditionalities

Scrutiny of records of the Finance Department in respect of receipt of TFC grants disclosed (August 2008) that the State Government could not avail of grants-in-aid of Rs 403.16 crore during 2005-08 owing to non-fulfilment of conditionalities for such grants or instalments thereof.

Conditionalities fixed by the TFC for release of second instalment of grants. Budget Estimates (BE) under Non-Plan Revenue Expenditure of relevant head should not be less than the projected “total NPPE” for 2007-08. The BE of Education Sector (major head: 2202) for 2007-08 under NPPE was Rs 5588.69 crore against the projected “total NPPE” (Rs 6107.92 crore) for 2007-08 which resulted in deprival of the second instalment (Rs 38.87 crore) of TFC grant.

Similarly, the BE of Maintenance of Public Buildings Sector (major heads: 2059 and 2216) for 2007-08 under NPPE was Rs 376.98 crore against the projected “total NPPE” (Rs 380.25 crore) for 2007-08. As a result, the second instalment of Rs 22.65 crore for 2007-08 under this sector was not received.

Under the State Specific Needs sectors a total amount of Rs 890 crore (Arsenic contamination of ground water: Rs 600 crore; Problems relating to erosion of Ganga-Padma river in Malda and Murshidabad districts: Rs 190 crore; and Development of Sundarban Region: Rs 100 crore) was recommended by TFC for 2005-10 as grants-in-aid for West Bengal (Rs 445 crore for 2005-08). The grant was to be released by GOI on the basis of demands for each project as assessed by one State High Level Committee (HLC).

Scrutiny disclosed that under the ‘State Specific Needs’ Sector the requirement of funds was accorded by High Level Committee (August 2006 to October 2007: Rs 380.65 crore and December 2007: Rs 12.79 crore). However, Action Plan of Rs 380.65 crore was communicated to Government of India only in November 2007. Nothing was on record to indicate whether the Action Plan of Rs 12.79 crore was at all communicated to Government of India. Against that requirement, GOI released only Rs 178.90 crore (2006-07: Nil and 2007-08: Rs 178.90 crore). State Government was thus deprived of Grants-in-aid of Rs 89.64 crore for 2006-07. There was also shortfall in receipt of Grants-in-aid of Rs 124.90 crore (Rs 303.80 crore – Rs 178.90 crore) during 2007-08.

For augmenting the Consolidated Fund of the States for supplementing the resources of Rural and Urban Local Bodies, the TFC recommended grants for local bodies (Panchayati Raj Institutions : Rs 1271 crore and Urban Local Bodies : Rs 393 crore) for the years 2005-10. The guidelines issued (June 2005) by Government of India emphasised that the State Government, for being eligible to receive grants on account of PRIs, should submit details about allocation of funds and give priority to schemes of Water Supply and Sanitation to be executed by the PRIs. Besides, Ministry of Panchayati Raj, Government of India stressed (June 2008) on submission of utilisation certificate, in respect of earlier instalment of grants, for being eligible to receive the second instalment of grants for 2007-08.

Scrutiny revealed that against grants of Rs 762.60 crore due for PRIs during 2005-08, Rs 635.50 crore were received as of March 2008. Against the same, position of overall utilisation certificate stood at Rs 386.61 crore (61 *per cent*) and grants utilised under O&M costs of Water Supply and Sanitation was Rs 49.51 crore (13 *per cent*) as of January 2008. Further position of allocation

of funds was not made available to GOI. As a result, Rs 127.10 crore being the second instalment for 2007-08 was not received by the State Government.

1.3 Trends and composition of aggregate receipts

The aggregate receipts of State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks) and loans and advances from GOI as well as accruals from Public Account. **Table 4** shows that the total receipts of the State Government for the year 2007-08 were Rs 96939 crore. Of these, the revenue receipts were Rs 30167 crore, constituting 31 *per cent* of total receipts. The balance came from capital receipts, borrowings, receipts from Contingency Fund and Public Account (**Appendix 1.3**).

Table 4: Trends in Growth and Composition of Aggregate Receipts

(Rupees in crore)

| Sources of State's Receipts | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|
| I Revenue Receipts | 16608(25) | 19918(30) | 23726(33) | 25828(36) | 30167(31) |
| II Capital Receipts | 20768(31) | 16871(25) | 16137(22) | 11270(15) | 15830(16) |
| Recovery of Loans and Advances | 91 | 747 | 631 | 238 | 497 |
| Public Debt Receipts | 20677 | 16124 | 15506 | 11032 | 15333 |
| Miscellaneous Capital Receipts | - | - | - | - | - |
| III Contingency Fund | - | - | - | - | - |
| IV Public Account Receipts | 29800(44) | 30460(45) | 32184(45) | 35408(49) | 50942(53) |
| a. Small Savings, Provident Fund etc | 1067 | 1142 | 1130 | 1195 | 1258 |
| b. Reserve Fund | 328 | 643 | 1600 | 951 | 1002 |
| c. Deposits and Advances | 12477 | 11446 | 9480 | 9412 | 21333 |
| d. Suspense and Miscellaneous | 14181 | 15364 | 17546 | 20179 | 23697 |
| e. Remittances | 1747 | 1865 | 2428 | 3371 | 3652 |
| Total Receipts | 67176 | 67249 | 72047 | 72506 | 96939 |

* Higher rounding adopted **Percentages of various components are indicated in brackets

Table 4 exhibits that Revenue Receipts during the year 2007-08 increased by 17 *per cent* over the previous year, while the average trend of growth was 15.86 *per cent*. Capital Receipts which was Rs 11270 crore in 2006-07 rose to Rs 15830 crore in 2007-08. Public Account Receipts rose by 44 *per cent* during the year mainly due to increase under Deposits and Advances (Rs 11921 crore) and Suspense and Miscellaneous (Rs 3218 crore).

The Table further indicates that the percentage of Revenue Receipt to Total Receipt showed an increasing trend (25 to 36 *per cent*) during 2003-07, but came down to 31 *per cent* in the current year. On the other hand, share of Capital Receipt, which stood at 31 *per cent* in 2003-04, gradually came down to only 16 *per cent* in 2007-08. The Public Account receipts, however, maintained a steady growth over the years from 44 to 53 *per cent*.

1.3.1 Revenue receipts

Statement-11 of the Finance Accounts detail the Revenue Receipts of the Government. The Revenue Receipts of the State consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from Government of

India. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the GSDP and its buoyancies are indicated in *Table 5*.

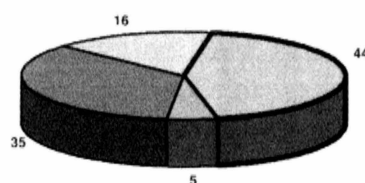
Table 5: Revenue Receipts – Basic Parameters

(Rupees in crore)

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|---|--------------|--------------|--------------|--------------|--------------|
| Revenue Receipts (Rs in crore) | 16608 | 19918 | 23726 | 25828 | 30167 |
| Own taxes (<i>per cent</i>) | 8768(53) | 9924 (50) | 10388(44) | 11695(45) | 13126(44) |
| Non Tax Revenue (<i>per cent</i>) | 606 (4) | 1346 (7) | 1019(4) | 1249(5) | 1473 (5) |
| Central Tax Transfers (<i>per cent</i>) | 5341(32) | 6385(32) | 6668(28) | 8505(33) | 10729(35) |
| Grants-in-aid from GOI (<i>per cent</i>) | 1893(11) | 2263(11) | 5650(24) | 4379(17) | 4839(16) |
| Rate of growth of RR (<i>per cent</i>) | 14.35 | 19.92 | 19.11 | 8.86 | 16.80 |
| Revenue Receipts/GSDP (<i>per cent</i>) | 9.63 | 10.54 | 11.17 | 10.47 | 10.78 |
| Revenue Buoyancy | 1.162 | 2.089 | 1.540 | 0.551 | 1.249 |
| State's own taxes Buoyancy (ratio) | 2.070 | 1.349 | 0.363 | 1.020 | 0.910 |
| Revenue Buoyancy with reference to State's own taxes (ratio) | 0.587 | 1.511 | 4.085 | 0.704 | 1.373 |
| GSDP Growth (<i>per cent</i>) | 12.35 | 9.54 | 12.41 | 16.08 | 13.45 |

**Percentages of various components are indicated in brackets

REVENUE RECEIPTS FOR 2007-2008
(Relative share in percent)



| | |
|-----------------------|-----------------|
| Own Taxes | Non-Tax Revenue |
| Central Tax Transfers | Grants-in-aid |

General Trends

The revenue receipts have shown a progressive increase over the period 2003-08 although its composition (the share of Own taxes, Non-tax revenue and Central transfers) exhibited that share of own taxes has consistently decreased from 53 *per cent* to 44 *per cent* over the period 2003-08 while other components indicated relative stability during the period with inter-year variations. It was observed that the revenue buoyancy of the State was significantly higher than one in those years in which central transfers either in the form of state's share in central pool of taxes and duties or in grants-in-aid registered sharp increases over the previous year. During the current year although rate of growth of GSDP declined from the level of the previous year, revenue buoyancy rose to 1.249 in 2007-08 from the level of 0.551 in 2006-07 on account of increase in both central tax transfers and grants-in-aid during the current year.

Tax Revenue: The Tax Revenue has increased by 12.24 *per cent* during the current year (Rs 13126 crore) over previous year (Rs 11695 crore). The revenue from Sales Taxes contributed major share of tax revenue (61 *per cent*). Land Revenue, State Excise, Stamps and Registration fees, taxes on vehicles remained the other major contributors in the State's tax revenue. **Table 6** below shows the trend of Tax Revenue during 2003-08.

Table 6: Tax Revenue
(Percentages of various components are indicated in brackets)

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|-------------------------|-------------------|----------------|-----------------|-----------------|-----------------|
| | (Rupees in crore) | | | | |
| Land Revenue | 993.26(11) | 1132.55(11) | 917.11(9) | 952.69(8) | 1039.58(8) |
| Stamps and Registration | 794.52(9) | 1006.54(10) | 1177.59(11) | 1258.57(11) | 1416.96(11) |
| State Excise | 619.96(7) | 671.56(7) | 743.46(7) | 817.36(7) | 935.47(7) |
| Sales Tax | 4830.58(55) | 5716.30(58) | 6108.78(59) | 7079.02(61) | 8060.46(61) |
| Taxes on Vehicles | 535.37(6) | 527.66(5) | 537.56(5) | 508.97(4) | 532.07(4) |
| Other Taxes * | 994.22(12) | 869.85(9) | 903.88(9) | 1078.16(9) | 1141.80(9) |
| Total | 8767.91 | 9924.46 | 10388.38 | 11694.77 | 13126.34 |

* Other Taxes: includes taxes on income and expenditure (Rs 292.87 crore), taxes on immovable property other than agricultural land (0.04 crore), taxes on goods and passengers (Rs 1.07 crore), taxes on duties and electricity (Rs 506.69 crore), other taxes on duties and commodities and services (Rs 340.77 crore).

The Table shows no significant variations among relative shares of the major components of the Tax Revenue, though contribution of Sales Tax in Tax Revenue has shown an upward trend (from 55 per cent in 2003-04 to 61 per cent in 2007-08). In fact, the Sales Tax collection shot up by Rs 981.44 crore (13.86 per cent) in 2007-08 over previous year. Collection from Stamps and Registration and State Excise increased by Rs 158.39 crore and Rs 118.11 crore respectively. Imposition of an additional Stamp Duty on high value flat/house, linking Excise Duty to maximum retail price, imposition of VAT on tobacco and tobacco products, installation of weigh bridges at suitable locations to check driving of overloaded vehicles etc. were the reasons for increase in Tax Revenue.

Non Tax Revenue: The Non Tax Revenue (Rs 1473 crore) constituted 5 per cent of total revenue receipts and increased by Rs 224 crore recording a growth of 18 per cent over previous year. Increases were observed mainly under Food Storage and Warehousing (Rs 160.03 crore) and Urban Development (Rs 14.54 crore under Other Urban Development Schemes).

The assessments made by TFC, the Revised Estimates of the State Government for the year 2007-08 and the actual Revenue Receipts of the State are given below:

| | (Rupees in Crore) | | |
|-----------------|-------------------------|---|----------|
| | Assessments made by TFC | Revised Estimates of the State Government | Actuals |
| Tax Revenue | 19851.29 | 13774.21 | 13126.34 |
| Non-Tax Revenue | 2793.37 | 1573.31 | 1473.09 |

The actual Tax Revenue was much lower (by Rs 6724.95 crore) than normative assessments made by TFC and it also fell short of the State's Revised Estimates by Rs 647.87 crore. Non Tax Revenue was also significantly lower than that assessed by TFC and also less than the State's Revised Estimates.

Central Tax Transfers: The Central Tax transfers increased by Rs 2223.46 crore over the previous year and constituted 35 per cent of revenue receipts. The increase was mainly under Corporation Tax (Rs 750.46 crore), Customs Duties (Rs 369.02 crore), Service Tax (Rs 255.35 crore) and Taxes on Income other than Corporation Tax (Rs 673.42 crore).

Grants-in-aid: The Grants-in aid from GOI increased by Rs 460 crore from Rs 4379 crore in 2006-07 to Rs 4839 crore in the current year. Grants for State Plan schemes and Central Plan schemes increased by Rs 685.03 crore and Rs 295.10 crore respectively and was counter-balanced by less receipt under Non-Plan grants (Rs 520.42 crore). Details of Grants-in-aid from GOI are given in Table 7.

Table No 7: Grants-in-aid from GOI

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--|-------------------|----------------|----------------|----------------|----------------|
| | (Rupees in crore) | | | | |
| Grants for State plan schemes | 826.65 | 1239.82 | 1462.07 | 1735.87 | 2420.90 |
| Non Plan grants | 382.12 | 466.21 | 3042.84 | 1492.32 | 971.90 |
| Grants for Central Plan Schemes | 49.05 | 73.60 | 64.57 | 51.23 | 70.30 |
| Grants for Central and Centrally Sponsored Schemes | 635.28 | 483.55 | 1080.89 | 1099.76 | 1375.79 |
| Total | 1893.10 | 2263.18 | 5650.37 | 4379.18 | 4838.89 |
| Percentage of increase/decrease over previous year | (-) 15.41 | 19.55 | 149.67 | (-) 22.50 | 10.50 |

The steep fall in Non-Plan grants was attributable to non-receipt of grants to cover deficit on revenue account (Rs 605.82 crore was paid on that count in 2006-07). Under the State Plan schemes, increase in Grants in aid was noticed under Additional Central Assistance in respect of externally aided projects (Rs 144 crore), Accelerated Power Development Reforms Programme (Rs 109 crore), Grants for normal Central Assistance under State Plan Schemes (Rs 58 crore), Border Area Development Programme (Rs 44 crore) and Special Central Assistance under Backward Region Grant Fund (Rs 205 crore).

On the other hand, grants under Centrally Sponsored scheme increased mainly under Integrated Child Development Scheme (Rs 149 crore), National Programme for Nutritional Support to Primary Education (Rs 77 crore), Rural Family Welfare Programme (Rs 43 crore) and Arsenic Pollution Control of Water (Rs 53 crore).

1.4 Application of resources

1.4.1 Growth of Expenditure

Statement 12 of the Finance Accounts depicted the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services as well as to extend the network of these services and to discharge their debt service obligations. Total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in Table-8.

Table 8: Total Expenditure- Basic Parameters

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--|---------|---------|---------|---------|---------|
| Total Expenditure* (TE) (Rupees in crore) | 29569 | 31317 | 33958 | 37496 | 42064 |
| Rate of Growth (per cent) | 16.84 | 5.91 | 8.44 | 10.42 | 12.18 |
| TE/GSDP Ratio (per cent) | 17.14 | 16.57 | 15.98 | 15.20 | 15.03 |
| RR/TE Ratio (per cent) | 56.17 | 63.60 | 69.86 | 68.88 | 71.72 |
| Buoyancy of total expenditure with reference to | | | | | |
| GSDP | 1.364 | 0.620 | 0.680 | 0.648 | 0.906 |
| RR (ratio) | 1.173 | 0.297 | 0.441 | 1.175 | 0.725 |

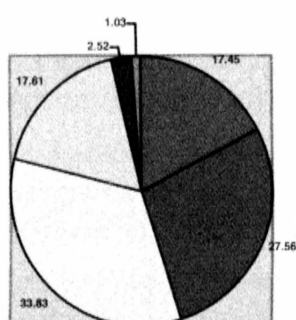
Total expenditure includes revenue expenditure, capital expenditure and loans and advances

Table 8 reveals that total expenditure which was Rs 29569 crore in 2003-04 rose to Rs 42064 crore in 2007-08 at an average growth rate of 9.99 *per cent*. The composition of the total expenditure during 2007-08 indicates that the Non Plan Expenditure shared 75 *per cent* (Rs 31629 crore) while the Plan Expenditure constituted remaining 25 *per cent* (Rs 10435 crore). The further break-up of the total-expenditure incurred during 2007-08 under various heads of revenue and capital accounts reveals that the revenue expenditure shared the bulk of the expenditure of the State (91.1 *per cent*: Rs 38314 crore) while the shares of capital expenditure and loans and advances disbursed were only 6.4 *per cent* (Rs 2688 crore) and 2.5 *per cent* (Rs 1062 crore).

Trends in total Expenditure by Activities: In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Relative shares of these components in total expenditure are indicated in **Table-9**.

Table 9: Components of Expenditure –Relative Share (in *per cent*)

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|---|---------|---------|---------|---------|---------|
| General Services (excluding Interest Payments) | 17.18 | 19.05 | 18.87 | 18.14 | 17.45 |
| Interest payments | 31.63 | 31.19 | 29.36 | 29.81 | 27.56 |
| Social Services | 27.65 | 28.03 | 29.79 | 31.36 | 33.83 |
| Economic Services | 12.33 | 16.66 | 17.50 | 16.17 | 17.61 |
| Grants-in-aid | 0.87 | 0.80 | 0.98 | 1.01 | 1.03 |
| Loans and Advances | 10.34 | 4.27 | 3.50 | 3.51 | 2.52 |



Components of Expenditure

- General Services (Excluding interest payments)
- Interest Payments
- Social Services
- Economic Services
- Loans and Advances
- Grants-in-Aid

The movements of the relative share of these components indicate no significant change over previous year. Expenditure on general services (including interest payments) considered as non-developmental, accounted for 45 *per cent* of total expenditure in 2007-08, as against 48 *per cent* in 2006-07. On the other hand, Social services and Economic services taken together (Developmental expenditure), however, steadily increased from 40 *per cent* in 2003-04 to 51 *per cent* in 2007-08.

1.4.2 Incidence of Revenue expenditure

Revenue expenditure is incurred to maintain the current level of services and payment, past obligations and as such does not result in any addition to the State infrastructure and service network. The overall revenue expenditure, its

rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in Table-10.

Table 10: Revenue Expenditure- Basic Parameters (Rupees in crore)

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|---|---------|---------|---------|---------|---------|
| Revenue Expenditure of which | 25757 | 28146 | 31117 | 34161 | 38314 |
| Non-Plan Revenue Expenditure (NPRE) | 23836 | 25511 | 26825 | 29359 | 31563 |
| Plan Revenue Expenditure (PRE) | 1921 | 2635 | 4292 | 4802 | 6751 |
| Rate of Growth (<i>per cent</i>) | | | | | |
| NPRE | 11.50 | 7.03 | 5.15 | 9.44 | 7.51 |
| PRE | 7.68 | 37.17 | 62.88 | 11.88 | 40.59 |
| RE/TE (<i>per cent</i>) | 87.11 | 89.87 | 91.63 | 91.11 | 91.09 |
| NPRE as <i>per cent</i> of TE | 80.61 | 81.46 | 78.99 | 78.30 | 75.04 |
| NPRE as <i>per cent</i> of RR | 143.52 | 128.08 | 113.06 | 113.67 | 104.63 |
| Buoyancy of Revenue Expenditure with | | | | | |
| GSDP (ratio) | 0.91 | 0.97 | 0.85 | 0.61 | 0.90 |
| Revenue Receipts (ratio) | 0.78 | 0.47 | 0.55 | 1.10 | 0.72 |

Revenue expenditure not only continued to have the predominant share in the total expenditure hovering around 90 *per cent* during the period 2003-08 but it consistently increased from Rs 25757 crore in 2003-04 to Rs 38314 crore in 2007-08 at an average annual rate of growth of 10.4 *per cent* during the period. Of the total Revenue Expenditure, the Non-Plan Revenue Expenditure continued to share its major proportion which was 82 *per cent* (Rs 31563 crore) during 2007-08 while Plan Revenue Expenditure constituted only 18 *per cent* (Rs 6751 crore). The Non-Plan Revenue Expenditure of Rs 31563 crore during the current year was higher than the normative projections of TFC (Rs 29954 crore), but could be contained marginally below the Revised Estimates of the Government (Rs 32235 crore).

The Non-Plan Revenue Expenditure not only shared bulk of the revenue expenditure of the State but it consistently increased during the period 2003-08. During the current year it increased by Rs 2204 crore from the level of Rs 29359 crore in 2006-07 mainly due to increase under Interest Payments (Rs 414 crore); Health and Family Welfare (Rs 132 crore); Education, Sports, Art and Culture (Rs 665 crore); Agriculture and Allied Activities (Rs 64 crore); Welfare of SC, ST and OBC (Rs 42 crore); Rural Development (Rs 40 crore); Social Welfare and Nutrition (Rs 359 crore); Special Areas Programme (Rs 22 crore), etc. Some of the schemes which registered substantial increase under NPRE were Assistance to non Government Secondary Schools (Rs 317 crore), Primary Schools (Rs 166 crore), Universities (Rs 45 crore), Colleges and Institutes (Rs 40 crore), Gratuitous Relief for Flood and Cyclone etc. (Rs 90 crore), Other Programmes under Social Welfare and Nutritional Support (Rs 315 crore).

Plan Revenue Expenditure, though increased consistently during the period 2003-08, exhibited inter-year fluctuations. During the current year, it increased by Rs 1949 crore from the level of Rs 4802 crore in 2006-07. The increase was observed mainly under Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Boards under State Capital Development Schemes (Rs 228 crore) and Other Urban Development Schemes (Rs 240 crore), Other State Plan Expenditure under Other Rural Development Programme (Rs 185 crore), Special Component Plan for SC under Integrated Rural Development (Rs 133 crore), National Rural Employment Generation

Programme State Plan (Rs 72 crore) etc. Besides, Health and Family Welfare (Rs 31 crore); Education, Sports, Art and Culture (Rs 136 crore); Social Welfare and Nutrition, (Rs 311 crore); Agriculture and Allied Activities (Rs 224 crore); Transport (Rs 109 crore), etc. also registered substantial increase in Plan Revenue Expenditure.

The Buoyancy of Revenue Expenditure with GSDP, which showed a declining trend during the period 2004-07, rose in the current year. On the other hand, the buoyancy with revenue receipts, however, exhibited inter-year fluctuations and became lower in the current year as compared to previous year.

1.4.3 Committed Expenditure

Expenditure on Salaries and Wages

The trends of expenditure on salaries both under plan and non-plan heads are presented in the Table 11 below:

Table 11: Expenditure on Salaries

| Heads | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--|------------------------------|---------|----------|----------|----------|
| | (R u p e e s i n c r o r e) | | | | |
| Expenditure on Salaries & Wages of which | 9453.39 | 9801.81 | 10160.98 | 10875.73 | 12205.04 |
| Non-Plan Head | 9090.18 | 9425.97 | 9754.36 | 10350.45 | 11617.64 |
| Plan Head | 363.21 | 375.84 | 406.62 | 525.28 | 587.40 |
| As percentage of GSDP | 5.48 | 5.19 | 4.78 | 4.41 | 4.36 |
| As percentage of Revenue Receipts | 56.91 | 49.21 | 42.83 | 42.11 | 40.46 |

The expenditure on salaries and wages presented in Table 11 indicates increasing trend during the period 2003-08 and in 2007-08 it was Rs 12205 crore against Rs 10867 crore in 2006-07. During the current year, expenditure on salaries and wages increased by 12 per cent. The salary both under Plan and Non Plan heads registered growth at 12 per cent during 2007-08. TFC recommended that States should follow recruitment and wage policy in a manner such that the total salary bill relative to revenue expenditure, net of interest payments and pensions does not exceed 35 per cent, however, it was 54 per cent during 2007-08, i.e. much above the norm prescribed by TFC.

Pension Payments

Table 12: Expenditure on Pensions

| Heads | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|-------------------------|------------------------------|---------|---------|---------|---------|
| | (R u p e e s i n c r o r e) | | | | |
| Expenditure on Pensions | 2610.61 | 3335.85 | 3641.50 | 3552.69 | 3995.40 |
| As per cent of GSDP | 1.51 | 1.77 | 1.71 | 1.44 | 1.43 |
| As per cent of RR | 15.72 | 16.75 | 15.35 | 13.76 | 13.24 |

Table 12 reveals that the expenditure on pensions rose from Rs 3552.69 crore in 2006-07 to Rs 3995.40 crore in 2007-08 and was slightly higher from both the TFC assessments (Rs 3878.35 crore) and Revised Estimates of the State Government (Rs 3919.48 crore). The Government has not yet formulated any new pension policy or other effective measures to meet the increasing pension liabilities.

Interest Payments**Table 13: Interest Payments**

| Year | Revenue Receipts | Interest Payment | Percentage of interest payment with reference to | |
|---------|-------------------|------------------|--|---------------------|
| | (Rupees in crore) | | Revenue Receipts | Revenue Expenditure |
| 2003-04 | 16608 | 9354 | 56 | 36 |
| 2004-05 | 19918 | 9767 | 49 | 35 |
| 2005-06 | 23726 | 9969 | 42 | 32 |
| 2006-07 | 25828 | 11179 | 43 | 33 |
| 2007-08 | 30167 | 11593 | 38 | 30 |

Interest Payments which were Rs 11179 crore in 2006-07 increased by Rs 414 crore during 2007-08 and stood at Rs 11593 crore as against the normative projection of TFC (Rs 10124 crore) as well as the state's own Revised Estimates (Rs 11445.52 crore). Interest payments, which as percentage of revenue receipts were 43 per cent in 2006-07, came down to 38 per cent in 2007-08. Increase in interest payment was mainly due to increase in interest (Rs 505 crore) on Special Securities issued to NSSF of the Central Government by the State Government. The level of Interest Payments relative to Revenue Receipts should have fallen to attain the TFC norm of 15 per cent to be achieved by 2009-10.

Subsidies

Though the finances of the State are under strain, State Government has been paying subsidies to various Corporations, etc. The trends in the subsidies given by the State Government are given in Table-14.

Table-14: Subsidies

| Year | Amount (Rupees) | Percentage increase (+)/ decrease (-) over previous year | Percentage of subsidy in total expenditure |
|---------|-----------------|---|---|
| | In crore) | | |
| 2003-04 | 215.88 | 0.57 | 0.73 |
| 2004-05 | 217.89 | 0.93 | 0.70 |
| 2005-06 | 593.68 | 172.47 | 1.75 |
| 2006-07 | 459.55 | (-) 22.60 | 1.22 |
| 2007-08 | 732.93 | 59.49 | 1.74 |

Further analysis disclosed that subsidies increased by Rs 284 crore under Social Security and Welfare Programmes and Rs 20 crore under Energy sector (which had not received any subsidy last year). These enhancements were counter-balanced by decrease in subsidy under Transport (Rs 332 crore in 2007-08 as against Rs 340.55 crore in 2006-07) and Agriculture and Allied Sector (Rs 16 crore in 2007-08 against Rs 40 crore in 2006-07).

1.5 Expenditure by allocative priorities**1.5.1 Quality of Expenditure**

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore, ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing social and economic services would determine the quality of expenditure. The higher the ratios of

these components to total expenditure and GSDP, better the quality of expenditure. Table 15 gives these ratios during 2003-2008.

Table 15: Indicators of Quality of Expenditure

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|---|------------------------------|---------|---------|---------|---------|
| | (R u p e e s i n c r o r e) | | | | |
| Capital Expenditure | 756 | 1834 | 1653 | 2018 | 2688 |
| Revenue Expenditure, Of which | 25757 | 28146 | 31117 | 34161 | 38314 |
| Social and Economic Services | 11080 | 12184 | 14435 | 15884 | 19017 |
| Of which | | | | | |
| (i) Salary and Wage Component | 7497 | 7766 | 8105 | 8658 | 9731 |
| (ii) Non-Salary and Wage Component | 3583 | 4418 | 6330 | 7226 | 9286 |
| Capital Expenditure as per cent of | | | | | |
| Total Expenditure | 2.56 | 5.86 | 4.87 | 5.38 | 6.39 |
| GSDP | 0.44 | 0.97 | 0.78 | 0.82 | 0.96 |
| Share of Revenue Expenditure spent on Social & Economic Services (per cent) | 43.02 | 43.29 | 46.39 | 46.50 | 49.63 |
| Share of Non-salary and Wage Component in Revenue Expenditure incurred on social and economic services (per cent) | 32.34 | 36.26 | 43.85 | 45.49 | 48.83 |

The trends in Table 15 indicate that the level of capital expenditure was stepped up by almost 2.5 times in 2004-05 over the level of previous year and State Government has been able to take it over three times the level of 2003-04 in 2007-08. It is observed that major proportion of the total capital expenditure is shared by the plan capital expenditure during the period. During 2007-08, for instance, about 99 per cent of the total capital expenditure was plan capital expenditure (Rs 2668.48 crore). The plan capital expenditure in 2007-08 increased by Rs 658.89 crore from the level of Rs 2009.59 crore in 2006-07, of which major increase was under Water Supply, Sanitation, Housing and Urban Development (Rs 317 crore); energy sector (Rs 194 crore). The non plan capital expenditure also rose by Rs 10.61 crore resulting in a total increase of Rs 669.50 crore in the capital expenditure during 2007-08. The schemes registering major increase in Plan Capital Expenditure were Accelerated Rural Water Supply Programme (Rs 83 crore), Arsenic Sub-Mission (Rs 91 crore), Eradication of Arsenic Contamination of Ground Water as per recommendation of TFC (Rs 31 crore) etc. The detailed analysis further disclose that the sharp increase in Capital Expenditure during 2004-05 was mainly due to conversion of outstanding loans and interest of Rs 991.74 crore into equity in respect of four companies as a part of restructuring package and therefore the steep increase in expenditure can not be said to be incurred on the expansion of social and economic services in the state during that year. This year also, Rs 194.76 crore of outstanding loan relating to Power Department was converted into equity (relating to West Bengal State Electricity Distribution Corporation Limited).

1.5.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities etc. have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. Table 16 summarises the expenditure

incurred by the State Government in expanding and strengthening of social services in the State during 2003-2008.

Table 16: Expenditure on Social Services

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--|------------------------------|-------------|--------------|--------------|--------------|
| | (R u p e e s i n c r o r e) | | | | |
| Education, Sports, Art and Culture | 4522 | 4983 | 5564 | 6264 | 7087 |
| Revenue Expenditure | 4519 | 4977 | 5555 | 6254 | 7056 |
| Of which | | | | | |
| (a) Salary and Wage Component | 4223 | 4384 | 4587 | 5040 | 5665 |
| (b) Non-Salary & Wage Component | 296 | 593 | 968 | 1214 | 1391 |
| Capital Expenditure | 3 | 6 | 9 | 10 | 31 |
| Health and Family Welfare | 1404 | 1416 | 1585 | 1678 | 1887 |
| Revenue Expenditure | 1355 | 1352 | 1505 | 1611 | 1774 |
| Of which | | | | | |
| (a) Salary and Wage Component | 999 | 1026 | 1084 | 1168 | 1302 |
| (b) Non-Salary & Wage Component | 356 | 326 | 421 | 443 | 472 |
| Capital Expenditure | 49 | 64 | 80 | 67 | 113 |
| Water Supply, Sanitation, Housing and Urban Development | 1135 | 1061 | 1405 | 2043 | 2705 |
| Revenue Expenditure | 1059 | 1006 | 1209 | 1773 | 2118 |
| Of which | | | | | |
| (a) Salary and Wage Component | 488 | 513 | 545 | 551 | 621 |
| (b) Non-Salary & Wage Component | 571 | 493 | 664 | 1222 | 1497 |
| Capital Expenditure | 76 | 55 | 196 | 270 | 587 |
| Other Social Services | 1115 | 1317 | 1562 | 1774 | 2550 |
| Revenue Expenditure | 1103 | 1292 | 1531 | 1742 | 2515 |
| Of which | | | | | |
| (a) Salary and Wage Component | 289 | 318 | 339 | 292 | 358 |
| (b) Non-Salary & Wage Component | 814 | 974 | 1192 | 1450 | 2157 |
| Capital Expenditure | 12 | 25 | 31 | 32 | 35 |
| Total (Social Services) | 8176 | 8777 | 10116 | 11759 | 14229 |
| Revenue Expenditure | 8036 | 8627 | 9800 | 11380 | 13463 |
| Of which | | | | | |
| (a) Salary and Wage Component | 5999 | 6241 | 6555 | 7051 | 7946 |
| (b) Non-Salary & Wage Component | 2037 | 2386 | 3245 | 4329 | 5517 |
| Capital Expenditure | 140 | 150 | 316 | 379 | 766 |

The allocation to social sector increased from Rs 8176 crore in 2003-04 to Rs 14229 crore in 2007-08 indicating the Government's commitment to improve social well-being of the society. Expenditure on social sector under revenue during the current year (Rs 13463 crore) accounted for 32 per cent of total expenditure and 62 per cent of developmental expenditure³. Expenditure in social sector has increased by Rs 2470 crore over the previous year mainly due to increased expenditure under Education, Sports Art and Culture (Rs 822 crore), Health and Family Welfare (Rs 209 crore), Water Supply, Sanitation, Housing and Urban Development (Rs 663 crore) and Social Welfare and Nutrition (Rs 677 crore). Recognising the need to improve the quality of education and health services, TFC recommended that the non-plan salary expenditure under education and health and family welfare should increase only by five to six per cent while non-salary expenditure under non-plan heads should increase by 30 per cent per annum during the award period. However, trends in expenditure (taking expenditure on the both plan and non-plan heads) showed that the salary and wage component under education sector increased by 12 per cent over 2006-07, while non-salary and wage component increased by 14.58 per cent. Similarly, under health and family welfare sector the salary and wage component increased by

³ Developmental expenditure is defined as the total expenditure made on social and economic services

11.47 per cent while non-salary and wage component increased by 6.55 per cent. The expenditure pattern both in education and health services does not seem to be as per the norms of the TFC which needs correction in the ensuing years.

1.5.3 Expenditure on Economic Services

The expenditure on economic services includes all such expenditures as to promote directly or indirectly, productive capacity within the States' economy. The expenditure on Economic Services (Rs 7408.09 crore) accounted for 18 per cent of the total expenditure and 34 per cent of developmental expenditure (Table 17). Of this, Agriculture and Allied activities, Irrigation and Flood Control, Energy and Transport consumed nearly 58 per cent of the expenditure of Economic Services.

Table 17: Expenditure on Economic Services

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|---------------------------------------|-------------------|-------------|-------------|-------------|-------------|
| | (Rupees in crore) | | | | |
| Agriculture, Allied Activities | 746 | 766 | 826 | 895 | 1188 |
| Revenue Expenditure | 734 | 748 | 784 | 855 | 1143 |
| Of which | | | | | |
| (a) Salary and Wage Component | 539 | 544 | 552 | 571 | 640 |
| (b) Non-Salary & Wage Component | 195 | 204 | 232 | 281 | 503 |
| Capital Expenditure | 12 | 18 | 42 | 40 | 45 |
| Irrigation and Flood Control | 599 | 642 | 734 | 826 | 899 |
| Revenue Expenditure | 444 | 478 | 538 | 618 | 587 |
| Of which | | | | | |
| (a) Salary and Wage Component | 302 | 307 | 318 | 299 | 322 |
| (b) Non-Salary & Wage Component | 142 | 171 | 220 | 319 | 265 |
| Capital Expenditure | 155 | 164 | 196 | 208 | 312 |
| Energy | 145 | 409 | 1062 | 808 | 1044 |
| Revenue Expenditure | 3 | 77 | 425 | 16 | 58 |
| Of which | | | | | |
| (a) Salary and Wage Component | 1 | - | - | 1 | 1 |
| (b) Non-Salary & Wage Component | 2 | 77 | 425 | 15 | 57 |
| Capital Expenditure | 142 | 332 | 637 | 792 | 986 |
| Transport | 826 | 1033 | 1013 | 1140 | 1153 |
| Revenue Expenditure | 578 | 797 | 694 | 840 | 841 |
| Of which | | | | | |
| (a) Salary and Wage Component | 85 | 83 | 85 | 86 | 91 |
| (b) Non-Salary & Wage Component | 493 | 714 | 609 | 754 | 750 |
| Capital Expenditure | 248 | 236 | 319 | 300 | 312 |
| Other Economic Services | 1329 | 2367 | 2309 | 2394 | 3124 |
| Revenue Expenditure | 1285 | 1457 | 2194 | 2175 | 2925 |
| Of which | | | | | |
| (a) Salary and Wage Component | 571 | 591 | 595 | 651 | 731 |
| (b) Non-Salary & Wage Component | 714 | 866 | 1599 | 1524 | 2194 |
| Capital Expenditure | 44 | 910 | 115 | 219 | 199 |
| Total (Economic Services) | 3645 | 5217 | 5944 | 6063 | 7408 |
| Revenue Expenditure | 3044 | 3557 | 4635 | 4504 | 5554 |
| Of which | | | | | |
| (a) Salary and Wage Component | 1498 | 1525 | 1550 | 1608 | 1785 |
| (b) Non-Salary & Wage Component | 1546 | 2032 | 3085 | 2896 | 3769 |
| Capital Expenditure | 601 | 1660 | 1309 | 1559 | 1854 |

The trends in Table 17 indicate that expenditure on economic services has consistently increased from Rs 3645 crore in 2003-04 to Rs 7408 crore in 2007-08 at an average annual rate of 21 per cent during the period. As compared to 2003-04 significant increases in 2007-08 were observed in Energy (620 per cent), Industry and Minerals (238 per cent), Rural Development (140 per cent), Agriculture and Allied Activities (59 per cent) and Irrigation and Flood Control (50 per cent).

Although the revenue expenditure incurred on economic services has consistently increased during the period 2003-08 but the share of salary and wage component has declined from 49 *per cent* in 2003-04 to 32 *per cent* in 2007-08 with inter-year variations. The non-salary component consistently increased from Rs 1546 crore in 2003-04 to Rs 3769 crore in 2007-08. Relative to revenue expenditure, the non-salary component increased from 51 *per cent* in 2003-04 to 68 *per cent* in 2007-08. The Capital Expenditure on other hand also increased from Rs 601 crore in 2003-04 to Rs 1854 crore in 2007-08 with inter-year variations.

1.5.4 Financial Assistance to Local Bodies and other institutions

The quantum of assistance provided by way of grants and loans to Local Bodies and others during the five year period 2003-08 is presented in Table 18.

Table 18: Financial Assistance

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|---|-------------------|----------------|----------------|----------------|-----------------|
| | (Rupees in crore) | | | | |
| Educational Institutions (Aided Schools and Colleges, Universities, etc.) | 4300.34 | 4748.74 | 5296.38 | 5420.44 | 6790.49 |
| Municipal Corporations and Municipalities | 876.06 | 853.57 | 1258.56 | 963.02 | 1279.17 |
| Zilla Parishads and Other Panchayati Raj Institutions | 256.17 | 515.95 | 1419.43 | 1148.06 | 3085.27 |
| Development Agencies | 817.89 | 814.98 | 634.85 | 235.27 | 122.14 |
| Hospitals and other Charitable Institutions | 48.60 | 55.80 | 134.45 | 137.59 | 149.40 |
| Other Institutions ⁴ | 30.83 | 23.91 | 373.08 | 811.06 | 927.77 |
| Total | 6329.89 | 7012.95 | 9116.75 | 8715.44 | 12354.24 |
| Assistance as percentage of revenue expenditure | 24.57 | 24.92 | 29.30 | 25.51 | 32.24 |

The table above indicates that as compared to last year, assistance provided to Local Bodies this year was more by Rs 3638.80 crore. There was increase in receipt of grants in Municipal Corporations and Municipalities (Rs 316.15 crore), Zilla Parishads and Panchayati Raj Institutions (Rs 1937.21 crore). The increase, apart from the normal increase, in assistance to Universities and Educational Institutions (Rs 1370.05 crore) was mainly due to treatment of 50 *per cent* of dearness allowance as dearness Pay.

1.5.5 Delay in furnishing utilisation certificates

Of the 56109 utilisation certificates (UC) due in respect of grants aggregating Rs 11860.53 crore paid upto 2007-08, 56052 UCs for an aggregate amount of Rs 11843.20 crore were in arrears. Details of department-wise break-up of outstanding UCs are given in *Appendix 1.6*.

1.5.6 Delay in submission of accounts by Autonomous Bodies

The audited Reports in respect of 11⁵ autonomous bodies/authorities entrusted under the provisions of Section 19(2) and 19(3) of the Comptroller and

⁴ Cooperative societies, Animal Resources Development Agencies, Cottage and small scale centres, etc.

⁵ 1. West Bengal Comprehensive Area Development Corporation, 2. Darjeeling Gorkha Autonomous Hill Council 3. West Bengal Commission for Women 4. West Bengal University of Animal and Fishery Sciences 5. West Bengal Human Rights Commission 6. West Bengal State Legal Services Authority 7. West Bengal Heritage Commission, 8. Hooghly River Bridge Commissioners 9. Commissioners of Rabindra Setu, 10. Kolkata Metropolitan Development Authority and 11. West Bengal Housing Board

Auditor General's (DPC) Act, 1971 were required to be laid before the State Legislature along with the annual accounts of the respective autonomous bodies/authorities concerned. However, the State Government failed to lay the Reports in respect of bodies/authorities before the Legislature as detailed in *Appendix 1.7*. Darjeeling Gorkha Autonomous Hill Council did not submit accounts for the period from 1991-92 to 2007-08. As a result, the Legislature was deprived of access to the audited accounts of these bodies in which Rs 69.25 crore were spent during these years. The detailed information regarding non-submission of accounts for the year up to 2007-08 despite repeated reminders by audit is given in *Appendix 1.8*.

1.5.7 Audit arrangements

During the year 2007-08, audit of 124 annual accounts and 53 transaction audits in respect of 93 bodies/authorities (excluding Panchayats/Rural Institutions/Urban Local Bodies), which attracted audit by Comptroller and Auditor General of India, were conducted.

Fifty three (53) annual accounts of different bodies/authorities for 2006-07 and earlier years had not been received as of June 2008 by the Examiner of Local Fund Accounts under the Accountant General (Receipt, Works and Local Bodies Audit), West Bengal. The details are given in *Appendix 1.9*. It would reveal that accounts were due even for six years (in case of Uttar Banga Krishi Viswavidyalaya).

1.5.8 Unutilised grants

Grants aggregating Rs 587.30 crore, meant for development purposes, were lying unspent with the 79 bodies (University, Zilla Parishads, Municipal Corporations/Municipalities and Local Library Authority) whose accounts for varying periods between 2000 and 2007 were audited during 2006-08. The details are given in *Appendix 1.10*. The concerned bodies did not furnish reasons for non-utilisation and non-refund of the Government grants. There was nothing on record to show any action having been taken to adjust/refund the unutilised grants.

1.6 Misappropriations, losses, defalcations, etc.

State Government reported 661 cases of misappropriation, defalcation etc. involving Government money amounting to Rs 5.40 crore upto the period August 2008 on which final action was pending. The department-wise break-up of pending cases is given in *Appendix 1.11*.

1.7 Assets and liabilities

The existing Government accounting system does not capture comprehensive accounting of fixed assets like land and buildings owned by Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. *Appendix 1.2* gives an abstract of such liabilities and the assets as on 31 March 2008, compared with the corresponding position on 31 March 2007.

Appendix 1.5 depicts the time series data on State Government finances for the period 2003-2008.

1.7.1 Departmental Commercial Undertakings

Activities of quasi-commercial nature are performed by the departmentally run units of certain Government departments. These units are to prepare annual *pro forma* accounts showing their financial operations to enable the Government to assess their performance. The Heads of Departments in Government are to ensure submission of each year's *pro forma* accounts to the Principal Accountant General for audit. Out of 20 such units, five had not prepared their accounts since inception, as detailed in **Appendix 1.12**. While Greater Calcutta Milk Supply Scheme had prepared accounts till 2006-07, for the remaining 14 units, arrears in preparation of accounts ranged from one to 24 years as of June 2008 (**Appendix 1.13**).

As per latest accounts received from 15 units, Rs 2143.95 crore were invested by the State Government in such units which employed 10591 staff and officers. Out of the 15 undertakings, 14 had incurred continuous losses aggregating Rs 1605.42 crore against their total capital investment of Rs 1665.35 crore, while the remaining scheme *viz.* Public Distribution System of Food grains reflected accumulated profit of Rs 0.30 crore as of 31 March 2004.

Reasons for such huge losses as analysed in audit were failure to fulfil production targets, under-utilisation of plant capacity, capacity mismatch, shortage of raw materials, high production cost, excess process/ distribution loss, low selling prices, inadequate market demand, etc.

The Comptroller and Auditor General had repeatedly commented in the Audit Reports of the State on the failure of the Heads of Departments and the management of undertakings in timely preparation of *pro forma* accounts. Principal Accountant General (Audit) had also been periodically reminding Principal Secretary (Finance) and the Secretaries of the concerned departments in this matter. During the period July 2007 to June 2008, eight undertakings finalised 16 *pro forma* accounts for the year 2005-06 and for earlier years, as against 23 *pro forma* accounts finalised during July 2006 to June 2007. Consequently, there was hardly any accountability of the Management and Government in respect of public funds spent by these undertakings.

1.7.2 Investments and returns

As on 31 March 2008, Government had invested Rs 8847.89 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (**Table 19**). The return on this investment varied between 0.01 and 0.07 *per cent* while the Government paid interest at the average rate of 9.03 to 11.21 *per cent* on its borrowings during 2003-2008.

Table 19: Return on Investment (Rupees in crore)

| Year | Investment at the end of the year | Return | Percentage of return | Average rate of interest on Government borrowings | Difference between interest rate and return |
|---------|-----------------------------------|--------|----------------------|---|---|
| | (Rupees in crore) | | | (figures in per cent) | |
| 2003-04 | 4372.94 | 0.50 | 0.01 | 11.21 | 11.20 |
| 2004-05 | 5905.99 | 0.43 | 0.01 | 10.08 | 10.07 |
| 2005-06 | 6643.61 | 1.58 | 0.02 | 9.15 | 9.13 |
| 2006-07 | 7641.58 | 2.34 | 0.03 | 9.48 | 9.45 |
| 2007-08 | 8847.89 | 6.22 | 0.07 | 9.03 | 8.96 |

The increase of Rs 1206.31 crore during the year was mainly due to investment in Durgapur Projects Limited (Rs 113 crore), Metro Railway (Rs 50 crore), West Bengal State Electricity Board (Rs 195 crore), Sagardighi Thermal Power Project (Rs 445 crore), Santaldih Thermal Power Project (Rs 229 crore). The difference between the rate of return on Government investments and the average interest rate on the outstanding liabilities represented an implicit subsidy. During 2003-2008, this subsidy amounted to Rs 3205.96 crore. Details of major Government companies/Statutory Corporations wherein Rs 5587.61 crore were invested by the Government and their financial results as per latest account finalised are given in *Appendix 1.14*. It was observed that according to Accounts finalised up to September 2008 of various periods from 2004-05 to 2006-07, 11 Government Companies and one Statutory Corporation incurred accumulated losses of Rs 2273.75 crore and Rs 115.33 crore respectively.

1.7.3 Loans and advances by State Government

In addition to investments in Co-operative societies, Corporation and Companies, Government has also been providing loans and advances to many of these institutions/organisations. Total outstanding loans and advances as on 31 March 2008, was Rs 18437.67 crore (Table 20). Interest received against these loans and advances was 3.03 per cent during 2007-08 as against 3.07 per cent in previous year.

Table 20: Average Interest Received on Loans Advanced by the State Government

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|---|-------------------|----------|----------|----------|----------|
| | (Rupees in crore) | | | | |
| Opening Balance | 12679.51 | 15644.81 | 16235.57 | 16792.83 | 17872.19 |
| Amount advanced during the year | 3056.33 | 1337.36 | 1188.59 | 1317.26 | 1062.12 |
| Amount repaid during the year | 91.03 | 746.60 | 631.33 | 237.90 | 496.64 |
| Closing Balance | 15644.81 | 16235.57 | 16792.83 | 17872.19 | 18437.67 |
| Net addition | 2965.30 | 590.76 | 557.26 | 1079.36 | 565.48 |
| Interest Received | 12.92 | 461.81 | 248.03 | 549.14 | 558.51 |
| Interest Received as per cent to outstanding loans and advances | 0.08 | 2.84 | 1.48 | 3.07 | 3.03 |
| Average interest rate (in per cent) paid on borrowings | 11.21 | 10.08 | 9.15 | 9.48 | 9.03 |
| Difference between weighted interest paid and received (per cent) | 11.13 | 7.24 | 7.67 | 6.41 | 6.00 |

The amount of loans advanced during the current year decreased by Rs 255 crore (19.37 per cent) from the level of Rs 1317.26 crore in 2006-07. The major sector receiving less loans during the year was energy (Rs 304 crore) counter balanced by increase under water supply, sanitation, housing and urban development (Rs 15 crore), agriculture and allied activities (Rs 28 crore).

⁶ Interest Payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100

Test-check of records of the Finance and four other departments (Power, Transport, Urban Development and Co-operation) disclosed that out of the total closing loan balance of Rs 18437.67 crore as of March 2008, Rs 13763.92 crore (75 *per cent*) related to Power Department only. The actual repayment of loans against the amount overdue in respect of Power Department is given below:

Table 21: Re-payment of loans and advances by the Power Department

| Year | Total outstanding | Installment overdue | Repayment | Loan converted into equity | Actual recovery | Percentage of recovery of overdue loan |
|-------------------|-------------------|---------------------|-----------|----------------------------|-----------------|--|
| (Rupees in crore) | | | | | | |
| 2003-04 | 11205.62 | 1108.43 | 141.84 | 141.84 | - | - |
| 2004-05 | 12063.17 | 1247.17 | 294.40 | 291.84 | 2.56 | 0.21 |
| 2005-06 | 12504.35 | 1894.87 | 583.82 | 486.68 | 97.14 | 5.13 |
| 2006-07 | 13436.61 | 2245.90 | 159.71 | 141.83 | 17.88 | 0.80 |
| 2007-08 | 13763.92 | 2245.90 | 439.91 | 194.76 | 245.15 | 10.92 |

Table 21 discloses the fact that only Rs 1619.68 crore were repaid by the Power Department during the period 2003-2008. Of these, Rs 1256.95 crore (78 *per cent*) were on account of conversion of loan into equity showing that actual recovery was only to the tune of Rs 362.73 crore which was only four *per cent* of the total amount due for re-payment for the period 2003-2008.

1.7.4 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA) – ordinary and special – from Reserve Bank of India has been put in place. The operative limit for Normal Ways and Means Advances is reckoned on the three years average of revenue receipts and the operative limit for Special Ways and Means Advances is fixed by Reserve Bank of India from time to time depending on the holding of Government securities.

Under an agreement with the Reserve Bank of India, the State Government has to maintain with the Bank daily a minimum balance of Rs 2.48 crore with effect from 1 May 2000. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ways and means advance/overdraft from the bank. During the year 2007-08, ways and means advances to the tune of Rs 2452.85 crore were taken from the bank, which was repaid in full within the year.

Ways and Means Advances and Overdrafts availed, the number of occasions it was availed and interest paid by the State for the five year period 2003-2008 is detailed in Table below:

IX 53 B-1

Table 22: Ways and Means and Overdrafts of the State (Rupees in crore)

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--------------------------------|---------|---------|---------|---------|---------|
| Ways and Means Advances | | | | | |
| Availed in the Year | 7098.78 | 8853.43 | 269.56 | 207.98 | 2452.85 |
| Outstanding WMAs, if any | 830.50 | - | - | - | - |
| Interest Paid | 46.03 | 37.03 | 0.09 | - | 23.73 |
| Number of days | | | | - | 122 |
| Overdraft- | | | | | |
| Availed in the Year | 6840.49 | 4045.08 | - | - | 6058.40 |
| Number of Days | 146 | 114 | - | - | 65 |
| Interest Paid | 15.04 | 5.11 | - | - | 9.27 |

It would appear that except for 2003-04, there was no outstanding Ways and Means advance; declining trend in the quantum of such advance was also noticeable during last couple of years, which, however, again shot up to some extent during 2007-08. Interest paid on this score also showed a declining trend except for the current year. The State, however, succeeded in not resorting to Overdraft during 2003-07. During the current year, it had to avail of this facility and bear interest burden of Rs 9.27 crore.

1.8 Undischarged liabilities

1.8.1 Fiscal liabilities – Public Debt and Guarantees

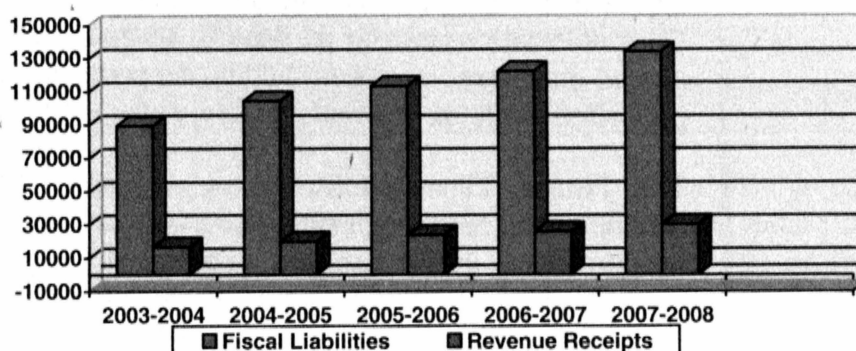
There are two sets of liabilities namely, public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund – Capital Accounts. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. Other liabilities, which are a part of public account, include deposits under small savings scheme, provident funds and other deposits.

Table 23 gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

Table 23: Fiscal Liabilities- Basic Parameters

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--|---------|---------|---------|---------|---------|
| Fiscal Liabilities (Rupees in crore) | 89388 | 104334 | 113493 | 122398 | 134402 |
| Rate of Growth (<i>per cent</i>) | 15.28 | 16.72 | 8.78 | 7.85 | 9.81 |
| Ratio of Fiscal Liabilities to | | | | | |
| GSDP (<i>per cent</i>) | 51.81 | 55.20 | 53.42 | 49.63 | 48.04 |
| Revenue Receipts (<i>per cent</i>) | 538.19 | 523.82 | 478.37 | 473.90 | 445.53 |
| Own Resources (<i>per cent</i>) | 953.57 | 925.77 | 994.94 | 945.60 | 920.62 |
| Buoyancy of Fiscal Liabilities to | | | | | |
| GSDP (ratio) | 1.237 | 1.753 | 0.707 | 0.488 | 0.729 |
| Revenue Receipts (ratio) | 1.065 | 0.839 | 0.459 | 0.885 | 0.584 |
| Own Resources (ratio) | 0.703 | 0.827 | 7.221 | 0.582 | 0.767 |

Growth of Fiscal Liabilities vis-a-vis Revenue Receipts



Overall fiscal liabilities of the State increased from Rs 89388 crore in 2003-04 to Rs 134402 crore in 2007-08. The growth rate was 9.81 *per cent* during 2007-08 over previous year. The ratio of fiscal liabilities to GSDP decreased from 49.63 *per cent* in 2006-07 to 48.04 *per cent* in 2007-08. These liabilities stood at 4.46 times the revenue receipts and 9.21 times of the States own resources as at the end of 2007-08. The fiscal liabilities had grown faster than the State's GSDP up to the year 2004-05. The scenario, however, changed thereafter and rate of growth of debt started trailing behind that of GSDP. The buoyancy of these liabilities with respect to GSDP during the year was, however, greater than the previous year and was 0.729 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 0.729 *per cent*.

1.8.2 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per the West Bengal Ceiling on Government Guarantees Act 2001 there is a provision that the total outstanding Government guarantees as on the first day of April of any year shall not exceed 90 *per cent* of the State Revenue Receipts of the second preceding year of such year as they stood in the books of the Accountant General (A & E), West Bengal.

As per Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of year since 2003-04 is given in **Table 24**.

Table-24: Guarantees given by the Government of West Bengal

| Year | Maximum amount guaranteed | Outstanding amount of guarantees | Percentage of outstanding amount guarantees with respect to revenue receipt of second preceding year |
|---------|-------------------------------|----------------------------------|--|
| | (R u p e e s i n c r o r e) | | |
| 2003-04 | 17255.57 | 11043.77 | 76 |
| 2004-05 | 21487.60 | 14870.54 | 102 |
| 2005-06 | 22378.72 | 14084.92 | 85 |
| 2006-07 | 21826.39 | 13136.64 | 66 |
| 2007-08 | 23117.70 | 13683.86 | 58 |

The total guarantee of the Government increased from Rs 17255.57 crore in 2003-04 to Rs 23117.70 crore in 2007-08 (34 *per cent*) whereas the

outstanding guaranteed loan amount increased from Rs 11043.77 crore in 2003-04 to Rs 13683.86 crore in 2007-08 (24 per cent increase). It would appear that, except for the year 2004-05, outstanding amounts of Government Guarantee with respect to the State's Revenue Receipts of the corresponding second preceding years were within the permissible ceiling of 90 per cent as prescribed under the relevant Act.

The Twelfth Finance Commission envisaged setting up of a guarantee redemption Fund through earmarked Guarantee Fees. This also required risk weighting of guarantees and subsequent decision on the quantum of contribution to the fund. However, no such fund has been created by the State Government till date.

Position of guarantee was test-checked in five departments viz. Finance, Transport, Power, Co-operation and Urban Development during 2003 to 2008 of which Finance and Power Departments constituted 75 and 15 per cent respectively of the guaranteed amount outstanding which was as follows:

Table 25: Position of outstanding guarantees given by Government Departments

| Guarantee position as on | Finance | | Power | |
|--------------------------|-------------------------------|--------------------|---------------------------|--------------------|
| | Maximum amount guaranteed | Amount outstanding | Maximum amount guaranteed | Amount outstanding |
| | (R u p e e s i n c r o r e) | | | |
| 31.3.2004 | 11831.61 | 8619.76 | 3416.08 | 1563.42 |
| 31.3.2005 | 14176.47 | 11353.05 | 3436.47 | 1512.42 |
| 31.3.2006 | 14246.97 | 10435.33 | 4212.08 | 1580.22 |
| 31.3.2007 | 15108.14 | 9606.87 | 4308.08 | 2176.06 |
| 31.3.2008 | 16001.15 | 10326.20 | 4662.88 | 2117.57 |

West Bengal Infrastructure Development Finance Corporation (WBIDFC) sanctioned loans to various Government and non-Government agencies against unconditional and irrevocable guarantee given by the State Government to those loans along with the interest. The loanee agencies failed to repay the loans to WBIDFC. The total outstanding amount for which guarantee was provided was Rs 404.27 crore (outstanding principal Rs 275.75 crore and unpaid interest Rs 128.52 crore).

On being moved by the WBIDFC (December 2006), the Government repaid (March 2007) such guaranteed loans of those defaulting agencies to WBIDFC by taking a fresh loan of equivalent amount from WBIDFC itself without any cash transaction. To effect this transaction the Finance Department first debited (on 29 March 2007) the principal (Rs 275.75 crore) and interest (Rs 128.52 crore) to the Internal Debt account and Interest Payment account respectively by contra-crediting the entire amount (Rs 404.27 crore) to the Deposit Account of the WBIDFC. On 31 March 2007 Government once again transferred the sum of Rs 404.27 crore from the Deposit Account of WBIDFC to the Internal Debt Account of the Government. While sanctioning the same, the Finance Department, in support of its decision, quoted the approval of the Planning Commission of India for borrowing of Rs 500 crore from WBIDFC for partial financing of its Annual Plan for the year 2006-07 for implementation of different developmental schemes under the State Plan. The

State Government quoted the Planning Commission's approval which was in fact for financing its Annual Plan rather than using it as an instrument for changing its contingent liability to loan liability to bail out the situation arising from non-repayment of loans by various Government undertakings.

1.9 Debt sustainability

The debt sustainability is defined as the ability to maintain a constant debt-GSDP ratio over a period of time. In simple terms, public debt is considered sustainable as long as the rate of growth of income exceeds the interest rate or cost of public borrowings subject to the condition that the primary balance is either positive or zero. Given the rate spread (GSDP growth rate - interest rate) and quantum spread (Debt * rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or sustainable. On the other hand, if it is negative, debt-GSDP ratio would be rising and if it turns to be positive, it would be falling. Trends in fiscal variables indicating the progress towards the debt stabilisation are indicated in Table 26.

Table 26: Debt Sustainability- Interest Rate and GSDP Growth (in per cent)

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|---|----------|----------|---------|---------|---------|
| Average Interest Rate | 11.21 | 10.08 | 9.15 | 9.48 | 9.03 |
| GSDP Growth | 12.35 | 9.54 | 12.41 | 16.08 | 13.45 |
| Interest spread | 1.14 | (-) 0.54 | 3.26 | 6.60 | 4.42 |
| Quantum Spread (Rupees in Crore) | 884 | (-) 483 | 3401 | 7491 | 5410 |
| Primary Deficit (Rupees in Crore)/Surplus | (-) 3516 | (-) 886 | (+) 367 | (-) 252 | (+) 193 |

Table 26 reveals that quantum spread together with primary deficit has been negative from 2003-04 to 2004-05 indicating rising debt-GSDP ratios during the period. Debt-GSDP has increased steadily from 51.8 per cent in 2003-04 to 55.2 per cent in 2004-05. It was only from 2005-06 the quantum spread together with primary deficit/surplus turned positive resulting in steady decline in debt/ GSDP ratio to 48 per cent in 2007-08. These trends indicate the State is moving towards the debt stabilisation which in turn might improve the debt sustainability position of the State.

1.9.1 Sufficiency of Non-debt Receipts

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. Table 27 indicates the resource gap as defined for the period 2003-2008.

Table 27: Incremental revenue receipts and Revenue Expenditure

| Period | Incremental | | | | Resource Gap |
|---------|-------------------|---------------------|-------------------|-------------------|--------------|
| | Non-Debt Receipts | Primary Expenditure | Interest Payments | Total Expenditure | |
| | (Rupees in Crore) | | | | |
| 2003-04 | 1961 | 2718 | 1544 | 4262 | (-) 2301 |
| 2004-05 | 3965 | 1336 | 413 | 1749 | (+) 2216 |
| 2005-06 | 3692 | 2439 | 202 | 2641 | (+) 1051 |
| 2006-07 | 1709 | 2327 | 1210 | 3537 | (-) 1828 |
| 2007-08 | 4598 | 4153 | 415 | 4568 | (+) 30 |

The negative resource gap indicates the non-sustainability of debt while the positive resource gap strengthens the capacity of the State to sustain the debt. The trends in resource gaps indicate oscillations between positive and negative magnitudes, i.e. it remained positive during 2004-06 but was negative in 2003-04 and 2006-07 as incremental non-debt receipts in these two years were far below total expenditure. The situation, however, again turned positive in the current year, indicating State's capacity to sustain the debt.

1.9.2 Net Availability of Borrowed Funds

The debt sustainability of the State also depends on (i) the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and (ii) application of available borrowed funds. The ratio of debt redemption to debt receipts indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds. The solution to the government's debt problem lies in application of borrowed funds, i.e. they are (a) not being used for financing revenue expenditure; and (b) being used efficiently and productively for capital expenditure which either provides returns directly or results in increased productivity of the economy in general which may result in increase in government revenue.

Table 28 below gives the position of the receipt and repayment of internal debt and other fiscal liabilities of the State over the last five years.

Table 28: Net Availability of Borrowed Funds (Rupees in crore)

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--|----------|----------|----------|----------|----------|
| Internal Debt | | | | | |
| Receipt | 18638 | 14485 | 14922 | 10411 | 14639 |
| Repayment(Principal + Interest) | 7067 | 6848 | 8788 | 10552 | 11977 |
| Net funds available | 11571 | 7637 | 6134 | (-) 141 | 2662 |
| Net funds available (<i>per cent</i>) | 62 | 53 | 41 | (-) 1 | 18 |
| Loans and Advances from Government of India | | | | | |
| Receipt | 1371 | 1639 | 584 | 621 | 694 |
| Repayment(Principal + Interest) | 9932 | 3662 | 6501 | 3090 | 3028 |
| Net funds available | (-) 8561 | (-) 2023 | (-) 5917 | (-) 2469 | (-) 2334 |
| Net funds available (<i>per cent</i>) | (-) 624 | (-) 123 | (-) 1013 | (-) 398 | (-) 336 |
| Other obligations | | | | | |
| Receipt | 13872 | 13230 | 12210 | 11558 | 23592 |
| Repayment(Principal + Interest) | 14514 | 12390 | 3199 | 10746 | 21846 |
| Net funds available | (-) 642 | 840 | 9011 | 812 | 1746 |
| Net funds available (<i>per cent</i>) | (-) 5 | 6 | 74 | 7 | 7 |
| Total liabilities | | | | | |
| Receipts | 33881 | 29354 | 27716 | 22590 | 38925 |
| Repayment (Principal + Interest) | 31513 | 22900 | 18488 | 24388 | 36851 |
| Net Receipts | 2368 | 6454 | 9228 | (-) 1798 | 2074 |
| Net Funds Available as % to total Receipts | 7 | 22 | 33 | (-) 8 | 5 |

The net funds available on account of internal debt and loans and advances from Government of India and other obligation after providing for interest and repayments which increased from seven *per cent* (2003-04) to 33 *per cent* (2005-06) became negative during 2006-07. It turned positive in 2007-08. During the current year the Government repaid internal debt of Rs 11977crore, Government of India loans of Rs 3028 crore and also discharged other obligations of Rs 21846 crore including interest thereupon. During the last two

years, the focus of the Government seems to be on discharging the past debt obligations both on account of principal and interest payments on loans raised from the market as well as from the Government of India.

1.10 Management of deficits

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

1.10.1 Trends in Deficits

The trends in fiscal parameters depicting the position of fiscal equilibrium in the State are presented in **Table 29**. The Table reveals that the revenue account experienced a situation of huge deficit during the period 2003-08 which in four out of five years exceeded Rs 8000 crore. Contrary to the general trends, the deficit which sharply increased by Rs 942 crore in 2006-07, as compared to 2005-06, witnessed a decrease of Rs 186 crore in the current year. During the current year revenue receipts increased by 17 per cent (Rs 4339 crore) over 2006-07 while the revenue expenditure during the same period rose by nearly 12 per cent (Rs 4153 crore) resulting in a decrease of Rs 186 crore in revenue deficit during the current year.

The fiscal deficit, which represents the total borrowing of the Government and its total resource gap also decreased marginally from Rs 11430 crore in 2006-07 to Rs 11400 crore in 2007-08. During the current year, with decrease in revenue deficit by Rs 186 crore, the increase in capital expenditure (Rs 670 crore) and decline in loans and advances disbursed (Rs 255 crore) and additional income of Rs 259 crore towards recoveries of loans and advances, the fiscal deficit has decreased by Rs 30 crore in 2007-08 over the previous year.

Further, due to increase of Rs 415 crore in interest payments, there was a primary surplus of Rs 193 crore during 2007-08 as against a primary deficit in 2006-07.

Fiscal Imbalances (Rupees in crore)

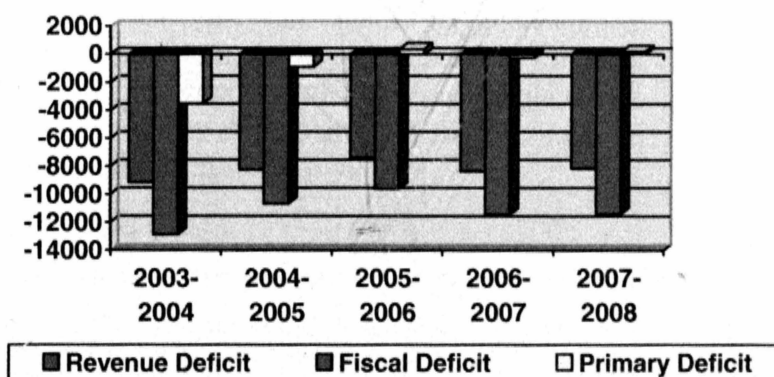


Table 29: Fiscal Imbalances- Basic Parameters

| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|---|-----------|-----------|----------|-----------|-----------|
| Revenue deficit (Rupees in crore) | (-) 9149 | (-) 8228 | (-) 7391 | (-) 8333 | (-) 8147 |
| Fiscal deficit (Rupees in crore) | (-) 12870 | (-) 10653 | (-) 9601 | (-) 11430 | (-) 11400 |
| Primary Deficit/Surplus (Rupees in crore) | (-) 3516 | (-) 886 | (+) 368 | (-) 252 | (+) 193 |
| RD/GSDP (per cent) | (-) 5.30 | (-) 4.35 | (-) 3.48 | (-) 3.38 | (-) 2.91 |
| FD/GSDP (per cent) | (-) 7.46 | (-) 5.64 | (-) 4.52 | (-) 4.63 | (-) 4.07 |
| PD/GSDP (per cent) | (-) 2.04 | (-) 0.47 | (+) 0.17 | (-) 0.10 | 0.07 |
| RD/FD | 71.09 | 77.24 | 76.98 | 72.90 | 71.46 |

The revenue and fiscal deficits relative to GSDP of the State exhibited the declining trends from 2003-04 to 2007-08. As proportion to GSDP, the revenue deficit had reached 2.91 *per cent* and fiscal deficit had reached 4.07 *per cent* in 2007-08. All these proportions reflect somewhat favourable trends over the previous year.

1.10.2 Quality of Deficit/Surplus

The ratio of RD to FD and the decomposition of Primary deficit into primary revenue deficit⁷ and capital expenditure (including loans and advances) would indicate the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. The ratio of RD to FD which rose in 2004-05 as compared to 2003-04 started declining thereafter and stood at 71.46 in 2007-08 indicating that nearly 71 *per cent* of the borrowed funds were used for current consumption. Persistently high ratio of revenue deficit to fiscal deficit also indicated that the asset base of the State was continuously shrinking and increasingly a part of borrowings (fiscal liabilities) were not having any asset back up.

The bifurcation of the factors resulting into primary deficit or surplus of the State during the period 2003-2008 shows (Table 30) that throughout this period, the primary deficit was on account of capital expenditure incurred and loans and advances disbursed by the State government. In other words, non-debt receipts of the State were enough to meet the primary expenditure⁸ requirements in the revenue account, rather left some receipts to meet the expenditure under the capital account. But the surplus non-debt receipts were not enough to meet the expenditure requirements under capital account and for disbursement of Loans and Advances resulting in primary deficit. This indicates the extent to which the primary deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

⁷ Primary revenue deficit is defined as gap between non interest revenue expenditure and non-debt receipts indicating the extent to which the non-debt receipts are able to meet the primary expenditure under revenue account.

⁸ Primary expenditure is defined as the total expenditure net of the interest payments indicates the expenditure incurred on the transactions undertaken during the year.

Table 30: Primary deficit / surplus - Bifurcation of factors

| Year | Non-debt receipts | Primary revenue expenditure | Capital expenditure | Loans and Advances | Primary Expenditure | Primary Revenue deficit* (-) / surplus (+) | Primary deficit (-) / surplus (+) |
|---------|-------------------|-----------------------------|---------------------|--------------------|---------------------|--|-----------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 (3+4+5) | 7 (2-3) | 8 (2-6) |
| 2003-04 | 16700 | 16403 | 756 | 3056 | 20215 | (+) 297 | (-) 3515 |
| 2004-05 | 20665 | 18379 | 1835 | 1337 | 21551 | (+) 2286 | (-) 886 |
| 2005-06 | 24357 | 21148 | 1653 | 1189 | 23990 | (+) 3209 | (+) 367 |
| 2006-07 | 26066 | 22982 | 2018 | 1317 | 26317 | (+) 3084 | (-) 252 |
| 2007-08 | 30664 | 26721 | 2688 | 1062 | 30471 | (+) 3943 | (+) 193 |

1.11 Fiscal ratios

Finances of the State should be sustainable, flexible and non-vulnerable. *Table 31* below presents a summarised position of Government finances over 2003-08, with reference to certain key indicators that help assess the adequacy, effectiveness of available resources, their applications, highlight areas of concern and capture its important facets.

Table 31: Indicators of Fiscal Health (in per cent)

| Fiscal Indicators | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|--|-------------------|--------------------|-------------------|-------------------|-------------------|
| I Resource Mobilisation | | | | | |
| Revenue Receipt/GSDP | 9.63 | 10.54 | 11.17 | 10.47 | 10.78 |
| Revenue Buoyancy | 1.162 | 2.089 | 1.540 | 0.551 | 1.249 |
| Own tax/GSDP | 5.082 | 5.251 | 4.890 | 4.742 | 4.692 |
| II Expenditure Management | | | | | |
| Total Expenditure/GSDP | 17.14 | 16.57 | 15.98 | 15.20 | 15.03 |
| Revenue Receipts/Total Expenditure | 56.17 | 63.60 | 69.86 | 68.88 | 71.72 |
| Revenue Expenditure/Total Expenditure | 87.11 | 89.87 | 91.63 | 91.11 | 91.09 |
| Salary and Wage expenditure on Social and Economic Services/Revenue Expenditure | 29.11 | 27.59 | 26.05 | 25.35 | 25.40 |
| Non-Salary and Wage expenditure on Social and Economic Services/ Revenue Expenditure | 13.91 | 15.70 | 20.34 | 21.15 | 24.24 |
| Capital Expenditure/Total Expenditure | 2.56 | 5.86 | 4.87 | 5.38 | 6.39 |
| Capital Expenditure on Social and Economic Services/Total Expenditure | 2.51 | 5.78 | 4.79 | 5.17 | 6.23 |
| Buoyancy of TE with RR | 1.173 | 0.297 | 0.441 | 1.175 | 0.725 |
| Buoyancy of RE with RR | 0.781 | 0.466 | 0.552 | 1.101 | 0.724 |
| III Management of Fiscal Imbalances | | | | | |
| Revenue deficit (Rs in crore) | -9148 | - 8228 | - 7392 | - 8333 | - 8147 |
| Fiscal deficit (Rs in crore) | -12869 | - 10652 | - 9603 | - 11430 | - 11400 |
| Primary Deficit /Surplus (Rs in crore) | -3515 | - 885 | + 366 | - 251 | + 193 |
| Revenue Deficit/Fiscal Deficit | 71.09 | 77.24 | 76.98 | 72.90 | 71.46 |
| IV Management of Fiscal Liabilities | | | | | |
| Fiscal Liabilities/GSDP | 51.81 | 55.20 | 53.42 | 49.63 | 48.04 |
| Fiscal Liabilities/RR | 538.19 | 523.82 | 478.37 | 473.90 | 445.53 |
| Buoyancy of FL with RR | 1.065 | 0.839 | 0.459 | 0.885 | 0.584 |
| Buoyancy of FL with Own Receipt | 0.703 | 0.827 | 7.221 | 0.582 | 0.767 |
| Primary deficit vis-a-vis quantum spread (in bracket) | (-) 3516 (884) | (-) 886 (- 483) | (+) 367 (3401) | (-) 252 (7491) | (+) 193 (5410) |
| Net Funds Available | 2368 | 6454 | 9228 | (-) 1798 | 2074 |
| V Other Fiscal Health Indicators | | | | | |
| Return on Investment | 0.01 | 0.01 | 0.02 | 0.03 | 0.07 |
| Balance from Current Revenue (Rupees in crore) | - 8595 | - 7245 | - 5490 | 6118 | - 5052 |
| Financial Assets/Liabilities | 0.33 | 0.35 | 0.34 | 0.32 | 0.33 |

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipts indicates the nature of the tax regime and the State's increasing access to resources.

Revenue receipts are comprised not only of the tax and non-tax resources of the State but also the transfers from Union Government. The ratio of revenue receipts to GSDP, which was 9.63 in 2003-04, crossed 10 *per cent* mark in 2004-05 and remained almost stable thereafter with slight inter year variations. The ratio of own taxes to GSDP has stabilised at 4.7 *per cent* during 2007-08. Tax collections being significantly lower than the normative assessment of TFC indicates the scope and potential of improvement in this ratio in ensuing years.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resource mobilization efforts. The revenue expenditure as a *percentage* to total expenditure remained stable around 90 *per cent* during the last four years period indicating need for changing allocative priorities. The capital expenditure relative to both the total expenditure and GSDP has exhibited an increasing trend but the capital expenditure relative to GSDP at 0.96 *per cent* is far below the norm of 3 *per cent* prescribed by TFC in restructuring plan by the terminal year of its award period (2009-10). The buoyancy ratios of both total and revenue expenditure with revenue receipts indicate relatively low buoyancies. Increasing reliance on revenue receipts to finance the total expenditure which amounts to 72 *per cent* during 2007-08 indicates decreasing dependence on borrowed funds from 44 *per cent* of total expenditure in 2003-04 to 28 *per cent* in 2007-08. This is also reflected by the decreasing ratio of fiscal liabilities to revenue receipts.

The decrease in both revenue and fiscal deficits during 2007-08 indicates some improvement in fiscal position of the State. The consistent negative Balance from Current Revenue (BCR) discloses that adequate domestic resources are not available for creation of assets and to meet state plan schemes. The situation, however, improved in current year as compared to previous year. During the period (2003-2008), only 32 to 35 *per cent* fiscal liabilities of the State have the asset back up reflecting relatively poor assets liabilities ratio in the State.

1.12 Conclusion

The fiscal position of the State in terms of the key fiscal parameters – revenue, fiscal and primary deficit – showed only a marginal improvement in 2007-08 over the previous year. In the absence of FRBM Act which was yet to be enacted by the State, the State Government did not seem to have any statutory binding or commitment to achieve the fiscal targets as recommended by the TFC during its award period. Moreover, due to non-enactment of the fiscal responsibility legislation, the state government had foregone the relief in interest payments on Government of India loans as well as debt relief and other benefits linked to the fiscal performance of the State during 2005-2008.

The expenditure pattern of the State reveals that the revenue expenditure as a *percentage* to total expenditure hovered around 90 *per cent* during the period 2004-2008 leaving inadequate resources for expansion of services and creation of assets as a result of which only 32 *per cent* of fiscal liabilities of the State

has asset back-up during 2007-08. The NPRE component of revenue expenditure at Rs 31563 crore during 2007-08 although was within the BE for the year (Rs 32235 crore) but exceeded the normative projection of the TFC for the State (Rs 29954 crore) for the year. Moreover, within the non plan revenue expenditure, four components – salary expenditure, pension liabilities, interest payments and subsidies – constitute about 90 *per cent* of the non-plan revenue expenditure during 2007-08. These trends in expenditure indicate the need for changing allocative priorities. The continued prevalence of revenue and fiscal deficits in the finance accounts of the State indicates the increasing reliance on the borrowed funds, a substantial part of which is being used to meet the current expenditure requirements of the State government. The increasing fiscal liabilities accompanied with negligible rate of return on government investments and inadequate interest cost recovery on loans and advances might lead to an unsustainable debt situation in medium to long run unless suitable measures are initiated to compress the non plan revenue expenditure and to mobilise the additional resources both through the tax and non tax sources in ensuing years.

CHAPTER II

CHAPTER II

Allocative priorities and appropriation

2.1 Introduction

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

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2007-08 against 59 grants/appropriations was as follows:

| Nature of expenditure | | Original grant/ appropriation | Supplementary grant/ appropriation | Total | Actual expenditure ¹ | Saving(-)/ Excess(+) |
|-----------------------|------------------------|----------------------------------|---------------------------------------|-----------------|---------------------------------|-------------------------|
| (Rupees in crore) | | | | | | |
| Voted | I Revenue | 26522.63 | 2504.85 | 29027.48 | 27623.72 | (-) 1403.76 |
| | II Capital | 2882.61 | 224.61 | 3107.22 | 2905.88 | (-) 201.34 |
| | III Loans and Advances | 1668.73 | 16.70 | 1685.43 | 1062.12 | (-) 623.31 |
| Total Voted | | 31073.97 | 2746.16 | 33820.13 | 31591.72 | (-) 2228.41 |
| Charged | IV Revenue | 11903.89 | 17.65 | 11921.54 | 11659.04 | (-) 262.50 |
| | V Capital | 0.09 | 7.92 | 8.01 | 7.71 | (-) 0.30 |
| | VI Public Debt | 5534.75 | 53.24 | 5587.99 | 17443.61 | (+) 11855.62 |
| | VII Loans and Advances | - | 0.28 | 0.28 | - | (-) 0.28 |
| Total Charged | | 17438.73 | 79.09 | 17517.82 | 29110.36 | (+) 11592.54 |
| Grand Total | | 48512.70 | 2825.25 | 51337.95 | 60702.08 | (+) 9364.13 |

The overall excess of Rs 9364.13 crore was the net result of excess of Rs 12145.54 crore in 14 grants and eight appropriations, offset by savings of Rs 2781.41 crore in 54 grants and 29 appropriations. Explanations for savings/excesses were either not received or were received incomplete in 90 per cent of the cases.

¹ These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure: Rs 968.34 crore and capital expenditure: Rs 225.86 crore.

2.3 Fulfilment of allocative priorities

2.3.1 Appropriation by Allocative Priorities

Out of the total savings of Rs 2781.41 crore, major savings of Rs 1470.50 crore (53 per cent) occurred in eight grants and one appropriation as mentioned below:

| Grant No. | Original (Rupees) | Supplementary | Total Grant Line | Actual Expenditure (Rupees) | Saving |
|-----------------------|----------------------|---------------|------------------------|-----------------------------------|---------|
| 7- Revenue (Voted) | 382.85 | 42.44 | 425.29 | 361.23 | 64.06 |
| 13- Revenue (Voted) | 888.49 | 64.60 | 953.09 | 860.48 | 92.61 |
| 18- Revenue (Charged) | 11722.51 | - | 11722.51 | 11489.98 | 232.53 |
| 24- Revenue (Voted) | 1771.66 | 79.33 | 1850.99 | 1689.57 | 161.42 |
| 24- Capital (Voted) | 130.0 | - | 130.00 | 62.17 | 67.83 |
| 32- Capital (Voted) | 359.18 | - | 359.18 | 233.04 | 126.14 |
| 38- Revenue (Voted) | 47.02 | 192.38 | 239.40 | 110.76 | 128.64 |
| 39- Revenue (Voted) | 1475.25 | 130.33 | 1605.58 | 1335.69 | 269.89 |
| 40- Revenue (Voted) | 2077.36 | 153.06 | 2230.42 | 2105.28 | 125.14 |
| 54- Revenue (Voted) | 1075.90 | - | 1075.90 | 873.66 | 202.24 |
| Total | 19930.22 | 662.14 | 20592.36 | 19121.86 | 1470.50 |

The departments did not intimate any reason for savings. Areas in which major savings occurred in these nine grants are given in *Appendix 2.1*.

In 58 cases, savings exceeding rupees one crore in each case and also by more than 10 per cent of total provision amounting to Rs 1505.73 crore occurred as indicated in *Appendix 2.2*. In four² of these cases, the entire provision totalling Rs 103.50 crore was not utilised.

There was excess of Rs 12145.54 crore under 14 grants and eight appropriations requiring regularisation by the Legislature. The excess under Grant Nos. 6-Animal Resources Development, 18-Finance and 21-Food and Supplies amounted to Rs 12048 crore.

2.3.2 Persistent savings

In 22 cases, involving 11 grants and seven appropriations, there were persistent savings of more than Rupees one crore in each case and 20 per cent or more of provisions. Details are given in *Appendix 2.3*.

2.3.3 Excess requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs 16055.11 crore for the years 2003-04 to 2006-07³ as detailed in the table had not been regularised so far (September 2008). This was a breach of legislative control over appropriations.

² 20 (Capital Charged), 47 (Capital Voted), 47 (Capital Charged) and 58 (Capital Voted)

³ Act of regularisation on excess expenditure for the years 2003-2007 is awaited. Consolidated replies from Government for the years 2003-2008 were yet to be received.

| Year | Number of grants/appropriations | Grant/Appropriation number(s) | Amount of excess (Rs in crore) | Reasons for excess |
|--------------|---------------------------------|--|--------------------------------|--------------------|
| 2003-04 | 18 | 5, 7, 9, 16, 18, 27, 28, 29, 31, 36, 37, 43, 45, 47, 51, 54, 55, 56 | 10734.02 | Not received |
| 2004-05 | 13 | 1, 6, 8, 18, 20, 21, 24, 25, 29, 36, 48, 53, 56 | 4767.14 | Not received |
| 2005-06 | 16 | 6, 7, 9, 11, 12, 18, 20, 30, 38, 43, 44, 45, 50, 52, 53, 54 | 260.64 | Not received |
| 2006-07 | 19 | 5, 6, 8, 9, 11, 13, 20, 23, 26, 27, 28, 30, 31, 42, 43, 45, 47, 53, 54 | 293.31 | Not received |
| Total | | | 16055.11 | |

Further, the excess of Rs 12145.54 crore under 14 grants and eight appropriations during 2007-08 requires regularisation under Article 205 of the Constitution. Details are given below:

| Grant No. | Description of the grant/appropriation | Section | Total grant/appropriation Rupees | Actual expenditure Rupees | Amount of excess Rupees |
|-----------|--|---------|----------------------------------|---------------------------|-------------------------|
| A | Voted | | | | |
| 3 | Council of Ministers | Revenue | 48872000 | 49219176 | 347176 |
| 4 | Agricultural Marketing | Capital | 57000000 | 227560682 | 170560682 |
| 5 | Agriculture | Revenue | 4361019000 | 4432172678 | 71153678 |
| 9 | Commerce and Industries | Revenue | 4466542000 | 4530319629 | 63777629 |
| 18 | Finance | Revenue | 43306957000 | 43683214615 | 376257615 |
| 20 | Fisheries | Revenue | 698850000 | 722055328 | 23205328 |
| 21 | Food and Supplies | Revenue | 3543345000 | 4570916005 | 1027571005 |
| 26 | Hill Affairs | Revenue | 1878112000 | 1897914398 | 19802398 |
| 32 | Irrigation and Waterways | Revenue | 3235280000 | 3246989836 | 11709836 |
| 43 | Power and Non-Conventional Energy Sources | Revenue | 422611000 | 608942583 | 186331583 |
| 44 | Public Enterprises | Capital | 17755100000 | 17819616295 | 64516295 |
| 46 | Refugee, Relief and Rehabilitation | Capital | 372500000 | 438471510 | 65971510 |
| 50 | Sunderban Affairs | Revenue | 240226000 | 245008281 | 4782281 |
| 56 | Women and Child Development and Social Welfare | Revenue | 377008000 | 423899334 | 46891334 |
| | Total : A – Voted | | 88160041000 | 90449552644 | 2289511644 |
| B | Charged | | | | |
| 6 | Animal Resources Development | Capital | 1000000 | 306514800 | 305514800 |
| 9 | Commerce and Industries | Revenue | 26000000 | 26110377 | 110377 |
| 18 | Finance | Capital | 54646398000 | 173416995323 | 118770597323 |
| 23 | Forest | Revenue | 2493000 | 2493084 | 84 |
| 34 | Judicial | Revenue | 339486000 | 429086933 | 89600933 |
| 42 | Personnel and Administrative Reforms | Revenue | 959000 | 959201 | 201 |
| 53 | Transport | Capital | 2156000 | 2156365 | 365 |
| 55 | Water Investigation and Development | Revenue | 108501000 | 108525814 | 24814 |
| | | | 17000 | 22530 | 5530 |
| | Total : B – Charged | | 55127010000 | 174292864427 | 119165854427 |
| | Total : A and B | | 143287051000 | 264742417071 | 121455366071 |

Reasons for the excesses had not been furnished by the Government as of September 2008.

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs 2825.25 crore) made during this year constituted six per cent of the original provision (Rs 48512.70 crore) against four per cent of previous year.

2.3.5 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provisions of Rs 488.94 crore made in 25 cases during the year proved unnecessary in view of aggregate saving of Rs 840.90 crore as detailed in *Appendix 2.4*.

In 24 cases, against additional requirement of only Rs 757.78 crore, supplementary grants and appropriations of Rs 1317.06 crore were obtained, resulting in savings in each case exceeding Rs 10 lakh, aggregating Rs 559.28 crore. Details of these cases are given in *Appendix 2.5*.

In 14 cases, supplementary provision of Rs 923.02 crore proved insufficient leaving an uncovered excess expenditure of Rs 12087.78 crore. Details of these cases are given in *Appendix 2.6*.

In five cases, though expenditure exceeded budget provision by Rs 57.75 crore, no supplementary grant was provided. Details of these cases are given in *Appendix 2.7*.

2.3.6 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where the re-appropriation of funds proved injudicious in view of final excess/savings over grant by over rupees one crore are detailed in *Appendices 2.8 and 2.9* respectively.

2.3.7 Defective re-appropriation

During 2007-08, 229 re-appropriation orders of Rs 1688.22 crore were issued. Of these, 28 orders aggregating Rs 112.74 crore were not considered in accounts due to delayed receipt.

Of the remaining 201 orders, 93 orders involving Rs 1272.40 crore were issued on 31 March 2008, the last day of the fiscal year and four orders involving Rs 175.65 crore were issued after the close of the financial year.

2.3.8 Anticipated savings not surrendered

According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. However, at the close of the year 2007-08, there were 54 cases in which savings above rupees one crore in each case amounting to Rs 1836.42 crore had not been surrendered. In 14 cases, even after partial surrender, savings of rupees one crore and above in each case aggregating Rs 496.61 crore (68 *per cent* of total savings) remained un-surrendered. This included un-surrendered savings of Rs 23.77 crore (99 *per cent* of total savings under Grant No. 8-Co-operation-Revenue-Voted), Rs 18.13 crore (98 *per cent* of total savings under Grant No. 35 – Labour-Revenue-Voted), Rs 269.56 crore (99 *per cent* of total savings under Grant No. 39-Municipal Affairs-Revenue-Voted) and Rs 8.93 crore (94 *per cent* of total savings under Grant No. 47-Relief-Capital-Charged). Details are given in *Appendices 2.10 and 2.11* respectively.

2.3.9 Expenditure without provision

As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. Some instances (10 cases involving Rs 9594.63 crore) are shown in *Appendix 2.12* where no provisions in the original estimates/supplementary demands were made or re-appropriation orders issued.

2.3.10 Surrender in excess of actual savings

In 13 cases, the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. As against the total savings of Rs 185.55 crore, the amount surrendered was Rs 281.50 crore resulting in excess surrender of Rs 95.95 crore.

In six cases Rs 62.30 crore were surrendered in spite of the fact that the expenditure exceeded the approved provision by Rs 76.69 crore. Details are given in *Appendix 2.13*.

2.3.11 Advances from Contingency Fund

The Contingency Fund of the State was established under the Contingency Fund Act 1956, in terms of provisions of Articles 267(2) and 283(2) of the Constitution of India. Advances from the Fund were to be made only for meeting expenditure of an unforeseen and emergent character, the postponement of which, till its authorisation by the Legislature would be undesirable. The Fund was in the nature of an imprest and its corpus was Rs 20 crore.

As on 1 April 2007, the balance in the fund was Rs 12.81 crore. During the year advances drawn but unrecouped totalled Rs 7.28 crore (44 sanctions were issued for withdrawal of total amount of Rs 9.60 crore, of which Rs 2.32 crore was recouped during the year). Also Rs 7.16 crore was recouped out of the advances drawn during previous years. Thus, the closing balance of the fund as on 31 March 2008 was Rs 12.69 crore.

2.3.12 New Service/New Instrument of Service

Article 205 of the Constitution provides that expenditure on a 'New Service' not contemplated in the Annual Financial Statement (Budget) can be incurred only after its specific authorisation by the Legislature.

In three cases, expenditure totalling Rs 40.72 crore, which should have been treated as 'New Service'/'New Instrument of Service', was met by re-appropriation without obtaining the requisite approval of the Legislature. Details of these cases are given in *Appendix 2.14*.

| |
|---|
| <h2>2.4 Rush of expenditure</h2> |
|---|

The financial rules require that Government expenditure should be evenly distributed throughout the year. Rush of expenditure particularly in the closing months of a financial year is to be regarded as breach of financial regularity and should be avoided. The position in respect of expenditure upto third quarter, for the fourth quarter and also for the month of March 2008 as depicted below shows that the expenditure incurred in March 2008 in 20 cases ranged between 53 and 100 *per cent* of the total expenditure during the year.

| Description of Major Head | Expenditure up to 3rd quarter | Expenditure in 4th quarter | Total expenditure | Expenditure in March 2008 | Percentage of expenditure in March 2008 |
|---|-------------------------------|----------------------------|-------------------|---------------------------|---|
| | (Rupees) | (Rupees) | (Rupees) | | |
| 2501-Special Programmes for Rural Development | 88.65 | 218.81 | 307.46 | 178.04 | 58 |
| 2810-Non conventional Sources of Energy | 0.74 | 8.38 | 9.12 | 5.98 | 66 |
| 2852-Industries | 92.72 | 335.59 | 428.31 | 317.50 | 74 |
| 3425-Other Scientific Research | 1.34 | 9.63 | 10.97 | 9.14 | 83 |
| 3435-Ecology and Environment | 0.56 | 8.31 | 8.87 | 7.17 | 81 |
| 3452-Tourism | 3.03 | 10.34 | 13.37 | 8.00 | 60 |
| 3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions | 144.35 | 286.68 | 431.03 | 235.39 | 55 |
| 4055-Civil Outlay on Police | 1.51 | 5.70 | 7.21 | 5.01 | 70 |
| 4070-Capital Outlay on Other Administrative Services | 4.35 | 20.62 | 24.97 | 18.79 | 75 |
| 4215-Capital Outlay on Water Supply and Sanitation | 79.56 | 467.02 | 546.58 | 417.03 | 76 |
| 4216-Capital Outlay on Housing | 9.30 | 16.92 | 26.22 | 14.90 | 57 |
| 4217-Capital Outlay on Urban Development | 5.02 | 9.38 | 14.40 | 7.76 | 54 |
| 4235-Capital Outlay on Social Security and Welfare | 1.08 | 20.32 | 21.40 | 11.30 | 53 |
| 4250-Capital Outlay on Other Social Services | 0.43 | 4.55 | 4.98 | 4.07 | 82 |
| 4403-Capital Outlay on Animal Husbandry | 0.14 | 0.91 | 1.05 | 0.91 | 86 |
| 4404-Capital Outlay on Dairy Development | - | 2.95 | 2.95 | 2.24 | 76 |
| 4405-Capital Outlay on Fisheries | 2.51 | 6.58 | 9.09 | 5.88 | 65 |
| 4435-Capital Outlay on Other Agricultural Programmes | - | 2.76 | 2.76 | 2.76 | 100 |
| 5465-Investments in General Financial and Trading Institutions | - | 19.93 | 19.93 | 19.93 | 100 |
| 5475-Capital Outlay on Other General Economic Services | 0.30 | 9.22 | 9.52 | 8.61 | 90 |

2.5 Operation of Personal Ledger Accounts

In terms of Rule 6.09 of West Bengal Treasury Rules (WBTR) 2005, the Personal Deposit Account created by debit to the Consolidated Fund of the State other than those created under any law or rule having the force of law by transferring fund from the Consolidated Fund of the State for discharging liability of the Government arising out of special enactments, shall be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund of the State. It is also stated in Rule 6.08 of West Bengal Treasury Rules that any Personal Deposit Account, if not operated for consecutive two years, shall be closed and if there is reason to believe that the need for such Deposit Account has ceased, the same shall be closed.

The provisions of rules as narrated above were not followed as would be evident from the succeeding paragraphs.

The balance under Personal Ledger Accounts of the State at the end of March 2008 was Rs 1561.76 crore. Test-check of 31 Personal Ledger Accounts (PLAs) of 28 Drawing and Disbursing Officers (DDOs) of seven Departments viz (i) Land and Land Reforms, (ii) Home (Police), (iii) Health and Family Welfare, (iv) Labour (v) Animal Resources Development, (vi) Jails, and (vii) Agriculture revealed that the PLAs were opened by those DDOs during the period from 1962-1963 to 2001-2002. Twenty DDOs unauthorisedly opened 21 PL Accounts without consulting the Accountant General (A&E). None of the DDOs closed the PLAs at the end of the financial years, though required under rules, resulting in accumulation of Rs 465.79 crore at the end of 31 March 2008. Details are given in the *Appendix 2.15*.

Six DDOs (Two DMs, Director of Agriculture and DG & IG of Police, West Bengal, Superintendent, Dum Dum Central Correctional Home, Medical

Superintendent cum Vice-Principal (MSVP), National Medical College and Hospital, Kolkata) retained for various periods since 1990-91 unspent balances of Rs 59.10 crore pertaining to different Scheme Funds in their PLAs till March 2008 (*Appendix 2.16*).

Six PLAs remained inoperative for a period ranging between six and 22 years, having a total balance of deposit of Rs 1.66 crore as on 31 March 2008 in contravention of Rule 6.08 of WBTR (*Appendix 2.17*).

Departmental receipts of Rs 1.51 crore collected during January 1997 to December 2005, were deposited and retained in PLAs unauthorisedly as of 31 March 2008 by the MSVPs of two Medical College and Hospitals (Medical College and Hospital Kolkata, and National Medical College and Hospital, Kolkata), Principal of Dr R Ahmed Dental College and Hospital and Director, Institute of Post Graduate Medical Education and Research (IPGME&R), Kolkata without consultation with the Accountant General (A&E), West Bengal.

There were discrepancies between PLA Cash Books and corresponding Treasury Pass Books in respect of 13 PLAs due to non-reconciliation as required under Rule 6.08 (5) of WBTR 2005 (*Appendix 2.18*).

The balances held under PLAs of the State had increased substantially from Rs 513.91 crore in March 2002 to Rs 1561.76 crore in March 2008 indicating lack of treasury control over expenditure of substantial amount of Government funds (*Appendix 2.19*).

Thus, funds meant for various developmental works were locked in PLAs without undertaking works for which these were sanctioned and released flouting the rules of WBTR regarding Personal Ledger Account.

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

Administrative Departments issue sanction orders with the concurrence of Finance Department, authorising different Drawing and Disbursing Officers (DDOs) to draw advances on Abstract Contingent (AC) bills. These AC bills are required to be adjusted by submission of Detailed Contingent (DC) bills with the countersignature of the Controlling Officer within 60 days from the respective dates of drawal from the Treasury or within one month from the date of actual utilisation of amounts drawn.

Mention was made in paragraph 2.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 (Civil), Government of West Bengal, regarding huge sum of money (Rs 65.09 crore) remaining pending for adjustment for years together. The departments obviously had not taken any action to arrest such practice as is evident from the succeeding paragraphs.

Records of 12 DDOs test-checked during 2007-08 disclosed that Rs 122.01 crore was drawn upto 2007-08 through AC bills including Rs 72.04 crore (153 bills) drawn during 2007-08. As against Rs 122.01 crore so drawn in AC bills, Rs 97.10 crore remained unadjusted as of March 2008

(Appendix 2.20). It was further noticed that advance for Rs 33.70 crore have not been adjusted for more than one year.

Scrutiny of AC/DC bills showed the following irregularities:

In course of submission of AC bills to Treasury, the DDO was required to furnish a certificate to the effect that DC bills for the previous AC bills had been submitted within a period of 60 days and the expenditure had been incurred for the purpose for which it was drawn. None of the test-checked DDOs furnished such certificates in AC bills. The DDOs drew advances of Rs 72.04 crore on AC bills during 2007-08 of which Rs 8.64 crore only was adjusted as of March 2008, despite non-submission of DC bills against previous AC bills for Rs 49.97 crore drawn upto 2006-07.

An advance check register is required to be maintained by the DDOs for recording AC and DC bills. Out of the 12 offices test-checked only two DDOs (SP, North 24 Parganas and Director of Health Services, West Bengal, Kolkata) maintained the said register.

Out of total outstanding amount of Rs 97.10 crore drawn upto March 2008, only four offices, namely Director of Social Welfare (Rs 30.62 crore), AO, Kolkata Police (Rs 25.01 crore), Commandant, SAP 6th Battalion (Rs 18.41 crore) and DHS, Kolkata (Rs 7.68 crore), accounted for 84 *per cent*.

Prolonged retention of huge public funds by the DDOs without giving account of its utilisation by submitting DC bills is fraught with the risk of serious financial irregularities/misappropriation.

2.7 Budgetary and expenditure control

Control over budget and expenditure is essential for optimum utilisation of limited resources to achieve the objectives of the department. The following shortcomings were noticed in control over preparation of the budget and expenditure thereof in respect of Urban Development Department (Grant No 54):

Defective system of preparation of budget

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

The Departmental Controlling Officer or a Disbursing Officer, under whose disposal the grant is placed, is required to keep constant watch over the progress of expenditure under different sub-heads of Grant received by the concerned Developmental Authorities and to monitor the progress of expenditure by obtaining monthly statement of expenditure (SOE) from the concerned authority. Further, Departmental Controlling Officers are also required to maintain Departmental Consolidated Accounts (DCA) and arrange their verification month by month with those maintained by the Accountant General (A&E), West Bengal.

As different Development Authorities under the Urban Development Department did not maintain any Appropriation Register for a particular scheme/head, Audit could not verify the expenditure scheme/head wise.

Urban Development Department prepared budget estimate for submission to Finance Department on the basis of expenditure incurred during the last financial year after adding a percentage on it.

Release of funds in March

Rule 373 of WBFR stipulates that after receiving the amount of grant for a particular year from the Finance Department, the Urban Development Department should make arrangement for distributing and communicating the sanctioned funds among the Drawing and Disbursing Officers (DDOs) at the beginning of the financial year. The DDOs would then plan their work programme as per availability of fund for the current year. Whereas scrutiny or records and registers, maintained by the Urban Development Department, relating to grants sanctioned to different Development Authorities, revealed that in many cases grants were released to different Development Authorities at the close of the financial year (as shown below), for which the said Development Authorities were not able to utilise the funds within the stipulated period.

| Year | Name of the Development Authority (Grantee) | Total grants released during the year | Grants released during last quarter | Grants released in the month of March | Percentage of grants released in March/ last quarter |
|------------------|---|---------------------------------------|-------------------------------------|---------------------------------------|--|
| (Rupees in lakh) | | | | | |
| 2006-07 | Burdwan Development Authority | 305.00 | 160.00 | 160.00 | 52/52 |
| | Siliguri-Jalpaiguri Development Authority | 781.00 | 543.90 | 543.90 | 70/70 |
| | Sriniketan-Santiniketan Development Authority | 335.00 | 160.05 | 113.75 | 34/48 |
| | Digha-Sankarpur Development Authority | 225.51 | 124.92 | 59.93 | 27/55 |
| | Midnapur-Kharagpur Development Authority | 298.00 | 177.00 | 177.00 | 59/59 |
| | Jaigaon Development Authority | 40.00 | 22.75 | 12.75 | 32/57 |
| 2007-08 | Burdwan Development Authority | 315.00 | 315.00 | 165.00 | 52/100 |
| | Sriniketan-Santiniketan Development Authority | 450.00 | 112.50 | 92.50 | 21/25 |
| | Digha-Sankarpur Development Authority | 250.00 | 62.50 | 62.50 | 25/25 |
| | Midnapur-Kharagpur Development Authority | 318.09 | 318.09 | - | 100 |
| | Siliguri-Jalpaiguri Development Authority | 785.00 | 190.00 | - | 32 |
| | Jaigaon Development Authority | 108.00 | 80.50 | - | 75 |

Non-utilisation of funds

Rule 373 of WBFR stipulates that after receiving the amount of grant for a particular year from the Finance Department, the Urban Development Department should make arrangement for distributing and communicating the sanctioned funds among the DDOs at the beginning of the financial year. The DDOs would then plan their work programme as per availability of fund for the current year.

Lack of planning and failure to implement the project accordingly resulted in underutilisation of budget funds and huge savings in the Account for the period 2005-08, as detailed below:

| Name of the Development Authority | Year | Total grant received under different heads of account | Actual expenditure under different heads of account | Unspent balance | Percentage of funds unutilised | Unutilised funds related to |
|---|---------|---|---|-----------------|--------------------------------|-----------------------------|
| | | (Rupees in lakh) | | | | |
| Medinipur-Kharagpur Development Authority | 2007-08 | 318.09 | - | 318.09 | 100 | LUDCP, BMS, etc. |
| Digha-Sankarpur Development Authority | 2005-06 | 107.00 | 6.65 | 100.35 | 94 | Plan Grant, BMS, etc. |
| | 2006-07 | 225.51 | 27.06 | 198.45 | 88 | LUDCP, ACA |
| | 2007-08 | 250.00 | - | 250.00 | 100 | LUDCP, BMS |
| Jaigaon Development Authority | 2005-06 | 15.00 | 10.69 | 4.31 | 29 | BMS |
| | 2006-07 | 40.00 | 24.07 | 15.93 | 40 | BMS, Plan Grant |
| | 2007-08 | 108.46 | 15.08 | 93.38 | 86 | BMS, Plan Grant |
| Burdwan Development Authority | 2005-06 | 136.50 | 70.58 | 65.92 | 48 | BMS, Plan Grant |
| | 2006-07 | 305.00 | 42.19 | 262.81 | 86 | ACA, BMS, Plan Grant |
| | 2007-08 | 315.00 | 145.92 | 169.08 | 54 | BMS, Plan Grant |

LUDCP: Land Use and Development Control Plan, BMS: Basic Minimum Services, ACA: Additional Central Assistance

From the above, it is evident that the Developmental Authorities could not utilise 29 per cent to 100 per cent of the funds, on different heads within the stipulated year. This indicated deficiency in planning and control of expenditure.

2.8 Other topics of interest

2.8.1 Irregularities in the functioning of treasuries

Non-maintenance of records relating to sanction orders

During inspection of treasuries for the year 2007-08, it was noticed that in 12 treasuries the system of noting the sanction orders relating to drawal on AC Bills/Grants-in-aid/withdrawal from GPF, CVP/Gratuity and other bills were not maintained and as such the authenticity of the claims could not be checked leaving scope for fraudulent drawal/double drawal of Government money from the treasuries by presenting fake bills.

Irregularities in payment of pension

Scrutiny of the records of treasuries disclosed that Rs 1.34 crore in respect of pension, family pension and relief thereon was paid in excess to the pensioners due to wrong calculation of pension, payment of relief even after re-employment/ re-marriage, non-reduction of basic pension, payments of pension even after death of the pensioners and non-reduction of enhanced rate of family pension even after the stipulated period. Details are as under:

- In 30 treasuries an amount of Rs 81.82 lakh was paid in excess to 145 pensioners on account of relief paid to re-employed pensioners, non-reduction of enhanced rate of family pension after the stipulated period, wrong calculation of pension paid on remarriage, etc.
- The Treasury Officers of 54 treasuries failed to recover Rs 47.74 lakh deposited to 663 deceased pensioners' bank accounts even after the death of the pensioners.
- Due to non-reduction of commuted value of pension from the basic pension in time Rs 4.67 lakh was overpaid in eight treasuries in 26 cases, requiring recovery from the pensioners.

CHAPTER III

PERFORMANCE AUDIT

| | | Page |
|---|-----|------|
| ➤ MANAGEMENT OF CORRECTIONAL HOMES | 3.1 | 43 |
| ➤ NUTRITIONAL SUPPORT TO PRIMARY EDUCATION | 3.2 | 60 |
| ➤ ACCELERATED RURAL WATER SUPPLY PROGRAMME | 3.3 | 74 |
| ➤ MANAGEMENT OF BIO-MEDICAL AND PLASTIC WASTE | 3.4 | 92 |

CHAPTER III - PERFORMANCE AUDIT**JAILS DEPARTMENT****3.1 MANAGEMENT OF CORRECTIONAL HOMES****HIGHLIGHTS**

The Correctional Homes are administered under the provisions of the West Bengal Correctional Services Act, 1992 (Act). They provide for the detention of prisoners committed to prison custody and for their reformation and rehabilitation with a view to ensuring their safe detention and minimum standards of treatment. A performance audit of the management of Correctional Homes (CHs) for the period 2003-08 revealed gross overcrowding of inmates in the CHs. Despite overcrowding, there were delays in construction of new CHs. The required facilities were also not provided to the prisoners in custody. Ineffective surveillance led to escape of prisoners from CHs/police custody. The life convicts were deprived of the review after completion of 14 years of imprisonment, which could have secured their release from custody. Further, the measures undertaken for reformation and rehabilitation of prisoners in custody were not adequate and effective.

In violation of the provisions of the Act, no individual bank account was opened for 65 per cent of the prisoners of five test-checked Correctional Homes (CH) and prisoners' cash aggregating Rs 1.90 crore were retained in cash chest and in Superintendents' personal ledger accounts. Further, the Superintendents unauthorisedly used prisoners' cash to defray the expenses of the CHs. Cases of misappropriation of Rs 2.72 lakh were also noticed in two CHs.

(Paragraphs 3.1.7.1 and 3.1.7.2)

There was over-crowding of inmates by 39 per cent of the overall capacity in 12 CHs as of January 2008. During the period 2003 to 2007, under-trial prisoners constituted 73 to 78 per cent of total prisoners.

(Paragraph 3.1.8.1)

Adequate steps were not taken for release of under-trial prisoners after completion of half of the maximum period of imprisonment specified for the committed offence. Similarly, life convicts were retained even after completion of 14 years of imprisonment. Other prisoners were also not released on parole in disregard to provisions of the Act and the Criminal Procedure Code. Government had to shoulder huge additional expenses towards their maintenance.

(Paragraphs 3.1.9.1 to 3.1.9.3)

Despite overcrowding in CHs, there were delays in construction of new CHs/barracks, etc. and out of 460 works taken up during 2002-07, 76 works including construction of four new CHs remained incomplete as of October 2008. Further, staff quarters and barracks constructed between June 2005 and December 2006 at a cost of Rs 1.43 crore remained unutilised as of March 2008.

(Paragraphs 3.1.10.1 to 3.1.10.3)

Surveillance system in the CHs was not effective enough to prevent escape of prisoners from custody. In five out of nine CHs test-checked, 24 prisoners escaped from custody during 2003-08 due to lax security arrangement.

(Paragraphs 3.1.9.5 and 3.1.10.6)

Eight test-checked CHs incurred extra expenditure of Rs 0.67 crore towards procurement of medicines at higher prices during 2003-08 and samples of medicines costing Rs 12.42 crore were not tested before consumption by the patients of the hospitals of CHs.

(Paragraphs 3.1.11.2 and 3.1.11.3)

3.1.1 Introduction

The main objectives of the Correctional Homes are admission, custody, security, reformation and rehabilitation of prisoners. There are six Central Correctional Homes (CCHs), 12 District Correctional Homes (DCHs), 35 Sub-Correctional Homes (SCHs) including one Open Air Correctional Home and one Women Correctional Home in the State with total capacity to accommodate 19722 prisoners. There were 19830 prisoners including 13999 under trial prisoners (UTPs)¹ and 1078 foreign nationals lodged in different CHs as of January 2008. UTPs constituted 71 per cent of total prison population.

The CHs are administered under the provisions of the West Bengal Correctional Services Act, 1992 (Act) which came into force with effect from 14 April 2000 and the West Bengal Jail Code (Code). The Model Prison Manual issued by the Government of India (GOI) in December 2003 had not been implemented by the Government of West Bengal as of March 2008.

3.1.2 Organisational structure

The Principal Secretary to the Government of West Bengal, Jails Department, is in overall charge of Jails Department. The Inspector General of Correctional Services (IGCS), who is the head of Prison Directorate, is responsible for overall control and superintendence of correctional homes in the State. He is assisted by an Additional Inspector General of Correctional Services and five Deputy Inspectors General of Correctional Services. Each of the correctional homes is headed by one Jail Superintendent and he is assisted by Deputy Superintendents, Chief Controller, Controller, Assistant Controller, Chief Head Warders/Head Warders and Warders. There is a hospital in each CCH and DCH under the supervision of a Senior Medical Officer.

3.1.3 Audit objectives

The broad objective of the performance audit was to assess the manner in which and the extent to which the minimum standards of treatment and their reformation and rehabilitation intent outlined in the aforesaid Act and Code were achieved. The specific audit objectives were to ascertain whether -

- the allotted funds were prudently utilised and the prisoners' cash was dealt with according to the provisions of the Act;

¹ A prisoner detained in custody during the period of investigation, enquiry or trial for an offence

- ### 3.1.4 Audit criteria

- Norms and procedures laid down in the Act and Code;
- GOI guidelines for prison administration;
- Monitoring mechanism instituted under the provisions of the Act.

The performance audit of the Management of Correctional Homes during 2003-08 was conducted during October-December 2007 and March-April 2008 through test-check of records of the Jails Department and Directorate, five² CCHs, three³ DCHs and one⁴ Open Air CH. The CCHs and DCHs were selected on the basis of SRSWOR⁵ method. Before taking up audit, an entry conference was held (September 2007) with the Principal Secretary of the department and the IGCS for ascertaining the organisational network and the supervision and monitoring mechanism adopted by the department over functioning of correctional homes. The audit observations were discussed in an exit conference (May 2008) with the IGCS.

3.1.6. Fund management

| Year | Non-Plan | | | Plan | | |
|---------|------------------|-------------|------------------------|------------------|-------------|----------------------|
| | Budget Provision | Expenditure | Savings (-)/Excess (+) | Budget Provision | Expenditure | Savings(-)/Excess(+) |
| | | | Rupees in crore | | | |
| 2003-04 | 76.77 | 60.71 | (-) 16.06 | 1.10 | 1.38 | (+) 0.28 |
| 2004-05 | 88.27 | 68.64 | (-) 19.63 | 1.63 | 2.76 | (+) 1.13 |
| 2005-06 | 80.40 | 73.54 | (-) 6.86 | 2.44 | 3.88 | (+) 1.44 |
| 2006-07 | 82.40 | 78.08 | (-) 4.32 | 5.90 | 2.29 | (-) 3.61 |
| 2007-08 | 87.07 | 84.83 | (-) 2.24 | 4.00 | 2.57 | (-) 1.43 |

A detailed analysis of the expenditure *vis-a-vis* budget provisions revealed that there were substantial savings under Centrally Sponsored schemes for

Simple Random Sampling without Replacement

modernisation of correctional homes and 'salaries & wages' under Non-plan indicating poor budgetary control. Realistic assessment of prospective savings and timely surrender of funds would have resulted in utilisation of the amounts of savings in other needy areas. Further, the budget provisions and expenditure under the plan sector were significantly low during each of the years 2003-08.

3.1.7 Cash Management in Correctional Homes

The Superintendents of Correctional Homes (CHs) were responsible for managing the CHs in all matters relating to cash management apart from discipline, labour, punishment and other controls. The Superintendents being the drawing and disbursing officer of the CHs, were to keep a constant and careful watch over the receipts and expenditure and also to act as custodian of the prisoners' cash. They were to see that all monetary transactions (Government as well as prisoners' cash) had been entered into the Cash Book under proper attestation and the cash in chest physically verified at the end of each month. Scrutiny of records of test-checked CHs revealed the following:

3.1.7.1 Retention of prisoners' cash

According to the provisions of Section 55 (2) of the Act, every prisoner shall be entitled to spend up to 50 per cent of wages earned by him per month and the remaining 50 per cent of such wages shall be kept reserved for payment to the prisoner at the time of release as deferred wages. The Superintendent shall open individual savings bank account in any nationalised bank wherein wages earned by each prisoner shall be deposited.

No bank account was opened for 65 per cent of prisoners of five test-checked CCHs

As against 3303 prisoners under rigorous imprisonment in five test-checked CCHs, savings bank accounts of 2140 prisoners (65 per cent) were not opened as of March 2008 mainly due to lack of initiative on the part of the CH authorities and the wages earned by them were either retained in cash chest (Rs 0.55 crore) or parked in Superintendents' personal ledger (PL) accounts (Rs 1.35 crore). Thus, the prisoners were deprived of the benefit of earning interest on the funds of Rs 1.90 crore retained by the Superintendents of CHs. Irregular retention of prisoners' cash in chest facilitated misappropriation/ misutilisation of such funds as mentioned in the following paragraphs:

3.1.7.2 Shortage and misappropriation of cash

Physical verification of cash in hand (including prisoners' cash) conducted at the instance of audit by the Superintendents of six CHs during November 2007 to April 2008 disclosed shortage of cash amounting to Rs 11.18 lakh as shown below:

| Name of CH | Date of verification | Balance as per cash book | Cash found on physical verification | Cash shortage | Amount misappropriated | Unauthorised payments out of prisoners' cash | | Unexplained cash shortage |
|---------------------|----------------------|--------------------------|-------------------------------------|---------------|------------------------|--|------------------------------|---------------------------|
| | | | | | | Advance yet to be recovered | Expenditure not yet recouped | |
| (Rupees in Lakh) | | | | | | | | |
| Alipore CCH | 05.11.2007 | 18.72 | 17.44 | 1.28 | - | - | - | 1.28 |
| Presidency CCH | 26.11.2007 | 21.24 | 16.75 | 4.49 | - | 4.49 | - | - |
| Dumdum CCH | 26.12.2007 | 27.10 | 26.49 | 0.61 | - | 0.28 | 0.33 | - |
| Lalgola Open Air CH | 16.01.2008 | 3.32 | 0.74 | 2.58 | 2.32 | - | 0.26 | - |
| Berhampore CCH | 03.04.2008 | 25.24 | 23.16 | 2.08 | 0.40 | - | 1.68 | - |
| Medinipur CCH | 15.04.2008 | 10.87 | 10.73 | 0.14 | - | - | 0.14 | - |
| Total | | 106.49 | 95.31 | 11.18 | 2.72 | 4.77 | 2.41 | 1.28 |

It would be evident from above that cash ranging from Rs 3.32 lakh to Rs 27.10 lakh were retained in hand by each of the CH authorities without depositing the same into PL accounts or prisoners' bank accounts. Scrutiny in audit revealed the following:

- (i) Out of cash shortage of Rs 2.58 lakh at Lalgola Open Air CH, Rs 2.32 lakh was misappropriated by the Assistant Controller of the CH and he was suspended in November 2006 while the show cause notice was issued to him in December 2007 for misappropriation of cash. Further, the Chief Controller of Berhampore CCH misappropriated Rs 0.40 lakh in February 1989. Neither any FIR was lodged with the local police authorities nor the misappropriated amount of Rs 2.72 lakh recovered from the concerned officials.
- (ii) Superintendent of each CCH was holding permanent advance of Rs 2000 to defray the emergent expenditure and he was also empowered to draw advance not exceeding Rs 0.15 lakh in each occasion for this purpose. Nevertheless, Superintendent of Presidency CCH paid advance of Rs 4.49 lakh out of prisoners' cash to officials between July 1986 and October 2007 for meeting office expenses. Similarly, Superintendent of Dumdum CCH irregularly paid advance of Rs 0.28 lakh for holding workshop in May 2006 and treatment of prisoners in August 2007 and the Superintendents of four CHs unauthorisedly spent prisoners' cash of Rs 2.41 lakh to defray the office expenses. No action was, however, taken for submission of vouchers for adjustment of advances and for recoupment of the prisoners' cash by withdrawal of the amounts from treasury for reasons not explained by the Superintendents.
- (iii) The reasons for shortage of Rs 1.28 lakh at Alipore CCH could not be explained by the Superintendent of CCH. The Principal Secretary of the Department directed (January 2005) the Superintendent to recover the amount from the Chief Controller of the CH; but no action was taken in this respect as of March 2008.

3.1.8 Space and accommodation for prisoners

The Model Prison Manual circulated by GOI, Ministry of Home Affairs stipulates that accommodation provided for the use of prisoners particularly for sleeping will meet the basic requirements of healthy living taking into account climate conditions, cubic contents of air, minimum floor space, lighting and ventilation with one toilet unit and bathing space for every 10 prisoners. The West Bengal Jail Code states that the capacity of the wards, cells and other compartments intended for prisoners shall be regulated by scales of cubical space and lateral ventilation prescribed for each prisoner.

Section 32(1) of the Act stipulates that the floor area and the cubical air area of a cell and the floor area to be allotted for every prisoner accommodated in a ward shall be such as may be prescribed by the Government. But, no such norm was fixed by the Department as of March 2008. Further, Rule 1179 of West Bengal Jail Code stipulates that minimum 4.18 square meter of superficial area should be provided to each prisoner. Against this norm, the

Misappropriation
of Rs 2.72 lakh in
two CCHs

Only 3.03 to
3.30 sq meter of
superficial area was
available per
prisoner against
requirement of
4.18 sq meter.

superficial areas available for each prisoner in three⁶ test-checked CCHs varied between 3.03 and 3.30 square meter during 2003-08.

Overcrowding of inmates by 39 per cent of capacity in test-checked CHs

3.1.8.1 Overcrowding in correctional homes

A comparison of actual inmate population in 12 CHs *vis-a-vis* capacity of CHs indicated overcrowding of inmates by 39 per cent of the overall capacity. In six⁷ of these CHs/CCHs such excess crowding was two to four times of the capacity as would be evident from the table:

| Correctional Home | Inmates capacity | | | Prisoners accommodated | | | Excess prisoners (Percentage) | | |
|---------------------|------------------|------------|-------------|------------------------|------------|-------------|-------------------------------|------------|------------------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Presidency CCH | 2140 | 246 | 2386 | 2112 | 721 | 2833 | (-) 28 | 475 | 447 (19) |
| Alipore CCH | 1971 | - | 1971 | 2131 | - | 2131 | 160 | - | 160 (8) |
| Krishnanagar DCH | 486 | 24 | 510 | 1102 | 113 | 1215 | 616 | 89 | 705 (138) |
| Howrah DCH | 400 | 60 | 460 | 557 | - | 557 | 157 | (-) 60 | 97 (21) |
| Arambagh SCH | 12 | 3 | 15 | 58 | - | 58 | 46 | (-) 3 | 43 (287) |
| Serampore SCH | 98 | 8 | 106 | 158 | 10 | 168 | 60 | 2 | 62 (58) |
| Uluberia SCH | 53 | - | 53 | 102 | - | 102 | 49 | - | 49 (92) |
| Kalna SCH | 48 | 4 | 52 | 84 | 2 | 86 | 36 | (-) 2 | 34 (65) |
| Diamond Harbour SCH | 62 | - | 62 | 290 | 12 | 302 | 228 | 12 | 240 (387) |
| Basirhat SCH | 59 | - | 59 | 97 | - | 97 | 38 | - | 38 (64) |
| Bongaon SCH | 87 | 3 | 90 | 311 | 75 | 386 | 224 | 72 | 296 (329) |
| Ranaghat SCH | 59 | 2 | 61 | 176 | 13 | 189 | 117 | 11 | 128 (220) |
| Total | 5475 | 350 | 5825 | 7178 | 946 | 8124 | 1703 | 596 | 2299 (39) |

It was also observed that against capacity of 283 female prisoners in five⁸ CHs, 932 were accommodated resulting in overcrowding of 649 female prisoners (329 per cent). Further, Diamond Harbour SCH accommodated 12 female prisoners without having any separate female ward.

Overcrowding in prisons was accentuated by continued detention of huge number of UTPs which constituted 73 to 78 per cent of total prisoners in the State during 2003 to 2007 as would be evident from the following table:

| Year | Total Prison Population (Average number of prisoners) | Total undert trial prisoners (UTPs) | Percentage of UTPs to total prisoners |
|------|--|-------------------------------------|---------------------------------------|
| 2003 | 16289 | 12757 | 78 |
| 2004 | 16319 | 12790 | 78 |
| 2005 | 18158 | 14017 | 77 |
| 2006 | 18292 | 13638 | 75 |
| 2007 | 19090 | 13915 | 73 |

Retention of such huge number of UTPs factored into additional pressure on available infrastructure/amenities in the CHs and affected the quality of treatment/facilities.

⁶ Presidency CCH, Alipore CCH and Dumdum CCH

⁷ Krishnanagar DCH, Arambagh SCH, Uluberia SCH, Diamond Harbour SCH, Bongaon SCH and Ranaghat SCH

⁸ Presidency CCH, Krishnanagar DCH, Serampore SCH, Bongaon SCH and Ranaghat SCH

3.1.8.2 Shortage of toilets in the correctional homes

Against requirement of 890 toilets only 559 toilets were available in six test-checked CHs

In six⁹ test-checked CHs, against requirement of 783 toilets for male prisoners and 107 toilets for female prisoners as of January 2008 as per norm (one toilet unit and bathing space for every ten prisoners), only 502 and 57 toilets respectively were available. Further the water supply system in four¹⁰ CHs was not adequate as reported by the Superintendents of respective CHs. The prisoners in none of the CHs were provided mosquito net even though the same was to be provided in terms of model prison manual.

3.1.8.3 Non-utilisation of female ward at Dumdum CCH

Female ward constructed at Rs 1.28 crore remains unutilised

The construction of a female ward of 100 inmates capacity in Dumdum CCH was completed in February 2006 at a cost of Rs 1.28 crore but, physical possession of the building was not taken over by the CH authority from PWD as of March 2008 for reasons not available on record. The additional staff (78 female warders and three matrons) required for functioning of the female ward, as proposed by the Superintendent in May 2003, had not been posted by the Department as of March 2008. As the building remained unutilised for over two and half years, the doors, windows and floors of the buildings got damaged. Thus, due to non-deployment of required staff, the female ward constructed in February 2006 remained unutilised rendering the expenditure of Rs 1.28 crore unfruitful despite overcrowding of female prisoners in other CHs.

3.1.9. Custody and detention of prisoners

3.1.9.1 Retention of UTPs

According to the provisions of Section 436A of Criminal Procedure Code (Cr.PC), an UTP may be released by the Court on his personal bond after imprisonment for half of the maximum period of punishment of imprisonment specified for the committed offence under the law. In six¹¹ test-checked CCHs, out of 6795 UTPs detained in custody during 2003-08, 46 UTPs completed half of the punishment period, of which only four were released up to March 2008. Reasons for non-release of 42 prisoners were not available on record.

3.1.9.2 Retention of life convicts even after 14 years of imprisonment

According to the provisions of Section 61 of the Act read with Section 433A of Cr.PC, a life convict may be released from custody after completion of 14 years of imprisonment. The Judicial Department of the State Government constituted a State Sentence Review Board (SSRB) in January 2000 to review the cases of life convicts detained in different CHs for more than 14 years. The State Government, however, did not formulate any guideline for consideration of premature release of life convicts. It was noticed in audit that SSRB reviewed (2004-06) the cases of 163 life convicts out of 265 who had rendered

⁹ Presidency CCH, Dumdum CCH, Medinipur CCH, Berhampore CCH, Krishnagar DCH and Bardhaman DCH

¹⁰ Medinipur and Baharampure CCHs and Krishnanagar and Bardhaman DCHs

¹¹ Presidency CCH, Alipore CCH, Dumdum CCH, Medinipur CCH, Berhampore CCH, Krishnagar DCH

14 to 20 years of imprisonment up to the period of review and only 62 life convicts were released while the cases of 101 life convicts were rejected by SSRB. The cases of remaining 102 life convicts (including 65 life convicts completing more than 20 years of imprisonment) had not yet been reviewed by SSRB (March 2008).

Retention of life convicts even after 14 years of imprisonment led to avoidable expenditure of Rs 1.59 crore in six test-checked CHs

In six¹² test-checked CHs, out of 334 life convicts who had rendered 14 to 20 years of imprisonment, 94 were released during 2003-08 and remaining 240 were retained in custody as of March 2008. Despite overcrowding in the CHs, adequate action was not taken for release of life convicts according to the provisions of the relevant Act. Due to non-release of such convicts, the Department had to incur an expenditure of Rs 1.59 crore during 2003-08 towards their maintenance.

3.1.9.3 Non-release of prisoners on parole

According to the provisions of Section 62 of the Act, a prisoner sentenced to imprisonment for a period of two years or more may be released by IGCS on parole for a period not exceeding one month on execution by the prisoner a bond for an amount not exceeding one thousand rupees. No permission of police authority was necessary before such release. Further, the prisoner was to be released within six months from the date of submission of application for release on parole.

Out of 1850 prisoners eligible for release under parole in six test-checked CHs, only 228 prisoners were released

In six¹³ test-checked CHs, out of 1850 prisoners eligible for release on parole during 2003-08, only 228 prisoners were released. Reasons for non-release of remaining 1622 prisoners on parole were not available on record. The Department directed (September 1999) the IGCS to release the life convicts, who had completed 15 to 18 years of imprisonment but not released under Section 433A of Cr.PC, under parole for two to ten months. But, no action was taken by jail authorities for release of such convicts either.

The CHs spent Rs 2.67 crore during 2002-08 on such eligible prisoners not released on parole under provisions of the Act.

3.1.9.4 Retention of children in the correctional home

In violation of the Act, 101 children of six to 17 years of age were kept in Presidency CCH

According to the provisions of the Act, children up to the age of five years may be retained in CHs with their mother and children above five years should be transferred to the husband or other family members of the female prisoners. If husband or other relative did not accept the child, the Superintendent should send a notice to the Commissioner of Police or District Magistrate, who would make arrangement for custody of the child in consultation with the Directorate of Social Welfare.

It was noticed in audit that 101 children aged between six and 17 years were kept in Presidency CCH in violation of the provisions of the Act. No action was taken for transferring these children to the family members of the female prisoners.

¹² Presidency CCH, Alipore CCH, Dumdum CCH, Medinipur CCH, Berhumpore CCH, Lalgola Open Air CH

¹³ Presidency CCH, Alipore CCH, Dumdum CCH, Medinipur CCH, Berhumpore CCH, Krishnagar DCH

3.1.9.5 Escape of prisoners from custody

The custodial duties of prisoners in three CCHs were performed by the prison staff while security of perimeter walls was taken care of by the Biswakarma Battalion in case of Alipore CCH and prison staff in case of other CCHs. The duties relating to escorting of prisoners to and from court, hospital, other correctional homes, etc. were done by the State Police and Kolkata Police within their respective jurisdiction.

In five¹⁴ test-checked CCHs, 24 prisoners escaped from custody (12 from police custody during transit and 12 from jail custody) during 2003-08 due to lax security arrangement. In Dumdum CCH, the prisoners escaped by scaling the perimeter walls and the prisoners in other CCHs escaped during transit. Test-check showed that two out of five watch towers in Dumdum CCH, two out of nine watch towers in Presidency CCH and three out of seven watch towers in Alipore CCH were not manned for reasons not explained by the prison authorities.

Seven watch towers out of 21 in three CCHs were not manned

Further, in Krishnanagar DCH there were only two watch towers against requirement of four and one watch tower each in Berhampore CCH and Medinipur CCH were not being guarded at night for want of required security staff.

3.1.9.6 Avoidable expenditure due to delay in release of prisoners of foreign nationality

Prisoners of foreign nationality were to be deported to their country immediately after completion of their respective terms of imprisonment and the SP and DIB of the concerned district were to be informed in time to take appropriate action for deportation of such prisoners immediately after completion of the period of conviction. In nine test-checked CHs as of March 2008, 1203 such prisoners overstayed for periods ranging from 32 to 451 days due to procedural delays in deporting them to their countries even after their release by the respective Courts. Such overstay of prisoners resulted in an avoidable expenditure of Rs 1.02 crore towards their diet and other charges during 2003-08.

3.1.9.7 Inadequate control over entry of prohibited items

West Bengal Correctional Services Act enjoins upon the CH authorities to physically check every prisoner/person at the time of admission/entry/exit to prevent entry of prohibited items into CH. Scrutiny of search and seizure register of five¹⁵ test-checked CCHs revealed that there were 38 incidents of possessing prohibited articles like mobile phones, knives, cannabis, ganja and cash, by prisoners during 2003-08. The entry of such prohibited articles pointed to deficient security checking of prisoners/persons at the entry point of CCHs.

¹⁴ Presidency CCH: three, Dumdum CCH: 16; Alipore CCH: one; Medinipur CCH: three; Hooghly DCH: one.

¹⁵ Presidency CCH, Alipore CCH, Dumdum CCH, Bardhaman DCH, Krishnagar DCH

No regular post of specialist doctors in any of the CH attached hospitals

3.1.9.8 Non-availability of required manpower in the correctional homes

The performance of CHs largely depends on availability of the manpower resources. There were shortages of 182 male warders and seven medical officers in the test-checked CHs against the sanctioned strength of 1557 male warders and 24 medical officers respectively as of March 2008.

According to the norm fixed (February 1991) by the State Government at least ten specialist doctors were required for each 100 bedded hospital for rendering desired patient care services. But, there was no regular post of medical specialist sanctioned by the Jails Department for any of the hospitals attached to CHs.

3.1.10 Deficiencies in development of infrastructure

The Department released funds to Public Works Department (PWD) from time to time for execution of different works under the Centrally Sponsored schemes for modernisation and upgradation of CHs but, there was no system of monitoring over execution of the works by the Department. Instead, the status reports of the works and utilisation certificates (UCs) furnished by PWD were accepted by the Department without verifying the works actually executed by PWD. In the absence of any monitoring system in place, there were cases of non-execution/delayed execution of works, submission of UCs without executing the works, defective construction, etc. as discussed in the subsequent paragraphs:

3.1.10.1 Delayed execution of works

Under the Central scheme for modernisation and upgradation of CHs, GOI approved execution of 475 works¹⁶ costing Rs 71.90 crore (Central assistance: Rs 53.93 crore and State's share: Rs 17.97 crore) including construction of four new CHs (sanctioned cost: Rs 12.43 crore) during 2002-07 and released Rs 51.23 crore to the State up to May 2008.

Out of available fund of Rs 66.94 crore (Central assistance: Rs 51.23 crore and State's share: Rs 15.71 crore), Jails Department released Rs 62.86 crore to PWD during 2003-08 for execution of 460 works. As of October 2008, 384 (83 per cent) works were completed at a cost of Rs 40.03 crore while 76 works taken up during 2004-07 remained incomplete after incurring expenditure of Rs 18.75 crore. The Department did not release any fund for remaining 15 works. Due to non-completion or delayed execution of the works, GOI did not release balance amount of sanctioned funds of Rs 2.70 crore as of October 2008.

3.1.10.2 Delay in construction of correctional homes

With a view to avoiding overcrowding in the correctional homes, the Department released Rs 9.32 crore to PWD from time to time between

¹⁶ Construction of four new correctional homes with 56 new buildings, 14 new barracks and 65 staff quarters, repairs and renovation of 262 barrack and buildings, 74 schemes for sanitation and water supply in correctional homes.

October 2004 and May 2008 for construction of four¹⁷ new Sub-Correctional Homes (SCH) at a sanctioned cost of Rs 12.43 crore. Construction of none of the SCHs was completed as of October 2008 mainly due to slow progress of works by PWD coupled with delayed release of funds to PWD. Due to non-completion of construction of SCHs for over three to four years, the objective of avoiding overcrowding in other correctional homes by shifting the inmates to these newly constructed SCIs remained unachieved.

Unfruitful
expenditure of
Rs 1.43 crore on
unutilised
construction

3.1.10.3 Unfruitful expenditure on civil construction

The following civil works constructed between June 2005 and December 2006 at a cost of Rs 1.43 crore remained unutilised for reasons mentioned against each.

| Particulars of works | Date of completion | Expenditure (Rupees in lakh) | Reasons for non-utilisation |
|---|--------------------|------------------------------|--|
| One 60 bedded warders barrack at Bardhaman DCH | June 2005 | 12.53 | Non construction of gate cum office with approach road sanctioned in June 2006 at an estimated cost of Rs 15.85 lakh |
| Four storied type IV and two storied type III Staff quarters outside Presidency CCH | May 2006 | 27.18 | Non execution of electrical works by PWD |
| One kitchen for prisoners in Alipore CCH | June 2006 | 22.94 | Non execution of electrical works by PWD |
| A barrack for warders in Alipore CCH | December 2006 | 65.98 | Non execution of electrical works by PWD |
| Two storied type III staff quarters outside Presidency CCH | December 2006 | 14.00 | Non execution of electrical works by PWD |
| Total | | 142.63 | |

The department did not take any action for making the created infrastructure functional for over 18 to 36 months resulting in an unfruitful expenditure of Rs 1.43 crore.

3.1.10.4 Irregular submission of utilisation certificate

The Department paid Rs 11.25 lakh to the Executive Engineer (EE) of Berhampore Division-II of PWD in February 2005 for construction of prisoners' ward in Lalgola Open Air CH. The EE furnished UC to the Department in May 2006 to the effect that the prisoners ward at Lalgola had been constructed even though no such ward was actually constructed by PWD. The Department without verifying the veracity of the fact from the Superintendent of the CH, furnished UC to GOI in December 2007.

In order to ensure proper co-ordination between the Department and the PWD, the Department constituted a Supervisory Committee in September 2007 for monitoring the works executed through PWD and the Committee held four meetings during the period from September 2007 to August 2008.

3.1.10.5 Unfruitful expenditure towards installation of mobile phone jammer

Unfruitful
expenditure of
Rs 17.98 lakh on
mobile phone
jammer

To prevent communication through smuggled mobile phones by the prisoners, mobile phone jammers were installed (February 2006) in Alipore CCHs at a cost of Rs 17.98 lakh but, the installed system was unable to jam mobile connectivity within the CCH premises. In September 2007, the Department

¹⁷ At Haldia, Kalyani, Raghunathpur and Tehatta

directed the contractor to remove the technical deficiencies in the installed system by October 2007, which was not executed by the contractor as of March 2008. Thus, the expenditure of Rs 17.98 lakh incurred on installation of the system remained unfruitful.

3.1.10.6 *Ineffective surveillance system in the Central Correctional Homes*

Surveillance system installed at five CCHs at Rs 1.46 crore remaining defunct

For the purpose of close and constant surveillance over prisoners, especially the high security prisoners detained in CCHs, an audio/video surveillance system over high security cells and wards together with perimeter wall was installed at a cost of Rs 1.46 crore between March 2003 and December 2005 in the office chambers of the Superintendents and Chief Controllers of five CCHs. Even though the objective of installation of the system was to keep 24 hours surveillance on the prisoners, neither had the Department posted any control staff assigned with the exclusive task of constant vigil nor did the jail authorities deploy any personnel for the purpose. Further, in absence of any maintenance contract, the system had become inoperative between January 2007 and September 2007 in all the five CCHs.

Thus, due to non-deployment of trained staff for round the clock monitoring and surveillance over prisoners coupled with breakdown of the system within two to four years of its installation, the very purpose of installation of the system at a cost of Rs 1.46 crore remained unachieved.

3.1.10.7 *Inoperative video conferencing system*

Video conferencing system installed at Rs 39.62 lakh remaining inoperative

With a view to solving the problem of non-availability of police escort in time for movement of UTPs, the Judicial Department set up a video conference linkage of seven criminal courts with Presidency and Alipore CCHs in April 2006 at a cost of Rs 35.53 lakh. In addition, Jails Department spent Rs 4.09 lakh for remodelling the system and furnishing of the video conferencing rooms in these CCHs. The system, however, remained defunct since February 2007 owing to disconnection of ISDN lines due to non-payment of telephone bills by the respective courts. No action was taken for re-connectivity the system as of March 2008. Thus, the objective of setting up video conferencing system for faster trial of remand cases without presenting UTPs at the designated courts could not be achieved despite spending Rs 39.62 lakh towards installation of the system.

3.1.10.8 *Encroachment of Jail land*

Thirty eight prison quarters and barracks under unauthorised

There were 202 encroachers who made unauthorised construction on Government land under control of Jails Department within the campus of three CHs (Presidency CCH, Alipore CCH and Krishnagar CCH), of which 104 were outsiders and 98 were prison staff. Besides, 63 prison staff and 21 outsiders were unauthorisedly occupying 38 prison quarters and barracks. The areas of land under encroachment or the period of such unauthorised occupation were not available on record. Neither the Department nor the jail authorities took any action for evicting the encroachers. No disciplinary action was also taken against prison staff who were unauthorisedly occupying the Government land and staff quarters.

3.1.11 Provision for medical facilities to inmates

The medical needs of the inmates of CHs were met through 76 to 100 bedded hospitals within the premises of each CCH/DCH providing round the clock medical and health care service facilities including X-ray, ECG, pathology and biochemistry, etc. In addition, there were dispensaries in each CH.

No posts for specialist doctors/ surgeons were created in jail hospitals in disregard to government norms

According to the norms fixed by the State Government, ten General Duty Medical Officers (GDMO), ten Specialist Doctors, two General Surgeons, two Orthopaedic Surgeons, one Radiologist and one Anaesthetists were to be posted in each 100 bedded hospital. But, no such posts were sanctioned by the Department for its four 100 bedded hospitals in the CCHs and these hospitals were run with three to five GDMOs only, while the bed occupancy in these hospitals varied from 140 to 197 *per cent* per day during 2004-08. Despite overcrowding in the hospitals, no action was taken to increase bed capacity of hospitals as well as for deployment of adequate number of medical officers required for rendering appropriate treatment facilities to the patients.

3.1.11.1 Non-installation of laboratory equipment

Non-installation of equipment worth Rs 0.59 crore for eight to nine years

Thirty two laboratory equipment¹⁸ costing Rs 0.59 crore procured between April 1999 and July 2000 for modernisation of the hospitals in four test-checked CCHs remained uninstalled as of March 2008 due to non-availability of required infrastructure like suitable space for installation, high voltage power lines, etc. and non-deployment of manpower required for operating the equipment. The CH Authorities did not take any action for installation of the equipment and the guarantee periods of the same also lapsed. Non-installation of the equipment for over eight to nine years resulted in unfruitful expenditure of Rs 0.59 crore.

3.1.11.2 Procurement of medicines at higher rates

Excess expenditure of Rs 0.67 crore procuring medicine at higher rates

The prices of medicines to be supplied to the Government hospitals by the enlisted suppliers were fixed every year by the Central Medical Stores (CMS) under the Health and Family Welfare Department. The hospitals of CHs were to purchase medicines at the prices fixed by CMS. It was noticed in audit that eight test-checked CHs purchased six medicines during the period from April 2003 to December 2007 at prices much higher than those fixed by CMS resulting in an extra expenditure of Rs 0.67 crore as detailed below:

| Sl No | Name of the Medicine | Quantity purchased | Procurement cost | Procurement price at CMS rates (Rupees in lakh) | Difference |
|--------------|----------------------|--------------------|------------------|--|--------------|
| 1 | Amoxicillin 250 mg | 1036545 | 36.02 | 7.29 | 28.73 |
| 2 | Ciprofloxacin | 552340 | 15.26 | 5.42 | 9.84 |
| 3 | Ranitidine | 2727195 | 16.41 | 7.38 | 9.03 |
| 4 | Norfloxacin | 387650 | 11.27 | 2.75 | 8.52 |
| 5 | Inj. Diclofenac | 19227 | 0.90 | 0.21 | 0.69 |
| 6 | Cetirizine | 692810 | 11.45 | 0.79 | 10.66 |
| Total | | | 91.31 | 23.84 | 67.47 |

¹⁸ Anaesthesia Apparatus, Gastroendoscope, Ultrasonography Machine, Laryngoscope, Microscope, HP Steriliser, etc.

The Senior Medical Officers of Alipore CCH stated (November 2007) that CMS rates were not considered for purchase of medicines for the hospitals of CHs.

The fact that the CMS rates were not considered by the Senior Medical Officers was not acceptable inasmuch as the Jails Department should have purchased the medicines at the rates fixed by CMS for all Government hospitals.

3.1.11.3 *Administering of untested drugs*

Untested medicines worth Rs 12.42 crore were administered among patients

According to standing instructions of the State Government, samples of medicines are to be tested before issuing to the patients in Government hospitals to ensure quality of the same and the hospitals which procure medicines locally are liable for testing the quality of medicines before giving to patients. In violation of the above instructions, medicines valuing Rs 12.42 crore were not tested before issuing to the patients of the hospitals in nine test-checked CHs during 2003-08.

The Senior Medical Officers (SMOs) of Alipore and Presidency CCHs stated (November-December 2007) that the quality of medicines was not tested before issuing to the patients due to non-availability of required infrastructure for testing. The contention of the SMOs was not acceptable inasmuch as the samples of medicines were to be tested at the State Drug Control and Research Laboratory under the Director of Drug Control. Reasons as to why the samples were not sent to the Laboratory for testing were not stated.

3.1.11.4 *Purchase of dietary articles at higher rates*

Extra expenditure of Rs 34.30 lakh on procurement of dietary articles at higher rates

The dietary articles required for CHs were procured by the Superintendents of respective CHs on the basis of tenders invited centrally by the IGCS. Test-check of records of eight CHs revealed that procurement prices of such items were much higher than the Government assessed market prices (assessed by Food and Supplies Department in each month). A review of procurement prices of five¹⁹ such items disclosed that these CHs incurred extra expenditure of Rs 34.30 lakh during 2003-07 due to procurement of dietary articles at higher rates.

3.1.12 *Reformation and Rehabilitation of inmates*

Lack of departmental effort leading to non-viability of prison industries resulted in losses aggregating Rs 8.88 crore in five test-checked units

One of the primary aims of the Act is the reformation and rehabilitation of prisoners so as to make them contributing members of civil society by the time they complete their sentences. With this objective, the Department operates various factory units within the CH premises where the inmates are taught various skills with which they could earn their livelihood on release from CH. The performance of the factory units in five test-checked CCHs during 2003-08 is indicated in *Appendix 3.1*.

¹⁹ Sugar, mustard oil, onion, banana, lemon

Out of 40 manufacturing units in five CCHs, 12 units²⁰ remained non-functioning for over four to ten years and out of 2002 to 3244 convicts retained in these CCHs during 2003-08, only 295 to 377 (12 to 15 per cent of total convicts) were assigned jobs in these prison industries. Further, these units sustained losses aggregating Rs 8.88 crore during 2003-08.

According to the recommendation of the Mulla Commission (1980-83), the prison industries were to be made commercially viable. But, CH authorities neither prescribed any norm for production by each convict per day nor fixed any target of production in the manufacturing units. As a result, the units sustained huge financial losses due to low productivity. Scrutiny in audit revealed the following:

- (i) Only five per cent of the capacity of printing machines (714 lakh to 924 lakh impressions in a year) of the press at Alipore CCH was utilised during 2003-07. Due to such under-utilisation of printing capacity of the press, the value of production in the press during 2003-07 amounted to Rs 25.14 lakh only against the production cost of Rs 7.03 crore. Inadequate allotment of funds for procurement of raw materials coupled with absence of supervision and monitoring over performance of the press were the main reasons for under-utilisation of capacity.

- (ii) The sale proceeds of Rs 26.74 lakh in respect of forms, registers, etc., supplied by the Press and Forms unit to 2360 Government offices and 47 Autonomous Bodies/Government Companies during 2003-08 remained unrealised for years together.

The Press and Forms Manager stated (October 2008) that there was no system of realisation of cost from government indenting offices since inception and that forms were supplied to the Autonomous Bodies and Government Companies as per Government instructions.

The argument was not acceptable because, as enjoined in West Bengal Treasury Rules, cost of supplies made to any office, department, organisation, etc., was to be realised in cash or by cheque or draft.

- (iii) In Press and Forms unit of Alipore CCH, stock of printed forms and registers, etc., was not verified from time to time. A committee constituted in November 2005 for verification of stock of printed materials, reported (September 2007) shortage of stock of forms, registers, etc., valuing Rs 1.11 crore. No action was taken by the Department on the physical verification report submitted by the Committee.
- (iv) One stainless steel fabrication unit set up in June 2000 at a cost of Rs 14.26 lakh in Presidency CCH was not commissioned due to non-availability of high tension power. After installation of the high tension power supply system in February 2004 at a cost of Rs 3.61 lakh, the unit could not be commissioned as the buffing machine, circle cutting

²⁰ Steel utensils fabrication unit and wheat grinding mill in PCCH, silk art printing and clay modeling units in ACCH, blanket factory, wheat grinding mill and soap making unit in DCCH, cane furniture manufacturing unit and candle manufacturing unit in BCCH and white grinding unit, cane furniture and candle manufacturing units in MCCH

- machine and two hydraulic presses were damaged by then requiring thorough overhauling at an estimated cost of Rs 2.35 lakh. As no further fund was provided by the Department for this purpose, the unit remained non-functional rendering the expenditure of Rs 17.87 lakh unfruitful.
- (v) The blanket factory at Dumdum CCH remained non-functional since 1994 due to non-renovation of the factory/machineries. An additional shed constructed in November 2004 at a cost of Rs 17.62 lakh for upgradation of the blanket factory remained unutilised as no action was taken by the Department for modernisation/upgradation of the factory despite construction of the additional shed. Thus, the expenditure of Rs 17.62 lakh incurred on construction of the shed remained unfruitful.
- (vi) The Department maintains a Jail Depot for sale of products manufactured in prison industries and it sold jail products valuing Rs 5.14 lakh during 2003-08 whereas the cost of maintenance (pay and allowances and contingencies) of the Depot amounted to Rs 41.75 lakh. Further, there was no system of reconciliation of the sale proceeds realised by the Depot and the value of products supplied by the units to the Depot.

3.1.13 Internal Audit

The Internal Audit (IA) wing of the Department consisting of two Internal Auditors was functioning under the control of IGCS. The Department did not prepare any Internal Audit Manual codifying the procedures and scope of audit of CHs including the hospitals, dispensaries, manufacturing units, etc, functioning under CHs.

Out of 53 CHs of the Department, eleven to 34 CHs were audited by IA wing in each of the years 2003-08. Out of 378 paragraphs in 64 IA reports issued during 2003-08, only 78 paragraphs were settled up to June 2008. Of the remaining 300 paragraphs, 189 were lying outstanding for over one to four years. Thus, adequate action was not taken to rectify the deficiencies pointed out by the Internal Auditors.

3.1.14 Monitoring and evaluation

The Department did not form the State and District level Advisory Board for Correctional Services required to be constituted in terms of Section 28 of the Act for rendering advice to the State Government in respect of prevention, control and treatment of delinquency and crime and on the devising of ways and means for establishing greater co-ordination among different Departments dealing with criminal administration. There was lack of co-ordination between Jails and Judicial Departments. As a result, effective measures were not taken for premature release of convicts by following the extant provisions of the Act. Further, the system of monitoring and evaluating the performance of the CHs by the Department was not adequate and effective.

3.1.15 Conclusion

Retention of prisoners' cash by the Superintendents of CHs without depositing the same into the savings bank accounts of prisoners and misappropriation/unauthorised utilisation of such cash proved absence of any control over cash management. Overcrowding of prisoners due to insufficient accommodation and inadequate toilet facilities in prisons indicated lack of minimum standard of treatment/facilities in the Correctional Homes. Further, non-release of prisoners according to the provisions of the Act and retention of prisoners of foreign nationality after completion of sentence periods resulted in overcrowding in CHs. Despite overcrowding, there were delays in construction of new CHs. Ineffective surveillance led to escape of prisoners from CHs/police custody. The life convicts were deprived of the review even after completion of 14 years of imprisonment, which could have secured their release from custody. Further, the provisions for reformation and rehabilitation of prisoners in custody were not adequate and effective.

3.1.16 Recommendations

The Department should-

- *take immediate steps for depositing the prisoners' cash into the savings bank accounts of the respective prisoners;*
- *take immediate steps to bring about improvements in the living conditions of the inmates in CHs;*
- *consider strengthening the security system in CHs as well as prevent entry of prohibited articles into CHs. The system of providing escorts to prisoners when they are taken to courts should also be streamlined;*
- *set up a mechanism to review cases of under-trial prisoners as envisaged in the Act and the Department should take adequate initiative for release of life convicts and other prisoners according to the provisions of the Act and Criminal Procedure Code;*
- *ensure meaningful co-ordination with PW Department to avoid unnecessary delay in completion of construction works; and*
- *review the performance of the factory units and take adequate measures to optimise production in prison industries to avoid recurring losses sustained by the Department on this account.*

The matter was referred to Government in July 2008; reply had not been received (October 2008).

SCHOOL EDUCATION DEPARTMENT

3.2 NUTRITIONAL SUPPORT TO PRIMARY EDUCATION

HIGHLIGHTS

The National Programme of Nutritional Support to Primary Education, popularly known as 'Mid Day Meal' programme, launched by Government of India in August 1995, aimed at boosting universalisation of primary education by improving enrolment, attendance, retention and learning levels of children and simultaneously improving nutritional status of students in the age group of six to eleven years. Performance audit of the scheme disclosed that there was discrepancy in the figures of rice lifted/provided by transporters/distributors and those received by schools indicating substantial possibility of pilferage of rice. Instances of excess expenditure on transportation of rice, extra payment of cooking cost, etc. were also noticed. Even after a decade of implementation of the scheme, a good number of schools remain uncovered by the scheme. There were disruptions in providing cooked meal to children in the test-checked schools. Evaluation of the scheme was not done and as such the impact of the scheme remained un-assessed.

Despite incurring expenditure of Rs 1111.24 crore by the State Government during 2002-07, the scheme contributed to a marginal increase in enrolment during 2002-07, while 7.78 lakh eligible children remained out of school as of March 2007.

(Paragraphs 3.2.6.3 and 3.2.9.1)

Out of allotted funds of Rs 490.58 crore to seven selected districts during April 2002 to December 2007, Rs 68.02 crore (14 per cent) remained parked in Personal Ledger/ Bank accounts as of December 2007 besides non-drawal of Rs 3.80 crore.

(Paragraph 3.2.6.4)

Payment of cooking cost to schools on the basis of total enrolment of students in violation of the norm of 85 per cent resulted in extra expenditure of Rs 90 crore during January 2003 to July 2006.

(Paragraph 3.2.6.5)

In Bankura and Purulia, transportation charge was paid to contractors at the flat rate of maximum admissible amount irrespective of the distance covered. This has resulted in an extra expenditure of Rs 1.58 crore during 2002-07 as compared to the per kilometre rates fixed by Food & Supply Department.

(Paragraph 3.2.6.8)

There was short lifting of 18.32 lakh quintals of rice during 2002-07 due to non-coverage of all the primary schools under MDM programme and serving of cooked meals for less than targeted 222 school-days in a year. Further, the Average Attendance Rate (AAR) was found to be between 69 and 79 per cent, whereas distribution of foodgrains and payment of cooking costs were based on 85 per cent AAR leading to excess allocation

* Abbreviations used in this Review have been listed in the Glossary (page 229)

of 2.41 lakh quintals of foodgrains costing Rs 13.62 crore and cooking cost of Rs 16.85 crore.

(Paragraph 3.2.7.1)

Even after implementation of the scheme for over a decade, 7321 primary schools in the State as a whole and 3704 primary schools in seven test checked districts were not covered under the scheme.

(Paragraph 3.2.7.3)

There was no action plan for management, monitoring and evaluation of the scheme. In absence of the same, proper monitoring and evaluation was not being done to assess the impact of implementation of the scheme. None of the 140 test-checked schools was inspected by Government officials during 2002-07.

(Paragraph 3.2.8.1, 3.2.8.2 & 3.2.8.3)

3.2.1 Introduction

The National Programme of Nutritional Support to Primary Education (commonly known as the Mid-Day Meal Scheme) was launched by Government of India (GOI) in August 1995. The scheme is aimed at (i) boosting the universalisation of primary education by increasing enrolment, attendance, retention and learning levels of children in the age group of six to eleven years and (ii) simultaneously creating positive impact on the nutrition of students in primary classes.

The programme initially focussed on children at the primary stage (class I to V) in Government, local body and Government-aided schools, it was extended in October 2002 to cover children studying in the Education Guarantee Scheme (EGS) and Alternative & Innovative Education (AIE) Centres. In December 2004, GOI issued revised guidelines emphasising on provision of cooked meals of minimum 300 calories with eight to 12 grams of protein content (revised to 450 calories with protein content of 12 grams in September 2006). Regular health check-up of primary school children was also to be conducted and essential micronutrients and de-worming medicines were to be provided to children.

3.2.2 Organisational set up

At the State level, the School Education Department (Primary Branch) was responsible for implementation of Mid Day Meal (MDM) scheme. The Joint Secretary (in-charge of MDM) was in-charge of the scheme under the overall supervision of the Principal Secretary of the Department. At district level, the District Magistrates were in overall charge of the scheme and were responsible for collection of foodgrains from Food Corporation of India (FCI) godowns, transportation and distribution of the same based on enrolment of students in the schools. At block level, the scheme was implemented by the Block Development Officers (BDOs) with the assistance of the Sub-Inspectors of Schools (Primary), Sub-Inspectors of Food, and Panchayat Samitis. In the Municipal areas, the Sub-Divisional Officers (SDOs) implemented the scheme through the respective Municipalities. In Kolkata, the scheme was implemented by Kolkata Primary School Council (KPSC) through District Inspector of Schools (Primary), Kolkata Municipal Corporation (KMC) and a

Non-Government Organisation viz. City Level Programme of Action for Street and Working Children (CLPOA).

3.2.3 Audit objective

The objectives of the performance audit were to assess whether:

- funds provided were adequate and utilised;
- the scheme achieved its principal objective of supporting the universalisation of primary education by improving enrolment, retention and attendance for children at primary education (class I to V) in primary schools/EGS and AIE centres;
- the scheme achieved its secondary objective of improving the nutritional status of the children in the primary classes;
- the requisition, allocation and utilisation of foodgrains were done in an efficient manner;
- children studying in primary schools/EGS & AIE centres were served cooked meal in terms of the quantities and the calorific value and nutritional levels prescribed in the scheme guidelines; and
- implementation of the programme was being effectively monitored.

3.2.4 Audit criteria

The audit criteria used for assessing the performance of the MDM scheme were:

- Norms and conditions specified in the scheme guidelines;
- The scheme objectives as well as the goals fixed by GOI/State Government for increasing enrolment, retention and attendance of children in primary schools and improving the nutritional status of children; and
- Monitoring mechanism formulated by the State Government.

3.2.5 Audit coverage and methodology

Performance audit of implementation of MDM scheme during 2002-07 was conducted during August-September 2007 and January-February 2008 through test-check of records of the School Education Department (Primary Branch) and the District Magistrates, District Inspectors of Schools of seven¹ selected districts out of twenty districts in the State. In each sample district (except capital district Kolkata), ten primary schools and four EGS/AIE centres in rural areas and four primary schools and two EGS/AIE centres in urban areas were selected while 14 primary schools and six EGS/AIE centres were selected in Kolkata.

An entry conference was held on 13 August 2007 with the Principal Secretary of the Department in which audit objectives were explained. The audit findings were discussed in an exit meeting on 11 October 2007 with the Joint Secretary of the Department.

¹ Bankura, Bardhaman, Malda, Murshidabad, Nadia, Purulia and Kolkata

Audit findings

3.2.6 Financial Management

3.2.6.1 Funding pattern

Government of India (GOI) support was provided by way of supply of free foodgrains through Food Corporation of India (FCI). GOI provided transportation charges of rice from the FCI depot to the school point up to Rs 50 per quintal till September 2004 and Rs 75 per quintal thereafter and assistance of Rs 60000 per school for construction of kitchen-cum-stores. GOI also provided one time assistance of Rs 5000 to each school during 2006-08 for purchase of utensils and cooking devices. While the cooking cost was shared by both the GOI and the State Government, expenses on infrastructure and MME were met by GOI.

3.2.6.2 Receipt of Central assistance

Till August 2004 the State Government was providing cost of cooking meals and from September 2004 onwards GOI had been releasing Central assistance for the same. The table below indicates the Central assistance received by the State for all the components of the scheme during the years 2002-07:

| | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | Total |
|-------------------------------------|-------------------|---------------|---------------|---------------|---------------|----------------|
| | (Rupees in crore) | | | | | |
| Cost of rice (Paid to FCI) | 132.20 | 141.09 | 134.57 | 99.43 | 87.94 | 595.23 |
| Transport subsidy | 2.87 | 4.38 | 22.32 | 15.89 | 16.05 | 61.51 |
| Assistance for cooking | Nil | Nil | 122.80 | 280.44 | 203.98 | 607.22 |
| Creation of infrastructure | Nil | Nil | Nil | Nil | 78.71 | 78.71 |
| Management, monitoring & evaluation | Nil | Nil | Nil | 4.14 | 2.80 | 6.94 |
| Total | 135.07 | 145.47 | 279.69 | 399.90 | 389.48 | 1349.61 |

3.2.6.3 Budget provision and expenditure

The details of budget provision and expenditure incurred by the State on the scheme during 2002-07 were as under:

| (Rupees in crore) | | | | | | | | | |
|-------------------------|----------------|--------------|---------------|---------------|----------------|------------|--------------|------------|---------------|
| Year | Transportation | | Cooking | | Infrastructure | | MME | | Total |
| | Central | State | Central | State | Central | State | Central | State | |
| Budget provision | | | | | | | | | |
| 2002-03 | Nil | 0.10 | Nil | 1.68 | Nil | Nil | Nil | Nil | 1.78 |
| 2003-04 | Nil | 6.10 | Nil | 0.77 | Nil | Nil | Nil | Nil | 6.87 |
| 2004-05 | Nil | 10.35 | Nil | 193.69 | Nil | Nil | Nil | Nil | 204.04 |
| 2005-06 | Nil | Nil | 180.00 | 338.82 | Nil | Nil | 2.30 | Nil | 338.82 |
| 2006-07 | Nil | 0.01 | Nil | 332.40 | 197.00 | Nil | 8.45 | Nil | 332.41 |
| Total | Nil | 16.56 | 180.00 | 867.36 | 197.00 | Nil | 10.75 | Nil | 883.92 |
| Expenditure | | | | | | | | | |
| 2002-03 | Nil | 1.80 | Nil | 0.67 | Nil | Nil | Nil | Nil | 2.47 |
| 2003-04 | Nil | 7.19 | Nil | 0.47 | Nil | Nil | Nil | Nil | 7.66 |
| 2004-05 | Nil | 10.30 | Nil | 152.18 | Nil | Nil | Nil | Nil | 162.48 |
| 2005-06 | Nil | 7.00 | 67.45 | 298.62 | Nil | Nil | 0.36 | Nil | 305.62 |
| 2006-07 | Nil | Nil | 61.94 | 299.88 | 197.94 | Nil | 5.44 | Nil | 299.88 |
| Total | Nil | 26.29 | 129.39 | 751.82 | 197.94 | Nil | 5.80 | Nil | 778.11 |

(Source: Budget documents and Appropriation Accounts)

Audit scrutiny revealed the following:

| | |
|--|---|
| Irregular booking of expenditure on transportation of foodgrains | Out of GOI assistance of Rs 61.51 crore received during 2002-07, Rs 58.33 crore was spent, of which Rs 26.29 crore was irregularly booked in the account as State share and payments of Rs 32.04 crore was made out of funds (Rs 35.22 crore ²) received from GOI by cheque and deposited in a bank account maintained by the department since February 2005. Thus, transport subsidy of Rs 35.22 crore received by the State from GOI remained out of Government accounts. |
| Irregular booking of cooking cost | (i) In the accounts for 2004-07, cooking cost of Rs 750.68 crore was booked as State share while only Rs 129.39 crore was booked as Central share even though GOI assistance of Rs 607.22 crore was received for cooking during 2004-07. (ii) Expenditure (Rs 92.69 crore) incurred on MME (Rs 1.14 crore) and creation of infrastructure (construction of kitchen shed: Rs 90 crore and purchase of utensils: Rs 1.55 crore) during 2006-07 was irregularly booked as cooking cost. |
| Diversion of scheme fund | (i) The expenditure of Rs 5.25 crore incurred on cooking during 2003-04 was met out of transportation charges received from GOI, which was to be borne by the State. (ii) DM of Nadia diverted transportation charge of Rs 18.53 lakh for purchase of computers, printers, scanners, photocopy machine, steel cabinets, etc, during April 2002 to November 2003 |

Parking of Rs 68.02 crore in PL accounts and Bank accounts

3.2.6.4 *Parking of scheme funds in Personal Ledger Account*

Out of Rs 485.01 crore allotted for six districts, Rs 481.45 crore were drawn by DMs, of which Rs 424.76 crore were either spent or released to BDOs/Municipalities and remaining Rs 56.69 crore were parked in Personal Ledger (PL) accounts of DMs as of December 2007. Non-release of funds received for construction of kitchen cum stores (Rs 10.61 crore) and receipt of cooking cost in excess of requirement as per actual enrolment, were the main reasons for parking of funds in PL Accounts.

Test-check of records of DMs of Purulia and Nadia showed that out of cooking cost of Rs 77.96 crore allotted to the DMs during July 2005 to September 2007 for 9.85 lakh students of 6993 to 7659 schools, Rs 68.06 crore were released by DMs to BDOs/SDOs for 8.85 lakh students in 6671 to 7117 schools and Rs 9.90 crore was lying unutilised in the PL account of DMs. As per Government order, DMs were to sub-allot the funds to BDOs/SDOs who in turn should draw and disburse the funds to the schools. In violation of the same, a portion of allotted funds was drawn by DMs and kept idle in PL Accounts.

Scrutiny of records of 12 BDOs and six Municipalities in six test-checked districts disclosed that out of Rs 48.03 crore released by DMs to these BDOs/Municipalities during 2002-08 (up to December 2007), Rs 38.30 crore were spent and balance amount of Rs 9.73 crore was parked in the bank accounts of BDOs/Municipalities as of December 2007. Release of cooking cost to the BDOs/Municipalities in excess of requirement coupled with non-serving of meals during targeted 222 days in a year were the main reasons for non-utilisation of available funds.

² Rs 61.51 crore less Rs 26.29 crore

In Kolkata, out of allotment of Rs 5.57 crore during 2005-08 (up to December 2007), Rs 5.33 crore were drawn by District Inspector (DI) of Schools (Primary), of which Rs 3.73 crore were utilised and remaining Rs 1.60 crore were parked with DI (Rs 8.10 lakh), CLOPA³ (Rs 97.49 lakh), KMC⁴ (Rs 32.08 lakh) and Schools (Rs 22.58 lakh) as of December 2007.

Thus, out of scheme funds of Rs 490.58 crore allotted by the Department during 2002-08 (up to December 2007), Rs 68.02 crore (14 *per cent*) remained parked in PL accounts/banks as of December 2007 besides non-drawal of Rs 3.80 crore.

3.2.6.5 *Excess expenditure towards cooking cost*

According to scheme guidelines, cooking cost was to be paid to schools on the basis of average attendance of 80 *per cent* of enrolment of students. In May 2005, the State Government re-fixed the average attendance rate at 85 *per cent* and directed all the DMs to pay cooking cost to schools on the basis of 85 *per cent* of students enrolled in each school.

Excess
expenditure of
Rs 90 crore
towards cooking
cost

In violation of the norm, cooking cost was paid to schools for total number of students enrolled in each school up to July 2006 resulting in excess payment of Rs 90 crore during January 2003⁵ to July 2006. Since August 2006, cooking cost was paid to schools on the basis of 85 *per cent* of enrolment.

3.2.6.6 *Shortage of cash*

The Bishnupur Municipality paid Rs 46.02 lakh as cooking costs to schools in cash by withdrawing Rs 47.35 lakh from bank by drawing self cheques during June 2005 to February 2008 leaving a cash balance of Rs 1.33 lakh. But, there was no cash in hand leading to shortage of Rs 1.33 lakh. The Municipality could not explain the reason for the cash shortage of Rs 1.33 lakh indicating misappropriation of cooking cost.

3.2.6.7 *Excess claim of transport subsidy*

The transport subsidy was to be reimbursed by GOI on the basis of actual expenditure incurred by the department on transportation of rice from the nearest FCI depot to the school subject to a maximum of Rs 75 per quintal (Rs 50 per quintal prior to October 2004). In violation of the same, the department claimed transport subsidy of Rs 63.08 crore at the fixed rate of Rs 50/Rs 75 per quintal for transportation of 104.27 lakh quintals of rice during 2002-07 against actual expenditure of Rs 58.33 crore incurred on transportation of 104.27 lakh quintals of rice and thus, it received excess transport subsidy of Rs 4.81 crore from GOI.

Excess claim of
transport
subsidy of
Rs 4.81 crore

³ City Level Programme of Action for Street and Working Children

⁴ Kolkata Municipal Corporation

⁵ Serving cooked meal in schools was started in January 2003.

3.2.6.8 Excess payment of transportation charge

Excess payment
of transportation
charge of
Rs 1.58 crore in
two districts

The District Controller of Food and Supplies (DCFS), Bankura and Purulia paid transport charges to the transport contractors for carrying rice under Public Distribution System (PDS) on the basis of per quintal per km rates fixed by Food and Supplies (F&S) Department from time to time. Instead of applying the same rates for MDM Scheme, the DMs paid transportation charge of Rs 2.87 crore⁶ for transportation of 4.51 lakh quintals of rice during 2002-07 at the flat rate of Rs 50/75 per quintal without taking into account the distance of transportation. As per the distances involved, only Rs 1.29 crore was payable according to the rates fixed by F&S Department. The DMs of other districts, however, followed the rates fixed by F&S Department. In this way, the DMs of Bankura and Purulia incurred extra expenditure of Rs 1.58 crore towards transportation charge.

3.2.6.9 Non-disposal of empty gunny bags

Non-disposal
of gunny bags
worth
Rs 6.76 crore

The State Government directed (December 1998) the DMs to maintain the account of empty gunny bags, to dispose of gunny bags through auction and to deposit the sale proceeds into the Government account. Scrutiny of record of DMs and test-checked BDOs/Gram Panchayats/ Municipalities and Schools in seven selected districts disclosed that neither any account of empty gunny bags was maintained at any level nor its sale proceeds deposited into treasury by BDOs/Gram Panchayats/Municipalities/Schools (except only Rs 0.97 lakh deposited by two blocks and one Municipality in Murshidabad) even though the schools in these districts received 42.28 lakh quintals of rice in 84.56 lakh gunny bags during 2002-07. BDOs/Gram Panchayats/ Municipalities/ Schools failed to explain the reasons for the loss on account of these gunny bags. Thus, non-disposal of empty gunny bags in seven selected districts resulted in a loss of Rs 6.76 crore to the Government.

3.2.7 Execution of the scheme**3.2.7.1 Allocation and lifting of foodgrains**

The quantities of foodgrains allocated by GOI and lifted by the districts during the years 2002-07 were as indicated below:

Fifteen per cent
of allocated rice
was short-lifted
during 2002-08

| Year | Foodgrains allocated by GOI | Foodgrains lifted by districts in the State | Short lifting | Percentage of short lifting |
|--------------|--------------------------------|--|---------------|--------------------------------|
| | (In lakh of quintals) | | | (Per cent) |
| 2002-03 | 29.93 | 22.90 | 7.03 | 23 |
| 2003-04 | 28.18 | 24.59 | 3.59 | 13 |
| 2004-05 | 26.49 | 23.62 | 2.87 | 11 |
| 2005-06 | 20.54 | 17.60 | 2.94 | 14 |
| 2006-07 | 17.45 | 15.56 | 1.89 | 11 |
| Total | 122.59 | 104.27 | 18.32 | 15 |

It would be evident from above that there was short lifting of 18.32 lakh quintals (15 per cent) of rice during 2002-07. In seven test-checked districts,

⁶ Out of Rs 2.87 crore, Rs 2.26 crore had already been paid and bills for Rs 0.61 crore were pending for payment as of August 2007.

out of 52.68 lakh quintals of rice allotted during 2002-08 (up to December 2007), 45.81 lakh quintals were lifted leading to short lifting of 6.87 lakh quintals (13 *per cent*). Non-coverage of all the primary schools and AIEs under MDM programme and serving of cooked meals for less than targeted 222 school-days in a year were the main reasons for short lifting of foodgrains.

The State Government sent proposal/requisition to the GOI for allocation of foodgrains and Central Assistance for cooking cost at the AAR of 85 *per cent*. There was no evidence in any of the seven test-checked districts to show that the AAR was compiled at the district level based on actual figures of attendance and enrolment received from schools/gram panchayats/blocks.

Allocation of foodgrains without recording AAR led to excess allocation of rice worth Rs 13.62 crore and excess payment of cooking cost of Rs 16.85 crore

In 140 test-checked schools the average attendance varied from 69 to 79 *per cent* during 2002-07. Thus, actual AAR was found to be less than 85 *per cent* fixed for distribution of foodgrains and payment of cooking cost leading to excess allocation of about 2.41 lakh quintals of foodgrains costing Rs 13.62 crore and cooking cost of Rs 16.85 crore in seven test-checked districts during 2002-07.

3.2.7.2 Discrepancy in lifting and distribution of foodgrains

Quantities of rice lifted by dealers/distributors from FCI depots and those actually delivered to schools were never reconciled by the DMs/BDOs/Municipalities. There was no system of maintaining any account of rice distributed to/consumed by schools at Block/Municipality or District level. In absence of any accounts, the entire quantity of rice lifted from the FCI depots was considered as distributed. Scrutiny in audit disclosed the following:

Unreconciled discrepancy of rice worth Rs 2.54 crore

- (i) According to the records of FCI, 9.42 lakh quintals of rice were lifted from FCI by three test-checked districts⁷ during 2002-07, whereas as per records of district authorities, 8.97 lakh quintals of rice were lifted during the same period resulting in shortage of 0.45 lakh quintals of rice valuing Rs 2.54 crore.
- (ii) In 13 Blocks and one Municipality of three districts, 2650.45 quintals of rice valuing Rs 22 lakh were declared damaged between December 2005 and November 2007 due to prolonged storage. Non-lifting of allotted quota of rice by the schools owing to non-serving of MDM during targeted 222 school days coupled with non-implementation of the scheme by all the Sishu Siksha Kendras were the main reasons for accumulation of stock. The damaged stock of rice was sold in auction at Rs 10.90 lakh resulting in ultimate loss of Rs 11.10 lakh.
- (iii) As per distributors' records, 38.46 quintals of rice were stated to have been supplied to three⁸ test-checked schools in Bardhaman whereas according to the schools' records, such quantities of rice were not

⁷ Malda, Purulia and Murshidabad

⁸ Khetia High school: 4.82 quintals in November 2006; SC Guha FP school: 21.93 quintals during April-September 2004 and 5.65 quintals in September 2007 in Bardhaman-I block and Bishnupur FP school: 6.06 quintals in November 2004 in Memari-I block

received by the schools. This indicated misappropriation of 38.46 quintals of rice worth Rs 0.22 lakh.

3.2.7.3 Coverage of schools under MDM

7321 schools not yet covered under the scheme in the State

Since introduction of the scheme in West Bengal in August 1995, dry rice was distributed amongst the students of Class I to IV in primary schools. The cooked meal programme was started in 1100 schools (1.76 lakh students) in six districts with effect from January 2003. Thereafter, coverage of schools under cooked meal increased gradually and out of 78123 primary schools including EGS/AIEs in the State, 69808 schools including EGS/AIEs (91.95 lakh students) were brought under cooked meal programme as of March 2007. Of remaining 8315 schools (12.48 lakh students) which were not covered under cooked meals, students of 7321 schools were not even given dry rice.

In seven test-checked districts, out of 22145 schools (33.86 lakh students) and 6017 EGSs/AIEs (4.56 lakh students), 2827 schools (4.33 lakh students) and 877 EGSs/AIEs (1.10 lakh students) were not covered under MDM scheme till December 2007. Thus, 5.43 lakh students (14 per cent of students enrolled) of 3704 primary schools/ EGS/AIEs were deprived of the benefit of the scheme even after a decade of implementation of MDM scheme.

3.2.7.4 Irregularities in serving mid day meal in schools

No meal was served on 37 per cent of targeted student days in test-checked schools

* Out of 140 test-checked schools in seven selected districts, cooked meal was not served in 37 schools during 2004-05, in 21 schools during 2005-06 and in 10 schools during 2006-07. Against total 0.78 lakh school days at the rate of 222 days per year for which cooked meals were to be served during 2004-07, meals were served only on 49176 school days (63 per cent). The reasons for shortfall in providing cooked meal to the students were delayed implementation of the programme for serving cooked meal and non-provision of cooked meals on Saturday in some schools, etc.

Surprise visit by the audit teams to 42 urban schools in seven test-checked districts in September 2007 disclosed that 227 students in five schools did not take meals while 29 teachers and cooks used to take the MDM. Further, 418 outside children took meals in 18 schools on the day of visit.

3.2.7.5 Availability of infrastructure

Out of 78123 primary schools/EGS/AIE centres in the State as of March 2008, pucca kitchen shed was not available in 55476 schools (71 per cent), drinking water was not available in 22518 (29 per cent), and adequate kitchen devices and utensils were not available in 8315 (11 per cent), while gas based cooking facility was available only in less than one per cent schools.

Out of 140 test-checked primary schools/AIEs, pucca kitchen shed was available in 90 schools, drinking water facility was available in 98 schools, cooking devices/utensils were available in 132 schools and gas based/smokeless chullahs were available in 17 schools. Due to non-availability of

kitchen sheds, cooking was done in class rooms in seven schools and in 37 schools, cooking was done in the veranda or corridor or other place (SHG's house, nearby club room, etc.).

3.2.7.6 Construction of kitchen cum stores

The Department released (March 2007) Rs 148.75 crore to the DMs for construction of kitchen cum stores in 24792 schools at a cost of Rs 60000 each. The status of construction of the kitchen cum stores in the State was not available on record.

Out of Rs 65.64 crore paid (March 2007) to DMs of seven test-checked districts for construction of 10940 kitchen cum stores, Rs 55.03 crore were paid to 125 Blocks/Panchayat Samities and 14 Municipalities and remaining amount of Rs 10.61 crore was parked in PL accounts of DMs. Out of Rs 55.03 crore, Rs 3.50 crore were utilised for construction of 583 kitchen cum stores and balance Rs 51.53 crore were parked in bank accounts of Blocks/Panchayat Samities as of December 2007. Scrutiny in audit disclosed the following:

- (i) The DM of Purulia released (August 2007) Rs 41.40 lakh to Purulia Municipality for construction of kitchen cum store in 69 schools at Rs 60000 each. In violation of the scheme guidelines, the Municipality constructed (March 2008) kitchen cum store in 36 schools at Rs 1.15 lakh each resulting in an extra expenditure of Rs 19.80 lakh, which could cover 33 more schools.
- (ii) Out of Sarba Siksha Abhiyan (SSA) funds of Rs 1.50 crore received (September 2005) by Nadia Zilla Parishad for construction of kitchen sheds in 600 schools, Rs 0.28 crore were paid to seven Panchayat Samities, four Municipalities and one primary school during February 2006 to June 2007 for construction of 111 kitchen sheds and remaining Rs 1.22 crore were parked in LF account of Zilla Parishad as of December 2007.

3.2.8 Monitoring and evaluation

3.2.8.1 Non-preparation of Action Plan

The Department did not prepare any Action Plan for management, monitoring and evaluation (MME) of the scheme. GOI, however, released Rs 4.14 crore in 2005-06 and Rs 2.80 crore in 2006-07 for MME, out of which Rs 5.80 crore were released to the district authorities during 2005-07. Out of Rs 2.50 crore released to DMs of seven test-checked districts during 2005-07, Rs 1.13 crore remained parked in PL Accounts of DMs as of March 2007.

3.2.8.2 Formation of Steering-cum-Monitoring Committees

According to the scheme guidelines, the Steering cum Monitoring Committees (SMC) were to be set up at State, District and Block levels for guidance, monitoring, coordination and taking action on reports of independent monitoring agencies. The scheme also envisaged development of a computerised management information system by the Department of Education with the help of the National Informatics Centre (NIC) for proper monitoring of MDM programme.

No Action Plan for MME has been prepared by the Department

Two test-checked districts have not formed SMC

The State level SMC was formed in February 2004 and against requirement of at least six meeting during 2004-07, only one meeting was held in May 2004. Out of seven test checked districts, the district level SMCs were formed in five districts (one during 2005-06, two during 2006-07 and two during 2007-08) while SMCs have not yet been formed in Bardhaman and Murshidabad districts. Against requirement of 10 meetings during 2005-07 since formation of three district level SMCs, only four meetings were held.

Out of 168 blocks/municipalities in seven test checked districts, SMCs were formed in 30 blocks/municipalities (27 during 2005-06, one during 2006-07 and two during 2007-08). Against requirement of 190 meetings during 2005-07 since formation of 28 block/municipality level SMCs, only one meeting was held.

Thus, monitoring the implementation of the scheme was inadequate. Further, the computerised management information system was not introduced and the performance of the scheme was not evaluated.

3.2.8.3 Inspection by Officers

No inspection was conducted by Government officers in any of 140 test-checked schools

The scheme guidelines stipulate fixation of monthly targets for inspection of meals served in schools in respect of officers of district, block and other officers belonging to Departments like General Administration, Rural Development/Urban Administration, School Education, Women & Child Development, Health and Family Welfare, Food and Supplies, etc. Further, inspection targets should be so fixed and inspections should be so co-ordinated that, as far as possible 25 *per cent* of the primary schools and EGS/AIE centres are inspected every quarter, and all primary schools are inspected at least once every year. Neither the Department nor the authorities of the selected districts could produce any record in respect of inspections of MDM conducted by the Government Officers. In 140 test checked schools, no such inspection was conducted during 2002-07.

Further, there was no mechanism for ensuring the availability of required calorific value of the meals served to the children, verification of the expenditures incurred on cooking and the data on enrolment and attendance reported by the schools.

3.2.9. Impact evaluation

3.2.9.1 Enrolment of children in schools

Table below indicates children of the age group of six to eleven years in the State, number of children enrolled in primary schools, EGS, AIE Centres, etc. and number of out of school children during 2002-07:

| Year | Eligible | | | Enrolled | | | Out of school | | |
|-------------------|----------|--------|--------|----------|--------|--------|---------------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| (Numbers in lakh) | | | | | | | | | |
| 2002-03 | 58.81 | 57.16 | 115.97 | 52.06 | 50.57 | 102.63 | 6.75 | 6.59 | 13.34 |
| 2003-04 | 58.08 | 56.74 | 114.82 | 55.02 | 53.75 | 108.77 | 3.06 | 2.99 | 6.05 |
| 2004-05 | 56.07 | 54.84 | 110.91 | 54.20 | 53.02 | 107.23 | 1.86 | 1.82 | 3.68 |
| 2005-06 | 54.90 | 53.86 | 108.76 | 53.35 | 52.34 | 105.69 | 1.55 | 1.52 | 3.07 |
| 2006-07 | 56.56 | 55.66 | 112.22 | 52.62 | 51.82 | 104.44 | 3.94 | 3.84 | 7.78 |

Seven per cent of the total eligible children remained out of school

It would be evident from the above table that although there was gradual decrease in out of school children during 2002-06, it substantially increased to 7.78 lakh in 2006-07 representing seven per cent of total eligible students.

In seven test-checked districts, out of 44.55 lakh eligible children of the age group six to eleven years, 40.70 lakh children were enrolled in primary schools, EGS, AIE, etc, and remaining 3.85 lakh children (nine per cent) were out of school as of March 2007. Thus, the objective of MDM scheme of enrolment of cent per cent children in primary schools remained unachieved.

3.2.9.2 Nutritional status of children

A medical team⁹ was to be constituted in each Block for health check up of students of primary schools. Any two members of the above team should attend once in a month at every primary school in the respective Block for health check-up of students. Health check-up was also to be conducted at primary schools by the health assistants of the concerned Sub-centre once in a week on a day prefixed in consultation with the head teachers of the respective primary schools.

As per instruction of the Commissioner (FW), the report on health check up at each school was to be compiled at Sub-centre level and then at Block level and finally at district level and the district level monthly report was to be sent to the Health and Family Welfare Department.

The State level report on health check up programme undertaken in primary schools during 2006-08 (December 2007) vis-à-vis funds utilised by CMOs/H for health check-up programme could not be produced by the H & FW Department. Scrutiny of records disclosed the following:

- (i) The Commissioner (FW) spent Rs 28.03 lakh in January 2006 for printing of 18.40 lakh 1st level screened forms and 54 lakh school health check-up cards and the same were distributed to all District Primary School Councils (DPSC) during August to October 2005. Out of 7.25 lakh 1st level screen forms and 20 lakh schools health check-up cards received by seven test checked districts, only 1.35 lakh forms and 4 lakh cards were distributed to schools and remaining 5.90 lakh forms and 16 lakh cards costing Rs 8.46 lakh were lying unused as of December 2007.
- (ii) During April 2006 to November 2007, health check-up¹⁰ was conducted at 3483 schools (21 per cent) out of 16834 primary schools in five test checked districts¹¹. Health check-up of students of remaining 13351 schools was never conducted. The short coverage of schools under health check-up was attributable to visit by health assistants once in a month instead of once in a week and also irregular

No health check-up was ever conducted in 13351 schools in five test-checked districts though fund was not a constraint

⁹ One each of Medical Officer, Dental Surgeon, Block Primary Health Nurse, Primary Health Nurse, SWO, BSI, PMOA and Health Supervisor

¹⁰ One to five times in each school during April 2006 to November 2007

¹¹ Bardhaman, Bankura, Nadia, Murshidabad and Purulia

visit to schools by the members of the block level health check up team. Due to such shortfall in coverage of schools under health check up programme, out of Rs 60.30 lakh released during July 2005 to September 2007 to CMOsH of these five districts as mobility support for school visit by the medical staff, Rs 19.78 lakh remained parked with CMOsH as of December 2007 and out of Rs 3.97 lakh paid to 12 test-checked BMOsH, Rs 2.75 lakh remained unutilised as of December 2007.

- (iii) During health check up of schools in five test-checked districts, nutritional deficiency was detected in 31706 students and 77142 students were suffering from other diseases (defects in eye: 10811, ear, nose, throat: 10921, teeth: 30926, and skin disease: 19038, other disease: 5446) while 14848 students were referred to BPIC's/PHC's for treatment. Out of 100 test checked schools in these five districts, health check-up was conducted in five schools only; no health check up was conducted in the test-checked schools of Maldah and Kolkata.

3.2.9.3 Retention

Data on retention/drop out of children were captured and compiled neither by the department at the state level nor by the DIs of Schools at the district level and therefore, it was not possible to verify whether the scheme had contributed to retention in schools. However, the details of students studying in classes from I to IV in 140 test-checked schools showed progressive reduction in number of students in every successive classes during 2002-07 which was indicative of low retention and high drop outs as shown in the table below.

| Year | No. of students enrolled | | | | |
|---------|--------------------------|----------|-----------|----------|-------|
| | Class I | Class II | Class III | Class IV | Total |
| 2002-03 | 7476 | 5856 | 4840 | 4740 | 22912 |
| 2003-04 | 8278 | 5864 | 5624 | 4896 | 24662 |
| 2004-05 | 7567 | 5848 | 5495 | 5495 | 24405 |
| 2005-06 | 7067 | 5538 | 5463 | 5276 | 23344 |
| 2006-07 | 7115 | 5344 | 5328 | 5294 | 23081 |

Thus, against 15754 students enrolled in Class I in 2002-03 and 2003-04, 10570 students were retained in Class IV in 2005-06 and 2006-07 indicating drop out of 5184 students (33 per cent).

Further, there was no increase in the AAR in primary schools. Out of 22638 students enrolled in 139 schools covered under surprise visit by audit teams, 16755 students (74 per cent) were present on the day of visit while 2917 students left schools after taking meal. The AAR in schools varied from 69 to 79 per cent against norm of 85 per cent fixed by the State Government.

3.2.10 Conclusions

The implementation of MDM scheme suffered from various deficiencies mainly due to deficient financial management and poor implementation strategies and lack of effective monitoring. While 7321 schools were yet to be covered under the scheme, students enrolled in primary schools were not

getting meals for prescribed number of 222 days. About 15 *per cent* of foodgrains allocated by GOI under the scheme during 2002-07 were not lifted by Department which was indicative of indifferent planning and monitoring of the scheme and non-achievement of objectives. Lack of control over expenditure was also apparent from the cases of excess payment of cooking cost, transportation charge, etc. Further, there were unreconciled discrepancies in quantities of rice lifted from FCI godown and quantities actually reaching the beneficiaries at the schools leaving substantial scope for pilferage. In absence of regular inspection of schools, the quality of meals in terms of hygiene, calorie and protein contents were not monitored. The schools also suffered from inadequate infrastructure. Though more than Rs 1100 crore were spent during 2002-07 on the scheme in the State, it failed to create the desired impact in boosting of universalisation of primary education and retention of students as 7.78 lakh eligible students remained out of schools and the test-checked schools showed high rate of drop out at the primary level.

3.2.11 Recommendations

- *Department should ensure supply of meals to the students on 222 school days in a year as envisaged in the scheme guidelines;*
- *In order to obviate the risk of pilferage of rice, the Department should reconcile the quantities of rice lifted from FCI and distributed among schools;*
- *There should be regular inspection of schools by the Government officers to ensure the required calorific value of the meals served to the children;*
- *Regular health check up of students should be ensured to assess the impact of the scheme in terms of nutritional status of the children;*
- *The department should undertake an impact assessment of the scheme and identify causes for lack of improvement in enrolment, attendance and retention levels so as to enable corrective measures in order to achieve the objectives of the scheme.*

The matter was referred to Government in June 2008; reply had not been received (October 2008).

PUBLIC HEALTH ENGINEERING DEPARTMENT

3.3 ACCELERATED RURAL WATER SUPPLY PROGRAMME

HIGHLIGHTS

The Accelerated Rural Water Supply Programme (ARWSP), a centrally sponsored programme, aims at providing safe and adequate drinking water facilities to the rural population. A review of its implementation in West Bengal showed that the ARWSP failed to create the desired impact owing to various shortcomings in planning, execution and monitoring of the schemes. More than 16,000 habitations did not have adequate drinking water and adequate steps were not taken to address biological and chemical contamination leading to more than 12,000 habitations with unacceptable water quality, including severe arsenic and fluoride contamination. Implementation of Swajaldhara Schemes was marred by weak financial control, poor maintenance of records and non-adherence to norms. Some important findings of the Performance Audit are given below:

The Department did not prepare Annual Action Plans as per the guidelines and thus failed to provide a definite direction to the programme.

(Paragraph 3.3.7)

The programme was adversely affected by poor financial management which included delays (23 to 301 days) in release of funds to the implementing agencies, inability to spend Central funds, expenditure on inadmissible items and diversion of funds.

(Paragraphs 3.3.8.3, 3.3.8.4 and 3.3.8.5)

Despite an investment of Rs 1544 crore on implementation of ARWSP in the State since 2002-03, 5535 habitations still did not have any source of drinking water and 11071 habitations were only partially covered. More than 3500 rural schools were yet to be provided drinking water.

(Paragraphs 3.3.8.1, 3.3.9 and 3.3.9.5)

Priority was given to partially covered (PC) habitations over not covered (NC) habitations, in contravention of the guidelines.

(Paragraph 3.3.9.3)

Inadequate maintenance and lack of sustainability measures rendered 14 to 16 per cent of total tubewells defunct.

(Paragraph 3.3.10.1)

As many as 12817 habitations are still facing water quality problems, including severe arsenic and fluoride contamination.

(Paragraph 3.3.11.1)

Periodic testing and monitoring of quality of water sources were not done. Eighty five of the 261 schemes, covering a population of 12.78 lakh, were affected with biological or chemical contamination.

(Paragraph 3.3.11.3)

Out of 340 Swajaldhara Schemes, only 37 were completed. Inadequate participation of the community and poor functioning of VWSCs were noticed in test-checked districts.

(Paragraphs 3.3.13.1 and 3.3.13.2)

Vigilance and Monitoring Committees were not set up at the State, district and village levels. Research and Development Cell was not set up for investigation works. Proper management Information System was not established despite spending Rs 3.02 crore.

(Paragraphs 3.3.15.1, 3.3.15.2 and 3.3.14.2)

3.3.1 Introduction

The Accelerated Rural Water Supply Programme (ARWSP), a centrally sponsored scheme introduced in 1972-73, was revamped and given a mission approach in 1986 to provide safe and adequate drinking water facilities to all rural habitations of the State. The main objectives of the programme were to:

- ensure coverage of all rural habitations;
- ensure sustainable drinking water systems and sources;
- tackle the problem of water quality in affected habitations;
- institutionalise the reform initiative in rural drinking water supply sector.

The ARWSP Programme was funded by the GOI with 50 *per cent* matching share by the State under their Minimum Needs Programme (MNP). The Sectoral Reforms Programme adopted in 1999 was modified (December 2002) as Swajaldhara introducing a participatory and demand driven approach for supply of safe drinking water to the rural population of the State. The guidelines provided up to 20 *per cent* of allocation of funds under ARWSP for Swajaldhara. The funding pattern was in the ratio of 90 *per cent* from GOI and 10 *per cent* by way of community contribution from the beneficiaries.

3.3.2 Organisational set up

The Public Health Engineering Department (PHED) is the nodal department for providing safe drinking water to the people of the State. Principal Secretary is overall in-charge of the Department assisted by four Chief Engineers (CE), 15 Superintending Engineers (SE) and 46 Executive Engineers (EE). The Zilla Parishads were responsible for implementation of the schemes under Swajaldhara through Village Water & Sanitation Committees (VWSCs).

3.3.3 Audit objectives

The Performance audit was conducted with a view to assess the extent to which the programme objectives were achieved and, specifically, whether:

- the survey of habitations was conducted effectively and planning was based on authentic and reliable data;
- the process of planning was effective;

- the financial management was adequate and efficient;
- the scheme was executed economically, efficiently and effectively;
- adequate attention was paid to Operation and Maintenance (O&M) of existing water supply schemes, as opposed to taking up of new water supply schemes;
- the mechanism for monitoring of water quality was adequate and effective; and
- the objective of demand driven rural water supply through Swajaldhara was effectively achieved.

3.3.4 Audit criteria

The criteria used for the Performance audit were :

- Guidelines for Implementation of Accelerated Rural Water Supply Programme (August 2000);
- Guidelines on Swajaldhara (June 2003);
- Guidelines on Survey of Drinking Water Supply Status in Rural Habitations (February 2003);
- Guidelines for National Rural Drinking Water Quality Monitoring and Surveillance Programme (January 2006);
- Guidelines for Implementation of Schemes and Projects on Sustainability; and
- Draft Project Report and Project implementation Plan for individual schemes.

3.3.5 Audit coverage and methodology

The implementation of ARWSP including Swajaldhara during 2002-08 was reviewed in July-September 2007 and February-May 2008 through test-check of records of the Department/Directorate and 11 Divisions¹ in six Districts² selected by 'Simple Random Sampling Without Replacement' method. Besides, records of the Zilla Parishads of the selected Districts including records of the 59 Village Water and Sanitation Committees in these six districts were checked in course of audit. An Entry Conference was held in July 2007 with the Principal Secretary of the Department, in which audit objectives were explained. The audit findings were also discussed in an Exit Conference held in September 2008. The Government sent a written response to the draft report in September 2008 and the views of the Department have been suitably incorporated in this report.

¹ Malda, Malda Arsenic Area Water Supply, Bankura, Bankura Mechanical, Medinipur, Medinipur Mechanical, Barasat, North 24-Parganas Water Supply-I, Alipore, South 24-Parganas Water Supply-I and Murshidabad Division

² North 24-Parganas, South 24 Parganas, Bankura, Paschim Medinipur, Malda and Murshidabad

Audit findings

3.3.6 Survey of habitations

3.3.6.1 Delay in conducting survey

Delay in
completion of
survey

For reliable information on the status of drinking water supply, the Government of India (GOI) instructed (February 2003) the State Government to complete a survey by March 2003 and submit the results by September 2003, which, however, was submitted to GOI in August 2005 after a delay of two years.

3.3.6.2 Deficiencies in survey

The following deficiencies in the survey were noticed by audit:

- In contravention of the guidelines, survey forms were not translated into the local languages for effective and reliable collection of information by the grass root/village level workers.
- Survey maps, required to be prepared for a complete understanding of the villages surveyed, were not prepared.
- Five *per cent* of the survey reports were required to be test-checked by Supervisory Officers at District and Sub Divisional levels to ensure correctness of data. There was no evidence to show that this was done.

Based on the survey, the State Government reported (August 2005) to GOI the status of 96020 habitations, including 66799 as fully covered (FC); 20424 as partially covered (PC) and 8797 as not covered (NC). However, GOI considered 96265 habitations (FC: 61634, PC: 25103 and NC: 9528) after the validation of the survey data in October 2005. This notwithstanding, the State Government planned for 96020 habitations only, the gap of 245 habitations has not been suitably explained by the State Government.

3.3.7 Planning

Annual
Action Plans
were not
prepared
adequately

The guidelines required preparation of the Annual Action Plans (AAPs) showing details of the habitations planned to be covered, their status, the requirement of the funds and the works to be taken up etc. Scrutiny of the records revealed that the planning was not comprehensive. The AAPs were prepared only for three years (2002-05), though the AAP for 2002-03 was not made available to Audit, and a consolidated plan for 2005-09 was prepared, which did not have the details required by the guidelines. Thus, the planning lacked the necessary direction and details and could not provide the annual framework for programme implementation and performance evaluation.

There were also wide divergences in the targets set by the State Government and the GOI, the targets set by the State Government being much lower as shown in the following table.

| Year | Target as per AAP/Consolidated Plan | | Target set by GOI for execution | | Achievement | |
|---------|-------------------------------------|-----|---------------------------------|------|-------------|------|
| | PC | NC | PC | NC | PC | NC |
| 2003-04 | 6752 | -- | 37222 | -- | 6752 | -- |
| 2004-05 | 5806 | -- | 12870 | 5819 | 2906 | 2693 |
| 2005-06 | 2337 | 339 | 15196 | 1464 | 2448 | 295 |
| 2006-07 | 2606 | -- | 13417 | 2424 | 2686 | 353 |
| 2007-08 | 2624 | -- | 6248 | 2200 | 5992 | 652 |
| 2008-09 | 2641 | -- | -- | -- | -- | -- |

The following other deficiencies were noticed in the Action Plans prepared by the State Government :

- The Action Plans did not focus on prioritisation of activities; they did not lay emphasis on completion of incomplete works as opposed to new works.
- The plans also did not indicate the year-wise targets for coverage of NC/PC habitations, shelf of schemes, likely carry over of unspent funds, and population of SC/ST to be benefited.
- The Action Plans were not revised as per availability of funds.

The Government stated (September 2008) that the consolidated plan for 2005-09 was prepared as per guidelines laid down in Bharat Nirman which had embraced the rural water supply programme. The reply was not tenable as the necessary details were not incorporated in the plan, which also did not conform to the goal of Bharat Nirman that every habitation has to be provided with safe source of drinking water under a time bound action plan by 2009.

3.3.8 Financial management

3.3.8.1 Over-reporting of expenditure

| Year | Funds released by GOI | Expenditure against GOI Share | Funds released by State Government | Expenditure against State Share |
|-------------------|-----------------------|-------------------------------|------------------------------------|---------------------------------|
| (Rupees in crore) | | | | |
| 2002-03 | 101.15 | 79.30 | 80.48 | 80.48 |
| 2003-04 | 68.27 | 83.62 | 82.69 | 82.69 |
| 2004-05 | 82.70 | 85.55 | 85.39 | 85.39 |
| 2005-06 | 150.78 | 142.38 | 117.97 | 117.97 |
| 2006-07 | 171.18 | 144.54 | 139.50 | 139.50 |
| 2007-08 | 191.37 | 230.55 | 271.91 | 271.91 |
| Total | 765.45 | 765.94 | 777.94 | 777.94 |

The above table shows that over the period 2002-03 to 2007-08, the State Government reported expenditure which was almost the same as the amounts received from GOI/State sources. The Department admitted during the Exit Conference that expenditure was being reported as soon as the amounts were being released for expenditure. The test audit findings indicated that a significant amount of scheme funds had been lying unspent or had been diverted for other purposes or for which Utilisation Certificates (UCs) had not been received from the implementing authorities, as discussed in subsequent paragraphs. Thus, it was evident that not all of the reported expenditure had been spent on the programme.

3.3.8.2 Failure to utilise the funds

Rs 9.20 crore of Central assistance withheld by GOI

GOI imposed a total cut of Rs 72.69 crore during 2002-08³ as penalty for the savings and shortfall in the State's share of MNP. However, the cuts were later on partly⁴ restored at request of PHED. The Department attributed (January 2008) it to late release of funds by GOI (Rs 11.59 crore and Rs 13.12 crore in 2005-06 and 2006-07 respectively). This was not tenable in view of the fact that the savings of GOI funds (Rs.15.71 crore in 2005-06 and Rs 42.35 crore in 2006-07) were much higher than the amounts stated to have been released late during the respective years.

3.3.8.3 Delay in release of funds

Delay of 23 to 301 days in release of funds

As per ARWSP guidelines, GOI funds are to be released along with the State's share to the executing agencies within 15 days of receipt. Scrutiny revealed that there was delay of 23 to 301 days in release of funds by the State Government to the PHED during 2003-04 to 2006-07. Only five *per cent* of funds were released within the prescribed time limit of 15 days. Government stated that due to observance of necessary formalities it was not possible to release the entire amount within 15 days' time.

3.3.8.4 Parking of funds

Scheme funds of Rs 17.76 crore were parked for three months to three years

PHED released funds to the Divisions without assessing the actual requirement which resulted in parking of funds of Rs 17.76 crore for three months to three years in two⁵ of the test-checked districts and four of the test-checked Divisions (*Appendix-3.2*). Government admitted the fact of parking but did not specify the measures to address it.

3.3.8.5 Diversion of funds

Scheme funds of Rs 1.49 crore were diverted

Five of the 11 test-checked Divisions diverted Rs 1.49 crore for expenditure that was outside the purview of the scheme (*Appendix- 3.3*) and included payment towards providing water in urban areas, office/godown rent, purchase of stationery, repairing/hiring of vehicles, renovation of office/godown/staff quarters etc. which were to be met out of AUWSP⁶/ Non-Plan Fund. This resulted in reduction in the availability of funds. Admitting the fact the Government stated that strict instructions had been issued to the divisional offices not to make any diversion of fund.

3.3.8.6 Non submission of UCs by Zilla Parishads (ZP)

Status of utilisation of Rs 169.05 crore allotted to Zilla Parishads was not available

Non-submission of utilisation certificates by the ZPs was rampant. Out of Rs 169.05 crore allotted by PHED to 18 ZPs /DGHC during 2002-03 to 2007-08 for construction of tube wells, wells and mini piped water supply schemes, UCs for only Rs 0.54 crore had been received as of September 2008. As a

³ (Rs 13.22 crore in 2002-03, Rs 2.56 crore in 2004-05 and Rs 53.91 crore in 2007-08)

⁴ Though cut of Rs 72.69 crore was restored, Rs 9.29 crore was withheld by GOI while releasing 2nd installment of ARWSP funds to the state during 2004-05 to 2006-07 (Rs 2.57 Cr in 2004-05, Rs 1.68 Cr in 2005-06 and Rs 5.04 Cr in 2006-07).

⁵ Medinipur-Rs.3.53 crore, Malda-(Rs.14.23 crore.

⁶ Accelerated Urban Water Supply Programme.

result, the audit could not verify the utilisation of almost the entire funds. In six test-checked Districts, the ZPs were found to have retained with them Rs 9.30 crore of Rs 43.10 crore received from Government, and had not submitted UCs for Rs 25.90 crore (77 *per cent*) out of Rs 33.80 crore passed on to panchayat samitis or PHE divisions as shown in *Appendix 3.4*.

The Government admitted that the Zilla Parishads did not furnish the UCs despite constant pursuance, but did not specify the measures to address the matter.

3.3.9 Programme Implementation and Physical Performance

The ARWSP aimed at providing drinking water supply to all rural habitations by 2009. As of March 2008, the number of habitations without adequate and safe drinking water in the state was 16606 (PC-11071 and NC-5535). A review indicated that the targets were consistently not achieved. A number of factors contributed to under-performance, including delays in implementation, wasteful and unrelated expenditure, inability to spend the funds and non-prioritisation of the work etc. The following points were noticed in audit:

3.3.9.1 Poor progress of work

Poor coverage of PC and NC habitations was noticed

The coverage of habitations was extremely poor as the achievement was only 16-20 *per cent* of the target of PC habitations (except 2007-08 where coverage was reported as 95.90 *per cent*) and 15-46 *per cent* for NC habitations as shown in *Appendix 3.5*. It is noteworthy that the state had depicted non-existence of NC habitations during 2002-03 and 2003-04; the sudden emergence of 9528 NC habitations at the beginning of 2004-05 (post survey) indicated that many habitations had slipped back to NC/PC status and that the status of habitations was not properly monitored and updated by PHED. Government replied (September 2008) that coverage of habitations for a particular year was depending upon availability of funds and the target set for GOI for coverage of habitations was not in conformity with the available funds; the fact however remained that the State Government not only failed to adequately plan for all the habitations but also to use the available funds to cover the maximum number of habitations.

3.3.9.2 Slip-back of habitations

Periodic assessment of habitations not done

The results of the survey (2003), after validation, showed an increase in the number of total habitations from 79036 to 96265 and a decline in the number of FC habitations from 72284 to 61634, indicating that many FC habitations had slipped back to PC/NC status. Subsequent to the survey, year-wise assessment of slip-back of habitations was not done; hence the data maintained by PHED regarding status of habitations could not be said to be authentic or up-to-date. Continuous monitoring of the habitations to determine their status was essential as a preventive measure against slip-back of FC habitations to PC/NC status.

3.3.9.3 Prioritisation of works not followed

The Guidelines stipulated priority for coverage of NC habitations. During 2002-08, coverage of NC habitations ranged from 15 to 46 *per cent* while the coverage of PC habitations ranged from 16 to 96 *per cent*. Thus, priority was given to PC habitations in comparison to NC habitations. The Government asserted that due priority was given to cover NC habitations but this was not borne out by the records that revealed poor coverage of NC habitations.

3.3.9.4 Irregularities in implementation of piped water supply schemes

PHED did not maintain the records regarding year-wise target and achievement of PWSSs schemes, habitations involved, funds available, expenditure incurred etc. during 2002-07. As a result, year-wise assessment of implementation of PWSSs could not be done in audit. The programme also suffered due to various irregularities that reduced the availability of funds. For example, in the 11 test-checked divisions, irregularities like excess expenditure over sanctioned cost (Rs 3.75 crore), wasteful expenditure (Rs 1.31 crore), undue benefit to the contractor (Rs 2.04 crore), delay in completion of the scheme/non-completion of the scheme (Rs 11.63 crore), etc were observed (*Appendices 3.6-3.9*), which showed that the expenditure of Rs 18.73 crore in these schemes remained unfruitful and the target beneficiaries were deprived of the intended benefits.

3.3.9.5 Failure to supply drinking water in rural schools

Under ARWSP, drinking water facility was to be provided to all rural schools by the end of the Tenth Plan (March 2007). Out of 16848 schools without water facility 12155 were covered during 2002-03 to 2006-07, leaving 4693 schools (28 *per cent*) without drinking water facility. For 2007-08, 2174 schools had been planned, but only 1119 schools were reported as covered.

In four of the test-checked districts, against the target of 2156, only 1163 tube wells (54 *per cent*) were sunk during 2002-03 to 2007-08 for the rural schools having no source of drinking water. The reasons varied from non availability of earmarked sites to lack of funds as shown in *Appendix-3.10*.

3.3.10 Operation and Maintenance

As per guidelines, up to 15 *per cent* of the ARWSP funds should be spent on operation & maintenance (O&M) of assets created subject to ceiling of matching grant provided by the State out of MNP funds. It was observed that only Rs 51.28 crore (10.13 *per cent*) was utilised from State funds against the utilisation of ARWSP funds of Rs 73.61 crore (14.31 *per cent*) for O&M. This resulted in less allocation of Rs 25.33 crore from the State funds for O&M during 2002-07. The Government replied that it provided funds for O&M under Non-Plan budget head over and above the State Plan budget as the State share. Reply is not tenable as the matching share was to be provided out of the State Plan.

Audit scrutiny revealed that in spite of the expenditure of Rs 127.89 crore on O&M, a large number of existing water sources remained non-functional or

The state did not provide its matching share of O&M expenditure

performed below par due to inadequate attention paid to O&M and sustainability measures as discussed in the succeeding paragraphs.

3.3.10.1 Inadequate maintenance of spot sources

Due to lack of proper maintenance, 10 to 11 per cent of tubewells remained defunct for one to four years

The following table shows that during April 2005 to April 2008, about 10 to 11 per cent of total tube wells were lying defunct for one to four years due to lack of proper repair and maintenance. Government replied that PHED took up repair on demand of the situation.

| Position as on 1 st April | Total No. of tube wells (Ordinary + DWP + Rig bored) | Total No of tube wells lying defunct due to non-maintenance viz. shortage of spare parts etc. (Percentages in respect of total number are indicated in bracket) | Total No of tube wells lying defunct due to lowering of water table | Total No of defunct tube wells |
|--------------------------------------|--|--|---|--------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| 2005 | 401088 | 41563 (10.36) | 15648 (3.90) | 57211 (14.26) |
| 2006 | 422143 | 43983 (10.41) | 18909 (4.48) | 62892 (14.90) |
| 2007 | 435809 | 46133 (10.58) | 21034 (4.82) | 67167 (15.41) |
| 2008 | 455659 | 49157 (10.79) | 21693 (4.76) | 71850 (15.77) |

3.3.10.2 Lack of sustainability measures

Sustainability issues were not addressed

It was noticed in audit that four to five per cent of total tube wells were defunct due to lowering of water table caused by excess drawal of ground water during last four years due to lack of sustainability measures (Table). Water conservation measures like rainwater harvesting and ground water recharging were not taken up for recharging of depleted ground water reserve in these areas. The report of the committee⁷ constituted in August 2004 to assess the deterioration of water quality of traditional sources and rapid depletion of ground water had not yet been submitted to PHED even after nearly four years. The Government stated that the finalisation of the report will be reactivated.

3.3.10.3 Poor yield of the tubewells attached to PWSS

Delay in completion of rejuvenation work led to poor yield of the tubewells

Eighty three Piped Water Supply Schemes (PWSS) were commissioned between 1966-67 and 2007-08 to cover a rural population of 9.94 lakh in two districts⁸. Scrutiny revealed that 70 schemes were yielding an average of 18.33 lpcd (litres per capita per day) water, against the requirement of 40 lpcd. The yield in 14 schemes was less than 10 lpcd, mainly due to lowering of water table. As per ARWSP norms, habitations covered under these 14 schemes should be categorised as NC but PHED had categorised these as IC.

PHED stated (January 2008) that action had been taken to rejuvenate the existing schemes by re-sinking of tubewells and re-laying of pipelines so as to revitalise the old water supply schemes but records showed that only 25 (38 per cent) out of 70 schemes had been taken up for rejuvenation till date. The rejuvenation work was yet to be completed, which led to inadequate supply of water to a population of 9.94 lakh. The Government stated that rejuvenation of water supply schemes in the affected areas was being implemented in full swing and was expected to be over by March 2009.

⁷ Action Group on Rain Water Harvesting

⁸ Paschim Medinipur (43) and Malda (40)

3.3.11 Water quality

As per Guidelines, priority should be given first to coverage of quality affected habitations with acute toxicity. Periodic testing and monitoring of water quality was essential for providing safe drinking water to rural population on a sustained basis. Audit scrutiny revealed that the water quality monitoring, testing and treatment were not optimal even though funds were available. As a result, a sizeable population was exposed to chemically affected/polluted water, as discussed in the succeeding paragraphs.

3.3.11.1 Large number of habitations remaining affected by water quality problems

12817 habitations were exposed to chemical/ bacteriological contamination of water

ARWSP provided for execution of sub-mission projects for rural habitations facing water quality problems like excess arsenic, fluoride, brackishness, iron etc. Audit scrutiny revealed that as of March 2008, 12,817 habitations (13.31 *per cent*) were still affected with quality problems (Arsenic: 5272, Fluoride: 586, Iron: 6265 and Salinity: 694), as shown in the table.

| Year | No. of quality affected habitations | Quality affected habitations covered during the year | | | | Total habitations covered during the year |
|---------------|-------------------------------------|--|----------|----------|------|---|
| | | Arsenic | Fluoride | Salinity | Iron | |
| 2004-05 | 19351 ⁹ | 927 | -- | -- | -- | 927 (five <i>per cent</i>) |
| 2005-06 | 18424 | 250 | 55 | 85 | -- | 390 (two <i>per cent</i>) |
| 2006-07 | 18034 | 102 | 11 | 28 | 238 | 379 (two <i>per cent</i>) |
| 2007-08 | 17655 | 72 | 8 | 4 | 4754 | 4838 (27 <i>per cent</i>) |
| 31 March 2008 | 12817 ¹⁰ | | | | | |

Source: PHED.

After the habitations survey in March 2004, 19351 quality affected habitations were identified, but no specific target was fixed for coverage of quality affected habitations in the AAP for 2004-05. In the consolidated plan 2005-09, 7134 quality affected habitations were targeted for coverage at an estimated cost of Rs 2183.88 crore. Table shows that the coverage of affected habitations during the last four years has not only been poor (two to 27 *per cent*) but worsening since the number of habitations covered in respect of arsenic, fluoride and salinity had steadily declined.

3.3.11.2 Problem of chemical contamination not addressed

(I) Arsenic contamination

Very poor coverage of arsenic affected habitations in spite of availability of funds

According to a State Government estimate, 79 out of 341 blocks in the state are under the risk of arsenic contamination, affecting a rural population of 1.66 crore (out of 5.77 crore) and urban population of 1.2 crore (out of 2.25 crore). The Master Plan prepared in 2004-05 for arsenic affected areas of the state targeted 6623 habitations through 349 schemes (11 surface water based and 338 ground water based) at a cost of Rs 2503.64 crore. Scrutiny of records showed that out of the 11 surface based water supply schemes, only five had been completed by June 2008¹¹, three were in progress¹² and three schemes¹³

⁹ Arsenic: 6623, Fluoride: 660, Salinity: 811 and Iron: 11257.

¹⁰ Arsenic: 5272, Fluoride: 586, Salinity: 694 and Iron: 6265.

¹¹ Balupur W/S, Gour W/S, North 24-Parganas Surface W/S-I&II and Mahyampur W/S.

¹² Nadia (Northern Sector) W/S, Murshidabad Central Sector and Raghunathgunj-I W/S.

¹³ Nahadwip Block (part), Berhampore (part) & Murshidabad Jagunj (part) and Purbasthali W/S.

had not been taken up at all. Of the 338 ground water based supply schemes, only 276 were approved, out of which only 59 were taken up.

In 2006-07 a sub-mission programme was launched by the GOI for quality affected habitations and GOI released Rs 392.29 crore during 2006-07 to 2007-08 for execution of five surface water based schemes in two years time to cover 648 arsenic affected habitations. The PHED could utilise only Rs 195.20 crore (50 *per cent*) covering only 174 (27 *per cent*) arsenic affected habitations. Scrutiny revealed that the progress in respect of three schemes was only five to 45 *per cent*.

Government replied that all the schemes under the Master Plan could not be taken up due to non-clearance of the schemes by Government of India; the fact, however, remained that the department had not even been able to utilise the funds released by GOI. Huge savings of funds (Rs 197.09 crore) showed lack of serious efforts to cover the quality affected habitations.

(II) Fluoride contamination

For mitigating the problem of fluoride pollution in the ground water of seven affected districts¹⁴ of the State, a Fluoride Task Force¹⁵ set up by the PHED in December 2003 suggested (June 2007) to undertake three important measures, viz. mapping the entire fluoride affected areas of West Bengal, undertaking research studies by the experts and implementing pond based water supply schemes. Scrutiny revealed that none of the suggested measures had been implemented except setting up of 16 fluoride testing laboratories in seven districts and imparting trainings to the chemists of the laboratories till March 2008. Unlike in the case of arsenic contamination, there was no Master Plan for the mitigation of fluoride contamination. The Government stated that the Master Plan would be prepared after 100 *per cent* testing of the drinking water sources in the affected blocks was complete, but did not specify the time frame in which the task would be completed. As a result, the problem of fluoride contamination in 586 habitations as of March 2008 remained unaddressed.

No Master Plan was prepared for mitigation of fluoride contamination in 586 habitations

(III) Salinity and iron contamination

No master plans existed for tackling the salinity and iron contamination, though the Chief Engineer (CE), PHED stated (October 2007) that 100 *per cent* testing of water sources in the 53 salinity affected blocks had been planned in order to prepare a Master Plan; however, no time frame was indicated to accomplish this task.

No Master Plan for tackling salinity and iron contamination

In respect of iron contamination too, there was no master plan, although almost all the blocks of the state were stated to be affected. The CE stated that iron was not considered a major health problem, hence no master plan was considered; that excess iron could be tackled in the course of arsenic removal; and that iron was also being tackled at the domestic level by the households themselves.

¹⁴ Bankura, Birbhum, Purulia, Uttar/Dakshin Dinajpur, Malda and South-24 Parganas.

¹⁵ constituted by PHED in December 2003

The above indicated major lacunae in the State's strategy to improve the quality of the drinking water supply.

3.3.11.3 Inadequate quality control measures

Prescribed guidelines for periodic testing of water not adhered to

Bureau of Indian Standard (BIS) stipulates that water containing Iron and Arsenic beyond 1.00 mg/litre and 0.05 mg/litre respectively and Maximum Probable Number (MPN) of Total Coliform and Faecal Coliform beyond 10 col/100ml and nil/100ml respectively is not considered safe for drinking. CE's guidelines also prescribed that water samples from existing PWSSs should be tested once in a month for all physico-chemical parameters and residual chlorine.

Scrutiny revealed that of the 261 Piped Water Supply Schemes (PWSSs) commissioned under ARWSP and MNP in five Districts¹⁶, 85 PWSSs (32 per cent) covering a population of 12.78 lakh were affected either chemically or bacteriologically or both. However, the water from these schemes was not being tested monthly as prescribed (April 2008). No referral institute was identified for cross-check of the results of the samples tested in the District laboratories, wherever this was done as shown in the table below.

| District | Total No. of schemes | Schemes affected with | | Bacteria | Either of the problems |
|-------------------|----------------------|-----------------------|-----------|-----------|------------------------|
| | | Iron | Arsenic | | |
| North 24-Parganas | 91 | 26 | 10 | 14 | 36 |
| Paschim Medinipur | 43 | 06 | - | 01 | 07 |
| Malda | 40 | 04 | 02 | - | 06 |
| Murshidabad | 63 | 31 | 15 | 03 | 33 |
| Bankura | 24 | 3 | - | - | 03 |
| Total | 261 | 70 | 27 | 18 | 85 |

Scrutiny of the Departmental Laboratory Test Registers in three districts (Paschim Medinipur, Malda and Bankura) revealed that water quality tests in 38 out of 107 PWSSs (36 per cent) were not conducted at all in 2007-08 whereas in Murshidabad District the bacteriological tests of 47 out of 63 (75 per cent) PWSSs were never conducted after commissioning till March 2008. This reflected very poor water quality monitoring, having serious implications for public health. As per the Directorate of Health Services, West Bengal, 50.17 lakh population of the State were victims of water borne diseases during last two years (2007-08, upto September 2008). The number of deaths caused by these diseases was 1360 (diarrhoea) and 126 (enteric fever) during last two years. Further, 2095 cases of arsenicosis were reported during 2004-07, out of which there were 10 casualties.

3.3.11.4 Water Quality test not conducted on newly created spot sources

The chemical or bacteriological test of water samples of 1094 rig bored tubewells sunk during 2005-06 to 2007-08 by Bankura Mechanical Division in NC/PC habitations in Bankura district were not conducted. Thus, there was no assurance about their water quality.

¹⁶ North 24-Parganas, Paschim Medinipur, Malda, Murshidabad and Bankura

3.3.11.5 Water Quality Monitoring & Surveillance

National Rural Drinking Water Quality Monitoring and Surveillance Programme was not implemented

To institutionalise the Water Quality Monitoring and Surveillance System, the National Rural Drinking Water Quality Monitoring and Surveillance Programme (NRDWQM & SP) was launched in February 2006, with full assistance from GOI. Scrutiny revealed that the entire amount (Rs 83.83 lakh) released by GOI in February 2006 remained unutilised. The Government stated that the State had adopted laboratory based testing approach instead of field kit testing as a policy matter as it had a good number of water testing laboratories that could handle the testing efficiently. However, the Government did not clarify why the funds were being retained since February 2006, or why the laboratories were not being used to test water at the prescribed periodicity as discussed in paragraph 3.3.3.

In addition, Rs 3.33 crore released (March 2007) by the GOI for Information, Education and Communication (IEC) and Human Resources Development (HRD) activities under the above Programme was not transferred by the PHED to the Communication and Capacity Development Unit (CCDU). Similarly, Rs 4.67 crore released by GOI in July 2007 for monitoring and surveillance activities during 2007-08 remained unutilised. Thus, due to non-utilisation of Rs 8.87 crore, the objective of institutionalising the water quality monitoring and surveillance programme in the State was defeated.

3.3.12 Material management

A few cases showing serious deficiencies in the material procurement resulting in scarce funds getting needlessly tied up, are described below:

Blocking of funds in unnecessary purchases reduced the availability of funds

- PHED, Malda made advance payment of Rs 24.69 lakh to the Resources Division, for Asbestos Cement (AC) pipes with couplers, against which it received pipes of higher diameter worth Rs 9.04 lakh (September 2007). The pipes, not being of the required specification, the material was lying in open stack yard blocking Rs 9.04 lakh.
- In Medinipur Division, AC Pipes worth Rs 14.75 lakh procured (April 2001) for eight¹⁷ PWSS were lying idle in the open stack yard for over seven years.
- For the Malda Arsenic Water Supply Scheme, excess materials worth Rs 3.29 crore purchased by the Executive Engineer were lying unutilised (April 2008) in the open stack yard since their procurement between 1995-96 and 2002-03. No action was taken against the officials responsible for unnecessary purchase that resulted in blockage of funds.

The Government stated that steps were being taken to utilise the material.

3.3.13 Swajaldhara

Swajaldhara programme was not successful in the State

Swajaldhara was launched in December 2002, as a part of the reforms in the rural drinking water sector and implied a paradigm shift from supply driven to demand driven, centralised to decentralised implementation and Government's role from service provider to facilitator. It is based on empowerment of

¹⁷ Pingla Dohijuri, Madpur, Belaberia, Lalgah, Sonakhali, Daspur and Debra.

villagers to ensure their full participation in the project through a decision making role in the choice of the drinking water scheme, planning, design, implementation, control of finances, management arrangements including full ownership of drinking water assets. The community has to share partial capital cost (at least 10 *per cent*), and 100 *per cent* responsibility of operation and maintenance (O&M). An integrated service delivery mechanism is also promoted which includes taking up conservation measures through rainwater harvesting and ground water recharge systems for sustained drinking water supply.

The scheme envisaged earmarking of 20 *per cent* of the outlay of ARWSP for the reform programme; the unutilised sector reform funds of any state would be given to the states reporting better implementation. GOI would release the funds directly to DWSM¹⁸ (District Water & Sanitation Mission) for further allotment to VWSC (Village Water & Sanitation Committees). The scheme was to eventually replace the ARWSP (normal).

3.3.13.1 Poor progress of implementation of Swajaldhara

Audit analysis revealed that the scheme did not make any significant progress since its introduction. The State Government did not enter into Memorandum of Understanding (MOU) with the GOI as required in the guidelines. Audit scrutiny revealed that only 37 (11 *per cent*) out of total 340 schemes in the State were completed as of March 2008 as shown in the table below.

(Rupees in lakh)

| Year | No. of Schemes | GOI Share | Released by GOI | Fund allotted by DWSM | Status |
|-----------------------|----------------|----------------|-----------------|-----------------------|----------------------|
| 2002-03 | 8 | 47.76 | 33.73 | 33.85 | 4 schemes completed |
| 2003-04 | 93 | 943.00 | 621.50 | 422.24 | 26 schemes completed |
| 2004-05 | 85 | 773.27 | 605.63 | 375.22 | All in progress |
| 2005-06 | 154 | 1938.90 | 1504.18 | 595.47 | 7 schemes completed |
| 2006-07 ¹⁹ | | | | | |
| Total | 340 | 3703.93 | 2768.04 | 1423.78 | 37 completed |

It was observed that:

- Due to non-submission of the Utilisation Certificates and audited accounts, GOI did not release Rs 9.38 crore of its share of second instalment even though the beneficiaries' contribution had been collected (as shown in the Table);
- Out of Rs 27.68 crore released by GOI, DWSM allotted Rs 14.27 crore to VWSCs and the balance Rs 13.41 crore (48 *per cent*) was lying unutilised in their bank accounts since 2005-06;

In six test-checked districts, it was seen that out of Rs 10.30 crore received from GOI during 2003-2008, Rs 3.58 crore (35 *per cent*) was lying in the account of ZPs as of April 2008. Against the released amount of Rs 3.72 crore, UCs for Rs 2.48 crore were outstanding. The Government attributed the poor progress of Swajaldhara to lack of interest among the beneficiaries, poor performance of implementing agencies, no releasing of funds by ZPs etc. and stated that vigilance would be kept to enhance the performance of the programme.

¹⁸ DWSM is the implementing agency under the aegis of Zilla Parishad.

¹⁹ Swajaldhara was discontinued from the F Y 2006-07 as per decision of GOI however sanctioned schemes to be completed by 50:50 funding under ARWSP

3.3.13.2 *Miscellaneous irregularities in working of VWSCs/DWSCs*

Audit scrutiny revealed the following deficiencies in the functioning of the VWSCs/ DWSCs:

- Accounts of 25 out of 35 test-checked VWSCs in four districts²⁰ (expenditure of Rs 1.04 crore during 2004-2008) were not audited;
- In respect of nine VWSCs in Malda District, community contribution collected (Rs 3.35 lakh) fell short of the prescribed amount (Rs 8.98 lakh);
- Out of total 291 members nominated in 21 VWSCs in four districts²¹, only 34 (12 *per cent*) female members were nominated against minimum representation of 97 (33 *per cent*) as per guidelines;
- None of the VWSCs in the test-checked districts was registered, in contravention of the guidelines;
- In six districts²², no provision was made in any of the schemes approved during 2002-03 to 2005-06 for recharging of ground water resources and for encouraging the communities for such activities, which were an essential component of the project funding under the Swajaldhara guidelines.
- In Malda district, nine schemes were implemented through Government agencies²³ though the guidelines required Swajaldhara to be implemented by the community (VWSCs).
- Three schemes in Paschim Medinipur district costing Rs 31.63 lakh could not be commissioned till April 2008 due to non-energisation, although Rs 2.79 lakh was paid to WBSEB²⁴ between June 2005 and October 2003. The ZP/VWSCs did not take any initiative for early commissioning of the schemes, depriving a population of 4155 of the benefit of drinking water.
- None of the DWSCs had submitted the monthly and annual progress report as required by the guidelines.
- The expert team of SWSM did not conduct random inspection of projects taken up under Swajaldhara in violation of the norms for ensuring quality control.

Government assured of the steps to address the above issues.

3.3.13.3 *Communication and Capacity Development Unit (CCDU)*

Objective of CCDU in organising awareness campaign and training programme remained largely unfulfilled

For effective implementation of Swajaldhara schemes, CCDU was entrusted with organising awareness campaign and training programme among the beneficiaries. The GOI is responsible for hundred *per cent* funding for IEC (Information, Education and Communication) and HIRD (Human Resource Development) activities under Swajaldhara. The funds were released to

²⁰ Bankura, Paschim Medinipur, Malda and Murshidabad

²¹ Paschim Medinipur, Malda, Bankura and Murshidabad

²² Bankura, Paschim Medinipur, Malda and Murshidabad, North 24-Parganas, South 24-Parganas.

²³ West Bengal Agro Industries Corporation Limited (four) and Malda Division, PHED (five)

²⁴ West Bengal State Electricity Board

SWSM (State Water & Sanitation Mission) and then to CCDU under PHED which disbursed the amount to the DWSCs.

Audit scrutiny showed that out of Rs 14.86 crore released by GOI, SWSM released only Rs 3.83 crore (46 *per cent*) to CCDU and that too after delays of three to 15 months. Rs 8 crore received by SWSM during March 2007 and September 2007 were not released to CCDU till May 2008 (*Appendix 3.11*).

CCDU released only Rs 4.31 crore to the DWSCs, spent Rs 0.75 crore on IEC & HRD activities and establishment cost and the balance amount of Rs 1.78 crore was lying in the account of CCDU (May 2008).

Against Rs 4.31 crore released by CCDU, DWSCs had submitted UCs for Rs 40.55 lakh (nine *per cent*) only as of May 2008. CCDU did not maintain any record showing the details of awareness campaign and training organised except booking the disbursed amount under the appropriate heads. No evaluation or assessment had been done by CCDU to ascertain the effectiveness of the training organised so far.

The Government stated that the CCDU could not take up the awareness campaign and training programmes due to lack of response from Panchayat Samitis, though the CCDU was making efforts constantly.

3.3.14 Management Information System not established

ARWSP envisaged Information Technology based Management Information System (MIS). Audit scrutiny revealed that the MIS was not established properly despite spending Rs 3.02 crore. Out of Rs 4.64 crore received during 2004-08 from GOI for installation of computer system, training of officials and connecting all offices with communication network, PHED had utilised only Rs 3.02 crore. The implementation of the project suffered due to the delay by State Government (five months) in according administrative approval. Consequently, the preparatory actions for utilising the first instalment of GOI funds (Rs 1.39 crore released in September 2004) were not completed by March 2005.

Government appointed (May 2005) WEBEL²⁵ as nodal agency for implementation of the MIS project. The performance of WEBEL was not satisfactory as revealed from the minutes of the meeting of SLCCP²⁶. As a result, the hardware/software could not be installed in 27 out of 89 offices, LAN could not be established in 56 out of 89 offices and training could not be imparted to 2700 out of the targeted 3000 officials. The NICNET facility to establish connectivity as well as for sharing information was not provided in any of the offices.

The Government replied that Rs 1.62 crore could not be utilised due to late receipt and that WEBEL had been appointed as nodal agency as per order of Finance Department.

²⁵ A Government of West Bengal Undertaking

²⁶ State Level Committee on Computerisation Programme.

3.3.15 Monitoring and evaluation

3.3.15.1 Vigilance and Monitoring Committees not set up

As per ARWSP guidelines, Vigilance and Monitoring Committees at state, district and village levels were to be set up and regular meetings of the same were required to be held. However, no such committees were set up (May 2008).

3.3.15.2 Unsatisfactory working of Monitoring and Investigating Units (MIU)

ARWSP guidelines stipulated that Monitoring and Investigating Units (MIU), with technical posts of hydrologists, geophysicist, computer specialists and data entry operator, be set up and work in co-ordination with Research and Development (R&D) Cell. As per the guidelines, MIUs were required to monitor quality of water, adequacy of service and other related qualitative aspects of the programme at field level and to collect information from the executing agencies, maintenance of the data and timely submission of the same to the Central Government.

It was observed that the state MIU, which was functioning under a Superintending Engineer with other engineering and support staff, did not have any hydrologist, geophysicist and computer specialist. The MIU did not maintain records regarding details of inspection carried out for monitoring, year-wise reports/returns received from the executing agencies, and the date of submission of the reports/returns etc to the GOI. The R&D Cell was not established (May 2008). Thus, the objective of setting up MIU was not fully achieved in spite of the expenditure of Rs 1.51 crore on its establishment during 2002-03 to 2007-08. Admitting the need to have the specialist staff, the Government stated that it was outsourcing the work to outside specialist agencies.

3.3.15.3 Progress reports not submitted

As per guidelines, monthly, quarterly and annual progress reports showing physical and financial status of the water supply schemes were required to be submitted to the Department/Directorate by the Divisions. Scrutiny revealed that out of 11 test-checked divisions, four divisions²⁷ did not submit the required reports/returns to the higher authorities.

3.3.15.4 Records of assets created under ARWSP not maintained

A manual or computerised data base of a complete inventory of the drinking water sources created under different programmes like ARWSP, MNP, Swajaldhara etc. showing date of the starting and completion of the project, cost of completion, depth in case of spot sources, agency responsible for O&M and other relevant details should be maintained at different levels (viz. Sub-Division, Division, Circle etc.) and overall information should be available with the implementing Department (PHED) for proper monitoring and evaluation of the programme.

²⁷ Medinipur PHE, Medinipur Mech, Malda Arsenic and Malda PHE Divisions

Scrutiny revealed that the required data base was not maintained at all by eight²⁸ out of 11 test-checked divisions. In the remaining three divisions²⁹, these were not maintained properly as the required information (viz. depth of water sources, agency responsible for O&M etc.) was lacking. At the Departmental level also, these were not maintained properly as important information viz., the number of water sources created out of ARWSP funds allotted to ZPs during 2002-08, their depths, up to date expenditure, year-wise target and coverage of source-less schools during 2002-08 under the ARWSP etc., were not available. The Government stated that a web based application had been developed and data entry was in progress at the division and sub-division levels.

3.3.16 Conclusion

The implementation of the ARWSP suffered from several drawbacks and in spite of availability of funds, thousands of rural habitations and schools remained without adequate drinking water. The Annual Action Plans were not drawn up properly. Poor financial management led to delay in release of funds to the implementing agencies, savings, inadmissible expenditure and diversion of funds. Many habitations suffered due to unacceptable water quality, including arsenic and fluoride contamination, and inadequate yield of water sources created. Periodic testing and monitoring of quality of water sources were not done. A large number of ongoing schemes remained incomplete due to lack of initiative and proper planning. Similarly, the implementation of Swajaldhara Schemes was marred by lack of financial control, maintenance of records, audit of accounts and non adherence to norms. Cases of non-submission of utilisation certificates were rampant. Provision of ground water recharge had not been made compulsory to prevent over-exploitation of ground water.

3.3.17 Recommendations

For effective implementation of the programme, it is recommended that:

- *Annual Action Plans should be prepared in accordance with the guidelines indicating the prioritisation of works and the time frame of implementation; these plans should be used for enforcing accountability;*
- *Time bound measures should be taken for early completion of incomplete projects, with priority to the coverage of NC habitations;*
- *A computerised monitoring system for the projects should be established and enforced with accountability;*
- *A sound system for testing and monitoring the water quality at prescribed intervals should be established and enforced;*
- *Adequate emphasis should be given for recharging of the ground water sources to ensure sustainability of drinking water systems and sources.*

²⁸ Medinipur, Malda, Medinipur Mechanical, Malda Arsenic Area Water Supply, North 24-Parganas Water Supply, South 24-Parganas Water Supply, Murshidabad and Bankura Mechanical Division.

²⁹ Alipore, Bankura and Bardasat Division.

ENVIRONMENT AND HEALTH & FAMILY WELFARE DEPARTMENTS

3.4 Management of Bio-Medical and Plastic Waste

3.4.1 Introduction

To control the health hazards and environmental menace due to inappropriate management of Bio-Medical Waste (BMW), Government of India (GOI), notified the Bio-Medical Waste (Management and Handling) Rules, 1998, (BMW Rules)¹ under the Environment (Protection) Act, 1986 (EP Act). According to these rules every occupier² of institutions, which generate/handle/dispose BMW in any form, was responsible for ensuring that such waste was handled without any adverse effect to human health and the environment. Besides, in order to regulate the use and manufacture of new as well as recycled plastic carry bags and containers, GOI, notified the Recycled Plastics Manufacture and Usage Rules in 1999 (Plastic Rules) with an amendment in 2003.

Organisation

In West Bengal, the West Bengal Pollution Control Board (WBPCB) under Environment Department (ED) was the prescribed authority for enforcement of BMW Rules and Health and Family Welfare Department (H&FWD) was responsible to provide funds and other infrastructural support to the occupiers under it to implement the BMW Rules. The Deputy Director of Health Services and the Chief Medical Officers of Health (CMOH) were the licensing authorities for private health care units (HCU) in Kolkata and other districts respectively.

Under the Plastic Rules, WBPCB was the prescribed authority for enforcement of its provisions relating to manufacture, recycling and granting authority of registration for manufacturers; whereas, the District Magistrates were the prescribed authorities for enforcement of the provisions relating to use, collection, segregation, transportation and disposal of stock. In West Bengal, ED was the nodal administrative Department for Management of Plastic Waste.

Audit had test-checked the records of ED, WBPCB and its four Regional/Sub-Regional offices³, H&FWD, one Common Bio-Medical Waste Treatment Facility (CBWTF) operated by a private agency⁴, four District Magistrates⁵ (DM) Offices, eight Municipal Corporations/Municipalities⁶, four CMOs⁷, 20 Government Medical Colleges and Hospitals/District Hospitals/ Sub-division Hospitals/

¹ amended twice- in June 2000 and September 2003

² "Occupier" means a person who has control over that institution and/or its premises, generating bio-medical waste

³ Asansol, Durgapur, Malda and Siliguri.

⁴ M/S Sembramky Environmental Management Pvt.Ltd.

⁵ South 24Parganas, Bardhaman, Malda and Darjeeling.

⁶ Diamond Harbour, Bardhaman, Asansol, Durgapur, Kalyani, Malda, Siliguri and Darjeeling

⁷ Bardhaman, Murshidabad, Malda and Darjeeling.

General Hospitals/Rural Hospitals⁸ in seven sampled districts⁹. Important points noticed during audit are discussed in the following paragraphs.

Audit findings

3.4.2 Management of Bio-Medical Waste

3.4.2.1 Generation and treatment of BMW

The quantities of untreated BMW generated, treated and disposed of in the State during 2002-2008 were as follows:

| Year | BMW generated (tonnes) | BMW treated (tonnes) | BMW disposed of untreated (tonnes) | Percentage of untreated waste |
|---------|------------------------|----------------------|------------------------------------|-------------------------------|
| 2002-03 | 8595.39 | 487.52 | 8107.87 | 94 |
| 2003-04 | 7767.62 | 3239.38 | 4528.24 | 58 |
| 2004-05 | 8490.26 | 3309.82 | 5180.44 | 61 |
| 2005-06 | 8729.34 | 3899.29 | 4830.05 | 55 |
| 2006-07 | 8647.03 | 4147.13 | 4499.90 | 52 |
| 2007-08 | 8972.70 | 4936.00 | 4036.70 | 45 |

Source: Annual Reports of WBPCB

Test-check, however, showed that the quantum of BMW generated and treated shown above was only an estimate (projected) (300gm/bed/day for 2002-03 and 250gm/bed/day for 2003-08), and not based on actuals. The WBPCB stated (October 2007) that due to non submission of annual report (AR) by most of the HCUs, though required under Rule 10 of the BMW Rules, the actual generation/treatment of BMW could not be worked out. Thus, WBPCB submitted reports to CPCB based on projected figures without any consideration to Rule 10.

3.4.2.2 Segregation of Waste

Segregation of waste helps to contain the spread of infection. WBPCB had advised use of four colour coded bags (red, yellow and blue for infectious, anatomical, sharps/needles/syringes respectively and black bags for municipal solid waste (MSW)). BMW was required to be segregated at the points of generation by using the said colour coded plastic bags/containers with 'bio hazard' or 'toxic hazard' symbol.

Inspection done by WBPCB disclosed that segregation at various government or private HCUs was not done properly. Central Pollution Control Board (CPCB), East Zone Office also reported (May 2007) mixing of BMW with MSW after

| | |
|-------------------|---|
| Kolkata | SSKM Hospital (1250), NRS MC&H (1890), Kolkata MC&H (1800) |
| South 24 Parganas | Diamond Harbour SDH (125), |
| Nadia | JNM Hospital, Kalyani (550) |
| Bardhaman | Bardhaman MC&H (1099), Durgapur SDH (157), Asansol SDH (215), Mankar RH (30), Memari RH (60) |
| Darjeeling | North Bengal MC&H (599), DII Darjeeling (308), Siliguri SDH (320). |
| Malda | DII Malda (500), Chanchal RH (68), |
| Murshidabad | DII Murshidabad (391), Berhampur GH (225), Lalbag SDH (206), Sagar Dighi RH (30), Krishnapur RH (50). |

⁹ Kolkata, South 24 Parganas, Bardhaman, Nadia, Murshidabad, Malda and Darjeeling

random inspection of 17 private HCUs in Kolkata leaving substantial risks of spread of infectious wastes. There was also possibility of health hazard by recycling/ reuse of these untreated wastes.

The Joint Director of Health Services attributed (October 2007) the same to non-availability of colour coded bags in adequate quantity and lack of awareness due to inadequate training of the handling staff.

3.4.2.3 Transportation

According to Rule 6 of BMW Rules, untreated wastes should be transported only in dedicated, closed vehicles with BMW sign. In violation of the Rules, the municipal authorities used to carry both treated and untreated and sometimes even non-segregated BMW for disposal in dump site without considering the health hazards. Five Municipal authorities¹⁰, out of eight test-checked, used to carry BMW from six sampled HCUs in uncovered vehicles causing serious environmental contamination.

3.4.2.4 Disposal of waste

H&FWD procured 16 waste treatment facilities (WTF)¹¹ for management of BMW, between September 2001 and March 2004 at a cost of Rs 3.76 crore under West Bengal State Health System Development Project II (WBSHSDP-II), a World Bank aided project. These 16 WTFs were installed at 16¹² government hospitals located in 16 districts.

Due to delay in engaging agencies for annual operation and maintenance (O&M), 11¹³ autoclaves with shredders became functional in February 2006 after remaining inoperative for nearly two years. Out of eleven WTFs, five¹⁴ remained inoperative since installation due to absence/ non co-operation of operator and non availability of consumables and two¹⁵ remained functional for only two to five months up to December 2006 due to theft/ damage of parts. In six districts of North Bengal, against 258 HCUs (8799 beds) under H&FWD there were only two¹⁶ autoclaves in working condition out of four installed. Thus, due to lackadaisical attitude of the Department in operationalising the WTFs, the autoclaves though installed could not be used.

Status of WTF in the form of burial/ campus pits dug in 49 Government HCUs in the districts other than Kolkata were not even known either to the H&FWD or WBPCB.

¹⁰ Bardhaman, Asansol, Memari, Berhampore, Lalbagh

¹¹ two microwaves, three autoclaves without shredder and 11 autoclaves with shredders.

¹² Out of these 16 hospitals, six were test checked.

¹³ Bardhaman MC&H, Bankura MC&H, DH Purulia, Chinsurah, Krishnanagar, Barasat, Malda, Jalpaiguri, Suri, Siliguri SDH, Berhampore GH.

¹⁴ Bankura MC&H, DH Purulia, DH Suri, DH Jalpaiguri, Siliguri SDH

¹⁵ DH Malda, Berhampore GH

¹⁶ DH Malda, MJNH, Cooch behar.

The Advisory Committee on BMW constituted in June 2002 under Rule 9 of BMW Rules stressed upon the need to build common storage, treatment and disposal facilities for treatment of Bio Medical Waste. The facility would be built and funded by the Government but maintained and operated by a private party. Government, instead of creating such common WTF, made a resolution to designate all the 16 WTFs installed for respective hospitals as common WTF. However, records revealed that out of these 16 WTFs, only two¹⁷ with a capacity to treat BMW generated from 1198 beds/day were being operated as common WTFs.

Apart from these two, four common WTFs in private/ joint sector¹⁸ had also been set up between November 2003 and September 2007 with treatment capacity of BMW of 1.10 lakh beds per day covering the HCUs of 13 districts in South Bengal.

No common WTF was set up for 510 HCUs in six districts of North Bengal either by H&FWD or by any private agency

3.4.2.5 Violation of Bio Medical Waste Rules by hospitals

Test check of 20 Government HCUs revealed the following violations of BMW Rules.

- Only one HCU¹⁹ maintained records for generation and treatment of waste (under Rule 11). Only eight HCUs²⁰ submitted annual report once or twice during the period covered in audit, but no initial records could be shown to audit.
- Segregation of BMW at the point of generation was done only in seven HCUs²¹, partially done in seven HCUs²² and not done in another six HCUs. In CBWTF at Diamond Harbour SD Hospital, non-segregation of BMW by the HCUs at generating point was reported. Except Durgapur SD Hospital, no HCU used labelled bags/containers with 'bio hazard' and 'toxic hazard' symbols.
- In three HCUs in Kolkata, disposal of BMW to CBWTF for treatment, ranged between nine and 31 per cent of the projected estimate due to improper segregation.

¹⁷ J.N.M. Hospital, Kalyani (operation started from October 2002) in Kalyani Municipality and Diamond Harbour SDH (operation started from May 2004) in Diamond Harbour Municipality

¹⁸ M/s Sembramky Environmental Management Pvt Ltd set up the facilities at Howrah, Haldia (jointly with Haldia Development Authority), Asansol and Kalyani.

¹⁹ Durgapur SDH

²⁰ SSKM and Bardhaman MC&H, Durgapur SDH, Berhampur GH, Diamond Harbour SDH, JNM Hospital, Kalyani, Chanchal RH, DH, Malda

²¹ Diamond Harbour SDH, Durgapur SDH, Mankar RH, Berhampore GH, Sagardighi RH, DH, Darjeeling and Malda

²² SSKM, NRS MC&H, Kolkata MC&H, Bardhaman MC&H, JNMH Kalyani, Siliguri SDH, Krishnapur RH

- In seven HCUs²³, untreated BMW was stored inside/outside the vats and cleared from hospital premises by the respective municipalities once in a week/ once in 10 days, instead of the mandatory frequency of at least once in 48 hours. During joint inspections by Audit and hospital authority in three²⁴ HCUs, soiled and blood stained BMW were found lying untreated in the hospital campus outside the unlocked vat exposed to stray animals, patients/escort of the patients. A rag picker was also seen collecting used saline/ medicine bottles.
- In nine HCUs²⁵, used and untreated saline/IV fluid bottles were pilfered/ collected by rag pickers/patient party. Two HCUs²⁶ even sold untreated bottles showing utter disregard to the rules.
- Three HCUs²⁷ at Kolkata, even after joining CBWTF, disposed of huge quantity of contaminated linen articles (*viz* cotton mattress, bed cover, towels etc) by selling or burning in hospital campus or keeping that in store without considering those as BMW. Infected linen articles were also dumped and burnt in five HCUs²⁸ outside Kolkata.
- In SSKM Hospital, Kolkata, BMW mixed with MSW was kept in MSW bins (December 2007) for disposal by Kolkata Municipal Corporation (KMC). Mixing of BMW with MSW at generating point was also observed at Bardhaman Medical College & Hospital (January 2008).
- Out of nine deep burial pits in 6 test-checked districts, only one at the JNM Hospital, Kalyani was found operational (October 2007). However, treated as well as untreated BMW were dumped in it defeating the very purpose of segregation. In other cases the pits were not being used as those had either been filled up or closed due to local objection.
- In two Rural Hospitals²⁹ (RH), untreated BMW were dumped in campus pit and in two other RHs³⁰ anatomical wastes were dumped in campus pit but non-anatomical wastes were burnt within hospital campus.
- Liquid waste was discharged into drains by 13 HCUs without disinfection, partly done by two HCUs and disinfection was fully done only by five HCUs.

²³ DHs Darjeeling, Malda, Murshidabad, Durgapur SDH, Asansol SDH, Memari RH, Lalbag SDH.

²⁴ Durgapur and Asansol SDH and Malda DH

²⁵ DHs, Darjeeling, Malda, Murshidabad, Diamond Harbour SDH, Durgapur SDH, Asansol SDH, Siliguri SDH, Sagardighi and Krishnapur RHs

²⁶ Diamond Harbour SDH and Sagardighi RH

²⁷ SSKM Hospital, Kolkata MC&H and NRS MC&H

²⁸ DHs, Darjeeling, Murshidabad, Berhampore GH, Asansol SDH, Siliguri SDH.

²⁹ Mankar and Chanchal RHs

³⁰ Sagardighi and Krishnapur RHs.



BMW dumped and burnt within the premises of North Bengal Medical College and Hospital

- North Bengal Medical College and Hospital with 589 beds, the only referral Government HCU in North Bengal (situated under a Gram Panchayat near Siliguri town) had no facilities for treatment of BMW, not even a vat for storing of the BMW. The BMW was found dumped in different places inside the hospital premises and even within the vacant courtyard between wards and by the side of the walk away corridor and burnt under the open sky.

Thus, the BMW rules were not implemented due to lack of infrastructure, awareness and initiative on the part of the local authorities as well as the Department.

3.4.2.6 HCUs running without treatment facility

Under Rule 5(2) of the BMW Rules, every 'occupier' should either set up requisite BMW treatment facilities or ensure requisite treatment of waste at a CBWTF or any other waste treatment facility. The time-schedule set out in the Rules for setting up facilities was between December 1999 and December 2002 depending upon number of beds of the HCUs and population of city/town in which the HCUs situated.

Position of HCUs running without treatment facility in the State (under category A³¹ and B³²) during 2002-08 is shown below:

| | Position as of | | | | | |
|---|----------------|--|--------------|--------------|--------------|--------------|
| | March 2003 | March 2004 | March 2005 | March 2006 | March 2007 | March 2008 |
| 1) Number. of HCUs in the State | 1956 | 3106 | 3326 | 3508 | 3578 | 3741 |
| 2) Number. of HCUs utilizing CBWTF | 15 | 326 (including 3 HCUs joining CBWTF for incineration of wastes) | 456 | 713 | 886 | 1476 |
| 3) Number of HCUs having own facility | 21 | 20 (excluding 10 HCUs that joined CBWTF) | 20 | 20 | 17 | 17 |
| 4) Total number of HCUs either having own facility or joining CBWTF (2+3) | 36 | 346 | 476 | 733 | 903 | 1493 |
| 5) HCUs running without treatment facility or did not join the CBWTF (14) (Percentage in parenthesis) | 1920 (98) | 2760 (88) | 2850 (86) | 2775 (79) | 2675 (75) | 2248 (60) |

Source: Annual Reports of WBPCB

³¹ Hospitals and Nursing Homes in towns with population of 30 lakh and above

³² Hospitals and Nursing Homes in towns with population of below 30 lakh

Above table shows that position has improved over the years but still far of the target. Further, out of 2975 HCUs under category C³³, only 1188 HCUs (40 *per cent*) joined CBWTF as of March 2008. The delay in operationalising and non-functioning of the facilities, as mentioned earlier, was, however, not taken into account by WBPCB in their reports (2002-08) leading to over-statement of coverage.

CMOH of Purulia district and Secretary, District Health & Family Welfare Samity, Purulia brought all the 76 HCUs under H&FWD in Purulia district under the fold of CBWTF but such initiatives were not taken by other CMOsII having same set up.

Under Section 15 of Environment (Protection) Act, whoever fails to comply with the provisions of the Act, shall be punishable with imprisonment or with fine or with both. There were, however, no instances of action initiated by the WBPCB against such non-compliance of the rules, except issuing closure orders only to seven HCUs during the period of audit. -

3.4.2.7 Functioning of hospitals without obtaining authorisation.

As authorisation/renewal by WBPCB was subject to verification of compliance of pollution control norms, it was construed as an important control mechanism. Under Rule 8(1) of BMW Rules, every occupier should obtain authorisation for generating or handling bio-medical waste. HCUs running without authorisation indicated possibility of non-adherence to rules leading to contamination of environment. The status in respect of authorisation of HCUs under the categories A and B was as under:

| | Position as on | | | | | |
|---|----------------|--------------|--------------|--------------|--------------|--------------|
| | March 2003 | March 2004 | March 2005 | March 2006 | March 2007 | March 2008 |
| Total number of HCU | 1956 | 3106 | 3326 | 3508 | 3578 | 3741 |
| Number of HCU applying and granted authorisation | 935 | 1017 | 1269 | 1529 | 1606 | 1976 |
| HCU running without authorisation (percentage in parenthesis) | 1021 (52) | 2089 (67) | 2057 (62) | 1979 (56) | 1972 (55) | 1765 (47) |

Source: Annual Reports of WBPCB

Thus, as of March 2008, 1765 HCUs (47 *per cent*) were running without authorisation, of which 1243 HCUs (70 *per cent*) were under H&FWD. Test-check showed abysmally low coverage of authorisation of HCUs under H&FWD in South 24 Parganas (2 out of 95), Bardhaman (6 out of 143), Murshidabad (6 out of 105) and Malda (3 out of 53). It was also evident from test check that 14 HCUs³⁴ had not renewed authorisation after lapse of initial validity period and two HCUs³⁵ had not applied at all. No effective step, except issuing notices, had been taken by WBPCB against the HCUs running without authorisation.

³³ All other institutions like pathological laboratories X-ray clinics, etc generating BMW and not included in A and B.

³⁴ Kolkata MC&H, Bardhaman MC&H, North Bengal MC&H, Durgapur, Asansol, Siliguri, Lalbag SDHs, DGs, Darjeeling, Murshidabad, Malda, Berhampur GH, Mankar, Chanchal, Memari RHs

³⁵ Krishnapur and Sagardighi RHs

3.4.2.8 Monitoring over management of BMW

The WBPCB was the monitoring authority for implementation of the BMW Rules. However, regular monitoring over segregation of wastes into colour coded bags/containers with necessary labelling, transportation, etc. was not carried out by it, which was attributed by the WBPCB to absence of proper monitoring infrastructure.

No periodicity schedule was drawn up for monitoring/testing of operating standard of different facilities. Except for the CBWTF run by private agencies, working conditions of treatment and disposal facilities of HCUs were not monitored. Standards of 10 deep pit burials were claimed to have been monitored by WBPCB, but no reports could be produced. No effective action had been taken against the municipalities which used to dispose of untreated BMW in municipal dumping ground.

The Joint Director of Health Services (PH&CD), entrusted to monitor the management of BMW in the Government HCUs joining CBWTF, could not produce any monitoring report. Test-checked HCUs also confirmed the absence of monitoring on the part of the Department. H&FWD accepted (October 2007) the deficiencies.

Two sampled CMOsH,³⁶ during issuance of new clinical establishment licenses or its renewal, did not verify the compliance of BMW rules by the licensee.

3.4.2.9 Co-ordination between WBPCB and H&FW Department

There was no co-ordination mechanism between WBPCB and H&FWD as was evident from non-updation of the number of HCUs in the ARs of WBPCB according to the list of HCUs published each year by H&FWD. Licensing authorities under H&FWD did not endorse copy of license issued in favour of private HCUs to WBPCB for taking further action. In spite of issuance of notices by WBPCB to Government HCUs for compliance of BMW Rules, no action was found to have been taken by H&FWD. Permission sought (August 2007) for taking legal action by WBPCB against SSKM Hospital authority for violation of BMW Rules was denied (December 2007) by the H&FWD.

In view of dismal performance in management of BMW in the State, the Standing Committee of West Bengal Legislative Assembly on Environment, Forest and Tourism in its report (July 2007) recommended creation of a co-ordination mechanism among Environment Department, WBPCB and H&FWD for proper management of BMW, continuous monitoring by WBPCB and if necessary, enactment of an Act to penalise the violators of rule. Accordingly one Monitoring Committee³⁷ was constituted in December 2007. As per decision (March 2008) of the Committee, H&FWD issued (April 2008) direction to CMOsH to ensure submission of application for authorisation by defaulting HCUs under H&FWD.

³⁶ Bardhaman and Malda

³⁷ Involving H&FWD, KMC, ED and WBPCB

3.4.2.10 Inspections of hospitals by WBPCB

For effective implementation of BMW Rules, regular inspection of the hospitals has to be conducted. It was, however, observed that out of 6436 HCUs in the State, WBPCB inspected only 1513 HCUs (23 *per cent*) during 2002-07 for checking compliance to rules. In four test-checked regional and sub regional offices, monitoring of compliance of rules by HCUs was either limited or non-existent. In two³⁸ test-checked regional and sub regional offices authorisation to HCUs was granted without any preliminary inspection regarding compliance of BMW Rules. Lack of manpower was the reason for such poor monitoring as attributed by WBPCB.

3.4.3 Management of Plastic Waste

3.4.3.1 Prohibitory orders and enforcement mechanism

WBPCB prohibited (September 2001) use of plastic carry bags in the ecologically sensitive areas of the State namely, entire Sunderban area, coastal regulation zone areas, Hilly areas of Darjeeling and entire forest areas of the State. It also banned (May 2003 to June 2007) the entry, use, sale of plastic carry bags in 40 heritage/tourist places in the State. Government also banned (March 2004) the use of plastic carry bags /cup /containers less than four inches in height and 40 micron in thickness in all Government buildings and offices and restricted (May 2007) the manufacture, use and storage of plastic carry bags of thickness below 40 microns and of size 12x16 inches in the State and finally empowered (February 2008) the competent authorities to realise 'pollution cost'³⁹ from violators. Despite restriction imposed on use of plastic carry bags in different areas, the orders were not implemented in a meaningful manner as would be evident from the following paragraphs:

3.4.3.2 Enforcement of rules by DM and WBPCB

Records of three DMs⁴⁰ showed that no steps were taken either to prohibit the vendors using carry bags/containers made of recycled plastics for storing/ carrying/dispensing/packaging of foodstuffs (Rule 4) or to verify/ensure compliance to the Bureau of Indian Standard specification (Rule 6) in recycling of plastics.

WBPCB could complete the inventory of plastic manufacturers only for nine districts as of April 2008, while only 30 plastic manufacturing units applied for and were granted registration. WBPCB accepted its failure in this matter and stated (May 2008) that majority of the said manufacturing units were tiny in nature and were mostly operating without any regulatory permission.

³⁸ Malda, Siliguri

³⁹ At the rate of Rs 500 for shop owners and Rs 50 for users

⁴⁰ Bardhaman, Malda and Darjeeling

3.4.3.3 Deficiencies in the Rules relating to Management of Plastic Waste

The rules did not specify the nature of action to be taken by the DM for the enforcement of the Rules. The Rule also remained silent on the role of Local Bodies in implementing the various provisions which hindered the enforcement of prohibitory orders.

To overcome such deficiencies and also as per opinion of Calcutta High Court, a draft bill titled 'The West Bengal Plastic Carry Bags and Garbage (Control) Bill, 2004' specifying duties and powers of each authority including penalty clause was sent (July 2005) to GOI, approval to which was awaited (July 2008). The Government, however, claimed (July 2008) that the orders so far issued under the Environment (Protection) Act, 1986 were more effective than enactment of a separate Act. Unless the orders were implemented properly, the claim of the Government regarding effectiveness of orders was not tenable.

3.4.3.4 Monitoring over Management of Plastic Waste

A State Level Plastic Management Committee (SPMC) was constituted (May 2007) to monitor the implementation of Plastic Rules. In its first meeting (June 2007), WBPCB was directed to take different vigilance measures for implementation of the rule. Municipal authorities and Zilla Parishads were also requested to keep vigil on implementation of the order. WBPCB had monitored to some extent through surprise check of markets, food shops, sweet shops, etc. in a sporadic or scattered manner. After hearing, penalty was imposed on the defaulting vendors by the WBPCB according to the nature of violation. However, in the third meeting (January 2008) of SPMC, the Chairman SPMC opined that Municipalities and Government agencies were very much reluctant to implement different orders regarding control of use of plastic carry bags and such apathy had a serious consequence upon the plastic waste management in the State.

No monitoring was done by test checked offices of District Magistrates to implement the Rules.

3.4.4 Conclusions

Thus, the basic objective of scientific disposal of BMW for preventing the environmental pollution remained largely unachieved owing to various operational deficiencies coupled with lax monitoring on the part of WBPCB as well as H&FWD.

Meaningful efforts for implementation of rules and orders regulating manufacture and use of plastic carry-bags and containers were also not forthcoming from the enforcement mechanism which might lead to serious health and environmental hazards.

IX
53 B-1

3.4.5 Recommendations

- *Hundred per cent segregation of BMW in colour coded bags according to its types should be enforced in each HCU. The concerned HCU authorities should be held responsible for any lacuna on their part in proper segregation, storage and disposal of hazardous waste;*
- *Training on handling of BMW should be imparted to the staff of HCUs at regular intervals;*
- *The recommendations (July 2007) of the Standing Committee of West Bengal Legislative Assembly on Environment, Forest and Tourism should be implemented on priority basis;*
- *An inventory of all plastic manufacturing units in the State has to be prepared and brought under the fold of registration, otherwise it would not be possible to enforce the Plastic Rules.*

CHAPTER IV

AUDIT OF TRANSACTIONS

- 4.1 Fraudulent drawal/Misappropriation/Embezzlement/Losses*
- 4.2 Infructuous/Wasteful Expenditure and Overpayment*
- 4.3 Violation of contractual obligations/Undue favour to contractors*
- 4.4 Avoidable/Excess/Unfruitful Expenditure*
- 4.5 Regularity issues and other points*

4.1 Fraudulent drawal/Misappropriation/Embezzlement/Losses**HEALTH AND FAMILY WELFARE DEPARTMENT****4.1.1 Defalcation of Government money**

Failure on the part of BMOH, Pundibari in exercising the stipulated checks over preparation, presentation and realisation of bills resulted in defalcation of Rs 22.14 lakh.

West Bengal Treasury Rules provide that every officer receiving money on behalf of the Government should maintain a Cash Book and all monetary transactions should be entered therein as soon as they occur. Entries should be attested by the head of office as a token of check with respect to Bill Register, Bill Transit Register and paid vouchers. All claims shall be presented to the treasury by the Drawing and Disbursing Officer (DDO) in the prescribed printed bills prepared in indelible ink; erasures and overwriting in the bills are strictly forbidden. The DDO should compare both the office copy and the fair copy of the bill and certify on the face of the bill that both agree. Further, to prevent presentation of fraudulent bills to the Treasury, a Bill Transit Register is to be maintained by the DDO and cross-checked with the Bill Register. Moreover, the DDO should physically verify the closing balance of cash in each month.

Scrutiny of records¹ (June 2007) in the office of the Block Medical Officer of Health (BMOH), Pundibari, Coochbehar *vis-à-vis* payment schedule maintained in Coochbehar Treasury disclosed that in 43 cases though Rs 2.09 crore was drawn from treasury during April 2003 to April 2007 towards salary and contingent bills, only Rs 1.89 crore was entered in the Cash Book leading to defalcation of Rs 20.03 lakh. In six other cases involving Rs 2.11 lakh, amounts drawn from the treasury were not entered in the Cash Book at all. Details of these cases are given in *Appendix 4.1*

Further test-check of the office copies with reference to fair copies of some bills pertaining to the above cases disclosed disagreement in amounts as the amount in fair copy of the bills had been inflated by fraudulently including fictitious names. Moreover, figures entered in the Bill Transit Register were tampered with and manipulated subsequently to match its entries with corresponding entries made in the Bill Register and Cash Book. The DDO of Pundibari BPHC failed to detect the malpractice through cross-check of the said Registers thereby facilitating such defalcation. Further, the DDO did not regularly verify physically the closing cash balance of each month.

¹ Cash Book, bill register, bill transit register and acquittance roll/office copies of bills

Thus, failure on the part of BMOH, Pundibari in exercising the stipulated checks over preparation, presentation and realisation of bills resulted in defalcation of Government money amounting to Rs 22.14 lakh.

On the basis of the audit findings, CMOH, Coochbehar reported (July 2007) the matter to the Director of Health Services (DHS), West Bengal. The matter was investigated by the DHS and a FIR was lodged with Kotwali Police Station. The Department in its reply (March 2008) accepted the audit observation on suspected defalcation and stated that departmental proceedings had been initiated against the concerned officials.

HILL AFFAIRS AND SCHOOL EDUCATION DEPARTMENTS

4.1.2 Misappropriation of Sarva Shiksha Abhiyan funds

Sarva Siksha Abhiyan funds amounting to Rs 5.15 crore were misappropriated by Education Secretary & Council Project Officer, SSA Cell, Darjeeling Gorkha Hill Council between December 2004 and March 2005 in collusion with bank officials.

For providing useful and relevant elementary education to all children in the age group of six to 14 years, Sarva Shiksha Abhiyan (SSA) was introduced in 2001. In Darjeeling, the programme was being implemented by the Darjeeling Gorkha Hill Council (DGHC). Funds for SSA activities in Darjeeling were released by the State Project Director to the Principal Secretary and Council Project Director, SSA, DGHC. As per Government of India's (GOI) instruction, funds credited by GOI into the State Society's savings account was to be transferred to the district and deposited in separate joint signatory savings account opened with a nationalised or scheduled bank in the district. The block and village level SSA institutions were also required to open accounts in bank/Post Office for receiving funds from district authorities through banking channel. Release of fund was, however, to be made after ensuring satisfactory utilisation of the previous instalments.

In course of audit of the accounts of the Executive Officer (EO), Education Department, DGHC, it was observed (November 2005) that SSA funds amounting to Rs 9.15 crore were released to the Village Education Committees (VECs)/Ward Education Committees (WECs) in the district during 2002-05 for various civil works. Neither completion report nor utilisation certificate (UC) of those civil works was, however, obtained from any implementing agency for the released amount. The matter was enquired into by the DGHC authorities at the instance of audit and misappropriation of SSA funds of Rs 5.15 crore came to light as discussed below.

Records of the State Project Director, Paschim Banga Sarva Siksha Mission and Education Secretary and Council Project Officer (CPO), SSA Cell, Darjeeling disclosed (July 2006 and July 2007) that a current account (bearing number 641 C/A) was opened (October 2004) with Darjeeling District Central Co-operative Bank (DDCCB), Darjeeling Branch. The current account was opened in violation of GOI's instruction which stipulated opening of joint signatory savings account in this regard. Further, the CPO, instead of issuing Account Payee cheques to the concerned VECs/WECs, drew Rs 5.15 crore through thirty (30) self cheques between December 2004 and March 2005. The amounts were shown to have been disbursed to various VECs/WECs for construction of 102 new school buildings as well as additional class rooms in 90 schools. The concerned VECs/WECs, however, denied receiving such funds when UCs for the said amounts were called for by the Principal Secretary, DGHC, in response to the audit observations.

Further probe disclosed that as per request (October 2004) made to the Manager, DDCCB, Darjeeling branch, the said current account was to be operated 'jointly' by the Principal Secretary, DGHC and the CPO. It was, however, noticed that the mode of operation of the account was subsequently changed to "either and or" by tampering under the signature of the CPO. The specimen signature document available from the bank also showed that in deviation from the original intention of opening a "Savings Account", a "Current Account" was opened. Besides, the space earmarked for office use on the reverse side regarding verification and order for opening of account by the bank authorities was left blank indicating involvement of the bank officials in this act.

Thus, SSA funds amounting to Rs 5.15 crore were misappropriated by the then Education Secretary and CPO, SSA Cell in collusion with the bank officials.

The School Education Department in reply intimated (November 2008) that the accused persons had already been arrested and the case was pending for investigation. The Education Secretary and CPO, the prime accused in the case, was, however, absconding.

URBAN DEVELOPMENT DEPARTMENT

4.1.3 Loss of revenue from advertising due to mismanagement

Failure of Kolkata Metropolitan Development Authority to ensure timely finalisation of tenders for advertising resulted in a loss of minimum Rs 70.33 lakh.

Recognising the potential of the hoardings as a good source of revenue, Kolkata Metropolitan Development Authority (KMDA) decided (May 2001) to lease out

the street light poles for advertisement and issued licenses in January 2002 to two agencies for three years for Rs 1.09 crore² and to another agency in September 2002 for two years for Rs 8.92 lakh³. Audit scrutiny of the records of the KMDA revealed mismanagement of advertising leading to substantial loss of revenue, as detailed below.

As per agreement, the first two agencies deposited in advance the entire license fee for three years but the third agency deposited Rs 4.46 lakh for one year only. The KMDA (the SE, Electrical Circle-I) allowed the third agency to continue displaying the advertisements without paying the license fee for 17 months after the expiry of the first year, resulting in loss of Rs 6.32 lakh⁴. The license of this agency was cancelled in January 2005.

KMDA did not make adequate institutional arrangements for professional handling of the revenue generation from advertising. The process for fresh tendering was not started before the expiry of the licenses of the other two agencies in January 2005, but they were allowed (February 2005) to continue for another six months under the same terms and conditions. The agencies did not deposit the advance license fees and the contracts were terminated in March 2005; the process of re-tendering was initiated only thereafter. There was delay of one year in finalising the process, mainly due to the following:

- Three different units of the KMDA were assigned the task of contracting at different points of time. Thus, the responsibility was transferred from Electrical and Mechanical unit to Marketing and Management unit in March 2005 and then to Special Secretary in January 2006.
- The tenders were invited three times; in May 2005 (no response received); in September 2005 (cancelled due to deficiencies in the NIT); and in January 2006.
- There were delays in preparation and floating of the NIT at each level, due to lack of prior preparation and consultation. The first NIT was floated after 70 days from the date of expiry of initial contract period, the second 4 months thereafter and the third 3 months after that. The final NIT was prepared by a Task Force comprising officials of different units of the KMDA and other Govt. agencies with experience of advertising.

The new licenses were finally issued in March 2006, by which time about a year had passed without any advertising revenue. Thus, due to lack of preparedness, foresight and timely action, the KMDA had to forgo advertising revenue of

² at the rate of Rs 332 /pole / month for 519 poles under Gr.-II = $332 \times 519 \times 36 \text{ months} = \text{Rs } 6203088$

at the rate of Rs 359/pole/month for 360 poles under Gr.- I = $359 \times 360 \times 36 \text{ months} = \text{Rs } 4652640$

Total: 879 poles

Total = Rs 10855728

³ at the rate of Rs 202 per pole per month for 184 poles under Gr.-III = $184 \times 202 \times 24 \text{ months} = \text{Rs } 892032$

⁴ at the rate of $202 \times 184 \times 17 \text{ months (from September 2003 to January 2005)} = \text{Rs } 6.32 \text{ lakh}$

Rs 70.33 lakh (Rs 64.01 lakh⁵ plus Rs 6.32 lakh) at the old rates and Rs 145 lakh⁶ at the revised rates.

PUBLIC WORKS DEPARTMENT

4.1.4 Loss due to non-revision of recovery rate of electricity charges

Non revision of the recovery rate of electricity charges from the licensees of B. C. Roy Market Complex led to loss of Rs 53.94 lakh to the State exchequer.

The Executive Engineer, City Division, (EE), Kolkata, had leased out 456 stalls to private parties in the B. C. Roy Market Complex (Complex) in the Kolkata Maidan area for a period of two years. As per the lease agreement, monthly electricity charges would be recovered from the parties on the basis of meter reading for each stall at the rate fixed by West Kolkata Electrical Division, PWD.

Audit scrutiny (October 2007) revealed that the Calcutta Electricity Supply Corporation Limited (CESC), which was supplying electricity to the Complex at a special rate (applicable to Government offices and establishments), had informed (February 2004) the EE that tariff at commercial rate would be charged from April 2004. The EE brought the matter to the notice of the higher authorities but despite the fact that the matter was discussed with the CESC at the Chief Engineer level in May 2005, the department failed to get the rate of electricity charges revised and continued to recover the electricity charges at the old rate fixed in August 2002. During April 2004-March 2008, the EE recovered only Rs 35.20 lakh from the private parties but paid Rs 89.14 lakh to CESC.

Thus due to non revision of the recovery rate, the Government had to sustain a loss of Rs 53.94 lakh towards subsidising the electricity charges consumed by the private parties for commercial purposes.

The matter was referred to the Principal Secretary, Public Works Department in May 2008; the reply has not been received (October 2008).

⁵ 857 No. Poles at the rate of Rs 332 x 13 months (from Feb 2005 to Feb 2006) => Rs 36.99 lakh
 579 No Poles at the rate of Rs 359 x 13 months (from Feb 2005 to Feb 2006) => Rs 27.02 lakh
 Total: Rs 64.01 lakh

⁶ 857 No. Poles at the rate of Rs 777 x 13 months => Rs 86.57 lakh
 579 No Poles at the rate of 775 x 13 months => Rs 58.33 lakh
 Total: Rs 144.90 lakh

PUBLIC WORKS (ROADS) DEPARTMENT

4.1.5 Doubtful execution of excess quantity

Executive Engineer, Hooghly Highway Division II, allowed payment of Rs 47.49 lakh to an agency for excess work, the execution of which was doubtful.

As per Indian Roads Congress (IRC) specification, strengthening of a road has to follow the specified course consisting of the profile corrective course (PCC), the bottom layer on the existing surface⁷ followed by the middle layer, the Bituminous Macadam (BM) on the top of PCC⁸ and Semi-dense Bituminous Concrete (SDBC), the top layer⁹. The specifications also prescribe that the scope of work shall be restricted to the width and length shown in the approved drawings or as instructed by the Engineer¹⁰.

Audit of the records in the Office of the Executive Engineer, Hooghly Highway Division-II (EE) pertaining to the strengthening work¹¹ of the State Highway-13¹² in different stretches (total 25.2 KM)¹³ revealed that the EE had allowed, without justification, excess quantities in all the layers viz., PCC, BM and SDBC, in disregard of the quantities in the approved schedule of work (prepared on the basis of drawings and detailed estimate) put to tender for a total road surface area of 1.76 lakh square metre (7 metre width and 25.2 Kilometre length), as shown in the following table:

| Particulars of items | Provision in the tender schedule | Actual execution | Excess quantity |
|--------------------------------------|----------------------------------|--------------------------|-------------------------|
| 50 mm thick BM as PCC | 11908m ³ | 13435.639m ³ | 1527.6 m ³ |
| 75 mm thick BM as base/binder course | 176400 m ² | 176690.47 m ² | 290.47 m ² |
| 25 mm thick SDBC as wearing course | 176400 m ² | 188559.95 m ² | 12159.95 m ² |

Audit analysis revealed that the execution of excess quantity of PCC and SDBC would have required additional road lengths of 3.23 KM and 1.74 KM¹⁴ respectively with the given width (7 m). Conversely, keeping the road length

⁷ Clause 501.8

⁸ Clause 504.3

⁹ Clause 508

¹⁰ Clause 501.8

¹¹ Negotiated value Rs 10.32 crore; completed (January 2006) for Rs 10.76 crore

¹² Earlier known as NH-2

¹³

| | |
|--|--|
| 615 kmp to 627 kmp | 5.60 km (Balance work was done previously) |
| 628 kmp to 634 kmp | 4.00 km |
| 634 kmp to 639 kmp | 5.00 km |
| 639 kmp to 644 kmp | 5.00 km |
| 645 kmp to 646 kmp, 651 kmp to 654 kmp and 662 kmp to 663.60 kmp | 5.60 km |
| Total | 25.20 km |

¹⁴ 1527.6m³/(0.0675m X 7 m) = 3.233 km and 12159.95 m²/7m = 1.737 km.

constant at 25.2 KM, as given in the estimate, the consumption of the excess quantities would mean that the bottom layer (PCC) would be wider than the middle layer (BM), and the top layer (SDBC) would also be wider than the middle layer, resulting in an overhang and a structurally unstable and improbable profile.

Thus there was compelling audit evidence to indicate that the excess quantities recorded in the measurement book were fictitious and the EE had misused his power to allow the agency to claim payment for excess quantities in such width and length as were not available.

Even if the excess 290 m² of road work (implying a deviation of 0.16 per cent) in the middle layer (BM) is ignored, and the same margin of deviations is allowed for the other two layers as well, the net excess work would be 1508.5 cubic metre (PCC)¹⁵ and 11869 square metre (SDBC)¹⁶, involving excess payment of Rs 47.49 lakh¹⁷, which was doubtful and suspect.

The matter was reported to the Government (July 2008); reply has not been received (October 2008).

4.1.6 Loss due to unnecessary purchase

Unnecessary and injudicious procurement of Cationic Bitumen Emulsion in excess of actual requirement resulted in loss of Rs 30.92 lakh, as the bitumen became useless due to expiry of life.

The West Bengal Financial Rules (WBFR) provide that purchases must be made in most economical manner in accordance with the definite requirements of the public service and care should be taken not to purchase stores much in advance of actual requirement, if such purchase is likely to prove unprofitable to Government.

Audit scrutiny (June 2004 & February 2008) revealed that the Executive Engineer (EE), Diamond Harbour Highway (DH) Division, made advance procurement (April 2001 to September 2001) of 579.80 Metric Ton (MT) Cationic Bitumen Emulsion (emulsion) for Rs 74.55 lakh, including 200 MT in his capacity as Authorised Executive Engineer of South 24 Parganas Zilla Parishad (ZP), even though the contractors of ZP works were supposed to use their own supply of materials. The EE could utilise only 339.20 MT of emulsion in the departmental

¹⁵ 1527.6m³ - 19.08 m³

¹⁶ 12159.95 m²-290.47 m²

¹⁷ Average rate of PCC allowed = Rs 2255.71+2294.50+2192.71+2222.71+2240.71+2255.71 = Rs 13462.05 / 6 = Rs 2243.67. Total= Rs 2243.67 X 1508.5 m³ = Rs 3384583.73

Average rate of SDBC allowed = Rs 115.35+116.75+113.10+114.15+114.80+115.35 = Rs 689.50 = Rs 114.916. Total= Rs 114.916 X 11869 m² = Rs 1363945.92.

Total= Rs 3384583.73+Rs 1363945.92 = Rs 4748528.

and ZP works up to July 2004; the balance 240.60 MT¹⁸ has been lying unused as of January 2008. The storage life of emulsion being limited to 18 months from the date of packing, the unused quantity had become useless and the Superintending Engineer, State Highway Circle-I, had requested (July 2006) the Chief Engineer, PW (Roads) Directorate, for its disposal.

Thus unnecessary and injudicious procurement by the EE in excess of requirement resulted in loss of Rs 30.92 lakh¹⁹ to the Government.

The matter was reported (May 2008) to the Principal Secretary, Public Works (Roads) Department; reply has not been received (October 2008).

TRANSPORT DEPARTMENT

4.1.7 Loss due to inefficient fund management

Due to inefficient fund management and not availing higher rate of interest from the bank, HRBC lost Rs 49 lakh of interest income.

As per Hooghly River Bridge Act 1969, the Hooghly River Bridge Commissioners (HRBC) is required to maintain a Hooghly River Bridge Fund for crediting the amounts received as grants, loans and toll from the vehicles plying over the bridges maintained by the HRBC.

Scrutiny (March 2008) of the records of the Vice-Chairman, HRBC revealed that even after nearly 40 years of the enactment of the Act, the HRBC had not established the Fund nor had the State Government prescribed the rules for investment, custody and disbursement from the Fund, as required by the Act. Pending creation of the Fund, the Government allowed HRBC to invest the toll collected in interest bearing term deposits with the nominated bank²⁰. It was seen that while investing the funds, the HRBC did not follow the practice of inviting bids from financial institutions to get the maximum possible return on investment of the Fund nor did it take advantage of the higher interest rates offered by the nominated bank, which resulted in a loss of Rs 49 lakh as detailed below:

HRBC renewed (March 2007) three term deposits of Rs 41.37 crore²¹ on their maturity in March 2007 for a further period of 12 months at 7.5 *per cent* interest per annum, even though the bank offered 8.5 *per cent* interest on 12 months' term deposits of Rs 1 lakh to Rs 25 lakh. By not keeping the deposits in multiples of Rs 25 lakh each, the HRBC lost Rs 44 lakh of interest income as the entire amount was invested at lower interest rate of 7.5 *percent*

¹⁸ (579.80 – 339.20) MT

¹⁹ (Rs. 12,849 X 179 MT) + (Rs 12,857 X 61.60 MT)

²⁰ Indian Overseas Bank

²¹ (Rs 38.44 crore + Rs 1.40 crore + Rs 1.53 crore)

The HRBC renewed (June 2006 to November 2006) fourteen other term deposits worth Rs 20.08 crore for 12 months at the interest rate of 7 *per cent* per annum although the same bank offered during the same period interest rate of 7.5 *per cent* on term deposits of Rs 15 lakh and above. As a result, HRBC suffered a loss of rupees five lakh towards income on interest during 2007-2008.

Thus, due to inefficient fund management and not availing the higher rate of interest from the bank, HRBC had to sustain a loss of Rs 49 lakh during 2007-2008. After the matter was pointed out, HRBC reinvested the amount at the higher rate.

The matter was reported (May 2008) to the Principal Secretary, Transport Department; reply had not been received (October 2008).

FOREST DEPARTMENT

4.1.8 Doubtful and unauthorised expenditure

Deputy Conservator of Forest, Urban Recreational Forestry Division, Kolkata incurred unauthorised expenditure of Rs 50.42 lakh out of which expenditure of Rs 35.06 lakh is doubtful

Rule 45 of West Bengal Financial Rules provides that the Conservator of Forests (CF) exercises a strict control over the outlay of the Forest Department for conservancy and work.

The State Government accorded administrative approval of Rs 50 lakh for the Kolkata Greening Programme 2006, in July 2006. The Deputy Conservator of Forests (DCF) prepared an estimate for Rs 44.60 lakh which was approved by the CF for Rs 27 lakh in September 2006. Test check (February 2008) of the records of the DCF revealed several irregularities in the expenditure relating to the Programme as detailed below:

- (i) The DCF started the work even before the approval of the estimates by the CF, and incurred expenditure of Rs 77.42 lakh, much in excess of the amount approved by the Government and the CF. This was in clear violation of the Government rules and the orders (September 2006) of Additional Principal Conservator of Forests' (APCCF) to restrict the expenditure within the rates and allocation approved by CF.
- (ii) The item rates for the works executed were 43 to 166 *per cent* higher than the approved rates and even higher than some items in the Greening Programme of the following year (2007), while the quantities exceeded the approved quantities by 25 to 210 *per cent*, as shown in the following table:

| Item of work | Quantities approved by CF(numbers) | Quantities claimed to have been executed by DCF (numbers) | Rates approved by CF (Rs./ number) | Rates claimed by DCF | | Expenditure at approved rates (Rs.) |
|----------------------------------|------------------------------------|---|------------------------------------|----------------------------------|---|-------------------------------------|
| | | | | As submitted to CF (Rs./ number) | As reported in March (Final) A/c. (Rs./ number) | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) [(3)*(4)] |
| Avenue Plantation | 10000 | 16367 | 112.59 | 239.78 | 130.00 | 1842761 |
| City Forest | 3000 | 9300 | 32.76 | 87.09 | 100.00 | 304668 |
| Creation of Boulevard Plantation | 10000 | 13952 | 37.99 | 70.52 | 89.93 | 530036 |
| Road side garden hedges | 30000 | 27385 | 15.32 | 21.98 | 15.00 | 419538 |
| Climbers on Boulevard | 2000 | 2752 | 38.76 | 30.16 | 80.00 | 106668 |
| Block Plantations | 20000 | 25084 | 26.48 | 38.90 | 60.00 | 664224 |
| Free distribution of seedlings | Nil | 137061 | Nil | Nil | 5,48,224.00 | Nil |
| Infrastructure support | Nil | Nil | Nil | 368000.00 | 744411.00 | 368000 ²² |
| Total | 75000 | 231901 | | | | 4235895 |

- (iii) The DCF reported expenditure of Rs 12.92 lakh on free distribution of seedlings (Rs 5.48 lakh) and on publicity (Rs 7.44 lakh), for which there was no provision in the approved estimates.
- (iv) The proposal of the DCF to obtain post-facto approval of the CF for Rs 77.42 lakh of expenditure was rejected in December 2006. A comparison with the amounts of expenditure included in the March accounts also showed wide discrepancies. The plantation cost shown as Rs 73.74 lakh in December 2006 was later (May 2007) shown as Rs 64.49 lakh in the March Supplementary accounts and the utilisation certificate (UC); similarly, the expenditure on infrastructure support (for which there was no provision) was shown as Rs 3.68 lakh in December 2006 but later as Rs 7.44 lakh in the March Supplementary accounts and UC (May 2007).

Thus the expenditure of Rs 50.42 lakh (Rs 77.42 lakh - Rs 27 lakh) incurred by the DCF over and above the approved amount was unauthorised and irregular. At the approved rates of work, the entire plantation work reported to have been done by the DCF would cost Rs 42.36 lakh, as shown in col.(7) of the table above. Thus the expenditure of Rs 35.06 lakh (Rs 77.42 lakh - Rs 42.36 lakh) appeared doubtful in nature and needed investigation; this was also indicated by an inspection report (14 August 2006) by the PCCF stating that the plantations were being carried out in a sub-standard manner and at higher rates.

Audit analysis revealed that the financial irregularities by the DCF were aided by the fact that the DCF exercised the powers of both the Pay and Accounts Officer and the Drawing and Disbursing Officer, leaving no opportunity for checks and balances. This was an important control failure and contrary to international best practices and rendered the Rule 45 ibid ineffective. The Government needs to look into the said control failure.

The matter was brought to the notice of the Government (July 2008); no reply had been received (October 2008).

²² There was no provision of infrastructure support in the approved estimate. Rs 3.68 lakh is considered as per revised estimate submitted by the DCF.

4.2 Infuctuous/Wasteful expenditure and Overpayment

ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

4.2.1 Infuctuous Expenditure in procurement of piglets

Procurement of piglets without ascertaining their health condition led to death of most of the piglets within one month of their supply, thereby rendering the expenditure of Rs 30.76 lakh incurred on them infuctuous.

Rashtriya Sama Vikash Yojna (RSVY), a centrally sponsored scheme, was introduced in April 2003 to develop the backward areas and to fill up critical gaps between physical and social infrastructure. Establishment of small units of piggery farms, a component under the Animal Resources Development sector of the Scheme, was taken up (May 2004) for implementation in Jalpaiguri district. The Deputy Director, Animal Resources Development (DD, ARD), Jalpaiguri was the project implementing agency.

Scrutiny (May 2008) of the records of DD, ARD, Jalpaiguri, showed that 400 units (each unit consisting one boar and three sows) of piglets were procured between November 2004 and January 2005 under this scheme at a cost of Rs 18.95 lakh from two local co-operative societies. An expenditure of Rs 19.50 lakh was also incurred in March 2005 towards their feed. The piglets were to be procured after ascertaining their health condition by a veterinary officer and a certificate to that effect was to be enclosed on the bill. However, neither any veterinary officer was engaged for the purpose nor was any certificate regarding receipt of piglets in healthy condition endorsed on the bills by the Block Livestock Development Officers receiving the piglets. Consequently out of 1600 piglets only 110 survived, while 80 *per cent* of the piglets died within one month of the supply; condition of the rest was not available on record. Moreover, no attempt was made to ascertain the cause of the death. Though the scheme had insurance coverage no insurance claim was preferred for want of necessary papers.

Thus, procurement of piglets without ascertaining their health condition led to death of most of the piglets within one month of their supply thereby rendering the expenditure of Rs 30.76 lakh²³ incurred on them infuctuous. Besides, the purpose of scheme was frustrated as the beneficiaries were deprived of the benefits.

The matter was referred to Government in June 2008; reply had not been received (October 2008).

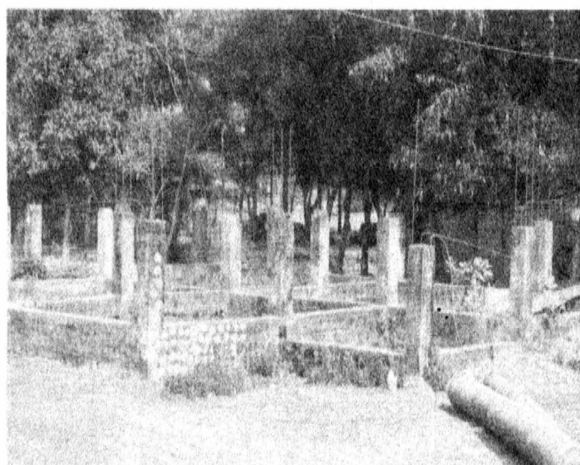
²³ Calculated on proportionate basis (80 per cent of the total expenditure of Rs 38.45 lakh)

CO-OPERATION DEPARTMENT

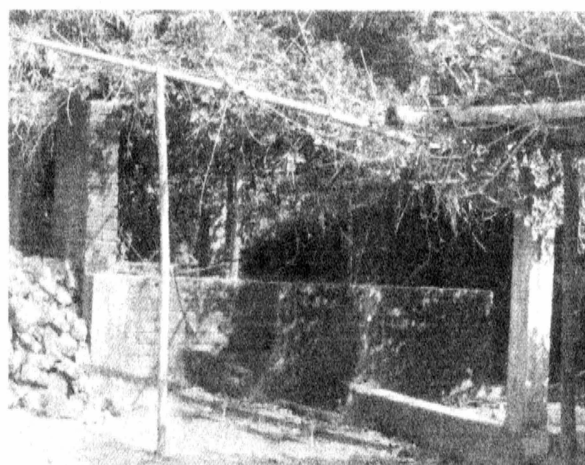
4.2.2 Infertuous expenditure on construction of rural godowns

Non-utilisation of first instalments of loans received from National Co-operative Development Corporation for construction of 258 rural agricultural godowns within the stipulated time frame led to non-release of the second instalments. As a result, the works were abandoned rendering Government assistance of Rs 3.03 crore infertuous.

With a view to rendering financial assistance for construction of rural agricultural godowns (at a cost of Rs 2.50 lakh each having a capacity of 100 MT) in the co-operative sector, the Department received first instalments of loans²⁴ aggregating Rs 2.46 crore from the National Co-operative Development Corporation (NCDC), a Government of India enterprise, between July 1996 and March 2005 for construction of 258 godowns. The second instalments would be drawn after utilisation of the available funds within one year from the date of release of first instalment. The loans along with interest at the rates varying from 8.5 to 10.75 *per cent per annum* were repayable to NCDC in eight equal annual instalments commencing from the first anniversary of disbursement of loans. The Department in turn released financial assistance of Rs 3.03 crore (loan: Rs 1.64 crore and share capital: Rs 1.39 crore) to 258 cooperative societies for construction of the godowns. The loans paid by the Department to the societies were recoverable from the societies under the same terms and conditions, while the share capital was to be redeemed within eight years.



The present position of the godown at Dhamoir (sanctioned in 1995-1996) as of February 2008,



The present condition of the godown at Jaluabathal (sanctioned in 1995-1996) as of February 2008

Scrutiny revealed that the Department did not monitor the physical progress of construction works; neither did it pursue the matter with the co-operative societies. As a result, there were delays of over two to five years in utilisation of the available funds by the societies even though the second instalment of loan was

²⁴ As per the scheme, 75 per cent of construction cost would be provided by NCDC as loan to the State Government

to be drawn by the Department from NCDC within one year from the date of release of first instalment. Further, none of the societies submitted the proof of the deposits of overdue instalments of loans, share capital and interest into Government account along with the audited accounts and utilisation certificates to the Department even though these documents were required to be submitted to the Department for release of second instalments of financial assistance. As a result, the second instalments of financial assistance were not released by the Department and consequently, construction works of all these 258 godowns remained abandoned for about eight to fourteen years. The Department also did not take any action for recovery of the loans and share capitals from the concerned societies due to non-completion of construction of the godowns. The NCDC also withdrew (August 2005 to May 2006) sanction for construction of these 258 godowns. The Department repaid the NCDC loan of Rs 2.46 crore up to July 2006.

Thus, due to non-utilisation of first instalment of financial assistance by the co-operative societies within the fixed time frame coupled with inaction on the part of the Department and consequential non-release of balance amount required for completion of construction, the construction works remained abandoned for eight to fourteen years resulting in an infructuous expenditure of Rs 3.03 crore.

FISHERIES DEPARTMENT

4.2.3 Infructuous expenditure on a Marine Food Park

Setting up a Marine Food Park at Shankarpur fishing harbour in Purba Medinipur without proper assessment of its viability led to an infructuous expenditure of Rs 6.86 crore.

To boost marine food production of the State, a Marine Food Park was taken up (January 2003) by the Fisheries Department at Shankarpur fishing harbour in Purba Medinipur for providing necessary handling and infrastructure facilities for auction and pre processing of marine catch to the fish traders at an estimated cost of Rs 7.16 crore. The entire scheme was to be implemented by the West Bengal Fisheries Corporation¹ Limited (Corporation). For funding the project, the State Government provided Rs 2.21 crore; the Ministry of Food Processing Industries, Government of India, released a grant of Rs 1.34 crore till December 2006. Besides, National Bank for Agricultural and Rural Development (NABARD) released¹ (August 2004 to January 2007) loan of Rs 3.13 crore²⁵ carrying an interest rate of eight per cent per annum which was to be repaid by the Government in seven years including grace period of two years.

The works of construction of stalls (48 for wholesale and 100 for retail) along with internal roads, parking areas, water supply, power supply, ice plant etc. were completed at a total cost of Rs 6.86 crore (including unpaid liability of Rs 0.18 crore) and the Food Park was inaugurated in January 2006.

²⁵ against sanctioned amount of Rs 3.16 crore

Audit scrutiny (December 2007) of the records of the Corporation disclosed that out of 148 stalls, applications were received only for 12 stalls (wholesale: three; retail: nine). A committee under the chairmanship of the Sabhadipati, Purba Medinipur had been formed (June 2006) to create interest among the fish traders for the stalls/space in the Food Park. In spite of holding several meetings with the fish traders/ association and advertising through newspapers, the committee failed to persuade them to apply for allotment. It was observed that the fish traders were reluctant to shift their business to the Food Park as a wholesale sea fish market run by private businessmen already existed in the vicinity²⁶. Moreover, the number of stalls in the Food Park was also insufficient to cater their needs. The Food Park, thus remained a non-starter as of December 2007. The Corporation, in view of bleak possibility of commencement of the Food Park, ultimately decided (June 2007) to refund the security deposits to the 12 applicants.

The Fisheries Department in its reply (July 2008) merely endorsed the Corporation's view that non-utilisation of food park was due to lack of interest amongst fishermen.

Thus, the decision of the Department to set up the Food Park at Shankarpur without proper assessment of its viability led to an infructuous expenditure of Rs 6.86 crore. Moreover, it also resulted in an additional burden of Rs 25 lakh *per annum* on the State exchequer towards interest on NABARD loan

INDUSTRIAL RECONSTRUCTION DEPARTMENT

4.2.4 Infructuous investment on a closed unit

Sanctioning of loan assistance of Rs 40 lakh for a revival project of a company ignoring its techno-economic non-viability led to bleak possibility of recovery of the said loan along with interest of Rs 22.31 lakh, thereby rendering the Government investment infructuous

Bengal Salt Company Limited (BSCL) at Dandapatra, Purba Medinipur under private management with marginal equity participation of 14 *per cent* of the State Government was engaged in salt production from sea-water. The unit had ceased its operations since 1995 due to non-viability of its operations. The Department approved (April 2000) a revival plan of BSCL at a cost of Rs 67 lakh. Accordingly, soft loan²⁷ of Rs 40 lakh was sanctioned by the Department in March 2001 (Rs 15 lakh) and March 2002 (Rs 25 lakh) for liquidation of the arrear dues of the employees as well as restoration of the closed unit. The interest on the loan was payable annually starting from the first anniversary of disbursement of the loan and the principal was repayable in eight years with a moratorium of three years.

²⁶ at Mohana, a site between Digba and Shankarpur

²⁷ Carrying rate of interest of 8.75 per cent per annum

Though the company commenced production in 2002, it was not able to compete in the market due to high production cost, lack of modernisation of its plants as well as low salinity of the region and finally suspended operations in October 2004. BSCL also did not repay any part of the loan or interest to the Government.

Scrutiny (June 2008) showed that the department considered availability of sea water, being the primary raw material, without assessing the salinity level in the region. It was observed that the salinity level of sea water in the region was comparatively lower than that of Arabian Sea and also other parts of Bay of Bengal which made the project economically unviable compared to other regions of the country. The Department finally admitted (December 2006) that there was hardly any chance of reviving the salt factory on long term basis.

Sanctioning of loan of Rs 40 lakh ignoring the techno-economic non-viability of a company owing to the low salinity level of the sea water and the present market condition was an injudicious decision. As a result, there is a bleak possibility of recovery of the loan together with interest of Rs 22.31 lakh²⁸ rendering the investment infructuous.

The Department in reply stated (August 2008) that the promoters/management of the company did not invest the requisite funds to run the unit commercially and thereby sustain its viability. The Department further stated that steps were being taken to set up a wind farm on the idle land of the company under the aegis of West Bengal Renewable Energy Development Agency. Further developments in this regard are, however, awaited.

URBAN DEVELOPMENT DEPARTMENT

4.2.5 Wasteful expenditure

The Kolkata Metropolitan Development Authority took up renovation of a road belonging to Irrigation & Waterways Department without consulting the latter. The road got completely damaged during the desiltation of the adjacent canal due to dumping and scraping of the excavated material rendering wasteful expenditure of Rs 71 lakh incurred on road renovation.

The Superintending Engineer (SE), Circle-I, Traffic & Transport Sector (T&T) of the Kolkata Metropolitan Development Authority (KMDA) awarded (February 2007) the renovation work of Chaulpatty Road²⁹ for Rs 1.20 crore.

Rupees 15 lakh for seven years at the rate of 8.75 per cent = Rs 9.18 lakh
Rupees 25 lakh for six years at the rate of 8.75 per cent = Rs 13.13 lakh

²⁹ from Eastern Metropolitan (EM) Bypass to Beliaghata Main Road

Audit scrutiny (March 2008) revealed that the road and the adjoining Beliaghata drainage canal belonged to the Irrigation and Waterways Department (I&WD), but the SE did not consult or inform the I&WD before awarding the work. The work started in March 2007 and while it was in progress, the I&WD took up the excavation of the adjoining Beliaghata canal for de-siltation before the onset of the monsoon season. The contractor dumped the excavated silt on the newly renovated surface of the road and subsequently removed the deposits by scraping with Pork Land Machine, totally damaging the renovated part of the road. It was only thereafter that the Chief Engineer (CE), T&T Sector took up the matter (April 2007) with I&WD and it was jointly decided (May 2007) to suspend the renovation work of the road and continue the de-silting in view of the forthcoming monsoon season. A payment of Rs 71 lakh had already been made to the contractor as of June 2007 and the contract was terminated in March 2008.

Thus, due to negligent and perfunctory manner in which KMDA took up the renovation of the road, without consulting or informing the I&WD, an expenditure of Rs 71 lakh was rendered wasteful. While the KMDA stated that the I&WD was duly informed, the I&WD confirmed that it was not informed of the renovation work; the KMDA's request to restore the damaged part of the road had not been responded to by the I&WD (June 2008).

When pointed out in Audit, the Government attributed it to the failure of the I&WD to finalise the de-siltation activities in time and stated (August 2008) that the entire expenditure could not be termed as wasteful. The reply was not tenable since the KMDA undertook the renovation work without consulting the I & WD and without waiting for the completion of the de-siltation of the canal. Further, it was evident from the minutes of the 23rd meeting of the Works & Tender Committee (February 2008) of KMDA that the entire work had been fully damaged for which thorough renovation work was again required.

4.3 Violation of contractual obligations/Undue favour to contractors

PUBLIC WORKS (ROADS) DEPARTMENT

4.3.1 Undue benefit to a contractor

Unjustified increase of rates by allowing longer road carriage for stones in spite of their availability at shorter distance, led to undue benefit of Rs 57.97 lakh to a contractor.

The West Bengal Financial Rules provide that every officer incurring or authorising expenditure from public funds should be guided by high standards of financial propriety, and should exercise in respect of such expenditure the same

vigilance as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The work, "Improvement of Riding Quality (IRQ) of National Highway (NH)-6"³⁰ was awarded by the Superintending Engineer, National Highway Circle I (SE) (June 2005) for Rs 2.91 crore. The contracted rates of Bituminous Macadam (BM)³¹ and Semi Dense Bituminous Concrete (SDBC)³² included road carriage of 152 Km for procuring stone aggregates from Dankuni Railway stack yard at the rate of Rs 889.80 (BM) and Rs 928.22 (SDBC) per m³.

Audit scrutiny (January 2008) revealed that the SE had allowed carriage for a longer distance (152 Km) from the Dankuni Railway stack yard, although the same variety of stone aggregates was available at Kalaikunda Railway stack yard, which was only 22 km away from the work site; this was evident from the fact that the same SE had awarded (December 2005) another IRQ work³³ on another stretch of the same road (161 kmp to 166 kmp) to the same agency wherein the road carriage for the same variety stone was considered from the Kalaikunda Railway stack yard.

Thus, due to imprudent decision of the SE to allow longer road carriage (152 km) in the tender estimate, the rates of BM and SDBC were artificially inflated by Rs 641.20 per cubic metre and Rs 668.89 per cubic metre respectively³⁴. No records were made available to substantiate the actual source of procurement by the agency. This resulted in undue benefit of Rs 57.97 lakh³⁵ extended to a contractor.

The matter was referred to the Government in July 2008; no reply had been received (October 2008).

³⁰ Km 150.00 to 161.00, Km 166.00 to 168.00 & Km 178.00 to 180.00 of NH-6

³¹ Rs 3826 per m³

³² Rs 5642 per m³

³³ Job no-006-WB-2004/2005-220

³⁴ Rs 889.80-Rs 248.60= Rs 641.20 per m³ for BM and (Rs 928.22 - Rs 259.33)= Rs 668.89 per m³ for SDBC.

³⁵

| Reference of item | Tender no | Executed quantity in m ³ | Excess carriage cost per m ³ | Total excess amount | Contractual rate | Actual excess amount paid |
|-------------------|---------------|-------------------------------------|---|---------------------|---------------------|---------------------------|
| BM | 03 of 2005-06 | 9450.05 m ³ | Rs 641.20/m ³ | Rs 6059372 | 39.10 per cent less | Rs 3690158 |
| SDBC | 03 of 2005-06 | 1899.80 m ³ | Rs 668.89/m ³ | Rs 1270757 | 39.10 per cent less | Rs 773891 |
| BM | 01 of 2007-08 | 1340.33 m ³ | Rs 641.20/m ³ | Rs 859420 | 4.75 per cent above | Rs 900242 |
| SDBC | 01 of 2007-08 | 617.61 m ³ | Rs 668.89/m ³ | Rs 413113 | 4.75 per cent above | Rs 432736 |
| Total | | | | | | Rs 5797027 |

4.4 Avoidable/Excess/Unfruitful expenditure

CO-OPERATION DEPARTMENT

4.4.1 Delayed settlement of cash credit account leading to avoidable expenditure

Inaction on the part of the Co-operation Department to ensure timely settlement of the dues of BENFED relating to a cash credit account ultimately led to shouldering of an avoidable expenditure of Rs 33.82 crore by the Government as guarantor.

The cash credit facilities of West Bengal State Co-operative Bank Limited (Bank) availed of by the West Bengal State Co-operative Marketing Federation Limited (BENFED) since 1980-81 for its fertiliser business was guaranteed by the State Government up to June 1990. Though the cash credit account with an outstanding balance of Rs 4.70 crore (repayable by BENFED to the Bank) remained inoperative since June 1990 when the Government Guarantee expired, neither the BENFED nor the Government settled the dues. The Bank referred (June 1996) the matter to an Arbitrator and the Arbitrator delivered (May 1997) an award determining BENFED's dues to Bank as Rs 14.33 crore including interest up to 2 May 1997. BENFED paid Rs 3 crore in September 1997 and Rs 1 crore in July 1998 to the Bank.

Subsequently the Bank asked (December 2001) BENFED to pay the balance amount of Rs 19.83 crore including interest up to December 2001. The Co-operation Department extended (December 2001) further guarantee for payment of Rs 19.83 crore by BENFED to Bank.

BENFED, however, did not pay any part of Rs 19.83 crore to the Bank till March 2003, when Co-operation Department directed BENFED to clear the dues of Bank by obtaining loan under the guarantee of the Department from the West Bengal Infrastructure Development Finance Corporation Limited (WBIDFC), a State Government undertaking. Accordingly, WBIDFC paid Rs 25.61 crore directly to the Bank (Rs 4.96 crore in March 2003 and Rs 20.65 crore in March 2004) to clear the entire dues of BENFED (including interest up to the date of payment) and treated the same as loan³⁶ to BENFED.

This time also BENFED did not pay any instalment of loans to WBIDFC without assigning any reason; neither did the Co-operation Department persuade BENFED for repayment of the same. Ultimately, the Department, being the

³⁶ The loan of Rs 4.96 crore with the annual rate of interest of 10 per cent was repayable in ten annual instalments commencing from January 2005; the loan of Rs 20.65 crore carried an annual interest of 10.50 per cent was repayable in six annual instalments starting from March 2005

guarantor, itself paid Rs 33.82 crore to WBIDFC in March 2007 in order to settle the dues (including interest of Rs 8.21 crore).

Thus, in spite of reluctance on the part of the BENFED in meeting its own liabilities, the Department continued to guarantee the loans taken by BENFED and did not take timely action for ensuring settlement of the dues with Bank, but allowed the liability to accumulate through inaction. It ultimately led to an avoidable expenditure of Rs 33.82 crore from the State exchequer towards settlement of the dues of BENFED with WBIDFC.

The matter was referred to Government in April 2008; reply had not been received. (October 2008).

4.4.2 Extra expenditure towards payment of interest subsidy

By extending undue financial benefit to the West Bengal State Co-operative Marketing Federation Limited in the form of interest subsidy the Department shouldered an extra expenditure of Rs 51.64 lakh

(i) For procurement of paddy from farmers during the Kharif Monsoon Season (KMS) 2002-03 under the scheme of Minimum Support Price Operation, the West Bengal State Co-operative Marketing Federation Limited (BENFED) received (March 2003) a loan of Rs 10 crore from West Bengal State Co-operative Bank Limited (Bank) at 11 per cent rate of interest. The Department sanctioned (23 June 2003) Government guarantee as well as interest subsidy of Rs 35.86 lakh against the loan subject to the condition that the entire amount of the loan should be repaid by BENFED to Bank by 30 June 2003.

Scrutiny (June 2007) of records of BENFED showed that BENFED repaid the loan between 7 June 2003 and 2 April 2004³⁷. Accordingly, Bank claimed interest of Rs 73.26 lakh on the loan.

In terms of the sanction of Government guarantee and interest subsidy, the loan was repayable by BENFED before 30 June 2003 and accordingly the Department was liable to pay a maximum amount of interest of Rs 35.86 lakh up to 30 June 2003. Due to delayed repayment of loan by BENFED the amount of interest payable to Bank increased to Rs 73.26 lakh. The Department paid (April 2004) the entire amount of interest to Bank without recovering the interest amount of Rs 37.40 lakh (the additional quantum of interest accrued owing to delay made by BENFED in repayment of principal) from BENFED, thereby resulting in extra expenditure to that extent.

(ii) For procurement of jute during KMS 2003, BENFED obtained (September 2003) another loan of Rs 5 crore from Bank bearing interest at a rate

³⁷ Rs 4 crore on 7 June 2003, Rs 1.50 crore on 25 October 2003, Rs 3 crore on 26 December 2003, Rs 3.70 crore on 25 March 2004 and Rs 0.80 crore on 2 April 2004.

of 11 per cent per annum. This loan was not, however, guaranteed by the Department. This time also BENFED repaid (March 2004) the principal loan of Rs 5 crore to Bank without paying the interest of Rs 28.18 lakh accrued thereon.

Although this loan was not guaranteed by the Government, an interest of Rs 14.24 lakh was paid (November 2004) by the Department to Bank after adjusting the amount of profit of Rs 13.94 lakh earned by BENFED on sale of the jute procured during KMS 2003.

Thus, by extending undue benefit to BENFED, the Department incurred extra expenditure of Rs 51.64 lakh³⁸.

The matter was referred to Government in July 2008; reply had not been received (October 2008).

HEALTH AND FAMILY WELFARE DEPARTMENT

4.4.3 Avoidable expenditure in outsourcing the scavenging/cleaning work

The decision of contracting out the work of cleaning/scavenging of the total area of 13 hospitals of North 24 Parganas to private agencies, instead of utilising the services of the existing departmental sweepers for the area set aside for them, lacked justification and led to avoidable expenditure of Rs 44.34 lakh.

For ensuring better patient care and cleanliness of hospitals, Chief Medical Officer of Health (CMOH), North 24 Parganas, with the approval of the Director of Health Services, engaged (October 2004) private agencies for cleaning and scavenging of 13 hospitals (District Hospital, Sub-divisional Hospitals and State General Hospitals) in the district.

Based on measurement of hospital areas by the Public Works Department (PWD), the Tender Selection Committee apportioned the total scavenging area between the existing sweepers³⁹ and the private agencies. The private agencies, selected through tenders, were engaged for the period from October 2004 to March 2007 (subsequently extended upto September 2008) and per sq meter rates for that work were fixed for each hospital individually.

Scrutiny of records⁴⁰ of the CMOH, North 24 Parganas disclosed (September 2007) that despite clear demarcation of area (23370 sq meters) to be cleaned by the existing sweepers, the works of cleaning/scavenging of the total areas (45850 sq meters) of the hospitals were contracted out to the private agencies and payments were made on the basis of the whole area. This led to an

³⁸ Rs 37.40 lakh plus Rs 14.24 lakh

³⁹ Against the sanctioned strength of 317 sweepers in those 13 hospitals, 205 to 195 sweepers were in position

⁴⁰ Relating to apportionment of areas for cleaning, payments made to the cleaning contractors, etc.

avoidable expenditure of Rs 44.34 lakh during October 2004 to March 2008 towards cleaning and scavenging of areas earmarked for the existing sweepers.

The Government in reply stated (March 2008) that area to be cleaned by private agency was earmarked and rest of the area of the hospital was to be cleaned by the existing sweepers. It was further claimed that services of the existing sweepers were utilised alongwith the private agency. The reply was not acceptable as the Department engaged private agencies, even for cleaning the areas earmarked for departmental sweepers. The decision thus lacked justification as not only the services of the departmental sweepers were under-utilised, but it also cost the State exchequer an avoidable expenditure of Rs 44.34 lakh.

4.4.4 Avoidable expenditure on excess drawal of power

Failure of the MSVPs of four Medical Colleges and Hospitals in arranging for enhancement of the contractual loads in spite of persisting excess consumption of power led to avoidable expenditure of Rs 1.61 crore.

Tariff orders issued by the West Bengal Electricity Regulatory Commission from time to time (2002-03 to 2007-08) stipulated that drawal of power by Government hospitals from High Tension connection in excess of sanctioned contract demand would attract additional energy charge in addition to energy charges payable as per tariff schedule. In pursuance of the above, Calcutta Electric Supply Corporation (CESC) levied additional charges through monthly bills in case of excess consumption of electricity.

Scrutiny⁴¹ of the records of the Medical Superintendents cum Vice Principals (MSVPs) of Seth Sukhlal Karnani Memorial Hospital (SSKM), Calcutta National Medical College and Hospital (CNMC&H), RG Kar Medical College and Hospital (RGKMC&H) and Calcutta Medical College and Hospital (CMCH) showed that the electricity consumed by these four hospitals during various periods between August 2004 and April 2008 exceeded the respective contractual loads by 76 per cent to 809 per cent. Consequently the MSVPs had to incur additional expenditure of Rs 1.61 crore⁴² on account of such excess drawals. Though such persistent excess drawal of energy by all the hospitals and medical

⁴¹ between February 2006 and May 2008

⁴²

| Name of the Hospitals | Period | Contractual Load | Range of power drawn | Additional expenditure due excess drawal |
|---------------------------|-------------------------------|------------------|----------------------|--|
| SSKM Hospital (two lines) | May 2006 to February 2008 | 90 KW | 335 KW to 818 KW | Rs 70.63 lakh |
| | May 2006 to February 2008 | 200 KW | 352 KW to 973 KW | |
| CNMC Hospital | August 2004 to September 2007 | 90 KW | 285 KW to 500 KW | Rs 38.78 lakh |
| RG Kar MC Hospital | June 2006 to November 2007 | 100 KW | 399 KW to 662 KW | Rs 30.91 lakh |
| CMC Hospital | May 2006 to April 2008 | 250 KW | 551 KW to 733 KW | Rs 20.56 lakh |
| Total | | | | Rs 160.88 Lakh |

colleges had been regularly pointed out by audit since February 2006, the authorities did not take up the matter with CESC to enhance the quantum of contractual load.

The Department, while accepting the facts, admitted (June 2008) that the load agreements were quite old and based on the then demand of power. It was further intimated that due to subsequent increase in various medical activities, the demand for electricity increased substantially and exceeded the contracted load, which indicated lack of timely initiative on the part of the MSVPs for upward revision of contractual load.

Thus, failure on the part of the MSVPs of those four Medical Colleges and Hospitals in upward revision of contractual load in spite of persisting excess drawal of power led to avoidable expenditure of Rs 1.61 crore.

4.4.5 Unfruitful expenditure due to non-commissioning of X-ray machines

Non-adherence of the Atomic Energy Regulatory Board regulations while purchasing X-ray machines for four Medical College and Hospitals resulted in non-commissioning of the same rendering the expenditure of Rs 1.37 crore unfruitful.

Health and Family Welfare Department sanctioned (August 2005) Rs 1.37 crore for purchase of four 800 mA X-ray machines for four medical college and hospitals (MCHs)⁴³ from a Singapore based company through their Indian agent. Accordingly, the Director of Medical Education (DME) issued (August 2005) purchase order to the said company which would install the machines at the four MCHs and provide free training to the concerned technicians.

According to the regulations of the Atomic Energy Regulatory Board (AERB), Government of India, suppliers of imported X-ray machines shall obtain No Objection Certificates from the AERB before marketing their equipment; buying non-approved equipment for installation in the hospitals is a violation of AERB regulation. Displaying AERB approval certificate numbers on the X-ray unit and obtaining clearance of the room housing the X-ray machine from the AERB were also mandatory requirements. Nothing was, however, forthcoming from records whether the pre-conditions relating to AERB clearance had been considered by the DME at the time of selection of supplier and placement of purchase order.

Scrutiny of records (between December 2007 and February 2008) of four MCHs showed that payment for the machines were made in September 2005 and the same were received by the MCHs in April 2006. The machines were, however,

⁴³ North Bengal Medical College & Hospital (NBMC&H), Burdwan Medical College & Hospital (BMC&H), Bankura Sammilani Medical College & Hospital (BMC&H) and Medinipore Medical College & Hospital (MMC&H).

not installed and commissioned in any of the MCHs till February 2008 owing to failure on the part of the supplier in furnishing the requisite clearance certificate of Radiology Safety Division of AERB and consequent non-availability of site clearance certificates from AERB.

Thus, non-adherence of the AERB regulations while purchasing X-ray machines for the hospitals resulted in non-commissioning of the same rendering the expenditure of Rs 1.37 crore unfruitful.

The matter was referred to Government in July 2008; reply had not been received (October 2008).

HIGHER EDUCATION DEPARTMENT

4.4.6 Avoidable expenditure towards payment of compensation and penalty

Inaction of the Department in ensuring mandatory NCTE recognition of teachers training institutions led to avoidable expenditure of Rs 6.40 crore towards penalty/compensation/processing fees for retrospective recognition. Besides, Government loan of Rs 5.60 crore remained un-recovered even after expiry of the repayment tenure.

Under the National Council for Teacher Education Act, 1993 (Act), every institution offering course or training in teachers' education was required to apply to the concerned Regional Committee of National Council for Teachers Education (NCTE) for grant of recognition. Admission to the courses could be made only after such recognition had been granted. The qualifications in teacher education obtained only from the institutions recognised by NCTE were to be valid for the purpose of employment in any Government or Government-aided educational institution in India.

Scrutiny (August 2007) of the records of the Director of Public Instruction (DPI) showed that the Higher Education Department did not take any initiative to ensure that the colleges apply for and obtain such recognition. Instead, the Department allowed 81⁴⁴ such colleges to continue training courses (BEd, BPdEd, MPdEd)⁴⁵ without obtaining necessary recognition of NCTE in violation of the Act. Though the qualifications of the students passing out of these colleges were not valid under the Act, the Department issued conditional "No Objection Certificates" to these colleges from time to time subject to certification by the DPI regarding fulfilment of NCTE norms.

⁴⁴ Government Colleges-11, Government aided Colleges-43 and Self financed Colleges-27

⁴⁵ Bachelor of Education, Bachelor of Physical Education and Master of Physical Education

The NCTE (Amendments and Validation) Ordinance, 2006 provided for retrospective recognition of the unrecognised teachers training colleges on payment of penalty (an amount equal to double the amount received from the students against admission), compensation (only if directed by any court, tribunal, etc.) and processing fees (at the rate of Rs 30000 for each course except for Government colleges) with the applications. Consequently the Higher Education Department paid (November 2006) Rs 6.40 crore to 43 Government-aided colleges and 11 Government colleges for meeting the above mentioned expenses for their retrospective recognition and validation of qualifications of students (for various years from 1995-96 to 2005-06) by NCTE. Besides, Rs 5.75 crore was paid (November 2006) to 27 self-financed colleges on this count as interest-free loan refundable within one year. However, only four self-financed colleges repaid Rs 14.51 lakh as of July 2007.

Thus, failure of the Department to ensure mandatory NCTE recognition of the teacher training institutions for more than ten years after introduction of the NCTE Rules led to avoidable expenditure of Rs 6.40 crore towards penalty, compensation and processing for retrospective recognition of 43 Government-aided and 11 Government institutions. Besides, Government loan of Rs 5.60 crore⁴⁶ remained un-recovered even after expiry of the repayment tenure.

The matter was referred to Government in June 2008; reply had not been received (October 2008).

INDUSTRIAL RECONSTRUCTION DEPARTMENT

4.4.7 Unfruitful expenditure on a closed industrial unit

The Department extended financial assistance to a sick edible oil company ignoring its techno-commercial non-viability. As a result, Government assistance of Rs 1.50 crore became unfruitful as operations of the unit remained suspended.

M/s Kusum Product Limited (KPL), Rishra unit was engaged in manufacturing vanaspati/edible oil since 1948. KPL, however, started suffering losses continuously from 1999-2000 due to *inter alia*, steep competition from the unorganised sector and high overhead and manpower costs⁴⁷. As a result, the company turned sick and suspended operations from September 2001. The case was statutorily referred to the Board of Industrial and Financial Reconstruction (BIFR) in November 2001 for examining the prospect of its long term revival.

Though there was no possibility of financial viability of the unit, as admitted by the company, the management took steps for re-opening the unit without waiting

⁴⁶ Rs 5.75 crore minus Rs 14.51 lakh

⁴⁷ Reasons were quoted by the IR Department in reply to an Audit query

for the final outcome of BIFR proceedings. KPL resumed operations from May 2003 with a soft loan of Rs 2.56 crore⁴⁸ from the Department for liquidating the arrears of the sales tax dues of the company. The KPL, however, remained commercially unviable owing to the same reasons which had accounted for its earlier closing, and could use only 20 per cent of its production capacity. The department further released (November 2005) Rs 1.50 crore as capital investment subsidy under the West Bengal Industrial Renewal (WBIR) Scheme 2001. The KPL finally suspended operations in November 2005 immediately after receiving the subsidy. The BIFR declared the company sick in June 2006 and no part of the principal or interest of the said loans was repaid by KPL as of June 2008.

Scrutiny (May 2008) of the records of the department revealed that the investment subsidy of Rs 1.50 crore was sanctioned ignoring the techno-commercial non-viability of KPL under the prevailing market situation. Neither was any revival package finalised as of June 2008. The department also did not wait for the decision of BIFR regarding revival of KPL.

Thus, the Department extended financial assistance to KPL in spite of being aware that the same circumstances, which had accounted for its earlier closing still prevailed. This rendered the expenditure of Rs 1.50 crore unfruitful. The prospect of repayment of the loan of Rs 2.56 crore by KPL was also bleak.

The department in reply (July 2008) admitted that the unit was closed down due to uneconomic running.

INFORMATION AND CULTURAL AFFAIRS DEPARTMENT

4.4.8 Excess payment for telecasting advertisements

The Department made excess payment of Rs 1.46 crore for telecasting Government advertisements in electronic media by allowing advertisement charges at rates higher than the approved schedule of rates.

Information and Cultural Affairs Department (Department) arranges telecast of Government advertisements in electronic media through approved agencies. The agencies were to be paid on the basis of a rate card (channel-wise) of advertisement charges approved by the Department.

Scrutiny (May 2008) of the records of Department disclosed that during 2006-07 against telecast of advertisements in three private television channels, the Department paid Rs 2.06 crore to an agency 'X'. Further scrutiny of the bills showed that those payments were made at rates much higher than the

⁴⁸ Soft loan of Rs 2.41 crore granted in November 2002 followed by another soft loan of Rs 0.15 crore in July 2005. The amounts were directly handed over to the Commissioner of Commercial Taxes for adjusting the arrears of Sales Tax. The loans carried an interest rate of 8.75 per cent and were repayable in 11 years with three years' moratorium on principal.

corresponding rates approved by the Department for those channels⁴⁹ resulting in an excess payment of Rs 1.46 crore⁵⁰. Reasons for allowing such higher rates to the agency were not stated.

Thus, the Department, by allowing higher rates to an agency as compared to the approved schedule of rates for telecast of Government advertisements led to excess payment of Rs 1.46 crore.

The matter was referred to Government in June 2008. reply had not been received. (October 2008).

PANCHAYAT & RURAL DEVELOPMENT AND MUNICIPAL AFFAIRS DEPARTMENTS

4.4.9 Avoidable expenditure towards interest payment

Failure to adhere to the stipulated time schedule for release of the grants to Local Bodies as envisaged in GOI guidelines led to avoidable expenditure of Rs 1.11 crore towards interest on delayed release of fund.

In pursuance of the Twelfth Finance Commission (TFC) recommendations to supplement the resources of the rural and urban local bodies, Ministry of Finance, Government of India (GOI) issued (June 2005) guidelines for release and utilisation of grants recommended by TFC. These guidelines require that grants released by GOI to the States in two equal instalments every year have to be mandatorily transferred to Panchayati Raj Institutions (PRIs)/ Urban Local Bodies (ULBs) within fifteen days of its credit to the State Government account. In case of delayed transfer of the grants to PRIs/ULBs beyond fifteen days, the State Government is liable to pay interest on the amounts so released at Reserve Bank of India Bank rate to the PRIs/ULBs.

GOI released (October 2005) Rs 127.10 crore and Rs 39.30 crore to Panchayat and Rural Development Department (P&RD) and Municipal Affairs Department (MAD) respectively as the first instalment of the grant for the year 2005-06. As per the guidelines, the grants should have been transferred to eighteen districts across the State within the stipulated period of 15 days. Scrutiny (June 2008) of the records of P&RD and MAD, however, showed that the grants were released to

49

| <i>Name of Channel</i> | <i>Approved Rate</i> | <i>Rates allowed</i> |
|------------------------|----------------------|-----------------------------|
| Channel 'A' | Rs 1075 | Rs. 4000, Rs 5300, Rs 13300 |
| Channel 'B' | Rs 4000 | Rs 10000 |
| Channel 'C' | Rs 200 | Rs 400 |

⁵⁰ Payment made (Rs 2.06 crore) minus payment admissible as per approved rates (Rs 0.60 crore)

the districts after delays ranging from 32 to 64 days⁵¹. Due to such delay, the Government had to bear (May 2006) an additional interest burden of Rs 1.11 crore. While admitting the facts, the P&RD department stated (July 2008) that the order releasing the first instalment of TFC grant did not reach the department in time and there was no delay in release of subsequent instalments.

The contention of the P&RD Department was, however, not correct as further scrutiny (August 2008) of the records of Finance Department showed that though orders for release of subsequent instalments (second instalment of 2005-06 onwards) to PRIs/ULBs were issued by the executing departments within 15 days from the date of receipt of GOI funds, the transfer advices for crediting the grants to the accounts of the PRIs/ULBs were issued (in concurrence with the Finance Department) after delays up to 299 days. Consequently, additional interest burden of Rs 1.93 crore (ULBs: Rs 48.90 lakh and PRIs: Rs 144.16 lakh) became payable by the Government on the same accord.

Thus, failure of the Government in adhering to the stipulation of fifteen days for release of the grants to PRIs / ULBs as envisaged in the GOI guidelines led to avoidable expenditure of Rs 1.11 crore towards interest on delayed release of funds, while another amount of Rs 1.93 crore stood payable on the same accord.

PUBLIC WORKS DEPARTMENT

4.4.10 Avoidable interest liability and blocking of borrowed fund

Poor planning and co-ordination by Public Works Department resulted in blocking of borrowed fund of Rs 65.48 lakh outside Government account and an interest liability of Rs 27.01 lakh.

The Government of West Bengal took a loan of Rs 50.69 crore from the Housing and Urban Development Corporation Limited (HUDCO) in January 2002 at 13.75 *per cent* interest per annum for construction of a flyover at Taratala on the Diamond Harbour (DH) Road. The construction included laying of tram-lines on the flyover at an estimated cost of Rs 2.40 crore.

Audit scrutiny (April 2007 and April 2008) revealed that the Central Government had notified (February 2004) the highway as a National Highway. However, the Executive Engineer (EE), South Suburban Division (SSD), PWD released Rs 65.48 lakh to Calcutta Tramways Corporation (CTC) as advance payment in March 2004, for laying of the tramlines, without considering whether the tram-lines were permissible on a national highway. The cheque was not encashed by the CTC in time and was revalidated in March 2005. However, even at the time of revalidation, the matter of permissibility of tram lines on the flyover was not taken into account. Shortly thereafter, the Department took a decision in July 2005 to abandon the laying of tram-lines. The subsequent efforts of the

⁵¹ For Panchayat and Rural Development Department the grant was released in November 2005 after delay of 42 days; for Municipal Affairs Department grant was released between November 2005 and May 2006 after delays upto 64 days

Department to get the amount back from the CTC did not succeed and the amount had not been returned by the CTC as of March 2008, implying a loss of Rs 27.01 lakh⁵² to the Government on account of loss of interest on the borrowed funds which remained outside the Government account.

On this being pointed out, the EE, SSD, stated (March 2008) that the decision at ministerial level to abandon the laying of tram track over the flyover was communicated only in July 2005 and the Department had acted thereafter to recover the advance amount from the CTC but failed as of March 2008.

The reply is not tenable since the Department should have decided whether the tram-lines should be abandoned before making advance payment to the CTC, especially when it was known that the funds were borrowed and carried high interest liability.

The matter was referred (May 2008) to the Principal Secretary, Public Works Department; reply had not been received (October 2008).

4.4.11 Additional expenditure due to non-compliance with Financial Rules

Non-acceptance of lowest valid bid, in disregard of the Financial Rules, by Superintending Engineer, Presidency Circle-I resulted in additional expenditure of Rs 51.95 lakh.

Rule 47 of West Bengal Financial Rules, Volume I provides that Mackintosh Burn Ltd (MBL) may be allowed 10 *per cent* preference in rate *vis-à-vis* other organisations. The rule was amended in November 2004 stipulating that the preference shall be given only for the purpose of selection, and once selected on the basis of preference, MBL shall have to execute the work at the lowest valid price bid received, failing which orders will be placed with the lowest valid bidder.

Audit scrutiny (June 2007 and June 2008) revealed that the Superintending Engineer (SE), Presidency Circle-I awarded (April 2005) the work of the construction of a ten-storied extension building of the Kolkata High Court to MBL at 10.06 *per cent* below the estimated cost (Rs 5.31 crore) without invoking the said rule and without asking the MBL to execute the work at the rate offered by the lowest bidder (17.98 *per cent* below the estimated cost).

The failure of the SE to follow the rules had resulted in additional expenditure of Rs 51.95 lakh⁵³ to the Government as of June 2008. Further, the estimate for the work had been revised (April 2007) upwards to Rs 6.95 crore, with distinct possibility of further upward revision, since only seven of the ten floors had been completed as of June 2008 for a measured value of work done of Rs.6.56 crore.

⁵² 65.48 lakh at the rate of 13.75% for 3 years (April 2005 to March 2008)

⁵³ 17.98-10.06 *per cent* of Rs. 6.56 crore spent as of June 2008.

In reply the Executive Engineer, West Kolkata Division (PWD) stated that the Notice Inviting Tender (NIT) had been issued by SE in May 2004 when 10 per cent price preference to MBL was in vogue. The reply was not acceptable as the agreement with MBL was made on 27th December 2004 and work order was issued on 12th April 2005, when the amended rule notified by the Government on 19th November 2004 was already in force and thus the agreement and the work order were in clear violation of the amended rule.

The matter was referred (July 2008) to the Principal Secretary, Public Works Department, the reply had not been received (October 2008).

PUBLIC WORKS (ROADS) DEPARTMENT

4.4.12 Avoidable expenditure due to non observance of IRC guidelines

Failure of the Executive Engineer, Jalpaiguri Highway Division to protect the newly laid Bituminous Macadam surface led to avoidable expenditure of Rs 1.25 crore due to damage to the road.

The Indian Roads Congress (IRC) specifications⁵⁴ provide that the Bituminous Macadam (BM) layer shall be protected either by laying next pavement course or wearing course within forty eight hours. In case of delay, the course shall be covered by a seal coat before opening the road to any traffic; the seal coat in such cases shall be considered incidental to the works and shall not be paid for separately.

Audit scrutiny (February 2007 and May 2008) of the records of the Superintending Engineer (SE), State Highway Circle IV (SHC-IV) and of the Executive Engineer (EE), Jalpaiguri Highway Division revealed that the work of strengthening and improvement of Dhupguri-Falakata Road (0-22 kmp) awarded (December 2003) to a contractor for Rs 4.90 crore included Bituminous Strengthening (BS) on the existing black top surface (Rs 3.75 crore) and improvement of the shoulders (Rs 1.15 crore). The BS work included two layers (each of 50 mm thickness) of BM and 20 mm thick Mix Seal Surfacing (MSS) as wearing course. ¹

The contractor laid only the first layer of BM on the full length and the second layer of BM on a part (17.5 km) of the road without laying wearing course (MSS) to cover the BM. The measurement books (MB) revealed that the BM work was executed intermittently in a piecemeal manner (April 2004 to March 2006). In contravention of the IRC specifications, the EE and his subordinate Engineers not only allowed the contractor to continue the BM work without laying the protective wearing course but also let the traffic run on the newly laid BM layer, thus exposing it to damage. The EE also continued to measure the BM work and make payments to the contractor, knowing it well that the BM layer without the protective wearing course was vulnerable to damage.

⁵⁴(clause 504.5) for Road and Bridge works

The contractor left the work (September 2006) incomplete⁵⁵. The EE terminated the contract (April 2007) under the penal clause but could not forfeit the security deposit (Rs 31.58 lakh) as the contractor had filed a court case. As of December 2006, the contractor had been paid Rs 2.89 crore⁵⁶.

Due to exposure, the BM surface was damaged resulting in potholes and surface disruption. To keep the road traffic worthy, the EE had to spend⁵⁷ Rs 74.60 lakh on part restoration work and later Rs 50.41 lakh as part of a new contract awarded to another contractor in February 2008 for completing the balance work for Rs 2.86 crore.

Thus, due to neglectful and perfunctory supervision of the EE and his failure to enforce the IRC specifications, the Government had to incur avoidable expenditure of Rs 1.25 crore (Rs 74.60 lakh *plus* Rs 50.41 lakh).

In reply, the Department stated (September 2008) that most of the expenditure of Rs 74.60 lakh was related to flood damage repair work, and that the forfeiture of security money (Rs 31.85 lakh) will compensate to a large extent the subsequent expenditure of Rs 50.41 lakh.

The reply is not acceptable as the Department had failed to get the work executed as per the IRC specifications, exposing the work to damage; three out of five NITs in respect of the damage repair work had been issued before the reported date of flood (September 2007), and could not relate to the damage due to flood; and forfeiture of the security deposit was also uncertain due to the court case.

TOURISM DEPARTMENT

4.4.13 Avoidable expenditure on Income Tax liabilities of a departmental undertaking

Negligence of a departmental undertaking in complying with the statutory requirements coupled with lack of timely initiative on the part of the department led to avoidable expenditure of Rs 4.61 crore towards income tax liabilities.

According to the provisions of the Income Tax Act, 1961 (IT Act), a corporate assessee is liable to pay income tax in four⁵⁸ advance instalments at the prescribed rates on total taxable income for the financial year preceding the assessment year and submit the estimate of current income on which such advance tax was calculated. Further, the assessee is required to submit annual returns of its income for every financial year within the specified due dates along with audited accounts and Auditor's report thereon. The assessee is also liable to pay such amounts

⁵⁵ Only 58 per cent of the BS work and 62 per cent of the shouldering work was completed

⁵⁶ Rs 2.18 crore for BS work and Rs 0.71 crore for shouldering work

⁵⁷ between January 2007 and February 2008

⁵⁸ On or before 15 June, 15 September, 15 December and 15 March of the financial year preceding the assessment year according to Sections 207 to 211 of the Act.

claimed through notices of demand⁵⁹ raised by the Income Tax Authorities within 30 days of their serving. Failure to comply with these provisions of the Act would render the assessee liable for payment of interest and penalty.

Scrutiny of the records of the Department showed that the Great Eastern Hotel Authority (GEHA), a State Government Undertaking under the administrative control of Tourism Department, neither paid advance income tax nor filed annual returns along with requisite audit reports for the financial years from 1980-81 to 1991-92 within the due dates. A total tax of Rs 3.43 crore was, however, paid during the period from November 1985 to March 1993.

Due to non-submission of annual returns coupled with non-payment of income tax within the due dates, the Income Tax Authorities issued (July 1998) demand notice to GEHA for payment of outstanding dues for the financial years 1980-1992 amounting to Rs 2.82 crore⁶⁰. The outstanding demand was subsequently modified (March 2002) to Rs 2.45 crore and to Rs 2.09 crore in January 2004. GEHA, however, did not clear up the dues; nor did the Department pursue the matter with the GEHA towards settlement of the same. Income Tax Authorities ultimately claimed (March 2006) Rs 4.61⁶¹ crore including interest and penalty.

Following requests from GEHA, Tourism Department released (March 2006) grants-in-aid of Rs 4.61 crore to GEHA for payment against Income Tax liability and consequently, GEHA cleared the dues in April 2006.

Thus, negligence of GEHA in complying with the statutory requirements coupled with lack of timely initiative on the part of the Tourism Department cost the State exchequer an avoidable expenditure of Rs 4.61 crore towards income tax liabilities.

The matter was referred to Government in July 2008; reply had not been received (October 2008).

URBAN DEVELOPMENT DEPARTMENT

4.4.14 Avoidable expenditure and blocking of fund

Failure of the Additional Chief Engineer, Material Sector, KMDA, to avail the exemption of excise duty resulted in extra expenditure of Rs 61 lakh, while the projection of inflated requirement by the Chief Engineer, Water Supply Sector, resulted in blocking of Rs 1.03 crore in unused pipes.

Based on the indent placed (August 2002) by the Chief Engineer (CE), Water Supply (WS) Sector of Kolkata Metropolitan Development Authority (KMDA),

⁵⁹ Issued under Section 156 of the Act.

⁶⁰ Unpaid income tax: Rs 0.14 crore, interest: Rs 2.42 crore and penalty: Rs 26.03 lakh

⁶¹ Unpaid income tax: Rs 0.14 crore, interest and penalty: Rs 4.47 crore

the Additional CE-in-Charge, Material Sector, purchased (March 2003-June 2004) 3500 metre of 1100 mm dia DI pipe at a cost of Rs 4.88 crore for the Padamapukur Water Treatment Project at Howrah.

Audit scrutiny (September 2007) of the records of the Chief Engineer, Material Sector, KMDA revealed that the price of pipe paid per metre (Rs 13950) included central excise duty at the rate of 16 *per cent* on the basic price of Rs 10883.63 per metre despite the exemption from excise duty granted by Government of India (September 2002) on the pipes needed for carrying untreated water from its source to the plant and for supplying the treated water to the storage place from which it would be further supplied for consumption. The Additional CE, Material Sector, KMDA, failed to avail of the exemption resulting in avoidable extra expenditure of Rs 61 lakh.⁶²

Audit scrutiny further revealed that the WS sector had worked out the requirement for pipes based on the alignment of pipes through the Botanical Gardens. During the implementation, however, the Botanical Survey refused permission for the pipe lines to pass through the garden, necessitating re-alignment through a narrow street, rendering 741.5 metres of pipes surplus, as the street was too narrow for the 1100 mm dia pipes. Thus, preparation of estimate without considering the advisability of the laying pipelines through the Botanical Gardens and purchasing the pipes on the basis of such estimate, led to purchase of surplus pipes worth Rs 1.03 crore which had been lying idle in the store for more than four years since June 2004.

In reply, the Government admitted (August 2008) that the KMDA was not aware of the availability of exemption from excise duty. The Department assured that the surplus pipes would be utilised in Kalyani phase-II project, under Jawaharlal Nehru National Urban Renewal Mission.

WOMEN AND CHILD DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT

4.4.15 Excess expenditure in purchase of medicine kits

Allowance of higher rates for purchase of medicine kits in comparison with those approved by Health and Family Welfare Department resulted in excess expenditure of Rs 45.34 lakh.

With a view to provide essential health care services through different Anganwari Centres (centres) under the Integrated Child Development Services, Women and Child Development and Social Welfare Department started purchasing medicine kits from 2000-01 onwards, out of grant from Government of India, for

⁶² 3499 m at the rate of Rs 1741.38 per metre.

distribution among the centres. The tentative cost of each kit was fixed at Rs 600 and each centre was entitled to one medicine kit in a year.

Social Welfare Directorate, without inviting any tender, directly selected M/s Gluconate Health Limited (M/s GHL), a State based public sector unit (PSU) for supply of medicine kits to the centres from 2000-01 onwards at the price ranging between Rs 578 and Rs 593 per kit. The rates were not verified with those approved by Health and Family Welfare (H&FW) Department.

Mention was made in paragraph No. 4.4.9 of the Comptroller and Auditor General's Audit Report (Civil) for the year ended 31 March 2004 regarding excess expenditure in purchase of medicine kit/medicines. Scrutiny (January 2008), however, showed that the Social Welfare Directorate did not take up the matter with M/s GHL for supplying the medicines at rates approved by the Health and Family Welfare Department and continued procurement of medicine kits from M/s GHL at higher rates.

Comparative study of the list of items in the kit and their rates approved by the Health and Family Welfare Department *vis-à-vis* the rates accepted by the Social Welfare Directorate disclosed that M/s GHL charged higher rates (higher by Rs 23 to Rs 30 per kit) during 2004-05 to 2006-07 and consequently the Directorate incurred excess expenditure of Rs 45.34 lakh during 2004-07 as detailed below:

| Year | Number of kits supplied by M/s GHL | Supply price per kit charged by GHL | Calculated supply price per kit at H&FW rates | Excess rate charged per kit | Total excess expenditure |
|---------------------|------------------------------------|-------------------------------------|---|-----------------------------|--------------------------|
| (i n R u p e e s) | | | | | |
| 2004-05 | 54185 | 590 | 560 | 30 | 1625550 |
| 2005-06 | 54744 | 590 | 560 | 30 | 1642320 |
| 2006-07 | 55064 | 590 | 567 | 23 | 1266472 |
| Total | | | | | 4534342 |

Thus, allowance of higher rates for purchase of medicine kits in comparison with those approved by Health and Family Welfare Department resulted in excess expenditure of Rs 45.34 lakh.

The matter was referred to Government in July 2008; reply had not been received (October 2008).

4.5 Regularity issues and other points

FOOD AND SUPPLIES DEPARTMENT

4.5.1 Shortage of subsidised food grains

Lax inspection and monitoring mechanism over the Targeted Public Distribution System led to shortage of 0.18 lakh quintal of subsidised food grains valued at Rs 0.90 crore targeted for the poor community.

The Targeted Public Distribution System (TPDS) introduced in 1997 aimed at providing foodgrains to the Below Poverty Line (BPL) families at specially subsidised rates. The State Government was responsible for distribution of foodgrains in a transparent and accountable manner.

As per the directives of the Food and Supplies (F&S) department, the monthly requirement of food grains is determined on the basis of ration card population and scale of distribution fixed for the beneficiaries. Each dealer submits monthly indent to the Inspector of F&S department who makes allotment of commodities for taking delivery from the authorised Modified Rationing (MR) distributors. The MR Distributors are required to lift the allotted quantity and ensure their delivery to the dealers. The weekly allotment is to be adjusted according to unsold stock with the distributors to prevent sale at open market by the distributors.

Scrutiny of records (February 2008) of the District Controller of Food and Supplies, Paschim Medinipur and two Sub-Divisional Controller offices at Barasat and Nadia revealed mismatch between the quantity of foodgrains distributed by the MR distributors and the corresponding quantity received by the dealers. Further, shortages were also noticed with the closing stock at distributors' and dealers' points. A total shortage of 11312.22 quintal of BPL rice (valued at Rs 63.91 lakh) and 6333.03 quintal of BPL wheat (valued at Rs 26.28 lakh) were detected during 2006-2007 indicating substantial possibility of diversion of the same to open market. Details of such shortage are given in the *Appendix 4.2*

For ensuring equitable distribution of subsidised food grains through the Public Distribution System, the (F&S) department directed that an official not below the rank of Sub-Inspector may inspect the shops and godowns of a dealer on any working day and may require production of books of accounts, stock of commodities, weighing devices, etc for verification. The shortages of foodgrains, however, indicated lack of effective control and monitoring on the distribution mechanism of Food and Supplies Department.

While admitting the audit observation, the Department stated (February 2008) that the problem of mismatch between the amount of commodities despatched by the wholesalers and the amount received by the dealers was alarming and prevalent in the State and attributed the same to the poor inspecting machinery to control

this. The department emphasised that responsibilities on the delinquent officials would be fixed. Further developments were, however, awaited (May 2008).

Thus, lax inspection and monitoring mechanism over the Targeted Public Distribution System led to shortage of 0.18 lakh quintal of food grains valued at Rs 0.90 crore targeted for the poor community, besides, frustrating the very objective of the scheme.

HEALTH AND FAMILY WELFARE DEPARTMENT

4.5.2 Consumption of 'Non-Standard' quality drugs by patients

Non-formulation of a definite time frame for non-statutory drug testing and delayed communication or non-communication of test reports by the Deputy Director of Health Services (Equipment and Stores) to drug procuring units led to consumption of 'non-standard' drugs by the patients.

With a view to strengthening quality assurance of drugs utilised in healthcare system, the Health and Family Welfare Department (Department) decided (July 2003) to adopt a procedure for non-statutory quality control of Drugs procured and supplied through Central Medical Stores (CMS)/different District Reserve Stores (DRS)/Medical Colleges & Hospitals and other decentralised units alongside the system of statutory testing by the Director of Drug Control already in vogue under the Drugs and Cosmetics Act, 1940.

One Quality Control Section at Central Medical Stores (CMS) under Deputy Director of Health Services (Equipment and Stores) (DDES) was set up (July 2004) to conduct non-statutory testing with effect from October 2004. DDES was responsible for planning and implementation of the whole process⁶³. Suppliers were also required to send copy of delivery challans to DDES mentioning the various recipient units against each supply, so that test results might be communicated to all.

Relevant orders issued for this purpose by the Department stipulated a time limit of two days for collection of samples by CMS from the procuring authorities, but prescribed no time frame for completion of the whole process of testing and its communication to concerned units. Neither was any stipulation imposed for health institutions to withhold issue and consumption of the medicines before receipt of the relevant test report.

⁶³ Selection and collection of medical samples, coding, despatch to approved laboratories, receipt of test reports and transmission of the reports to the purchasing authorities/hospitals through approved courier/transport agents for taking necessary action

During test check of records (between October 2007 and February 2008) of DRS of three districts⁶⁴, three MCH⁶⁵ and DDES, it was noticed that DDES collected samples of drugs from the units at delay ranging from three days to 90 days; while delay in communicating detection of the non-standard drugs to the concerned health institutions ranged between two and 24 months. Further, such test reports on the samples drawn from one unit were also not communicated to other units receiving drugs of same batch number from the same supplier. Records showed that owing to such non-receipt or delay in receipt of test reports from DDES, drugs of 'non-standard' quality worth Rs 39.14 lakh had been consumed by patients between April 2005 and January 2008 (vide *Appendix 4.3*). This indicated utter indifference towards safety of the patients. No study was, however, conducted to analyse the adverse effects of consumption of the 'non-standard' drugs.

The Directorate of Health Services while admitting the fact stated (August 2008) that an order stipulating that drugs will not be supplied without testing and fixing the time frame for all phases of testing procedure will be issued. Further developments in this regard are, however, awaited.

The matter was referred to Government in June 2008; reply had not been received (October 2008).

HOME (POLICE) DEPARTMENT

4.5.3 Excess payment towards special pay

Payment of unauthorised 'additional remuneration' in lieu of 'special pay' to police personnel in circumvention of the Government directives led to excess payment of Rs 60 lakh from the State exchequer

Home (Police) Department granted special pay to different categories of police personnel from April 1981. The same was, however, discontinued from January 1999 and merged with pay in the revised scale under West Bengal Services (Revision of Pay and Allowance) Rules 1998. Moreover, the Finance Department in July 2000 rejected a proposal of the Home (Police) Department for considering restoration of the special pay/allowance. Accordingly, the West Bengal Police Directorate by order (November 2000) rejected retention of special pay in the form of additional remuneration under any nomenclature.

Audit (September 2007 to September 2008) of the accounts of the Superintendents of Police (SPs), South 24 Parganas, Nadia, Malda, Dakshin Dinajpur as well as the Additional Director General of Police, Intelligence Bureau (ADGP, IB) showed that payment of 'additional remuneration' in lieu of special

⁶⁴ DRS under CMOH Paschim Medinipur: Rs. 26.28 lakh, DRS under CMOH, Purba Medinipur: Rs. 3.16 lakh, DRS under CMOH Bardhaman: Rs. 2.46 lakh

⁶⁵ Bankura Sammilani Medical College Hospital: Rs. 1.21 lakh, N.R.S. Medical College & Hospital: Rs. 3.78 lakh and R. G. Kar Medical College & Hospital: Rs. 1.85 lakh

pay was continued contravening the Government directives. During the period from August 2000 to May 2008, additional remunerations amounting to Rs 60 lakh⁶⁶ were allowed to police personnel in these offices.

Thus, payment of 'additional remuneration' to police personnel by the Superintendents of Police of South 24 Parganas, Nadia, Malda, Dakshin Dinajpur and the Additional Director General of Police, Intelligence Bureau in circumvention of Government directives led to excess payment of Rs 60 lakh.

The matter was referred to Government in June 2008; reply had not been received (October 2008).

GENERAL

4.5.4 Cash management in Government departments

Non-adherence to the provisions of Treasury and Financial Rules by 16 DDOs in five districts including Kolkata resulted in serious financial irregularities including theft/unexplained cash shortage of Rs 4.90 lakh.

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

Scrutiny (October 2006 to April 2008) of the records pertaining to 16 DDOs under seven⁶⁷ departments in five districts⁶⁸ including Kolkata disclosed serious financial irregularities due to non-compliance of the above provisions. In course of physical verification of cash conducted by 16 DDOs at the instance of audit during October 2006 to April 2008, against the closing balance of Rs 11.82 crore as per cash book, only Rs 9.51 crore was physically found, indicating a shortage of Rs 2.31 crore (*Appendix 4.4*). Of the above shortage, theft and unexplained shortage of cash constituted Rs 4.90 lakh; advance from undisbursed cash to

⁶⁶

| <i>Name of the Office</i> | <i>Additional remuneration granted</i> |
|------------------------------|--|
| <i>SP, South 24 Parganas</i> | <i>Rs 22.83 lakh</i> |
| <i>SP, Nadia</i> | <i>Rs 9.14 lakh</i> |
| <i>SP, Dakshin Dinajpur</i> | <i>Rs 1.26 lakh</i> |
| <i>SP, Malda</i> | <i>Rs 1.21 lakh</i> |
| <i>ADGP, IB</i> | <i>Rs 25.56 lakh</i> |

⁶⁷ *Animal Resources Development, Finance (Accounts), Health and Family Welfare, Higher Education, Jails, Judicial, Land & Land Reforms Departments.*

⁶⁸ *Murshidabad, North 24 Parganas, South 24 Parganas, Paschim Medinipur and Kolkata*

different staff amounted to Rs 1.72 crore, unadjusted vouchers accounted for Rs 11.66 lakh and lapsed cheques or demand drafts aggregated to Rs 42.34 lakh.

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

4.5.5 Recovery at the instance of Audit in Co-operation Department

Scrutiny (October 2007) of the records of Co-operation Department revealed that 28 short-term loans⁶⁹ aggregating Rs 24.64 crore were released to West Bengal State Co-operative Marketing Federation Limited (BENFED) between November 1983 and January 1990 for procurement of agricultural inputs to be distributed amongst the farmers. The interest rates on such loans varied between 7.75 and 9.50 *per cent per annum*. The loans were released without considering the repayment capacity of BENFED.

BENFED did not repay any of the loans received till March 2008 and the overdue interest on such loans accumulated to Rs 53.42 crore as of September 2007.

At the instance of audit, the Department took up the matter with BENFED only in July 2008 and the latter agreed to repay 50 *per cent* of the principal loan amounting to Rs 12.32 crore by March 2009. The proposal of BENFED for waiver of 50 *per cent* of the principal loan and the entire amount of interest was under consideration of the Finance Department. Further development in this regard is awaited (October 2008).

4.5.6 Lack of response of Government to audit

Principal Accountant General (Audit) (PAG) arranges to conduct periodical inspection of Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs).

When important irregularities and other points detected during inspection are not settled on the spot, these find place in IRs which are issued to the heads of offices inspected with copies to the next higher authorities. Government of West Bengal, Finance Department Memo No 5703(72)/FB dated 29 August 1972 provides for prompt response by the executive to the IRs issued by the PAG to ensure rectificatory action in compliance with the prescribed rules and procedures and secure accountability for the deficiencies, lapses, etc. noticed during inspection.

The heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly

⁶⁹ Repayable in single instalment within six months from the date of drawal

and report compliance to the PAG. Serious irregularities are also brought to the notice of the Government by the office of the PAG. A six monthly report showing the pendency of IRs is sent to the Principal Secretary/Secretary of the department to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto December 2007 relating to 501 offices of Panchayat & Rural Development, Fisheries, Commerce & Industries, Hill Affairs, Jails, Public Works (Roads), Public Health Engineering, Food & Supplies Departments and five commercial undertakings⁷⁰ disclosed that 2836 paragraphs relating to 1111 IRs remained outstanding at the end of June 2008. Of these, 387 IRs containing 610 paragraphs had been lying unsettled for more than 10 years.

Department-wise and year-wise break-ups of the outstanding IRs and Paragraphs are detailed in *Appendix 4.5*

Even the initial replies, which were required to be received from the respective heads of offices within six weeks from the date of issue of the IRs, were not received upto June 2008 in respect of 142 IRs.

Those unsettled IRs contained 285 paragraphs involving serious irregularities like, theft/defalcation/misappropriation of Government money, loss of revenue and shortage/losses not recovered/written off amounting to Rs 11.93 crore. Department-wise and nature-wise analysis of those outstanding paragraphs of serious nature showed the following position:

| Name of the Department | Cases of theft/defalcation/misappropriation | | Loss of revenue | | Shortage losses not recovered/written off | | Total | |
|---------------------------------|---|---------------|-----------------|---------------|---|---------------|------------|----------------|
| | Para | Amount | Para | Amount | Para | Amount | Para | Amount |
| | (Rupees in Lakhs) | | | | | | | |
| Panchayat and Rural Development | 48 | 340.26 | 36 | 131.01 | 06 | 66.52 | 90 | 537.79 |
| Fisheries | 01 | 1.32 | 01 | 0.73 | 08 | 310.52 | 10 | 312.57 |
| Commerce and Industries | 00 | 00 | 03 | 96.62 | 00 | 00 | 03 | 96.62 |
| Hill Affairs | 2 | 15.81 | 03 | 153.71 | 03 | 19.83 | 08 | 189.35 |
| Jails | 3 | 1.2 | - | - | 07 | 7.78 | 10 | 8.98 |
| Public Works (Roads) | - | - | - | - | 80 | 35.49 | 80 | 35.49 |
| Public Health Engineering | - | - | - | - | 84 | 12.53 | 84 | 12.53 |
| Total | 54 | 358.59 | 43 | 382.07 | 188 | 452.67 | 285 | 1193.33 |

Audit committees, comprising of the Principal Secretary/Secretary of the administrative department and representatives of the Finance Department and the PAG were formed in 51 out of 56 departments of Government for expeditious settlement of the outstanding Inspection Reports. Of the 51 departments where audit committees were formed, meetings were held only by 11 departments on 31 occasions from July 2007 to June 2008. As a result of the meetings of these

⁷⁰ Under Food Processing Industries & Horticulture, Micro and Small Scale Enterprises and Textiles, Animal Resources Development Departments.

committees, it was possible to settle 231 paragraphs and 48 Inspection Reports. No meetings were held by the other 40 departments. The matter was taken up with the Government for formation of audit committees in the remaining departments.

No information on follow-up action, if any, taken by the Finance Department to settle the paras/ IRs was available. This showed lack of initiative by Government to ensure accountability.

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

The matter was referred to Government in July 2008; reply had not been received (October 2008).

4.5.7 Follow up action on earlier Audit Reports

Review of outstanding Action Taken Notes (ATNs) on paragraphs included in the Reports of the Comptroller and Auditor General of India, Government of West Bengal upto 2006-2007 revealed that Action Taken Notes on 292 paragraphs (selected: 47 from 1997-1998 to 2006-2007 and not selected: 245 from 1981-1982 to 2006-2007) involving 47 departments remained outstanding as of June 2008. The names of the departments are given in *Appendix 4.6*.

The administrative departments were required to take suitable action on the recommendations made in the Reports of the Public Accounts Committee (PAC) presented to the State Legislature. Following the circulation of the Reports of the PAC, heads of departments were to prepare comments on action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat within six months.

It was observed that the Action Taken Notes on 30 Reports of the PAC, presented to the Legislature between May 1991 and March 2008 had not been submitted by 19 departments⁷¹ to the Assembly Secretariat as of June 2008. Out of these, 13⁷² Reports of the PAC suggested recovery, disciplinary action, etc. A few significant cases are elaborated below:

⁷¹ Agriculture, Commerce and Industries, Development and Planning, Finance, Fisheries, Hill Affairs, Home, Housing, Irrigation and Waterways, Jails, Municipal Affairs, Panchayats and Rural Development, Public Health Engineering, Public Works, Public Works (Roads), School Education, Tourism, Women and Child Development and Social Welfare and Urban Development.

⁷² 20th PAC Report 1990-1991, 36th PAC Report 1999-2000, 3rd PAC Report 2001-2002, 29th PAC Report 2004-2005, 34th PAC Report 2004-2005, 45th PAC Report 2005-2006, 6th PAC Report 2006-2007, 8th PAC Report 2006-2007, 9th PAC Report 2006-2007, 1st PAC Report 2007-2008, 10th PAC Report 2007-2008, 12th PAC Report 2007-2008 and 4th PAC Report 2006-2007.

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

Thus, the fate of the valuable recommendations contained in the said reports of the PAC and whether they were being acted upon by the administrative departments could not be ascertained in audit.

The matter was referred to Government in July 2008, reply had not been received. (October 2008)

CHAPTER V

INTERNAL CONTROL MECHANISM IN GOVERNMENT DEPARTMENTS

| | | Page |
|---|-----|------|
| Internal Control Mechanism in Tourism Department | 5.1 | 145 |

Chapter V

Internal Control Mechanism in Government Departments

TOURISM DEPARTMENT

5.1 Internal Control Mechanism in Tourism Department

HIGHLIGHTS

Internal Control is an integral component of an organisation's management processes which are established in order to provide reasonable assurance that the operations are carried out effectively and efficiently, financial reports and operational data are reliable and the applicable laws and regulations are complied with so as to achieve organisational objectives. Internationally the best practices in Internal Control have been given in the COSO¹ framework which is a widely accepted model for internal controls. In India, the GOI has prescribed comprehensive instructions on maintenance of internal control in Government departments through Rule 64 of General Financial Rules 2005. A review of Internal Control on selected areas of Tourism Department of the Government of West Bengal has shown that rules, regulations and orders of the Government on budget preparation, expenditure controls, etc, were not adhered to. The existing system could not also ensure timely completion of Centrally Sponsored/State Plan schemes and other tourism promotional works. Non-utilisation of the infrastructural facilities created as well as non-functioning of tourist lodges was indicative of indifferent operational controls.

The Department paid grants of Rs 4.61 crore to a departmental undertaking during 2005-06 without any budget provision for the same which was indicative of lack of financial discipline in the Department.

(Paragraph 5.6.2)

There was no mechanism to monitor the utilisation of funds released by the Department to the implementing agencies for execution of various tourism development schemes and to watch the physical progress of tourism promotion projects.

(Paragraphs 5.7.1)

Out of Rs 60.64 crore paid by the Department to West Bengal Tourism Development Corporation (WBTDC) for execution of 112 State schemes for promotion of tourism, 42 schemes for Rs 9.47 crore were not started at all. As of March 2008, Rs 41.64 crore remained unutilised.

(Paragraph 5.7.2)

Out of Central assistance of Rs 65.70 crore received during 2002-08 for execution of 30 Centrally Sponsored projects costing Rs 86.29 crore, Rs 50.97 crore remained unutilised as of March 2008. Out of 30 projects,

* Abbreviations used in this Review have listed in the Glossary (page 229)

¹ Committee of Sponsoring Organisations of the National Commission on Fraudulent Financial Reporting or the Treadway Commission

only two were completed, 15 remained incomplete for over two to five years and 13 were not started as of March 2008.

(Paragraph 5.7.3)

Tourism infrastructure created between May 2002 and June 2007 at a cost of Rs 3.77 crore under the Darjeeling Gorkha Hill Council remained unutilised as of March 2008 due to non-availability of required facilities. Further, construction of one tourist lodge remained abandoned since January 2004 after incurring expenditure of Rs 45.85 lakh.

(Paragraphs 5.7.4.4 and 5.7.4.5)

There was no control exercised by the Department in the functioning of Government tourist lodges. Out of 43 lodges, ten remained inoperative as these were not commercially viable and two lodges were not at all put into operation since their construction.

(Paragraph 5.7.5)

5.1 Introduction

The main function of the Tourism Department is to promote tourism in the State by developing adequate infrastructure for tourism, maintaining tourist spots/places, running tourist lodges and providing tourism facilities to both domestic and foreign tourists.

5.2 Organisational set up

The Department headed by the Principal Secretary has an integrated administrative set up comprising the Secretariat and the Directorate. The Director of Tourism is responsible for promoting tourism in the State. He is assisted by one Joint Director and three Deputy Directors. There are two Regional Tourist Offices (RTOs) at Kolkata and Siliguri each headed by one Deputy Director. There are five Tourism Information Offices - two at Darjeeling and Cooch Behar under the RTO of Siliguri and three at Durgapur, Digha and Berhampore under the RTO of Kolkata. In addition, there are two Tourism Information Offices outside the State - one in New Delhi and another in Chennai. The Secretary (Tourism) of Darjeeling Gorkha Hill Council (DGHIC) is responsible for promoting tourism in the areas under the jurisdiction of DGHIC in Darjeeling district. The West Bengal Tourism Development Corporation Limited (WBTDC), incorporated in April 1974 as a fully owned Government Company under the administrative control of Tourism Department, is responsible for operation and maintenance of Government Tourist Lodges handed over by the Department to it and also for executing the tourism development projects assigned to it from time to time by the Department.

5.3 Audit objectives

The audit objectives were to assess whether

- the budgetary and expenditure control were effective;
- the extent to which operational control was effective;
- submission of periodic returns/reports was ensured;
- the internal audit system was effective.

5.4 Audit criteria

The audit criteria used in framing audit comments were as under:

- Budgetary principles and procedure of the State Government;
- Financial Rules and Regulations of the State Government;
- Terms and conditions fixed by Government for execution of tourism development projects.

5.5 Audit coverage

An evaluation of the internal control mechanism in the Department covering the period 2003-08 was conducted during March-April 2008 through test check of records of the Tourism Department, Directorate of Tourism, two Regional Tourist Offices, WBTDC and Tourism Wing of DGHC.

AUDIT FINDINGS

5.6 Budgetary and expenditure controls

The Department did not follow the budgeting procedure as prescribed in the West Bengal Financial Rules (WBFR). The expenditure control measures prescribed in Government rules and manuals were not followed either; the accounting system of revenue and expenditure was also deficient as discussed in the succeeding paragraphs:

5.6.1 Budgeting procedure

West Bengal Financial Rules (WBFR) envisaged that each budgeting authority was required to prepare budget estimates (BE) on the basis of actuals of the previous year and revised estimates for the current year and to submit the same to the Finance Department (FD) before 15 October each year.

Budget estimates were prepared on *ad hoc* basis without following the prescribed procedure

Scrutiny of records of the Department disclosed that there were delays ranging from 32 to 124 days in sending annual budget estimates during 2003-08. Delay in sending budget proposals to FD affected the quality of scrutiny by the latter and contributed to the eventual mismatch between the budget and the actual expenditure. Further, in absence of proper monitoring and pursuance, DDOs were not submitting monthly expenditure statements showing allotment, expenditure and balance to the Directorate during the period covered in audit. The budget estimates were prepared on *ad hoc* basis by adding 10 per cent to the previous year's allocation under different heads of accounts leading to savings in all the years covered in audit except during 2005-06 and 2007-08 when there was excess expenditure over budget provisions as given in the following table:

(Rupees in crore)

| Year | Budget Provision | | | Expenditure | | | Excess (+) / Savings (-) | | |
|-----------|------------------|---------|-------|-------------|---------|-------|--------------------------|----------|----------|
| | Capital | Revenue | Total | Capital | Revenue | Total | Capital | Revenue | Total |
| 2003-2004 | 0.20 | 10.77 | 10.97 | 0.20 | 10.24 | 10.44 | 0.00 | (-) 0.53 | (-) 0.53 |
| 2004-2005 | 0.37 | 12.01 | 12.38 | 0.35 | 9.62 | 9.97 | (-) 0.02 | (-) 2.39 | (-) 2.41 |
| 2005-2006 | 4.55 | 18.00 | 22.55 | 3.49 | 20.76 | 24.25 | (-) 1.06 | (+) 2.76 | (+) 1.70 |
| 2006-2007 | 9.37 | 18.50 | 27.87 | 9.37 | 10.64 | 20.01 | - | (-) 7.86 | (-) 7.86 |
| 2007-2008 | 3.01 | 15.33 | 18.34 | 3.51 | 15.36 | 18.87 | (+) 0.50 | (+) 0.03 | (+) 0.53 |

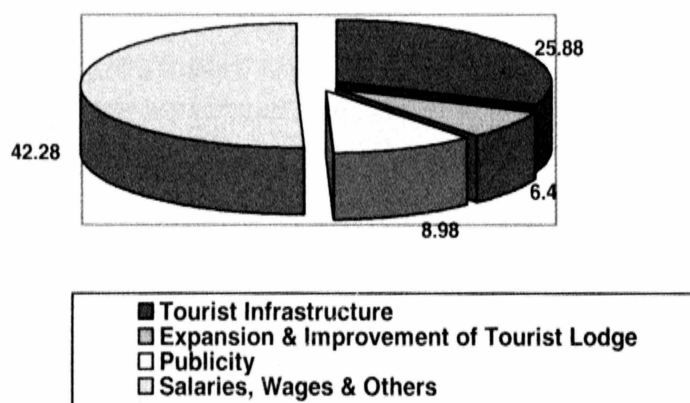
It would be evident from the above table that even though the Department was responsible for development of tourist infrastructure in the State, the capital expenditure during each of the years 2003-08 represented only 1.9 to 46.8 per cent of total expenditure on tourism during the respective years.

Major segment wise budget provisions and expenditures during 2003-08 are shown below:

| Components | 2003-04 | | 2004-05 | | 2005-06 | | 2006-07 | | 2007-08 | |
|--|-------------------------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Budget | Expdr. | Budget | Expdr. | Budget | Expdr. | Budget | Expdr. | Budget | Expdr. |
| | (R u p e e s i n c r o r e) | | | | | | | | | |
| Tourist Infrastructure | 1.10 | 1.01 | 1.39 | 0.89 | 6.36 | 5.75 | 11.26 | 11.31 | 6.73 | 6.92 |
| Expansion & Improvement of Tourist Lodge | 1.09 | 1.06 | 1.18 | 0.39 | 1.09 | 0.56 | 2.11 | 2.15 | 1.99 | 2.24 |
| Publicity | 0.82 | 0.64 | 0.99 | 1.02 | 1.70 | 1.68 | 1.34 | 1.52 | 3.45 | 4.12 |
| Salaries, Wages & Others | 7.95 | 7.73 | 8.82 | 7.67 | 13.40 | 16.26 | 13.16 | 5.03 | 6.17 | 5.59 |
| Total | 10.96 | 10.44 | 12.38 | 9.97 | 22.55 | 24.25 | 27.87 | 20.01 | 18.34 | 18.87 |

5050

Component-wise Expenditure on Tourism during 2003-08



Monthly report on expenditure/release of fund is required to be submitted to Finance Department (FD) by seventh of the following month. But, no such report was furnished by the Department to FD for non-plan funds during the period covered in audit and in respect of plan expenditure such reports had been submitted to FD only from April 2006. Hence, the Department did not exercise effective control over expenditure leading to substantial variation between allotment and expenditure.

According to Rule 380 of WBFR, the anticipated savings out of budget provisions were to be surrendered in time for their re-appropriation. In absence of adequate control over expenditure, the savings could not be assessed properly in time. As a result, the unutilised funds were not surrendered during the financial year for utilisation elsewhere.

5.6.2 Expenditure without budget provision

Any expenditure either under revenue or capital head of accounts is to be incurred only on availability of funds under the budget provision. The

Rupees 4.61 crore was spent during 2005-06 without any allotment

department issued a sanction on 31 March 2006 releasing grants of Rs 4.61 crore to Great Eastern Hotel Authority, a departmental undertaking, without any budget provision with a mention that necessary reappropriation order would be issued, which, however, did not come through. This indicated absence of budgetary control over expenditure.

5.6.3 Rush of expenditure in March

Every year during 2003-07, 54 to 57 per cent of plan funds were released in March

Rule 389A of WBFR provides that rush of expenditure particularly in the closing month of the financial year will be regarded as a breach of financial regularity. Test-check revealed that the Department released 54 to 57 per cent of the plan funds in March each year during 2003-07 as detailed in the following table:

| Year | Fund released during the year | Fund released during the month of March | Percentage of funds release in March to total funds released |
|---------|-------------------------------|---|--|
| 2003-04 | 236.07 | 132.44 | 56 |
| 2004-05 | 190.62 | 105.45 | 56 |
| 2005-06 | 416.21 | 225.22 | 54 |
| 2006-07 | 775.69 | 444.36 | 57 |

In addition, Central assistance of Rs 7.10 crore, received by the Department from GOI in June-July 2006 for development of tourism infrastructure in the State, was released to WBTDG (Rs 3.11 crore) and DGHC (Rs 3.99 crore) in March 2007 as detailed in the following table:

(Rupees in crore)

| Receipt of Central assistance from GOI | | | Release of funds by State Government | | |
|--|----------|--------|--------------------------------------|----------|--------|
| Order No. | Date | Amount | Order No. | Date | Amount |
| 5PNE(78)2005 | 22.06.06 | 3.11 | 363 TW | 27.03.07 | 3.11 |
| 5PNE(7)2006 | 31.07.06 | 3.99 | 336 TW | 14.03.07 | 3.99 |

5.6.4 Irregular appropriation of Government revenue and delay in depositing the receipts in Government account

Note 2 below Rule 3.01 of WBTR provides that moneys received on account of the revenue of the Government shall neither be appropriated to meet departmental expenditure, nor kept outside the Government account. In violation of the above Rules, the Deputy Director of Tourism, Kolkata appropriated departmental receipts of Rs 23.67 lakh to meet departmental expenditure during 2004-08, thus vitiating the legislative control over expenditure.

Further, it was seen that in 10 cases there were delays ranging from eight to 27 days in depositing the Government receipts amounting to Rs 0.87 lakh to Rs 3.80 crore during January 2004 to January 2008.

5.6.5 Non-reconciliation of remittances to treasury

According to SR 31(V) of WBTR, after the end of each month a consolidated statement of all remittances made during the month is to be obtained from the treasury and the same should be reconciled with the cash book. None of the

DDOs of the test-checked units collected the statement from the treasury and reconciled the same with cash books during 2003-08. Therefore, the correctness of entries in the cash books was not ensured.

5.6.6 Non-recovery of loans, interest and unutilised grants

Neither any part of the principal nor accrued interest of Rs 1.78 crore has been repaid by the WBTDc on Departmental loan

As of March 2008, the Department provided loans aggregating Rs 0.93 crore to WBTDc. The terms and conditions for repayment of loan of Rs 0.55 crore and payment of interest thereon had not been fixed so far. Interest accrued and due on the loan of Rs 0.93 crore amounted to Rs 1.78 crore as on 31 March 2008. Neither any instalment of principal nor any interest was repaid by WBTDc to the Department till March 2008. The Department also did not take any action for realisation of the same. Thus, in absence of any control over loan management coupled with deficient monitoring over the functioning of WBTDc, the Department sustained a loss of Rs 1.78 crore on account of unrealised interest.

Further, the Department provided mobilisation advance of Rs 50 lakh to WBTDc for construction/renovation of tourist lodges prior to March 2002 and the same was to be adjusted against the project fund provided by the Department subsequently. But, in absence of any control over expenditure the advance of Rs 50 lakh remained unadjusted/ unrealised for years together even though the Department subsequently provided required funds to WBTDc for execution of each development project. Thus, inaction on the part of the Department to get the amount refunded by WBTDc resulted in loss of interest of Rs 36 lakh on the locked up fund of Rs 50 lakh during 2002-08.

5.6.7 Irregular payment of incentive

Excess release of incentive of Rs 2.97 crore to WBTDc

Under the West Bengal Incentive Schemes, 1993, any tourism unit with fixed capital investment exceeding Rs 60 lakh and registered with the Directorate of Tourism was eligible for incentives at a fixed rate² subject to issuance of eligibility certificate by WBTDc after approval of its project by WBTDc.

During 2003-08, the Department released Rs 3.71 crore to WBTDc for payment of incentive to tourism units without verifying required registration certificates, eligibility certificates, claims for incentive and their admissibility, etc. WBTDc submitted UCs for Rs 0.74 lakh in October 2007 while remaining amount of Rs 2.97 crore was retained by it. Thus, release of funds to WBTDc without verifying the requirement of funds for payment of incentive resulted in an extra burden of Rs 2.97 crore on the State exchequer.

5.6.8 Irregular utilisation of Government funds

During 2002-07, the Department paid Rs 2.04 crore to WBTDc for participation in fairs and festivals for promoting tourism in West Bengal, out of which Rs 1.28 crore were utilised for the specified purpose and the balance

² Group A areas: 20 per cent of fixed capital investment subject to maximum of Rs 20 lakh; Group B areas: 15 per cent of fixed capital investment subject to maximum of Rs 15 lakh; Group C areas: 20 per cent of fixed capital investment subject to maximum of Rs 20 lakh; Group D areas: 20 per cent of fixed capital investment subject to maximum of Rs 30 lakh.

amount of Rs 0.76 crore was diverted by WBTDC to meet its own operational expenses.

5.6.9 Loss due to non-observance of norm of Central assistance

Loss of central assistance of Rs 23.37 lakh due to non-observance of procedure

According to the standing instructions of GOI, 50 *per cent* of the cost of preparation of the project report for development of tourism in the State was to be reimbursed by GOI subject to obtaining prior approval of GOI for preparation of the project report. In violation of the same, the Department engaged four consultants for preparation of seven project reports during 2004-07 without obtaining approval of GOI. As a result, its claim (October 2007) for reimbursement of 50 *per cent* cost (Rs 23.37 lakh) of preparation of these project reports was turned down (January 2008) by GOI. Thus, due to non-observance of the instructions of GOI, the department lost Central assistance of Rs 23.37 lakh.

5.7 Operational Controls

5.7.1 Tourism infrastructure

There was no control mechanism in place for monitoring over physical progress of the projects

The development of tourism infrastructure throughout the State except in Darjeeling was carried out by the Department through WBTDC and other agencies³ while in Darjeeling such activities were done through DGHC.

The department did not formulate any monitoring mechanism and in absence of the same there was no control over the functioning of the executing agencies of the projects taken up. The Director of Tourism also did not exercise any check over functioning of the executing agencies in implementation of the projects. Thus, there were no control procedures in place for monitoring the physical progress of the projects for which funds had been provided by the Department.

Transfer of funds for the tourism projects without appropriate controls in place for watching proper utilisation of funds *vis-à-vis* the progress of works resulted in non-commencement/non-completion of projects and non-utilisation/diversion of funds, etc, as discussed in the subsequent paragraphs.

5.7.2 Execution of projects under State Plan

Out of 87 schemes approved by the Department works for 42 did not commence at all

- (i) Out of Rs 60.64 crore released by the Department to WBTDC upto March 2008 for execution of 112 State schemes for promotion of tourism in the State, Rs 19 crore (31 *per cent*) were spent and balance Rs 41.64 crore remained unutilised with WBTDC as of March 2008. Neither WBTDC nor the Department could state the number of schemes completed as of March 2008.

Out of 87 schemes targeted for completion by March 2008, no expenditure was incurred by WBTDC in respect of 42 schemes for which a sum of Rs 9.47 crore was provided by the Department.

³ District Magistrates, Zilla Parisads, Siliguri Jalpaiguri Development Authority (SJDA), Kolkata Metropolitan Development Authority and Ramkrishna Mission.

WBTDc did not assign any reason for non-commencement of works in respect of these schemes. Besides, WBTDc diverted scheme funds of Rs 24.98 lakh for maintenance and repairs of tourist lodges without obtaining approval of the Department.

Work of a scheme was not started by one ZP blocking Rs 98.67 lakh

- (ii) The Department paid Rs 98.67 lakh (estimated cost) to Coochbehar Zilla Parishad (ZP) in March 2006 for construction of the project 'Wayside facilities at Unishbisha in Coochbehar' at an identified site measuring 1.69 acres of land. But, the work was not started by ZP due to land disputes. In March 2007, the Department requested ZP to start the work immediately by arranging an alternative site for the project or refund Rs 98.67 lakh to the Department. The ZP neither selected any alternative site for the project nor refunded the amount till March 2008. The project was not started even after two years of release of funds.

One scheme in Malda remains abandoned even after spending Rs 58.10 lakh

- (iii) The department paid (July 2006) Rs 59.22 lakh to the Malda ZP for renovation and upgradation of Piyasbari Parjatak Abas, construction of a day centre and construction of roads at Gour in Malda district at an estimated cost of Rs 73.35 lakh. The scheme was scheduled to be completed by July 2007. But the scheme remained incomplete as of March 2008 after spending Rs 58.10 lakh by ZP up to August 2007. The Department neither released the balance amount of Rs 14.13 lakh nor took any action for completion of the scheme. As a result, the scheme remained incomplete after spending Rs 58.10 lakh.

5.7.3 Execution of centrally sponsored projects

For execution of the Centrally sponsored projects for development of tourism in the State the GOI, Ministry of Tourism (MOT) released 80 *per cent* of the project cost as advance to the Department with the conditions, *inter-alia*, that (i) State Government would not keep such funds unutilised for more than six months, (ii) State Government should furnish to MOT quarterly reports on progress of works and expenditure incurred on the projects and (iii) the projects should be commissioned within the periods ranging from six to thirty months from the date of issue of sanction depending upon the size of the projects. Balance 20 *per cent* was to be released by GOI in the form of reimbursement of the cost of the project on submission of utilisation certificate (UC) by the Department after completion of the projects.

Out of Central assistance of Rs 65.70 crore released by GOI during 2002-08 for execution of 30 projects costing Rs 86.29 crore, only Rs 14.73 crore (22 *per cent*) were utilised leaving an unutilised funds of Rs 50.97 crore parked with the executing agencies as of March 2008 due to non-commencement or non-completion of projects as detailed in the following table:

(Rupees in crore)

| Year | Number of projects | Project cost | Amount released by GOI | Expenditure incurred | Number of projects as of March 2008 | | |
|--------------|--------------------|--------------|------------------------|----------------------|-------------------------------------|-----------|---------------|
| | | | | | Not started | Completed | Not completed |
| 2002-03 | 1 | 2.01 | 1.60 | 1.50 | Nil | Nil | 1 |
| 2003-04 | 6 | 9.98 | 6.82 | 5.50 | Nil | 2 | 4 |
| 2004-05 | 6 | 9.55 | 7.68 | 5.97 | Nil | Nil | 6 |
| 2005-06 | 1 | 5.00 | 4.00 | 0.55 | Nil | Nil | 1 |
| 2006-07 | 7 | 29.51 | 21.76 | 1.06 | 5 | Nil | 2 |
| 2007-08 | 9 | 30.24 | 23.84 | 0.15 | 8 | Nil | 1 |
| Total | 30 | 86.29 | 65.70 | 14.73 | 13 | 2 | 15 |

Out of 30 projects taken up under Central assistance, only two were completed while 13 have not yet been started

It transpired from the above table that out of 30 projects taken up during 2002-08, only two projects were completed against the target of completion of 15 projects by July 2008 while thirteen projects were not at all started as of March 2008. Delays ranging from five to 32 months in releasing funds by the Department to the executing agencies coupled with delayed completion of works by the executing agencies were the main reasons given for non-completion of the projects. Due to non-completion of the projects, the balance amount of Central assistance of Rs 20.59 crore was not released by GOI. The details of the projects are shown in *Appendix 5.1*.

5.7.4 Deficient control over implementation of the projects

According to the GOI's orders sanctioning the funds for Centrally sponsored projects, the Department was to submit to GOI quarterly statements on the progress of works and expenditures incurred thereon. Accordingly, the Department was responsible for monitoring the projects implemented by the executing agencies and also for collection of quarterly progress reports from them for onward transmission to GOI. But, the Department did not compel the executing agencies to submit quarterly reports as also insist on timely completion of works. Consequently, the Department could not furnish the quarterly reports to GOI. Absence of any control over execution of the projects vis-à-vis inadequate monitoring over functioning of the executing agencies resulted in excess expenditure on the project, irregular payments to the contractors, release of funds for the projects already executed under other schemes, diversion of project funds, non-utilisation of created infrastructure, etc, as mentioned in the subsequent paragraphs:

5.7.4.1 Extra expenditure on construction work

Extra expenditure of Rs 51.04 lakh on construction work in Vishnupur

The consultant⁴ engaged (January 2004) by WBTDC⁵ for preparation of design, drawing, project estimate, tender documents, supervision of works and certification of contractor's bills in respect of the scheme for construction of roads and beautification of bandh at Vishnupur, estimated the cost of the scheme as Rs 80.21 lakh against Rs 52.80 lakh sanctioned by GOI on the basis of the project proposal of the Department. The work was awarded (July 2005) to a contractor⁵ at 29.33 per cent below the estimated cost of Rs 80.21 lakh i.e. at Rs 56.69 lakh whereas the work was completed in September 2006 at Rs 107.73 lakh resulting in extra expenditure of Rs 51.04 lakh. The payments were made by WBTDC only on the basis of the Running Account (RA) bills

⁴ M/s. Anjan Gupta

⁵ M/s Rohit Contructions

certified by the consultant without measuring the volume of work by any official of WBTDC/Department. The Department did not also investigate the reasons for such huge excess expenditure over the sanctioned cost. Audit scrutiny revealed the following:

Lack of control over execution and measurement of construction work leading to excess expenditure of Rs 45.84 lakh

- The contractor was paid Rs 24.35 lakh for 48694 m³ of earth excavation and filling work against 1500 m³ (payable Rs 0.75 lakh) specified in the work order.
- The contractor was paid Rs 23.89 lakh for transportation including loading, unloading and spreading of 43445 m³ of earth against 3000 m³ envisaged (payable Rs 1.65 lakh) in work order.
- Against 40907 m³ earth work stated to have been executed by the contractor as mentioned in RA bills, payment was made for 48694 m³ resulting in excess payment of Rs 4.36 lakh⁶.
- There was no provision in the work order for construction of laterite block guard (LBG) wall. In June 2006, the contractor proposed to construct 100 m³ of LBG wall at a cost of Rs 3497 per m³⁷ (considering 20 per cent wastage). Payment was made for 994 m³ of LBG wall after allowing 30 per cent wastage thereby allowing an excess payment of Rs 8.02 lakh.
- Additional payment of Rs 4.70 lakh was made to the contractor on account of idle wages due to delayed issue of drawings by the consultant and stoppage of works owing to public demonstrations at work site. Although the consultant was responsible for delayed issue of drawings, no penal action was taken against the consultant.

5.7.4.2 Irregular release of funds to DGHIC

Irregular release of Rs 3.12 crore on works already executed under SCA scheme

An amount of Rs 3.12 crore was paid (January 2005) to DGHIC for (i) development of Rangbhang in Darjeeling as a tourist spot (Rs 1.37 crore) and (ii) extension and beautification of Rohini lake (Rs 1.75 crore) even though these projects were already executed by DGHIC between August 2002 and May 2005 at a total cost of Rs 3.52 crore out of funds received by it under another scheme (Special Central Assistance). Out of Rs 3.12 crore, Rs 5.41 lakh was spent on the project while DGHIC diverted project funds of Rs 37.03 lakh for construction of a guest house (Rs 31.62 lakh) and refund of security deposits for other works (Rs 5.41 lakh). The balance amount of Rs 2.70 crore remained parked with DGHIC.

⁶ Including transportation cost for 4141 m³

⁷ Which includes cost of one m³ of laterite bolder (Rs 900), transportation of the same up to 400 km (Rs 1000), sand and cement mortar (Rs 320), cost of labour (Rs 290), hiring charge of tools machines (Rs 248), contractor's profit (Rs 457), Income Tax, VAT and other charges and 20 per cent wastage (Rs 372)

5.7.4.3 Irregular engagement of consultant

For rendering consultancy services in two phases for illumination of Vishnupur temple, Dhakshineswar temple and Coochbehar Palace, WBTDC engaged (between July 2007 and February 2008) a firm⁸ of Tamil Nadu at a fee of Rs 22.30 lakh by negotiation with a single firm without inviting tenders. The consultant was to conduct feasibility study and to prepare project estimate at a fee of Rs 2.80 lakh and to prepare the detailed project reports, undertake tendering process and issue of work orders and supervise and monitor the execution of works at a fee of Rs 19.50 lakh.

WBTDC irregularly paid (July 2007-March 2008) Rs 7.30 lakh to the consultant even though neither the project feasibility reports and project estimates nor any detailed project report, tender documents, etc. in respect of any of the three projects were submitted by the consultant.

Further, the Dhakshineswar temple had already been illuminated by Kolkata Metropolitan Development Authority (KMDA) between January 2004 and December 2007 under a separate scheme for development of Dakshineswar Kali Temple Complex at a cost of Rs 1.13 crore. The existing illumination system at Coochbehar Palace was functioning under Archeological Survey of India (ASI). Thus, possibility of execution of the project at Dakshineswar and Cooch Behar (for which consultancy fee of Rs 4.30 lakh was paid by WBTDC) was doubtful.

5.7.4.4 Created facilities remaining unutilised

Created facilities worth Rs 3.77 crore remaining unutilised under DGHC

The department released funds to DGHC for development of infrastructural facilities for tourism in Darjeeling without proper assessment of feasibility of such schemes. As a result, ten schemes⁹ completed between May 2002 and June 2007 at a total cost of Rs 3.77 crore (State share: Rs 1.74 crore and Central assistance: Rs 2.03 crore) remained unutilised as of March 2008 due to non-availability of required facilities like water supply connection, electricity service connection, furniture and fixtures, etc, needed to be provided for commercial use. Neither the Department nor DGHC took any action for utilisation of the created facilities resulting in unfruitful expenditure of Rs 3.77 crore towards cost of construction of the same.

5.7.4.5 Unfruitful expenditure on abandoned hotel

Unfruitful expenditure of Rs 45.85 lakh on abandoned construction of hotel at Asansol

The Department engaged (March 1996) WBTDC as the executive agency for construction of a hotel viz. Hotel Asansol Inn at an estimated cost of Rs 52 lakh and released Rs 48 lakh to WBTDC between September 1999 and March 2003. In January 2002, WBTDC submitted to the Department a revised estimate of Rs 77.02 lakh on the ground of some changes in specification and additional work. The Department without approving the revised estimate and

⁸ M/s JMR Audio and Laser Lighting of Coimbatore, Tamil Nadu

⁹ Augmentation of accommodation of tourist lodge at Jorepokhri, renovation of tourist lodge at Royvilla, renovation of swiss cottages at Mirik, construction of trekker's huts (six bedded room, eight bedded dormitory, dinning hall and kitchen, etc.), construction of wayside facilities (kitchen, dinning hall, toilet, car parking, etc, at Dilaram, Giddhapahar and Simana) and cafeteria-cum-fast food restaurants

releasing additional funds, decided (May 2002) to hand over the lodge to a management contractor under the condition that the balance work would be completed by the contractor by investing his own funds. But, no action in this respect was taken so far and the construction works remained incomplete resulting in unfruitful expenditure of Rs 45.85 lakh incurred up to January 2004. The balance amount of Rs 2.15 lakh remained parked with WBTDC.

5.7.5 Inadequate control over functioning of tourist lodges

The Department from time to time handed over 43 Government tourist lodges to WBTDC for operation and maintenance. The funds required for maintenance, repairs and renovation of lodges were provided by the Government. There was no prescribed procedure for management of the lodges. However, some of the lodges were being run by WBTDC itself while six lodges¹⁰ were run by management contractors engaged by WBTDC. Although the Department had no direct control over functioning of the lodges, it did not monitor the performance of WBTDC in running the lodges. As a result, ten lodges¹¹ remained closed for a long period and two¹² new lodges were not put into operation as of April 2008. Audit scrutiny disclosed the following:

5.7.5.1 Non-commissioning of tourist lodge

The Department constructed a tourist lodge at Piyali Island in Sunderban, South 24 Parganas at a cost of Rs 38.28 lakh and handed it over (August 1997) to WBTDC for running the lodge. But, the lodge was not put to use as a portion of the lodge was unauthorisedly occupied by the staff of Irrigation and Waterways (I&W) Directorate and some local encroachers. The Department paid Rs 30.05 lakh (2007) to I&W Department for construction of an alternative accommodation for their staff.

The Public Accounts Committee (2006-2007) in its seventh report recommended that the Tourism Department and I&W Department should undertake departmental inquiries to identify the persons involved in encroachment/illegal occupation in the lodge and the persons involved in hiding the fact of that encroachment/illegal occupation and should take appropriate action against them according to law. The Action Taken Note on the recommendations of PAC was not submitted by the Department (June 2008).

Although the staff of I&W Directorate vacated the tourist lodge in February 2007, the same was not put into operation as of March 2008 due to non-engagement of management contractor by WBTDC.

¹⁰ Tourist Lodges at Durgapur (second lodge), Digba (second lodge), Shantiniketan, Kaikhali, Mukutmanipur, Bankura.

¹¹ Tourist Lodges at Bakreswar, Bethuadahari, Durgapur, Gangasagar, Jhargram, Mandar, Maple, Siliguri, Sangrilla, Tiger Hill.

¹² Piyali Tourist Lodge and Mecheda Pathik Motel

5.7.5.2 Loss due to non-functioning of Government tourist lodges

Loss of Rs 57.96 lakh due to non-functioning of Government tourist lodges handed over to contractors

Mecheda Pathik Motel, Purba Medinipur constructed by the Department at Rs 42.75 lakh was handed over to WBTDC in November 2001 for running the motel. WBTDC in turn handed over the motel to a contractor after more than three years, in March 2005 for running on payment of annual licence fee (ALF) of Rs 4.50 lakh to WBTDC; but it did not execute any formal agreement with the contractor in this respect. The contractor did not pay any amount to WBTDC till March 2008 on the ground that the motel was not put into operation due to non-availability of the permission for operating a bar. WBTDC neither took any action for realisation of ALF nor did it invoke the bank guarantee of Rs 10 lakh submitted by the contractor for payment of ALF. Thus, inaction on the part of the WBTDC resulted in a loss of revenue of Rs 13.50 lakh during 2005-08.

Besides, the management contractors ceased to operate two lodges at Gangasagar and Bakreshwar and did not pay ALF of Rs 4.94 lakh for the years 1999-2000 onwards on the ground that operation of the lodges was not profitable. WBTDC neither engaged new contractors nor took any action for running the lodges departmentally. The Department also did not take any action in this respect. As a result, the lodges remained closed for over eight years resulting in loss of revenue of Rs 44.46 lakh during 1999-2008.

5.7.6 Non-realisation of license fee

Non-realisation of license fee of Rs 1.62 crore from management contractors of tourist lodges

- (i) According to the agreement (November 1995) executed with the management contractor of the lodge at Santiniketan, the ALF was to be increased from Rs 2.50 lakh to Rs 11 lakh with effect from December 1997. On the request (May 1998) of the contractor for reducing ALF on the ground of low earning of lodge in absence of a bar, WBTDC reduced (February 1999) the ALF to Rs 6.45 lakh even though the agreement did not provide for reduction of ALF in absence of bar. This has resulted in a loss of revenue of Rs 45.50 lakh during December 1997 to November 2007.
- (ii) According to the management contract agreement (2002-03) executed with the contractor of the lodge at Durgapur, the ALF was to be paid at Rs 4.80 lakh or 15 per cent of turnover whichever is higher. The contractor did not pay the ALF since his taking over possession of the lodge in 2002-03. WBTDC did not take any action for realisation of the same resulting in a loss of revenue of Rs 28.80 lakh during 2002-08.
- (iii) According to the management contract agreement executed (April 1995) with the contractors of the lodge at Digha for 21 years, the ALF was to be gradually¹³ enhanced from Rs 1.08 lakh to Rs 21 lakh. But, the contractor did not pay the enhanced ALF. On the request of the contractor WBTDC revised (September 2005) the ALF to Rs 7.70 lakh

¹³ Of Rs 1.08 lakh for first two years was to be enhanced to Rs 15 lakh for third to seventh year, Rs 17 lakh for eighth to twelfth year, Rs 19 lakh for thirteenth to seventeenth year and Rs 21 lakh for eighteenth to twenty first year.

with effect from 1998-99 resulting in a loss of revenue of Rs 55.95 lakh during 1998-08. Further, the contractor did not pay full amount of the revised ALF and the outstanding dues amounted to Rs 31.53 lakh as of March 2008. WBTDC did not take any action either for realisation of the LF resulting in further loss of revenue of Rs 31.53 lakh.

5.8 Administrative controls

5.8.1 Uneconomic operation of tourist vehicles

Deputy Director (DD) of Regional Tourist Office at Siliguri had three mini tourist buses for conducting tours in North Bengal. The office did not maintain any rate chart for hiring of buses. The vehicle booking register indicating the date of booking, particulars of borrowers, bus hiring charge receivable and realised, money receipt number and date, etc, was also not maintained. The amounts of revenue earned were never cross-checked with the entries in the log books in order to ascertain whether hire charges had actually been received from the borrowers. Further, buses were provided to different organisations on credit, but the hire charges were not subsequently realised in such cases. Test check of records revealed that bus hire charges of Rs 0.76 lakh in 47 occasions during June 2006 to January 2008 remained unrealised as of March 2008.

Further, the buses were plying for 19 to 101 days only in a year during 2003-08. Reasons for poor utilisation of buses could not be elucidated by the DD. Due to poor utilisation of the fleet, revenue of only Rs 4.03 lakh was earned during 2003-08 against the operating expenses of Rs 37.73 lakh including salary of three drivers and helpers (Rs 25.67 lakh) resulting in a loss of Rs 33.70 lakh (excluding overheads). The Department did not exercise any control over running the vehicles effectively and efficiently in order to restrict the recurring losses on operating the fleet of tourist vehicles.

5.8.2 Poor performance of Food Craft Institute

The Food Craft Institute at Darjeeling functioning under the Department since April 1995 for imparting training on food production, food and beverage service and front office service to young boys and girls, sustained loss of Rs 1.14 crore during 2002-07 due to high operating cost (Rs 1.44 crore) as compared to the revenue (Rs 0.30 crore) earned during the period despite utilisation of *cent per cent* of training capacity (60 students) in a year. The department did not take any action to make the institute commercially viable.

Further, in absence of any budget of the institute, the department provided funds to the institute on *ad hoc* basis without assessing its requirement. Due to release of funds in excess of requirement, the bank balance (current account) of the institute increased from Rs 11.33 lakh in March 2003 to Rs 85.89 lakh in March 2008 resulting in loss of interest of Rs 10.27 lakh worked out at 5.25 *per cent per annum*.

5.9 Internal Audit

Internal audit is an important management tool of a department to examine and evaluate the level of compliance with the departmental rules and procedures. The Tourism Department had no Internal Audit Wing of its own. The Internal Audit Wing of Finance Department responsible for audit of all the State Government Departments did not ever conduct audit of Tourism Department till March 2008.

5.10 Response to CAG's Audit

The Principal Accountant General (Audit) conducts audit of the Department, Directorate and subordinate offices of the Department and major irregularities are reported through Inspection Reports (IRs). A half yearly report on the pending IRs is also sent to the Department to facilitate monitoring and compliance of audit observations. The head of office is to take action to rectify the irregularities pointed out during audit. But, even after several years of the issuance of IRs, irregularities pointed out were not rectified. As of June 2008, 56 Paragraphs in 21 IRs pertaining to periods from January 1973 to May 2007 were pending settlement indicating lack of responsiveness on the part of the Department to Audit.

5.11 Conclusions

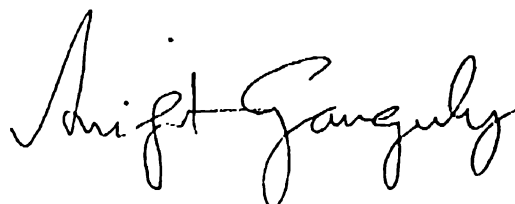
Review of the internal control mechanism revealed that given the range of activities of the Department, the control system was weak and the in-built controls were inadequate. Rules, regulations and orders of the Government on budget preparation, expenditure controls, etc. were not adhered to. The existing system could not also ensure timely implementation of Centrally Sponsored as well as other State Plan schemes and tourism promotional works, and in many cases the funds provided for such works were locked up with the executing agencies. Non-utilisation of the infrastructural facilities created as well as non-functioning of tourist lodges was indicative of indifferent operational controls. There was no system in place for ensuring accountability in the functioning of Government Tourist Lodges either. The system could not also provide reasonable assurance against the loss of resources and misappropriation of the Government money.

5.12 Recommendations

- *Compliance with rules relating to preparation of Budget estimates and Budgetary control may be ensured to avoid persistent savings and incurring of expenditure without budget provisions;*
- *The performance of the executing agencies of the projects for infrastructural development of tourism should be supervised and monitored regularly to ensure timely completion of the projects;*
- *Activities of the agencies engaged in operation and maintenance of Government tourist lodges should be monitored properly to ensure smooth functioning of the lodges;*

One full-fledged Internal Audit Wing may be set up to provide reasonable assurance regarding adequacy and effectiveness of internal controls.

The matter was referred to Government in July 2008; reply had not been received (October 2008).



(ARIJIT GANGULY)

Kolkata
The

28 JAN 2009

Principal Accountant General (Audit)
West Bengal

Countersigned



New Delhi
The

▲ 9 FEB 2009

(VINOD RAI)

Comptroller and Auditor General of India

APPENDICES

Appendix 1.1
(Refer Paragraph 1.1, Page 1)

Part A: Structure and Form of Government Accounts
(Reference: Paragraph 1.1 Page 1)

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

Part I Consolidated Fund

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled ‘The Consolidated Fund of State’ established under Article 266 (1) of the Constitution of India.

Part II Contingency Fund

Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State legislature.

PART B
LAYOUT OF FINANCE ACCOUNTS
(Reference: Paragraph 1.1 Page 1)

| Statement | Lay out |
|-----------------|--|
| Statement No 1 | Presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State. |
| Statement No 2 | Contains the summarised statement of capital outlay showing progressive expenditure to the end of 2007-08. |
| Statement No.3 | Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc. |
| Statement No.4 | Indicates the summary of debt position of the State which includes borrowings from internal debt, Government of India, other obligations and servicing of debt. |
| Statement No. 5 | Gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc. |
| Statement No. 6 | Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions. |
| Statement No. 7 | Gives the summary of cash balances and investments made out of such balances. |
| Statement No.8 | Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2008. |
| Statement No.9 | Shows the revenue and expenditure under different heads for the year 2007-08 as a percentage of total revenue/expenditure. |
| Statement No.10 | Indicates the distribution between the charged and voted expenditure incurred during the year. |
| Statement No.11 | Indicates the detailed account of revenue receipts by minor heads. |
| Statement No.12 | Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head-wise. |
| Statement No.13 | Depicts the detailed capital expenditure incurred during and to the end of 2007-08. |
| Statement No.14 | Shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc. up to the end of 2007-08. |
| Statement No.15 | Depicts the capital and other expenditure to the end of 2007-08 and the principal sources from which the funds were provided for that expenditure. |
| Statement No.16 | Gives the detailed account of receipts, disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account. |
| Statement No.17 | Presents detailed account of debt and other interest bearing obligations of the Government of West Bengal. |
| Statement No.18 | Provides the detailed account of loans and advances given by the Government of West Bengal, the amount of loan repaid during the year, the balance as on 31 March 2008. |
| Statement No.19 | Gives the details of earmarked balances of reserve funds. |

Part C

List of Terms Used in the Chapter I and basis of their calculation (Reference: Paragraph 1.2 Page 3)

| Terms | Basis of calculation |
|---|---|
| Buoyancy of a parameter | <u>Rate of Growth of the parameter</u> GSDP Growth |
| Buoyancy of a parameter (X) with respect to another parameter (Y) | <u>Rate of Growth of the parameter (X)</u> Rate of Growth of the parameter (Y) |
| Rate of Growth (ROG) | $ (\text{Current year Amount} / \text{Previous year Amount}) - 1 * 100$ |
| Development Expenditure | Social Services + Economic Services |
| Average interest paid by the State | Interest Payment / $(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2 * 100$ |
| Interest spread | GSDP growth – Weighted Interest rates |
| Quantum spread | GSDP growth * Interest spread |
| Interest received as <i>per cent</i> to Loans Advances | Interest Received $[(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$ |
| Revenue Deficit | Revenue Receipt – Revenue Expenditure |
| Fiscal Deficit | Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts |
| Primary Deficit | Fiscal Deficit – Interest Payments |
| Balance from Current Revenue (BCR) | Revenue Receipts <u>minus</u> all Plan grants and Non-Plan Revenue Expenditure excluding expenditure recorded under the Major head debits under 2048-Appropriation for Reduction or Avoidance of Debt |

Appendix 1.2

(Refer paragraph 1.2, Page 3)

Statement showing summarised financial position of the State Government as on 31 March 2008

| Amount as on 31 March 2007 | Liabilities | Amount as on 31 March 2008 | Amount as on 31 March 2007 | Assets | Amount as on 31 March 2008 |
|----------------------------|--|----------------------------|----------------------------|---|----------------------------|
| (| R u p e e s | i n | | e r o r e |) |
| 91979.06 | Internal debt including Ways and Means Advance (Market Loans, Loans from LIC and others) | 103355.35 | 19546.56 | Gross Capital outlay | 22234.29 |
| | | | 7641.58 | Investments in shares of Companies, Corporations | 8847.89 |
| 20883.67 | Market loans bearing interest | 31579.05 | 11904.98 | Other Capital outlay | 13386.40 |
| (-) 40.88 | Market loans not bearing interest | 3.68 | 17872.19 | Loans and Advances | 18437.67 |
| | | | 757.98 | Loans for Social Services | 831.01 |
| 28.97 | Loans from Life Insurance Corporation of India | 24.67 | 13436.61 | Loans for Energy | 13784.84 |
| 10328.73 | Loans from other Institutions | 10033.30 | 3519.98 | Loans for Economic Services excluding Energy | 3695.64 |
| - | Ways and Means Advances including Overdraft | - | 157.04 | Loans to Government Servants | 125.60 |
| | | | 0.58 | Miscellaneous purposes | 0.58 |
| 60778.57 | Spl. Securities issued to NSS Fund of Central Government | 61714.65 | | | |
| 14784.11 | Loans and Advances from the Central Government | 14160.64 | 29.74 | Advances | 29.53 |
| | | | 52.69 | Remittance Balance | (-) 80.58 |
| 148.50 | Pre 1984-85 Loans | 82.28 | (-) 1606.13 | Suspense and Miscellaneous | (-) 2086.47 |
| 2863.08 | Non-Plan Loans | 2354.43 | 1506.04 | Investment in earmarked Funds | 1928.59 |
| 11707.63 | Loans for State Plan Schemes | 11658.04 | 1370.99 | Cash | 2166.19 |
| 60.40 | Loans for Centrally sponsored Plan Schemes | 61.73 | | | |
| | | | 0.32 | Cash in treasuries and local remittances | 0.36 |
| 4.50 | Loans for Central Plan Schemes | 4.16 | 32.35 | Departmental cash balance including permanent advance | 40.98 |
| 12.81 | Contingency Fund | 12.69 | (-) 70.88 | Deposit with Reserve Bank of India | (-) 257.39 |
| 5382.81 | Small Savings, Provident Funds, etc. | 5701.75 | 1409.20 | Cash Balance | 2382.24 |
| 7793.45* | Deposits | 8582.67 | | Investment Account | |
| 2458.20 | Reserve Funds | 2601.52 | 83638.36 | Deficit on Government Account | 91785.40 |
| | | | 75305.41 | Accumulated deficit up to 31 March 2007 | 83638.36 |
| | | | 8332.95 | Add: Deficit of Current year | 8147.04 |
| | | | | Nil Less : Net Miscellaneous receipt | Nil |
| 122410.45 | | 134414.62 | 122410.44 | | 134414.62 |

Difference of 0.01 due to rounding

Appendix 1.3

(Refer paragraph 1.2, Page 3)

Statement showing abstract of receipts and disbursements for the year 2007-2008

| 2006-2007 | | Receipt | | 2007-2008 | | Disbursements | | 2007-2008 | |
|---------------|---|----------|----------|-----------|--|---------------|----------|-----------|----------|
| (R u p e e s) | | (e s e) | | (e s e) | | (o r e) | | (e s e) | |
| | | | | | | | Non-Plan | Plan | Total |
| | Section A : Revenue | | | | | | | | |
| 25828.32 | Revenue Receipts | | 30167.38 | 34161.27 | Revenue Expenditure | 31562.85 | 6751.57 | 38314.42 | 38314.42 |
| | | | | 17901.30 | General Services | 18794.27 | 72.31 | 18866.58 | |
| 11694.77 | - Tax revenue | 13126.34 | | 11379.98 | Social Services | 9409.30 | 4053.70 | 13463.00 | |
| | | | | | - Education, Sports, Arts and Culture | 5854.48 | 1201.07 | 7055.55 | |
| 1248.77 | - Non-tax revenue | 1473.09 | | 6254.09 | - Health and Family Welfare | 1391.75 | 382.05 | 1773.80 | |
| | | | | 1611.05 | - Water Supply, Sanitation, Housing and Urban Development | 980.00 | 1138.10 | 2118.10 | |
| 8505.60 | - State's share of Union taxes and duties | 10729.06 | | 1772.73 | - Information and Broadcasting | 50.84 | 2.90 | 53.74 | |
| 1492.32 | - Non Plan grants | 971.90 | | 47.45 | - Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 144.84 | 214.65 | 359.49 | |
| | | | | 301.25 | - Labour and Labour Welfare | 61.26 | 11.11 | 72.37 | |
| 1735.87 | Grants for State Plan Scheme | 2420.90 | | 56.38 | - Social Welfare and Nutrition | 882.22 | 1046.92 | 1929.14 | |
| | | | | 1259.63 | - Others | 43.91 | 56.90 | 100.81 | |
| 1150.99 | - Grants for Central and Centrally sponsored Plan Schemes | 1446.09 | | 77.40 | Economic Services | 2947.45 | 2606.36 | 5553.81 | |
| | | | | 4503.93 | - Agriculture and Allied Activities | 749.71 | 393.67 | 1143.38 | |
| | | | | 855.04 | - Rural Development | 700.87 | 1065.92 | 1766.79 | |
| | | | | 1236.89 | - Special Areas Programmes | 191.23 | 298.13 | 489.36 | |
| | | | | 460.07 | - Irrigation and Flood Control | 553.95 | 32.90 | 586.85 | |
| | | | | 617.51 | - Energy | - | 57.90 | 57.90 | |
| | | | | 16.40 | - Industry and Minerals | 86.79 | 471.94 | 558.73 | |
| | | | | 386.63 | - Transport | 590.38 | 250.29 | 840.67 | |
| | | | | 840.42 | - Science, Technology and Environment | 0.26 | 19.58 | 19.84 | |
| | | | | 8.86 | - General Economic Services | 74.26 | 16.03 | 90.29 | |
| | | | | 82.11 | - Grants-in-aid and Contributions | 411.83 | 19.20 | 431.03 | |
| | | | | 376.06 | | | | | |
| 8332.95 | II -Revenue deficit carried over to Section B | | 8147.04 | | | | | | |
| 34161.27 | | | 38314.42 | 34161.27 | Total | 31562.85 | 6751.57 | 38314.42 | 38314.42 |

Differences of 0.01 due to rounding

| 31/3/07 | | Receipt | | 31/3/08 | | Disbursements | | 31/3/08 | |
|-----------------------------|--|---------|---------|---------|--|---------------|---------|---------|---------|
| (R u p e e s i n c r e e) | | | | | | | | | |
| | | | | | | Non-Plan | Plan | Total | |
| 4763.99 | Section B III Opening Cash Balance including Permanent Advances and Cash Balance Investment | | 2877.03 | - | III Opening Overdraft from RBI | | | | |
| Nil | IV Miscellaneous Capital receipts | | Nil | 2018.23 | IV Capital Outlay | 19.25 | 2668.48 | 2687.73 | 2687.73 |
| | | | | 80.25 | <u>General Services</u> | 3.79 | 63.35 | 67.14 | |
| | | | | 379.13 | <u>Social Services</u> | (-) 0.57 | 766.88 | 766.31 | |
| | | | | | - Education, Sports, Arts And Culture | 0.03 | 31.22 | 31.25 | |
| | | | | 10.32 | - Health and Family Welfare | 0.03 | 112.96 | 112.99 | |
| | | | | 67.07 | - Water Supply, Sanitation, Housing and Urban Development | (-) 0.85 | 588.06 | 587.21 | |
| | | | | 269.69 | - Information and Broadcasting | - | 0.55 | 0.55 | |
| | | | | 0.62 | - Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | - | 7.93 | 7.93 | |
| | | | | 13.32 | - Labour and Labour Welfare | - | 21.41 | 21.41 | |
| | | | | - | - Social Welfare and Nutrition | - | - | - | |
| | | | | 14.30 | - Social Security and Welfare | 0.22 | 4.75 | 4.97 | |
| | | | | 13.13 | - Other Social Services | 16.03 | 1838.25 | 1854.28 | |
| | | | | 3.81 | <u>Economic Services</u> | | | | |
| | | | | 1558.85 | - Agriculture and Allied Activities | 7.58 | 38.01 | 45.59 | |
| | | | | 39.60 | - Rural Development | - | 0.05 | 0.05 | |
| | | | | 0.02 | - Special Areas Programmes | - | 111.60 | 111.60 | |
| | | | | 72.82 | - Irrigation and Flood Control | - | 312.12 | 312.12 | |
| | | | | 207.90 | - Energy | - | 985.82 | 985.82 | |
| | | | | 791.83 | - Industry and Minerals | 7.58 | 46.60 | 54.18 | |
| | | | | 119.56 | - Transport | 0.86 | 311.10 | 311.96 | |
| | | | | 300.18 | - Science, Technology and Environment | | | | |
| | | | | - | - General Economic Services | 0.01 | 32.95 | 32.96 | |
| 237.90 | V Recoveries of Loans and Advances | | 496.64 | 1317.26 | V Loans and Advances disbursed | 46.98 | 1015.14 | 1062.12 | 1062.12 |
| | | | | | - For Power Projects | | | 788.14 | |
| 159.71 | - From Power Projects | 439.91 | | 1091.96 | - To Government Servants | 1.81 | - | 1.81 | |
| 38.98 | - From Government Servants | 33.25 | | 2.08 | - To Others | | | 272.17 | |
| 39.21 | - From Others | 23.48 | | 223.22 | | | | | |

* Minus figure due to excess adjustment on Capital Heads

*Minus balance under reconciliation with RBI

Appendix 1.4

(Refer paragraph 1.2, Page 3)

Statement showing sources and application of funds

(Rupees in crore)

| 2006-2007 | | Sources | 2007-2008 |
|-----------|------|--|-----------|
| 25828.32 | 1. | Revenue receipts | 30167.38 |
| 237.90 | 2. | Recoveries of Loans and Advances | 496.64 |
| 7325.99 | 3(a) | Increase in Public debt other than overdraft | 10752.82 |
| | 4. | Net receipts from Public account | |
| 313.90 | | Increase in Small Savings | 318.95 |
| 893.05 | | Increase in Deposits and Advances | 789.43 |
| 244.12 | | Net effect of Remittance | 133.27 |
| 401.00 | | Net effect of suspense and Miscellaneous | 480.34 |
| 370.77 | 5. | Increase in Reserve Funds | 143.31 |
| - | 6. | Net effect of contingency fund | - |
| 2285.21 | | Decrease in total cash balance | - |
| 37900.26 | | Total | 43282.14 |
| | | Applications | |
| 34161.28* | 1. | Revenue expenditure | 38314.42 |
| 1317.26 | 2. | Lending for development and other purposes | 1062.12 |
| 2018.23 | 3. | Capital expenditure | 2687.73 |
| - | 4. | Net effect of Miscellaneous Government Account | - |
| - | 5. | Increase in closing cash balance | 795.20 |
| - | 6. | Net effect of Suspense and Miscellaneous | - |
| - | 7. | Net effect of Deposits and Advances | - |
| - | 8. | Net effect of remittance | - |
| 5.24 | 9. | Net effect of Contingency Fund | 0.12 |
| 398.25 | 10. | Investment in ear-marked fund | 422.55 |
| 37900.26 | | Total | 43282.14 |

Difference of 0.01 due to rounding

Explanatory Notes for Appendices 1.8, 1.9 and 1.10

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in **Appendix 1.8** indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc. do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement etc.
4. There was an unreconciled difference of Rs 21.39 crore (credit) between the figures reflected in the accounts and that intimated by the RBI under "Deposit with Reserve Bank". The difference was under reconciliation (September 2008).

Appendix 1.5
(Refer paragraph 1.2, Page 3)
Statement showing time series data on State Government finances

| | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 | 2007-2008 |
|--|------------------|------------------|------------------|----------------|----------------|
| | (Rupees) | (Rupees) | (Rupees) | (Rupees) | (Rupees) |
| Part A: Receipts | | | | | |
| 1. Revenue Receipts | 16608 | 19918 | 23726 | 25828 | 30167 |
| (i) Tax Revenue | 8768(53) | 9924(50) | 10388(44) | 11695(45) | 13126(44) |
| Taxes on Agricultural Income | 1 | 2 | 2 | 1 | (-) |
| Taxes on Sales, Trade, etc. | 4831(55) | 5716(58) | 6109(59) | 7079(61) | 8060(61) |
| State Excise | 620(7) | 672(7) | 743(7) | 817(7) | 935(7) |
| Taxes on Vehicles | 535(6) | 528(5) | 538(5) | 509(4) | 532(4) |
| Stamps and Registration fees | 795(9) | 1007(10) | 1178(11) | 1259(11) | 1417(11) |
| Land Revenue | 933(11) | 1133(11) | 917(9) | 953(8) | 1040(8) |
| Other taxes | 993(11) | 866(9) | 901(9) | 1077(9) | 1145(9) |
| (ii) Non Tax Revenue | 606(4) | 1346(7) | 1019(4) | 1249(5) | 1473(5) |
| (iii) State's share of Union taxes and duties | 5341(32) | 6385(32) | 6668(28) | 8505(33) | 10729(35) |
| (iv) Grants in aid from GOI | 1893(11) | 2263(11) | 5650(24) | 4379(17) | 4839(16) |
| 2. Misc. Capital Receipts | Nil | Nil | Nil | Nil | Nil |
| 3. Total revenue and Non debt capital receipts (1+2) | 16608 | 19918 | 23726 | 25828 | 30167 |
| 4. Recoveries of Loans and Advances | 91 | 747 | 631 | 238 | 497 |
| 5. Public Debt Receipts | 20677 | 16124 | 15506 | 11032 | 15333 |
| Internal Debt (excluding Ways and Means Advances and Overdrafts) | 18638(90) | 14485(90) | 14922(96) | 10411(94) | 14639 |
| Net transactions under Ways and Means Advances and Overdrafts | 668(3) | | | | |
| Loans and Advances from Government of India ¹ | 1371(7) | 1639(10) | 584(4) | 621(6) | 694 |
| 6. Total receipts in the Consolidated Fund (3+4+5) | 37376 | 36789 | 39863 | 37098 | 45997 |
| 7. Contingency Fund Receipts | | | | | |
| 8. Public Account receipts | 29800 | 30460 | 32184 | 35408 | 50943 |
| 9. Total receipts of the State (6+7+8) | 67176 | 67249 | 72047 | 72506 | 96939 |
| Part B: Expenditure / Disbursement | | | | | |
| 10. Revenue Expenditure | 25757(87) | 28146(90) | 31117(92) | 34161 | 38314 |
| Plan | 1921(7) | 2635(9) | 4292(14) | 4802(14) | 6751(18) |
| Non-Plan | 23836(93) | 25511(91) | 26825(86) | 29359(86) | 31563(82) |
| General Services (including Interests Payments) | 14419(56) | 15710(56) | 16348(53) | 17901(53) | 18867(49) |
| Social Services | 8036(31) | 8627(31) | 9800(31) | 11380(33) | 13463(35) |
| Economic Services | 3044(12) | 3557(12) | 4635(15) | 4504(13) | 5554(15) |
| Grants-in-aid and Contribution | 258(1) | 252(1) | 334(1) | 376(1) | 431(1) |
| 11. Capital Expenditure | 756(3) | 1834(7) | 1653(5) | 2018 | 2688 |
| Plan | 743(98) | 829(45) | 1362(82) | 2009(100) | 2669(99) |
| Non Plan | 13(2) | 1005(55) | 291(18) | 9 | 19(1) |
| General Services | 15(2) | 24(1) | 28(2) | 80(4) | 67(2) |
| Social Services | 140(19) | 150(8) | 316(19) | 379(19) | 766(29) |
| Economic Services | 601(79) | 1660(91) | 1309(79) | 1559(77) | 1855(69) |
| 12. Disbursement of Loans and Advances | 3056 | 1337 | 1189 | 1317 | 1062 |
| 13. Total (10+11+12) | 29569 | 31317 | 33958* | 37496 | 42064 |
| 14. Repayments of Public Debt | 8851 | 3006 | 6629 | 3706 | 4580 |
| Internal Debt (excluding Ways and Means Advances and Overdrafts) | 2162 | 953 | 1734 | 2428 | 3263 |
| Net transactions under Ways and Means Advances and Overdrafts | 668 | 830 | | | |
| Loans and Advances from Government of India | 6689 | 1223 | 4895 | 1278 | 1317 |
| 15. Appropriation to Contingency Fund | Nil | Nil | 4 | 2 | 7 |
| 16. Total disbursement out of Consolidated Fund (13+14+15) | 38420 | 34323 | 40592 | 41204 | 46651 |
| 17. Contingency Fund disbursements | 0.86 | 2 | 2 | 7 | 7 |
| 18. Public Account disbursements | 28903 | 32179 | 27866 | 33185 | 49077 |
| 19. Total disbursement by the state (16+17+18) | 67323.86 | 66504 | 68460 | 74396 | 95735 |
| Part C: Deficits | | | | | |
| 20. Revenue Deficit (1-10) | - 9149 | - 8228 | - 7391 | - 8333 | - 8147 |
| 21. Fiscal Deficit (3+4-13) | - 12870 | - 10653 | - 9601 | - 11430 | - 11400 |
| 22. Primary Deficit (21-23)/Surplus | - 3516 | - 886 | + 368 | - 252 | + 194 |
| Part D: Other data | | | | | |
| 23. Interest Payments (included in revenue exp.) | 9354 | 9767 | 9969 | 11179 | 11594 |
| 24. Arrears of Revenue (Percentage of Tax & non-tax Revenue Receipts) | 1489(16) | 1718(15) | 1937(17) | 1588 | NA |
| 25. Financial Assistance to local bodies etc. | 6330 | 7013 | 9117 | 8715 | 12354 |
| 26. Ways and Means Advances/Overdraft availed (days) | 361 | 334 | 3** | 7 | 65 |
| 27. Interest on WMA/Overdraft | 61 | 42 | 0.09 | - | 33 |
| 28. Gross State Domestic Product (GSDP) | 172540 | 188998 | 212453 | 246611 | 279781 |
| 29. Outstanding Debt (year end) | 89389 | 104334 | 113493 | 122398 | 134402 |
| 30. Outstanding guarantees (year end) | 11044 | 14871 | 14085 | 13137 | 13684 |
| 31. Maximum amount guaranteed (year end) | 17256 | 21488 | 22379 | 21826 | 23118 |
| 32. Number of incomplete projects | 25 | 25 | 25 | 25 | 25 |
| 33. Capital blocked in incomplete projects² | 1572 | 1567 | 1606 | 1653 | 1814 |

¹ Includes Ways and Means Advances from GOI

Note : Figures in brackets represent percentage (rounded)

² Represents progressive amount blocked in incomplete projects at the end of the year based on figures collected from departmental heads (Details in Appendix 1.12).

* Due to rounding

**Special Ways and Means Advances

³ The department did not furnish figure in respect of Sales Tax as the scheme for settlement of disputes was in currency. However, 82.08 crore stood outstanding as on 31.03.2008 in respect of other tax revenue.

Appendix 1.6

(Refer Paragraph 1.5.5, Page 17)

Statement showing Utilisation Certificates for grants outstanding from departments

| Sl. No. | Department | Up to 2004-2005 | | 2005-2006 | | 2006-2007 (up to 31-12-2007) | | Total | |
|---------|--------------------------------------|-----------------|-----------------|--------------|-----------|------------------------------|-----------|--------------|------------|
| | | No. of items | Amount | No. of items | Amount | No. of items | Amount | No. of items | Amount |
| | | | (R u p e e s) | | | | | | |
| 1 | Agriculture | 553 | 13624.05 | 62 | 178.16 | 73 | 436.11 | 688 | 14238.32 |
| 2 | Animal Resources Development | 40 | 267.49 | 09 | 178.97 | 02 | 0.09 | 51 | 446.55 |
| 3 | Commerce and Industries | 01 | 0.06 | 01 | 1.51 | - | - | 02 | 1.57 |
| 4 | Consumer Affairs | 103 | 12585.10 | 18 | 16233.91 | 12 | 19152.14 | 133 | 47971.15 |
| 5 | Co-operation | 117 | 3293.29 | 40 | 1561.70 | 09 | 1183.26 | 166 | 6038.25 |
| 6 | Cottage and Small Scale Industries | 321 | 9808.18 | 226 | 21997.52 | 46 | 1650.40 | 593 | 33456.10 |
| 7 | Development and Planning | 231 | 12498.46 | 198 | 9285.62 | 118 | 8515.97 | 547 | 30300.05 |
| 8 | Education | 16449 | 461698.01 | 2951 | 33935.79 | 1839 | 24238.18 | 21239 | 519871.98 |
| 9 | Environment | 18 | 957.52 | 22 | 336.75 | - | - | 40 | 1294.27 |
| 10 | Excise | 01 | 0.10 | - | - | - | - | 01 | 0.10 |
| 11 | Finance | 34 | 3304.26 | 105 | 673.46 | 58 | 7.00 | 197 | 3984.72 |
| 12 | Fisheries | 301 | 4036.10 | 144 | 2300.67 | 206 | 1287.35 | 651 | 7624.12 |
| 13 | Food Processing and Horticulture | 24 | 232.45 | 24 | 121.01 | 02 | 10.93 | 50 | 364.39 |
| 14 | Food and Supply | 10 | 9875.15 | 02 | 0.61 | 01 | 5.39 | 13 | 9881.15 |
| 15 | Forest | 09 | 54.42 | 06 | 204.18 | 10 | 323.43 | 25 | 582.03 |
| 16 | Governor's Secretariat | 02 | 5.37 | 01 | 0.08 | - | - | 03 | 5.45 |
| 17 | Health and Family Welfare | 160 | 737.06 | 48 | 352.12 | 94 | 584.20 | 302 | 1673.38 |
| 18 | Hill Affairs | 50 | 1237.97 | 93 | 2559.91 | 107 | 3361.28 | 250 | 7159.16 |
| 19 | Home (Parliamentary Affairs) | 637 | 12165.06 | 441 | 11705.50 | 61 | 148.30 | 1139 | 24018.86 |
| 20 | Industrial Reconstruction | 03 | 148.79 | - | - | - | - | 03 | 148.79 |
| 21 | Information and Cultural Affairs | 277 | 938.33 | 190 | 514.00 | 68 | 505.03 | 535 | 1957.36 |
| 22 | Irrigation and Waterways | 09 | 107.38 | 05 | 1566.56 | - | - | 14 | 1673.94 |
| 23 | Judicial | 23 | 659.37 | 07 | 16.61 | 03 | 219.00 | 33 | 894.98 |
| 24 | Labour | 709 | 1438.48 | 181 | 434.59 | 33 | 124.54 | 923 | 1997.61 |
| 25 | Land and Land Reforms* | 458 | 3799.72 | 149 | 707.30 | 09 | 19.92 | 616 | 4526.94 |
| 26 | Law | - | - | - | - | 03 | 9.16 | 03 | 9.16 |
| 27 | Municipal Affairs | 2380 | 61139.69 | 2225 | 59456.46 | 1750 | 43217.09 | 6355 | 163813.24 |
| 28 | Power | 43 | 7823.66 | 25 | 33914.15 | 11 | 805.26 | 79 | 42543.07 |
| 29 | Public Enterprises* | 01 | 1530.81 | 01 | 173.78 | 10 | 1049.47 | 12 | 2754.06 |
| 30 | Public Health Engineering | 11 | 146.38 | - | - | 49 | 1174.39 | 60 | 1320.77 |
| 31 | Public Works | 20 | 796.98 | 08 | 202.92 | 01 | 7.50 | 29 | 1007.40 |
| 32 | Relief | 50 | 296.23 | 22 | 139.98 | 122 | 2529.57 | 194 | 2965.78 |
| 33 | Panchayat and Rural Development | 7341 | 52859.52 | 4233 | 61826.20 | 4065 | 49317.46 | 15639 | 164003.18 |
| 34 | Backward Classes Welfare* | 520 | 3532.58 | 20 | 53.55 | 08 | 8.38 | 548 | 3594.51 |
| 35 | Social Welfare | 1539 | 10779.09 | 503 | 1167.79 | 119 | 719.05 | 2161 | 12665.93 |
| 36 | Sports and Youth Services | 1696 | 4560.21 | 459 | 1696.66 | 209 | 344.63 | 2364 | 6601.50 |
| 37 | Sunderban Affairs | 02 | 57.20 | 01 | 4.01 | 07 | 470.72 | 10 | 531.93 |
| 38 | Tourism | 17 | 336.47 | 19 | 654.71 | 04 | 52.14 | 40 | 1043.32 |
| 39 | Transport | 63 | 15797.46 | 110 | 26677.70 | 27 | 6385.65 | 200 | 48860.81 |
| 40 | Urban Development | 36 | 2462.92 | 30 | 532.81 | 34 | 5482.82 | 100 | 8478.55 |
| 41 | Water Investigation and Development | 23 | 2203.89 | 07 | 405.18 | 02 | 859.40 | 32 | 3468.47 |
| 42 | Housing | - | - | - | - | 01 | 449.94 | 01 | 449.94 |
| 43 | Information and Technology | - | - | - | - | 01 | 39.50 | 01 | 39.50 |
| 44 | Minorities Development | - | - | - | - | 09 | 56.58 | 09 | 56.58 |
| 45 | Personnel and Administrative Reforms | - | - | - | - | 01 | 1.08 | 01 | 1.08 |
| Total | | 34282 | 717795.26 | 12586 | 291772.43 | 9184 | 174752.31 | 56052 | 1184320.00 |

* Land Revenue, Public Undertakings and SC/ST Welfare respectively in previous Report

Appendix 1.7

(Refer paragraph 1.5.6, Page 18)

Statement showing Audit Reports not laid before the Legislature

| Sl No | Organisation | Department responsible for laying the Report | Year(s) of Accounts for which Audit Report has been issued but not laid | Month of issue of Audit Report(s) |
|-------|--|--|---|--|
| 1 | West Bengal Comprehensive Area Development Corporation | Panchayat and Rural Development | 2005-2006 | May 2008 |
| 2 | West Bengal Human Rights Commission | Home (Special Cell) | 2005-2006 | October 2008 |
| 3 | West Bengal Commission for Women | Women & Child Development & Social Welfare | 2006-2007 | July 2008 |
| 4 | West Bengal State Legal Services Authority | Judicial | 1998-1999 1999-2000 2000-2001 2001-2002 2002-2003 2003-2004 2004-2005 2005-2006 | October 2001 April 2002 November 2002 March 2003 December 2003 October 2005 December 2006 June 2007 |
| 5 | West Bengal University of Animal & Fishery Sciences | Animal Resources Development | 1995-1996 1996-1997 1997-1998 1998-1999 1999-2000 2000-2001 2001-2002 2002-2003 2003-2004 | March 2004 April 2004 June 2004 July 2004 March 2005 May 2008 May 2008 May 2008 May 2008 |
| 6 | West Bengal Heritage Commission | Information and Cultural Affairs | 2003-2004 2004-2005 2005-2006 | March 2008 |
| 7 | Commissioners for Rabindra Setu | Public Works | 2002-2003 2003-2004 2004-2005 2005-2006 2006-2007 | June 2004 August 2005 June 2006 March 2007 February 2008 |
| 8 | Hooghly River Bridge Commissioners | Transport | 2004-2005 2005-2006 | October 2007 July 2008 |
| 9 | Kolkata Metropolitan Development Authority | Urban Development | 2003-2004 | July 2008 |
| 10 | West Bengal Housing Board | Housing | 2006-2007 | January 2008 |
| 11 | Darjeeling Gorkha Hill Council | Hill Affairs | 1988-1989 to 1990-1991 | July 2008 |

Appendix 1.8
(Refer paragraph 1.5.6, Page 18)

Statement showing status of audit

| Sl No | Name of the Body/ Authority | Period upto which audit is entrusted | Year upto which Accounts due for submission | Year upto which Accounts were submitted | Period upto which Audit Report had been issued | Date of issue of audit report | Year upto which Audit Report had been Laid before the legislature | Remarks |
|-------|--|--------------------------------------|---|---|--|-------------------------------|---|--|
| 1 | West Bengal Comprehensive Area Development Corporation | 2008-2009 | 2007-2008 | 2006-2007 | 2005-2006 | 13.05.2008 | 2004-2005 | |
| 2 | West Bengal University of Animal & Fishery Sciences | 2009-2010 | 2007-2008 | 2003-2004 | 2003-2004 | 08.05.2008 | - | Reminder for laying of ARs issued in May 2008. |
| 3 | Darjeeling Gorkha Hill Council | 2007-2008 | 2007-2008 | 1990-1991 | 1990-1991 | 11.07.2008 | Nil | Latest reminder for submission of accounts issued in May 2008. |
| 4 | West Bengal Commission for Women | 2011-2012 | 2007-2008 | 2006-2007 | 2006-2007 | 15.07.2008 | 2005-2006 | Latest reminder for submission of accounts issued in May 2008. |
| 5 | West Bengal Human Rights Commission | Permanent entrustment | 2007-2008 | 2005-2006 | 2005-2006 | 22.10.2008 | 2004-2005 | Latest reminder for laying of ARs and submission of accounts issued in April 2008 and May 2008 respectively. |
| 6 | State Legal Services Authority, West Bengal | Permanent entrustment | 2007-2008 | 2006-2007 | 2005-2006 | 22.06.2007 | 1997-1998 | Latest reminder for laying of ARs and submission of accounts issued in May 2008 and June 2008 respectively. |
| 7 | West Bengal Heritage Commission | 2010-2011 | 2007-2008 | 2006-2007 | 2005-2006 | 11.03.2008 | - | |
| 8 | Commissioners for Rabindra Setu | 2004-2009 | 2007-2008 | 2006-2007 | 2006-2007 | 12.02.2008 | 2001-2002 | |
| 9 | Hooghly River Bridge Commissioners | 2002-2007 | 2007-2008 | 2006-2007 | 2005-2006 | 24.07.2008 | 2003-2004 | |
| 10 | Kolkata Metropolitan Development Authority | 2007-2012 | 2007-2008 | 2005-2006 | 2003-2004 | 29.07.2008 | 2002-2003 | |
| 11 | West Bengal Housing Board | 2007-2012 | 2007-2008 | 2007-2008 | 2006-2007 | 03.01.2008 | 2006-2007 | |

Appendix 1.9

(Refer paragraph 1.5.7, Page 18)

Statement showing arrears in preparation of accounts

| Name of the bodies | Number of years | Accounts in arrear | Number of accounts in arrears |
|--|-----------------|------------------------|-------------------------------|
| Municipal Corporations/ Municipalities | 1-5 | 2002-2003 to 2006-2007 | 45 |
| Universities and other Educational Institution | 1-6 | 2000-2001 to 2005-2006 | 6 |
| Others | 1-2 | 2003-2004 to 2004-2005 | 2 |

Appendix 1.10

(Refer paragraph 1.5.8, Page 18)

Statement showing unutilised Government Grant as on 31 March 2008

| Sl. No. | Name of the Institution | Year of Accounts audited | Unutilised grants (Rs in Lakh) |
|---|-----------------------------------|--------------------------|--------------------------------|
| UNIVERSITY | | | |
| 1 | Uttar Banga Krishi Viswavidyalaya | 2000-2006 | 127.82 |
| | | Total | 127.82 |
| ZILLA PARISHAD | | | |
| 2 | Bankura | 2006-2007 | 2406.02 |
| 3 | Birbhum | 2006-2007 | 1429.36 |
| 4 | Bardhaman | 2006-2007 | 6212.35 |
| 5 | Cooch Behar | 2005-2006 | 2351.44 |
| 6 | Dakshin Dinajpur | 2005-2006 | 1963.59 |
| 7 | Hooghly | 2005-2006 | 1400.18 |
| 8 | Howrah | 2006-2007 | 1016.09 |
| 9 | Jalpaiguri | 2006-2007 | 2686.90 |
| 10 | Maldah | 2005-2006 | 1295.89 |
| 11 | Murshidabad | 2005-2006 | 4028.42 |
| 12 | Nadia | 2006-2007 | 1921.07 |
| 13 | North 24 Parganas | 2006-2007 | 1336.06 |
| 14 | Paschim Medinipur | 2006-2007 | 2424.42 |
| 15 | Purba Medinipur | 2005-2006 | 4466.65 |
| 16 | Purulia | 2006-2007 | 2433.20 |
| 17 | Siliguri | 2005-2006 | 63.39 |
| 18 | South 24 Parganas | 2005-2006 | 4908.83 |
| | | Total | 42343.86 |
| MUNICIPAL CORPORATION/MUNICIPALITY | | | |
| 19 | Alipurdwar | 2005-2007 | 403.21 |
| 20 | Asansol | 2006-2007 | 320.85 |
| 21 | Ashoknagar-Kalyangarh | 2005-2007 | 164.70 |
| 22 | Baidyabati | 2004-2007 | 231.98 |
| 23 | Bally | 2006-2007 | 380.59 |
| 24 | Bankura | 2005-2007 | 383.73 |
| 25 | Barrackpore | 2004-2006 | 56.03 |
| 26 | Baruipur | 2005-2007 | 117.16 |
| 27 | Bashirhat | 2005-2007 | 558.18 |
| 28 | Balurghat | 2005-2007 | 649.83 |
| 29 | Bhatpara | 2004-2007 | 439.73 (2005-2006) |
| 30 | Bolpur | 2004-2007 | 17.88 |
| 31 | Champdani | 2005-2007 | 337.51 (2005-2006) |
| 32 | Contai | 2004-2006 | 152.64 |
| 33 | Cooper's Camp | 2005-2007 | 87.61 |
| 34 | Dainhat | 2005-2007 | 169.61 |
| 35 | Darjeeling | 2002-2006 | 246.67 |
| 36 | Diamond Harbour | 2005-2007 | 247.78 |
| 37 | Dinhata | 2005-2007 | 218.29 |
| 38 | Dubrajpur | 2005-2006 | 141.02 |
| 39 | Durgapur | 2006-2007 | 1029.59 |
| 40 | English Bazar | 2005-2007 | 450.27 |
| 41 | Gangarampur | 2006-2007 | 333.92 |
| 42 | Ghatal | 2004-2007 | 290.38 |
| 43 | Guskara | 2005-2007 | 206.21 |
| 44 | Haldia | 2004-2006 | 358.54 |
| 45 | Haldibari | 2005-2007 | 66.13 |
| 46 | Halisahar | 2005-2007 | 89.65 |
| 47 | Hooghly-Chinsurah | 2005-2007 | 306.02 |
| 48 | Jhalda | 2005-2007 | 133.29 |
| 49 | Jainagar-Majilpur | 2005-2007 | 176.22 |
| 50 | Kaliaganj | 2006-2007 | 165.81 |
| 51 | Kalna | 2005-2007 | 235.00 |
| 52 | Kalyani | 2006-2007 | 285.90 (2005-2006) |
| 53 | Kanchrapara | 2005-2006 | 278.41 |

| Sl. No. | Name of the Institution | Year of Accounts audited | Unutilised grants (Rs in Lakh) |
|--------------------------------|-----------------------------------|--------------------------|--------------------------------|
| 54 | Kandi | 2005-2007 | 125.33 |
| 55 | Khardah | 2005-2006 | 371.35 |
| 56 | Konnagar | 2004-2007 | 116.17 |
| 57 | Kurseong | 2002-2006 | 155.56 |
| 58 | Madhyamgram | 2005-2007 | 272.00 |
| 59 | Maheshbala | 2005-2006 | 958.99 |
| 60 | New Barrackpore | 2004-2006 | 149.51 |
| 61 | North Barrackpore | 2005-2006 | 139.85 |
| 62 | North Dum Dum | 2004-2007 | 277.70 |
| 63 | Old Malda | 2005-2007 | 250.23 |
| 64 | Panskura | 2005-2006 | 205.87 |
| 65 | Raghunathpur | 2003-2006 | 168.24 |
| 66 | Ramjibanpur | 2005-2007 | 125.52 |
| 67 | Rampurhat | 2004-2006 | 110.34 |
| 68 | Ranaghat | 2005-2006 | 64.63 |
| 69 | Raniganj | 2005-2006 | 346.16 |
| 70 | Sainthia | 2005-2007 | 250.15 |
| 71 | Santipur | 2005-2007 | 180.45 |
| 72 | Serampore | 2004-2006 | 198.64 |
| 73 | Siliguri | 2005-2006 | 567.87 |
| 74 | Sonamukhi | 2005-2007 | 107.88 |
| 75 | South Dum Dum | 2005-2007 | 585.52 (2005-2006) |
| 76 | Suri | 2005-2007 | 426.59 |
| 77 | Tarakeswar | 2005-2007 | 172.11 |
| 78 | Uttarpara-Kotrung | 2004-2006 | 134.17 |
| * Total | | | 16191.17 |
| LOCAL LIBRARY AUTHORITY | | | |
| 79 | Local Library Authority - Bankura | 2004-2007 | 66.83 |
| Total | | | 66.83 |
| Grand Total | | | 58729.68 |

Appendix 1.11

(Refer Paragraph 1.6, Page 18)

Statement showing year-wise and department-wise analysis of cases of misappropriation, losses, etc. awaiting final action at the end of March 2008

| Sl. No. | Name of the Department | Reported up to 31 March 2006 | | Reported in 2006-2007 | | Reported in 2007-2008 | | Total | |
|--------------------------------------|-------------------------------------|------------------------------|-----------------|-----------------------|-----------------|-----------------------|-----------------|------------|-----------------|
| | | Number | Amount (Rupees) | Number | Amount (Rupees) | Number | Amount (Rupees) | Number | Amount (Rupees) |
| 1 | Agriculture | 44 | 1549708 | - | - | - | - | 44 | 1549708 |
| 2 | Animal Resources Development | 23 | 1823524 | - | - | - | - | 23 | 1823524 |
| 3 | Commerce and Industries | 1 | 150311 | - | - | - | - | 1 | 150311 |
| 4 | Cottage and Small Scale Industries | 1 | 997653 | - | - | - | - | 1 | 997653 |
| 5 | Finance | 10 | 1386489 | - | - | 1 | 12650 | 11 | 1399139 |
| 6 | Fisheries | 1 | 912384 | - | - | - | - | 1 | 912384 |
| 7 | Food and Supplies | 3 | 50157 | - | - | - | - | 3 | 50157 |
| 8 | Forests | 6 | 1217613 | - | - | - | - | 6 | 1217613 |
| 9 | Health and Family Welfare | 68 | 6516194 | - | - | - | - | 68 | 6516194 |
| 10 | Higher Education | 1 | 31800 | - | - | - | - | 1 | 31800 |
| 11 | Home (Civil Defence) | 1 | 190892 | - | - | - | - | 1 | 190892 |
| 12 | Home (Police) | 11 | 634910 | - | - | - | - | 11 | 634910 |
| 13 | Housing | 1 | 177875 | - | - | - | - | 1 | 177875 |
| 14 | Irrigation and Waterways | 20 | 9881355 | - | - | - | - | 20 | 9881355 |
| 15 | Judicial | 4 | 586759 | - | - | - | - | 4 | 586759 |
| 16 | Labour | 11 | 168190 | - | - | - | - | 11 | 168190 |
| 17 | Land and Land Reforms | 355 | 4660185 | - | - | - | - | 355 | 4660185 |
| 18 | Mass Education Extension | 1 | 1250 | - | - | - | - | 1 | 1250 |
| 19 | Municipal Affairs | 1 | 187000 | - | - | - | - | 1 | 187000 |
| 20 | Public Health Engineering | 2 | 2932711 | - | - | - | - | 2 | 2932711 |
| 21 | Public Works | 5 | 174437 | - | - | - | - | 5 | 174437 |
| 22 | Public Works (Roads) | 5 | 2254372 | - | - | - | - | 5 | 2254372 |
| 23 | Relief | 4 | 2082971 | - | - | - | - | 4 | 2082971 |
| 24 | Rural Development | 36 | 5236162 | - | - | - | - | 36 | 5236162 |
| 25 | School Education | 6 | 5531130 | - | - | - | - | 6 | 5531130 |
| 26 | Social Welfare | 3 | 2227976 | - | - | - | - | 3 | 2227976 |
| 27 | Sports and Youth Services | 1 | 323731 | - | - | - | - | 1 | 323731 |
| 28 | Technical Education and Training | 10 | 1816768 | - | - | - | - | 10 | 1816768 |
| 29 | Urban Development | 2 | 149920 | - | - | - | - | 2 | 149920 |
| 30 | Water Investigation and Development | 23 | 142450 | - | - | - | - | 23 | 142450 |
| Total: | | 660 | 53996877 | - | - | 1 | 12650 | 661 | 54009527 |
| Total amount (Rupees in lakh) | | | 539.97 | | | | 0.13 | | 540.10 |

Appendix 1.12

(Refer paragraph 1.7.1, Page 19)

Statement showing department-wise position of non preparation of *pro forma* accounts since inception

| Sl. No. | Department | Number of undertakings under the Department | Name of undertakings | Year of formation | Year from which accounts are due | Remarks |
|---------|--|---|---|-------------------|---|--|
| 1. | Micro & Small Scale Enterprises and Textiles | 5 | (1) Government Sales Emporia in Kolkata and Howrah | 1951 | 1951-1952 to 1962-1963 and 1969-1970 to 1980-1981 | Merged with another Government company from September 1980. Accounts not prepared since inception. |
| | | | (2) Silk reeling scheme. | 1956 | 1956-1957 | Accounts not prepared since inception. The scheme became defunct since 1987-1988. The Department had approached the Finance Department in December 2000 to consider waiving preparation of proforma accounts |
| | | | (3) Training-cum-Production Centre - Mechanical Toys, Hooghly | 1972 | 1972-1973 to 1986-1987 | Wound up from June 1986. Accounts not prepared since inception. |
| | | | (4) Central Lock Factory, Bargachia, Howrah | 1972 | 1972-1973 to 1994-1995 | Closed from February 1995. Accounts not prepared since inception. |
| | | | (5) Industrial Estate, Manicktola | 1983 | 1983-1984 to 1995-1996 | Merged with another Company in July 1995. Accounts not prepared since inception. |

Appendix 1.13
(Refer paragraph 1.7.1, Page 19)

Statement showing department-wise position of arrears in preparation of *proforma* accounts

| Sl. No. | Department | Number of undertakings under the Department | Name of undertakings | Year of formation | Objectives | Reasons for losses | Year from which accounts are due | Investment as per last Accounts (Rupees in crore) | Accumulated loss as per latest account received upto June 2006 (Rupees in crore) |
|---------|--|---|--|-------------------|--|---|----------------------------------|---|--|
| 1. | Food Processing Industries and Horticulture | 1 | Directorate of Cinchona and other Medicinal plants | 1888 | To process quinine from dry bark of Cinchona Plants. To produce emetine and diosgenin from Ipecac root and dioscorea tubes respectively. | Failure to achieve production targets, low productivity of plantation labour, under utilisation of plant capacity, high production cost, low selling price and inadequate demand. | 2005-2006 | 377.35 | 336.81 |
| 2 | Micro & Small Scale Enterprises and Textiles | 4 | (1) Central Engineering Organisation, Howrah | 1956 | To assist small scale industrial units and local artisans by providing them with necessary infrastructure, appropriate technology and marketing facilities | Inadequate set up to procure orders for SSI units. | 1998-1999 | 5.13 | 4.25 |
| | | | (2) Training-cum-production centre for Wood Industries, Siliguri | 1956 | For training of local craftsmen and production of seasoned timber and quality of wooden articles. | Low productivity of workers, under utilisation of capacity. Closed since 21.11.2006. | 1998-1999 | 2.95 | 2.76 |
| | | | (3) Integrated Wood Industries Scheme, Durgapur. | 1956 | - do - | Low productivity of workers, under utilisation of capacity. Closed since 21.11.2006. | 1998-1999 | 4.45 | 3.90 |
| | | | (4) Integrated Wood Industries Scheme, Kalyani | 1956 | - do - | Low productivity of workers, under utilisation of capacity. Closed since 21.11.2006 | 1998-1999 | 6.36 | 4.96 |

| Sl. No. | Department | Number of undertakings under the Department | Name of undertakings | Year of formation | Objectives | Reasons for losses | Year from which accounts are due | Investment as per Last Accounts (Rupees in crore) | Accumulated loss as per latest account upto June, 2008 (Rupees in crore) |
|---------|------------------------------|---|---|-------------------|--|---|----------------------------------|---|--|
| 3. | Public Enterprise | 1 | Undertaking of Darjeeling Ropeway Company Limited | 1977 | Carriage of goods by ropeway from Bijanbari to Darjeeling | Low capacity utilisation and non-installation of procured equipment. Closed since 01.04.2006. | 1983-1984 | 0.26 | 0.18 |
| 4 | Housing | 2 | (i) Directorate of Brick Production (Manual) | 1965 | To stabilise the price of bricks through large scale production by manual and mechanical process and conserving agricultural land by using river silt as raw material. | High cost of production due to higher administrative and maintenance cost, low production. huge inventory and wastage/ shortage of stores and stocks. | 1991-1992 | 4.49 | 10.49 |
| | | | (ii) Mechanical Brick Factory, Palta | 1965 | | | 1999-2000 | 36.60 | 37.72 |
| 5 | Animal Resources Development | 4 | i) Durgapur Milk Supply Scheme | 1972 | To procure milk from rural areas to improve economic conditions of villages. To supply good quality milk and milk products at reasonable rates. | Low utilisation of chilling plants and processing capacity. Inability to procure adequate raw milk. Higher loss of fat and SNF. Transportation loss. | 2006-2007 | 39.14 | 66.25 |
| | | | ii) Krishnanagar Milk Supply Scheme | 1977 | - do - | - do - | 2004-2005 | 37.44 | 39.02 |
| | | | iii) Burdwan Milk Supply Scheme | 1982 | To procure milk from rural areas to improve economic conditions of villages. To supply good quality milk and milk products at reasonable rates. | Low utilisation of chilling plants and processing capacity. Inability to procure adequate raw milk. Higher loss of fat and SNF. Transportation loss. | 2005-2006 | 34.77 | 34.34 |
| | | | iv) Greater Calcutta Milk Supply Scheme | 1990 | To supply good quality milk and milk products at reasonable rates. | Low utilisation of chilling plants and processing capacity. Inability to procure adequate raw milk. Higher loss of fat and SNF. Transportation loss. | No arrear | 1109.89 | 1058.68 |

| Sl. No. | Department | Number of undertakings under the Department | Name of undertakings | Year of formation | Objectives | Reasons for losses | Year from which accounts are due | Investment as per last Accounts (Rupees in crore) | Accumulated loss as per latest received upto June, 2008 (Rupees in crore) |
|---------|------------------------------------|---|---|-------------------|--|---|----------------------------------|---|---|
| 6. | Food and Supplies | 1 | Scheme for Public Distribution of Foodgrains (PDS) | 1986 | Supply of foodgrains and food stuff to the consumers at reasonable and affordable price throughout the year. To distribute foodgrains through distributors. Price security to farmers. Food security to people BPL. | Does not arise | 2004-2005 | 478.60 | Accumulated Profit |
| 7. | Fisheries Department | 1 | Scheme for production of shark liver oil, fish meal, etc. | 1961 | To produce shark liver oil as a substitute of cod liver oil to meet the demand of vitamin A and to produce partly feed and fertilizer by converting trash fish into fish meal. | Production was stopped in 19982-83 due to non-availability of selected variety of shark. Due to stiff competition from private sector and high establishment cost the production because unremunerative and ultimately stopped in 1992-93. | 1994-1995 | 0.01 | NA |
| 8. | Commerce and Industries Department | 1 | Oriental Gas Company's Undertaking | 1960 | Production of gas and supply there of in Calcutta and its environs. The company was merged with Greater Calcutta Gas Supply Corporation Limited in 1990. | Loss due to high employment cost, low sales. | 1976-1977 | 6.50 | 6.06 |
| Total | | 15 | | | | | | 2143.95 | 1605.42 |

Total investment against loosing undertaking = (Rs 2143.95 - Rs 478.60) = Rs 1665.35.

Appendix 1.14

(Refer paragraph 1.7.2, Page 20)

Statement showing the details of investment and accumulated profit of major Government companies and Statutory Corporations as per their latest finalised accounts (till 30 September 2008)

| Sl. No. | Sector and name of the Company/ Corporation | Paid-up capital (including share application money) | Accumulated profit(+)/ loss (-) | State Government's Contribution to paid-up capital |
|------------------|--|---|---------------------------------------|---|
| (Rupees in lakh) | | | | |
| A | Working Government companies | | | |
| 1 | West Bengal Tea Development Corporation Limited | 3058.74 | (-) 9161.80 | 3058.74 |
| 2 | West Bengal State Minor Irrigation Corporation | 1165.00 | (-) 3336.85 | 1165.00 |
| 3 | Greater Calcutta Gas Supply Corporation Limited | 4115.15 | (-) 19719.30 | 4115.15 |
| 4 | The West Bengal Small Industries Development Corporation Limited | 2448.23 | (-) 3972.84 | 2448.23 |
| 5 | Westinghouse Saxby Farmer Limited | 38699.17 | (-) 37853.21 | 38686.92 |
| 6 | West Bengal Electronics Industry Development Corporation Limited | 19742.36 | (-) 14597.81 | 19571.36 |
| 7 | West Bengal Housing Infrastructure Development Corporation Limited | 1550.00 | (+) 1313.00 | 1385.00 |
| 8 | Durgapur Chemicals Limited | 38501.08 | (-) 35200.27 | 38501.08 |
| 9 | Glucanate Health Limited | 9357.13 | (-) 9345.04 | 9357.13 |
| 10 | The Durgapur Projects Limited | 86756.00 | (-) 26599.89 | 86756.00 |
| 11 | The West Bengal Power Development Corporation Limited | 312260.23 | (+) 47341.89 | 312260.23 |
| 12 | The West Bengal Industrial Development Corporation Limited | 23288.26 | (+) 1165.22 | 23288.26 |
| 13 | West Bengal Infrastructure Development Finance Corporation Limited | 6530.11 | (+) 55133.80 | 6530.11 |
| 14 | The Calcutta Tramways Company (1978) Limited | 2040.13 | (-) 59988.73 | 2040.13 |
| 15 | West Bengal Surface Transport Corporation Limited | 1.00 | (-) 7599.21 | 1.00 |
| | Total-A (Working Government Companies) | 549512.59 | | 549164.34 |
| B | Working Statutory Corporations | | | |
| 1 | West Bengal Financial Corporation | 8461.92 | (-) 11532.66 | 9596.83 |
| | Total-B | 8461.92 | | 9596.83 |
| | Grand Total (A+B) | 557974.51 | | 558761.17 |

Appendix 2.1

(Refer Paragraph 2.3.1, Page 34)

Statement showing some Major Savings

| Grant No. | Head of Account | Savings (Rupees in crore) |
|--------------|--|---------------------------------|
| 7 | 2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | |
| | 277-Education-Plan-Centrally Sponsored (New Schemes) | |
| | CS 001-Scholarship to Students (Stipend and Scholarship) | 26.52 |
| | 793-Special Central Assistance for Scheduled Castes Component Plan Plan-Central Sector (New Schemes)-CN 001-Programme for the development of Scheduled Castes | 20.64 |
| 13 | 2202 General Education-80-General-107 Scholarships | |
| | Non Plan-008 West Bengal Government Merit-cum-Means Scholarship | 56.32 |
| 18 | 2048 Appropriation for Reduction or Avoidance of Debt-101-Sinking Funds- Non-Plan-001-Consolidated Sinking Funds | 150.00 |
| 24 | 2210-Medical and Public Health | |
| | -01-Urban Health Services-Allopathy-110-Hospital and Dispensaries-Non plan | |
| | 004-SSKM Hospital, Kolkata | 15.33 |
| | 025 Liability of completed SHSDP-III Project | 37.40 |
| | 03-Rural Health Services-Allopathy-103 Primary Health Centres | |
| | SP-002 DFID Assisted Programme for Health System Development Initiative | 27.00 |
| | SP 010-Basic Health Project for Upgradation of Primary Health Care Services | 18.59 |
| | 4210-Capital outlay on Medical and Public Health | 26.97 |
| | 01-Urban Health Services-800-Other Expenditure-SP 028-DFID Assisted Programme for Health System Development Initiative (EAP)(HI) | |
| | 03 Medical Education, Training and Research-105-Allopathy-789-Special Component Plan for Scheduled Caste-SP 006-DFID Assisted programme for Health System Development Initiative (HI) | 20.22 |
| 32 | 4700-Capital Outlay on Major Irrigation-04-Teesta Barrage Project-789-Special Component Plan for SC | |
| | SP 002-Teesta Barrage Project Works under Accelerated Irrigation Benefit Programme | 23.45 |
| | 800-Other Expenditure-SP 002-Teesta Barrage Project Works under Accelerated Irrigation Benefit Programme | 33.21 |
| | 4711-Capital Outlay on Flood Control Projects-01-Flood Control-103-Civil Works-SP 544-Critical Anti-erosion Works in Ganga Basin districts as per recommendation of Twelfth Finance Commission | 21.09 |
| 38 | 2202-General Education-02-Secondary Education-110-Assistance to Non-Government Secondary Schools-Non-Plan-013-Assistance to Non-Government Madrasah (MD) | 94.57 |
| 39 | 2217-Urban Development- 05 Other Urban Development Schemes-191-Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Boards, etc. | |
| | SP 035-Calcutta Environmental Improvement Project | 82.75 |
| | 796-Tribal Area Sub Plan-SP 001-Kolkata Environmental Improvement Project (ADB) Central Share | 72.70 |
| 40 | 2515-Other Rural Development Programmes-800-Other Expenditure | |
| | SP 020-Grants to Panchayat Bodies as per recommendation of Second State Finance Commission (GLB) | 40.10 |
| | SP 024-DFID assisted Scheme for strengthening Rural Decentralisation (SRID) in West Bengal | 34.49 |
| 54 | 2217-Urban Development -01-State Capital Development-191-Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Boards etc.-SP 003-Grants to KMDA on account of Grant Component of ACA for the Sub-Mission on UGS under JNNURM(UI) | 190.56 |
| Total | | 989.91 |

Appendix 2.2

(Refer Paragraph 2.3.1, Page 34)

Statement showing cases where expenditure fell short by more than Rs 1 crore in each case and also in excess of 10 per cent of the total provision

| | Description of the grant/appropriation | Amount of Savings (Percentage) (Rupees in crore) | Reasons for savings |
|------|---|--|--|
| 1 - | Revenue Voted State Legislature | 4.95 (17) | Not intimated (June 2008) |
| 7 - | Backward Classes Welfare | 64.06 (15) | Savings (Rs 4.42 crore) was due to augmentation of fund by supplementary provision in March 2008 required for providing additional funds received from Government of India as well as under Special Central Assistance for Tribal sub-plan and for payment of old age pension to Tribal persons. Reasons for savings in other cases and for final savings in all the cases have not been intimated (June 2008). |
| 8 - | Co-operation | 23.98 (22) | Savings (Rs 4.07 crore) was due to augmentation of fund by supplementary provision required for higher establishment charges and also for procurement, processing and supply of parboiled levy rice of common variety by BENFED and towards payment of subsidies for input liabilities in respect of APEX AGRICULTURE SOCIETY (BENFED). Savings (Rs 2.71 crore) was due to creation of fund by supplementary provision required for higher establishment charges and also for procurement, processing and supply of parboiled levy rice of common variety by BENFED and towards payment of subsidies for input liabilities in respect of APEX AGRICULTURE SOCIETY (CONFED). Reasons for savings in other cases and for final savings in all the cases have not been intimated (June 2008). |
| 10 - | Consumer Affairs | 6.47 (25) | Not intimated (June 2008) |
| 11 - | Cottage and Small Scale Industries | 16.83 (11) | Not intimated (June 2008) |
| 16 - | Environment | 2.23 (15) | Not intimated (June 2008) |
| 22 - | Food Processing Industries and Horticulture | 12.56 (33) | Savings (Rs 8.74 crore) was due to creation of fund by supplementary provision in March 2008 required for meeting increased liabilities on transfer of administrative control of the major Head '2551-Hill Areas' from C&I Department under Demand No. 9 to FPI&M Department under Demand No. 22. Reasons for savings in other cases and for final savings in all the cases have not been intimated (June 2008). |
| 31 - | Information Technology | 17.77 (33) | Savings was due to augmentation of fund by supplementary provision obtained in March 2008 required for development of IT Culture and NIGAP. Reasons for final savings have not been intimated (June 2008) |

| | Description of the grant/appropriation | Amount of Savings (Percentage) (Rupees in crore) | Reasons for savings |
|------|--|--|--|
| 34 - | Judicial | 30.48 (17) | Savings (Rs 0.84 crore) was due to augmentation of fund by supplementary provision in March 2008 required for new establishment of Family Courts in Districts. Savings (Rs 13 crore) was due to enhancement of fund through supplementary provision in March 2008 required for meeting higher establishment charges. Reasons for savings in the other cases and for final savings in all the cases have not been intimated (June 2008). |
| 38 - | Minorities Development and Welfare | 128.64 (54) | Savings (Rs 94.57 crore) was due to augmentation of fund by supplementary provision obtained in March 2008 required for payment of salaries of teaching and non teaching staff of Non Government Madrasahs. Savings (Rs 0.97 crore) was due to augmentation of fund by supplementary provision obtained in March 2008 required to meet higher establishment charges. Savings (Rs 23.65 crore) was due to creation of fund through supplementary provision obtained in March 2008 required for payment of scholarship to students belonging to minority communities. Reasons for savings in other cases and for final savings in all the cases have not been intimated (June 2008). |
| 39 - | Municipal Affairs | 269.88 (17) | Savings (Rs 4.28 crore) was due to augmentation of fund by obtaining supplementary provision in March 2008 required for additional grants to Urban Local Bodies in respect of their share of Entertainment Tax and for additional fixed grants to them. Reasons for savings in other cases and for final savings in all the cases have not been intimated (June 2008). |
| 49 - | Sports and Youth Services | 9.76 (17) | Not intimated (June 2008) |
| 52 - | Tourism | 6.37 (29) | Not intimated (June 2008) |
| 54 - | Urban Development | 2.02 (19) | Not intimated (June 2008) |
| 58 - | Paschimanchal Unnayan Affairs | 5.76 (16) | Savings (Rs 5.00 crore) was due to augmentation of fund by supplementary provision in March 2008 required for Development Works under Paschimanchal Unnayan Parishad. Reasons for final savings have not been intimated (June 2008) |
| | Capital Voted | | |
| 5 - | Agriculture | 14.74 (87) | Not intimated (June 2008) |
| 6 - | Animal Resources Development | 10.19 (72) | Not intimated (June 2008). |
| 7 - | Backward Classes Welfare | 28.85 (78) | Not intimated (June 2008) |
| 9 - | Commerce and Industries | 9.42 (18) | Not intimated (June 2008) |
| 11 - | Cottage and Small Scale Industries | 12.24 (25) | Savings (Rs 9.23 crore) was due to enhancement of fund required for equity participation. Reasons for savings in other cases and for final savings in all the cases have not been intimated (June 2008). |
| 15 - | Education (School) | 14.35 (72) | Not intimated (June 2008) |

| | Description of the grant/appropriation | Amount of Savings (Percentage) (Rupees in crore) | Reasons for savings |
|----|---|--|---|
| 18 | Finance | 8.26 (21) | Savings (Rs 1.57 crore) was due to augmentation of fund by supplementary provision in March 2008 required for investment in Public Sector and other Undertakings, Banks etc. Savings (Rs 2.30 crore) was due to enhancement of fund by supplementary provision in March 2008 required for meeting further investment under West Bengal Infrastructure Development Finance Corporation Limited for participation of State Government in Equity Share of the Company. Reasons for savings in other cases and for final savings in all cases have not been intimated (June 2008) |
| 19 | - Fire Services | 5.68 (38) | Savings (Rs 3.65 crore) was due to augmentation of fund by obtaining supplementary provision in March 2008 required for upgradation of Fire station. Reasons for savings in other cases and for final savings in all the cases have not been intimated (June 2008) |
| 20 | - Fisheries | 35.06 (65) | Not intimated (June 2008) |
| 22 | - Food Processing Industries and Horticulture | 17.20 (85) | Not intimated (June 2008) |
| 23 | - Forest | 12.37 (49) | Not intimated (June 2008) |
| 24 | - Health and Family Welfare | 67.83 (52) | Not intimated (June 2008) |
| 25 | - Public Works | 240.03 (29) | Not intimated (June 2008) |
| 27 | - Home | 6.58 (12) | Savings (Rs 1.89 crore) was due to augmentation of fund by supplementary provision in March 2008 required for construction/extension/repair of roads/culverts under Road Sector. Savings (Rs 3.43 crore) was due to augmentation of fund by supplementary provision in March 2008 required for construction of road, bridges, culvert, jetty under Road sector. Reasons for savings in other cases and for final savings in all the cases have not been intimated (June 2008). |
| 28 | - Housing | 2.52 (13) | Not intimated (June 2008) |
| 29 | - Industrial Reconstruction | 9.69 (89) | Not intimated (June 2008) |
| 30 | - Information and Cultural Affairs | 1.29 (24) | Not intimated (June 2008) |
| 31 | - Information Technology * | 7.22 (30) | Not intimated (June 2008) |
| 32 | - Irrigation and Waterways | 126.14 (35) | Not intimated (June 2008) |
| 36 | - Land and Land Reforms | 2.21 (19) | Not intimated (June 2008) |
| 39 | - Municipal Affairs | 35.41 (30) | Not intimated (June 2008) |
| 47 | - Relief | 2.00 (100) | Not intimated (June 2008) |
| 50 | - Sunderban Affairs | 15.82 (20) | Not intimated (June 2008) |
| 51 | - Technical Education and Training | 2.63 (43) | Not intimated (June 2008) |
| 52 | - Tourism | 10.11 (74) | Not intimated (June 2008) |
| 54 | - Urban Development | 3.37 (14) | Not intimated (June 2008) |

| | Description of the grant/appropriation | Amount of Savings (Percentage) (Rupees in crore) | Reasons for savings |
|------|--|--|--|
| 55 - | Water Investigation and Development | 43.42 (37) | Not intimated (June 2008) |
| 56 - | Women and Child Development and Social Welfare | 4.99 (99) | Not intimated (June 2008) |
| 58 - | Paschimanchal Ummayan Affairs | 70.00 (100) | Not intimated (June 2008) |
| | Revenue Charged | | |
| 8 - | Co-operation | 4.50 (56) | Not intimated (June 2008) |
| 11 - | Cottage and Small Scale Industries | 2.00 (98) | Not intimated (June 2008) |
| 20 - | Fisheries | 2.36 (21) | Not intimated (June 2008) |
| 25 - | Public Works | 3.83 (61) | Savings (Rs 1.79 crore) was due to enhancement of fund by supplementary provision in March 2008 required for meeting larger establishment charges. Reasons for savings in other cases and for final savings in all the cases have not been intimated (June 2008) |
| 28 - | Housing | 1.97 (33) | Not intimated (June 2008) |
| 36 - | Land and Land Reforms | 1.99 (99) | Not intimated (June 2008) |
| 40 - | Panchayat and Rural Development | 4.07 (76) | Savings (Rs 3.97 crore) was due to augmentation of fund by supplementary provision in March 2008 required for payment in respect of loans taken from HUDCO. Reasons for final saving have not been intimated (June 2008). |
| 43 - | Power and Non Conventional Energy Sources | 7.88 (37) | Not intimated (June 2008) |
| 46 - | Refugee, Relief and Rehabilitation | 4.32 (40) | Savings (Rs 4.29 crore) was due to augmentation of fund by supplementary provision in March 2008 required for payment of decretal dues which was advanced from the Contingency Fund of West Bengal. Reasons for final savings have not been intimated (June 2008). |
| | Capital Charged | | |
| 8 - | Co-operation | 15.29 (99) | Not intimated (June 2008) |
| 11 - | Cottage and Small Scale Industries | 3.00 (96) | Not intimated (June 2008) |
| 20 - | Fisheries | 22.00 (100) | Not intimated (June 2008) |
| 40 - | Panchayat and Rural Development | 1.64 (95) | Not intimated (June 2008) |
| 47 - | Relief | 9.50 (100) | Not intimated (June 2008) |
| | Total | 1505.73 | |

Appendix 2.3

(Refer Paragraph 2.3.2, Page 34)

Statement showing persistent savings in excess of Rs 1 crore in each case and 20 per cent or more of the provisions

| Description of the Grant | | Savings / percentage (Rupees in crore) | | |
|--------------------------|--|---|----------------|----------------|
| | | 2005-2006 | 2006-2007 | 2007-2008 |
| Revenue – Voted | | | | |
| 22 | - Food Processing Industries and Horticulture | 7.29 (40) | 8.72 (48) | 12.56 (33) |
| 31 | - Information Technology | 5.50 (21) | 14.49 (52) | 17.77 (33) |
| 39 | - Municipal Affairs | 65.99 (83) | 42.43 (39) | 65.99 (83) |
| Revenue – Charged | | | | |
| 8 | - Co-operation | 4.48 (46) | 1.78 (25) | 4.50 (56) |
| 11 | - Cottage and Small Scale Industries | 2.53 (95) | 1.80 (96) | 2.00 (98) |
| 25 | - Public Works | 3.68 (65) | 3.28 (57) | 3.83 (61) |
| 28 | - Housing | 2.16 (25) | 2.69 (34) | 1.97 (33) |
| 40 | - Panchayat and Rural Development | 155.23 (44) | 3.41 (76) | 4.07 (86) |
| Capital – Voted | | | | |
| 5 | - Agriculture | 8.26 (77) | 14.50 (42) | 14.74 (87) |
| 15 | - Education (School) | 2.50 (50) | 4.11 (68) | 14.35 (72) |
| 22 | - Food Processing Industries and Horticulture | 2.67 (51) | 4.51 (55) | 17.20 (85) |
| 23 | - Forest | 8.85 (59) | 12.86 (86) | 12.37 (49) |
| 24 | - Health and Family Welfare | 19.62 (28) | 62.67 (54) | 67.83 (52) |
| 25 | - Public Works | 266.83 (39) | 310.31 (43) | 240.03 (29) |
| 32 | - Irrigation and Waterways | 92.34 (37) | 180.57 (52) | 126.14 (35) |
| 51 | - Technical Education and Training | 4.91 (81) | 9.09 (70) | 2.63 (43) |
| 56 | - Women and Child Development and Social Welfare | 12.97 (84) | 14.80 (96) | 4.99 (99) |
| Capital – Charged | | | | |
| 8 | - Co-operation | 12.99 (82) | 14.22 (99) | 15.29 (100) |
| 11 | - Cottage and Small Scale Industries | 3.58 (96) | 2.80 (95) | 3.00 (96) |
| 20 | - Fisheries | 18.30 (100) | 19.02 (100) | 22.00 (100) |
| 40 | - Panchayat and Rural Development | 2.62 (95) | 2.50 (100) | 1.64 (96) |
| 47 | - Relief | 10.00 (100) | 10.00 (100) | 9.50 (100) |

Appendix 2.4

(Refer Paragraph 2.3.5, Page 35)

Statement showing cases where supplementary provisions proved unnecessary

| | Description of the grant/appropriation | Section | Original grant/ appropriation | Supplementary grant/ appropriation | Actual expenditure | Savings |
|----------|--|---------|----------------------------------|--|-----------------------|-------------------|
| | | | Rupees | Rupees | Rupees | Rupees |
| A | - Voted | | | | | |
| 1 | - State Legislature | Revenue | 265889000 | 29923000 | 246338000 | 49474000 |
| 7 | - Backward Classes Welfare | Revenue | 3828531000 | 424426000 | 3612310000 | 640647000 |
| 13 | - Education (Higher) | Revenue | 8884884000 | 646050000 | 8604773000 | 926161000 |
| 16 | - Environment | Revenue | 145226000 | 1544000 | 124483000 | 22287000 |
| 19 | - Fire Services | Capital | 140000000 | 10000000 | 93236000 | 56764000 |
| 23 | - Forest | Revenue | 1847446000 | 29238000 | 1705725000 | 170959000 |
| 24 | - Health and Family Welfare | Revenue | 17716622000 | 793275000 | 16895680000 | 1614217000 |
| 27 | - Home | Revenue | 17387257000 | 814506000 | 17208532000 | 993231000 |
| 30 | - Information and Cultural Affairs | Capital | 47490000 | 7000000 | 41616000 | 12874000 |
| 33 | - Jails | Revenue | 899494000 | 11233000 | 873876000 | 36851000 |
| 34 | - Judicial | Revenue | 1683966000 | 119648000 | 1498833000 | 304781000 |
| 35 | - Labour | Revenue | 1992118000 | 136037000 | 1943921000 | 184234000 |
| | | Capital | 7000000 | 610000 | 3971000 | 3639000 |
| 36 | - Land and Land Reforms | Revenue | 4405003000 | 343865000 | 4396567000 | 352301000 |
| 38 | - Minorities Development and Welfare | Capital | 90000000 | 10000000 | 90000000 | 10000000 |
| 39 | - Municipal Affairs | Revenue | 14752486000 | 1303284000 | 13356918000 | 2698852000 |
| 41 | - Parliamentary Affairs | Revenue | 30520000 | 3430000 | 27716000 | 6234000 |
| 42 | - Personnel and Administrative Reforms | Revenue | 151032000 | 5574000 | 149838000 | 6768000 |
| 49 | - Sports and Youth Services | Revenue | 528228000 | 51244000 | 481835000 | 97637000 |
| 53 | - Transport | Capital | 1245986000 | 72666000 | 1211047000 | 107605000 |
| 57 | - Bio-technology | Revenue | 66200000 | 308000 | 61113000 | 5395000 |
| 58 | - Paschimanchal Unmayn Parishad | Revenue | 308055000 | 51559000 | 302008000 | 57606000 |
| 59 | - Self-Help Groups and Self-Employment | Revenue | 308161000 | 2650000 | 305605000 | 5206000 |
| | Total : A - Voted | | 76731594000 | 4868070000 | 73235941000 | 8363723000 |
| B | - Charged | | | | | |
| 45 | - Public Health Engineering | Revenue | 7179000 | 800000 | 5979000 | 2000000 |
| 46 | - Refugee, Relief and Rehabilitation | Revenue | 86617000 | 20518000 | 63892000 | 43243000 |
| | Total : B - Charged | | 93796000 | 21318000 | 69871000 | 45243000 |
| | Total: A and B | | 76825390000 | 4889388000 | 73305812000 | 8408966000 |

Appendix 2.5

(Refer Paragraph 2.3.5, Page 36)

Statement showing cases where supplementary provision obtained proved excessive (Saving in each case being more than Rs 10 lakh)

| | Description of the grant/ appropriation | Section | Original grant/ appropriation Rupees | Supplementary provision Rupees | Actual expenditure Rupees | Saving Rupees |
|----------|--|---------|--|--------------------------------------|---------------------------------|-------------------|
| A | - Voted | | | | | |
| 6 | Animal Resources Development | Revenue | 2621686000 | 932389000 | 3215248000 | 338827000 |
| 8 | Co operation | Revenue | 785296000 | 313540000 | 859081000 | 239755000 |
| | | Capital | 102736000 | 36479000 | 135167000 | 4048000 |
| 12 | Development and Planning | Revenue | 1749259000 | 156613000 | 1866156000 | 39716000 |
| 14 | Education (Mass) | Revenue | 912262000 | 146439000 | 1014882000 | 43819000 |
| 15 | Education (School) | Revenue | 56576481000 | 2442056000 | 58390092000 | 628445000 |
| 17 | Excise | Revenue | 464669000 | 67764000 | 499057000 | 33376000 |
| 18 | Finance | Capital | 102000000 | 298000000 | 317398000 | 82602000 |
| 25 | Public Works | Revenue | 11193857000 | 360558000 | 11265526000 | 288889000 |
| 28 | Housing | Revenue | 638431000 | 106797000 | 723729000 | 21499000 |
| 30 | Information and Cultural Affairs | Revenue | 780505000 | 83269000 | 813991000 | 49783000 |
| 31 | Information Technology | Revenue | 333460000 | 206283000 | 362061000 | 177682000 |
| 38 | Minorities Development and Welfare | Revenue | 470231000 | 1923823000 | 1107609000 | 1286445000 |
| 40 | Panchayat and Rural Development | Revenue | 20773600000 | 1530622000 | 21052771000 | 1251451000 |
| 45 | Public Health Engineering | Revenue | 2371543000 | 583412000 | 2715501000 | 239454000 |
| | | Capital | 5456130000 | 226616000 | 5465980000 | 216766000 |
| 47 | Relief | Revenue | 5408732000 | 3112811000 | 8154686000 | 366857000 |
| 50 | Sunderban Affairs | Capital | 600000000 | 180000000 | 621826000 | 158174000 |
| 51 | Technical Education and Training | Revenue | 1077308000 | 253810000 | 1293329000 | 37789000 |
| 53 | Transport | Revenue | 4602182000 | 11801000 | 4607514000 | 6469000 |
| 54 | Urban Development | Capital | 200046000 | 46554000 | 212919000 | 33681000 |
| | Total : A - Voted | | 117220414000 | 13019636000 | 124694523000 | 5545527000 |
| B | - Charged | | | | | |
| 25 | Public Works | Capital | 2515000 | 25941000 | 27257000 | 1199000 |
| 32 | Irrigation and Waterways | Capital | 6832000 | 48386000 | 53409000 | 1809000 |
| 47 | Relief | Revenue | 515240000 | 76660000 | 547641000 | 44259000 |
| | Total : B - Charged | | 524587000 | 150987000 | 628307000 | 47267000 |
| | Total : A and B | | 117745001000 | 13170623000 | 125322830000 | 5592794000 |

Appendix 2.6

(Refer Paragraph 2.3.5, Page 36)

Statement showing cases where supplementary provision proved insufficient

| Description of the grant/ appropriation | Section | Original grant/ appropriation Rupees | Supplementary provision Rupees | Actual expenditure Rupees | Final excess Rupees |
|---|---------|---|-----------------------------------|------------------------------|------------------------|
| A - Voted | | | | | |
| 3 - Council of Ministers | Revenue | 45372000 | 3500000 | 49220000 | 348000 |
| 5 - Agriculture | Revenue | 3185137000 | 1175882000 | 4432173000 | 71154000 |
| 9 - Commerce and Industries | Revenue | 2145380000 | 2321162000 | 4530320000 | 63778000 |
| 18 - Finance | Revenue | 40849744000 | 2457213000 | 43683215000 | 376258000 |
| 20 - Fisheries | Revenue | 484364000 | 214486000 | 722055000 | 23205000 |
| 21 - Food and Supplies | Revenue | 3452315000 | 91030000 | 4570916000 | 1027571000 |
| 26 - Hill Affairs | Revenue | 1575893000 | 302219000 | 1897914000 | 19802000 |
| 43 - Power and Non-Conventional Energy Sources | Revenue | 413211000 | 9400000 | 608943000 | 186332000 |
| 44 - Public Enterprises | Capital | 16635000000 | 1120100000 | 17819616000 | 64516000 |
| 46 - Refugee, Relief and Rehabilitation | Capital | 260000000 | 112500000 | 438471000 | 65971000 |
| 50 - Sunderban Affairs | Revenue | 202599000 | 37627000 | 245008000 | 4782000 |
| 56 - Women and Child Development and Social Welfare | Revenue | 371387000 | 5621000 | 423899000 | 46891000 |
| Total : A - Voted | | 76057981000 | 8809780000 | 86975002000 | 2107241000 |
| B - Charged | | | | | |
| 18 - Finance | Capital | 54226022000 | 420376000 | 173416995000 | 118770597000 |
| Total : B - Charged | | 54226022000 | 420376000 | 173416995000 | 118770597000 |
| Total : A and B | | 130284003000 | 9230156000 | 260391997000 | 120877838000 |

Appendix 2.7

(Refer Paragraph 2.3.5, Page 36)

Statement showing cases where expenditure exceeded the Budget Provision but no supplementary grant was obtained

| | Description of the grant/ appropriation | Section | Original grant/ appropriation Rupees | Actual expenditure Rupees | Final excess Rupees |
|----|--|---------|--|---------------------------------|------------------------|
| A | - Voted | | | | |
| 4 | - Agricultural Marketing | Capital | 57000000 | 227561000 | 170561000 |
| 32 | - Irrigation and Waterways | Revenue | 3235280000 | 3246990000 | 11710000 |
| | Total : A - Voted | | 3292280000 | 3474551000 | 182271000 |
| B | - Charged | | | | |
| 6 | - Animal Resources Development | Capital | 1000000 | 306515000 | 305515000 |
| 9 | - Commerce and Industries | Revenue | 26000000 | 26110000 | 110000 |
| 34 | - Judicial | Revenue | 339486000 | 429087000 | 89601000 |
| | Total : B - Charged | | 366486000 | 761712000 | 395226000 |
| | Total : A and B | | 3658766000 | 4236263000 | 577497000 |

Appendix 2.8

(Refer Paragraph 2.3.6, Page 36)

Statement showing injudicious re-appropriation resulting in excess expenditure

| Sl. No. | Gr. No. | Major head affecting the grant | Total provision (Rupees) | Re-appropriation (Rupees) | Total grant (Rupees) | Expenditure (Rupees) | Amount of excess |
|---------|---------|---|-----------------------------|------------------------------|-------------------------|-------------------------|------------------|
| 1 | 9 | 2852-Industries-SP 023 Grants to WBIDC for Development of Infrastructure for Industrial Growth | - | 31.27 | 31.27 | 52.98 | (+)21.71 |
| | | 2551-Hill Areas-Cinchona Plantation-Operation and Maintenance | 11.33 | (-)11.33 | - | 5.51 | 5.51 |
| | | 4885-Capital Outlay on Industries and Minerals | - | (+)2.02 | 2.02 | 17.72 | (+)15.70 |
| 2 | 11 | 6851-Loans for villages and Small Industries-195-Loans to Composite Village and Small Industries-Non-plan-010-Loans to Handloom Industries(West Bengal State Handloom Weavers Co-operative Society Limited) | - | (+)1.24 | 1.24 | 6.87 | (+)5.63 |
| 3 | 25 | 5054-Capital Outlay on Roads and Bridges - 03-State Highways-800-Other Expenditure | - | - | - | - | - |
| | | SP 001-Development of State Roads(Other than BMS)(PR) | 8.00 | (+)9.71 | 17.71 | 35.75 | (+)18.04 |
| | | SP 002-Development of State Roads-District Roads | 12.00 | (+)5.36 | 17.36 | 27.97 | (+)10.61 |
| 4 | 27 | 2055 Police-109-District Police-Non-Plan-001-West Bengal Police | 914.28 | (-)147.85 | 766.43 | 863.18 | (+)96.75 |
| 5 | 34 | 2014-Administration of Justice-00-105-Civil and Session Courts-Non Plan-001-Civil and Session Courts | 66.71 | (-)10.66 | 56.05 | 65.04 | (+)8.99 |
| 6 | 45 | 2215-Water Supply and Sanitation 01-Water Supply-001-Public Health Engineering(PH) | 94.48 | (-)7.52 | 86.96 | 96.78 | (+)9.82 |
| 7 | 47 | 2245-Relief on Account of Natural Calamities-General-800-Other Expenditure Non-Plan-Rescue of marooned people affected by flood, cyclone, tornado etc and set up of Relief Camps/Centres | 13.88 | (-)5.49 | 8.39 | 35.61 | (+)27.22 |

Appendix 2.9

(Refer Paragraph 2.3.6, Page 36)

Statement showing injudicious re-appropriation resulting in savings

| Serial Number | Grant Number | Major head affecting the grant | Total provision | Re-appropriation | Total grant | Expenditure | Amount of savings |
|-------------------|--------------|---|-----------------|------------------|-------------|-------------|-------------------|
| (Rupees in crore) | | | | | | | |
| 1 | 11 | 4851-Capital Outlay on Village and Small Industries-SP 019-Industrial Infrastructure Development Scheme (RIDF) | 12.40 | (-) 7.27 | 5.13 | | (-) 5.13 |
| 2 | 17 | 2039-State Excise | 23.22 | (+) 10.24 | 33.46 | 23.96 | (-) 9.50 |
| 3 | 25 | 5054-Capital Outlay on Roads and Bridges | | | | | |
| | | 03-State Highways-337-Road Works-SP 001 Development of State Roads (Construction) | 19.47 | (-) 8.22 | 11.25 | 2.33 | (-) 8.92 |
| | | 04-District and Other Roads- 800- Other Expenditure-SP010- Programme for Roads and Bridges under Central Road Fund (CRF) (PR) | 55.68 | (-) 12.75 | 42.93 | 30.02 | (-) 12.90 |
| | | 04-District and Other Roads- 789- Special Component Plan for SC- SP004-Development of State Roads-District Roads (PR) | 6.40 | (+) 11.57 | 17.97 | 9.34 | (-) 8.63 |
| 4 | 34 | 2014-Administration of Justice-114- Legal Advisors and Counsels-Non-Plan-002-Legal Remembrances | 16.67 | (+) 3.54 | 20.21 | 10.40 | (-) 9.81 |
| 5 | 39 | 2217-Urban Development-05-Other Urban Development Schemes-Non-Plan-009-Grants to Local Bodies in connection with their Election | 7.82 | (-) 0.03 | 7.79 | 1.37 | (-) 6.42 |
| 6 | 40 | 2515-Other Rural Development Programmes | | | | | |
| | | 789-Special Component Plan for SC-SP 003-DFID assisted Schemes for Strengthening Rural Decentralisation (SRD) in West Bengal | 35.48 | (-) 2.45 | 33.03 | 8.73 | (-) 24.29 |
| | | 800-Other Expenditure-SP 018-Scheme under RIDF | 58.16 | (-) 9.75 | 48.41 | 32.48 | (-) 15.93 |
| | | SP 024-DFID assisted Schemes for Strengthening Rural Decentralisation (SRD) in West Bengal | 114.52 | (-) 55.10 | 59.42 | 24.93 | (-) 34.49 |
| | | 2501-Special Programmes for Rural Development-01-Integrated Rural Development Programme-SP 004-Backward Region Grant Fund | 176.71 | (+) 4.87 | 181.58 | 133.20 | (-) 48.38 |
| 7 | 47 | 2245-Relief on Account of natural Calamities-80-General-800- Other Expenditure-Non-Plan-Supply of Taraulins etc. | 61.91 | (-) 11.14 | 50.77 | 27.90 | (-) 22.87 |

Appendix 2.10

(Refer Paragraph 2.3.8, Page 36)

Statement showing cases where the whole amount of savings (Rs 1 crore and above) remained unsurrendered

| | Description of the grant | Amount of savings not surrendered (Rupees in crore) |
|--------------------------|---|--|
| Revenue (Voted) | | |
| 1 | - State Legislature | 4.95 |
| 6 | - Animal Resources Development | 33.88 |
| 7 | - Backward Classes Welfare | 64.06 |
| 10 | - Consumer Affairs | 6.47 |
| 13 | - Education (Higher) | 92.62 |
| 14 | - Education (Mass) | 4.38 |
| 15 | - Education (School) | 62.81 |
| 16 | - Environment | 2.23 |
| 17 | - Excise | 3.34 |
| 19 | - Fire Services | 5.11 |
| 22 | - Food Processing Industries and Horticulture | 12.56 |
| 23 | - Forest | 17.10 |
| 24 | - Health and Family Welfare | 161.42 |
| 31 | - Information Technology | 17.77 |
| 33 | - Jails | 3.68 |
| 38 | - Minorities Development and Welfare | 128.64 |
| 40 | - Panchayat and Rural Development | 125.14 |
| 49 | - Sports and Youth Services | 9.76 |
| 52 | - Tourism | 6.37 |
| 54 | - Urban Development | 202.24 |
| 55 | - Water Investigation and Development | 28.23 |
| 58 | - Paschimanchal Unnayan Affairs | 5.76 |
| Revenue (Charged) | | |
| 11 | - Cottage and Small Scale Industries | 2.00 |
| 18 | - Finance | 232.53 |
| 20 | - Fisheries | 2.36 |
| 36 | - Land and Land Reforms | 1.99 |
| 40 | - Panchayat and rural Development | 4.07 |
| Capital (Voted) | | |
| 5 | - Agriculture | 14.74 |
| 6 | - Animal Resources Development | 10.19 |
| 7 | - Backward Classes Welfare | 28.85 |
| 15 | - Education (School) | 14.35 |
| 19 | - Fire Services | 5.68 |
| 20 | - Fisheries | 35.06 |
| 22 | - Food Processing Industries and Horticulture | 17.20 |
| 23 | - Forest | 12.37 |
| 24 | - Health and Family Welfare | 67.83 |
| 27 | - Home | 6.58 |
| 29 | - Industrial Reconstruction | 9.69 |
| 31 | - Information Technology | 7.22 |

| Description of the grant | | Amount of savings not surrendered (Rupees in crore) |
|--------------------------|--|--|
| 32 | - Irrigation and Waterways | 126.14 |
| 36 | - Land and Land Reforms | 2.21 |
| 38 | - Minorities Development and Welfare | 1.00 |
| 39 | - Municipal Affairs | 35.41 |
| 50 | - Sundarban Affairs | 15.82 |
| 52 | - Tourism | 10.11 |
| 53 | - Transport | 10.76 |
| 54 | - Urban Development | 3.37 |
| 55 | - Water Investigation and Development | 43.42 |
| 56 | - Women and Child Development and Social Welfare | 4.99 |
| 58 | - Paschimanchal Unnayan Affairs | 70.00 |
| Capital (Charged) | | |
| 8 | - Co-operation | 15.29 |
| 11 | - Cottage and Small Scale Industries | 3.00 |
| 20 | - Fisheries | 22.00 |
| 40 | - Panchayat and Rural Development | 1.64 |
| Total | | 1836.42 |

Appendix 2.11

(Refer Paragraph 2.3.8, Page 36)

Statement showing Grants/Appropriations in which large savings (Rs 1 crore and above) had not been surrendered

| Description of the grant | | Total Savings (Rupees in crore) | Amount surrendered | Amount not surrendered | Percentage not surrendered |
|--------------------------|-------------------------------------|------------------------------------|--------------------|------------------------|----------------------------|
| Revenue (Voted) | | | | | |
| 8 | - Co-operation | 23.97 | 0.20 | 23.77 | 99 |
| 25 | - Public Works | 28.89 | 9.56 | 19.33 | 67 |
| 34 | - Judicial | 30.48 | 11.50 | 18.98 | 62 |
| 35 | - Labour | 18.42 | 0.29 | 18.13 | 98 |
| 36 | - Land and Land Reforms | 35.23 | 11.19 | 24.04 | 68 |
| 39 | - Municipal Affairs | 269.88 | 0.32 | 269.56 | 99 |
| 45 | - Public Health Engineering | 23.95 | 7.26 | 16.69 | 70 |
| 47 | - Relief | 36.69 | 25.36 | 11.33 | 31 |
| Capital (Voted) | | | | | |
| 25 | - Public Works | 240.03 | 168.36 | 71.67 | 30 |
| 51 | - Technical Education and Training | 2.63 | 0.50 | 2.13 | 81 |
| Revenue (Charged) | | | | | |
| 8 | - Co-operation | 4.50 | 0.03 | 4.47 | 99 |
| 25 | - Public Works | 3.83 | 0.54 | 3.29 | 86 |
| 46 | - Refugee Relief and Rehabilitation | 4.32 | 0.03 | 4.29 | 99 |
| Capital (Charged) | | | | | |
| 47 | - Relief | 9.50 | 0.57 | 8.93 | 94 |
| Total | | 732.32 | 235.71 | 496.61 | |

Appendix 2.12

(Refer Paragraph 2.3.9, Page 36)

Statement showing some major cases where expenditure was incurred without provision

(Rupees in crore)

| | Description of Grant and Major Head | Expenditure incurred |
|---------------|---|----------------------|
| Grant No 4 | 6408-Loans for Food Storage and Warehousing-02-Storage and Warehousing-SP 001-Loans to BENEFIT for procurement of Potatoes | 20.00 |
| Grant No 5- | 2401-Crop Husbandry-SP 031-Additional Central Assistance Scheme under Stream-II of Rashtriya Krishi Bikash Yojana | 54.76 |
| Grant No. 18- | 2049-Interest Payments-101-Interest on Market Loans (Charged)-Non Plan | |
| | 053-7.00 per cent loan, 1993 WB | 26.52 |
| | 081 8.48 per cent West Bengal Government Stock, 2017 | 40.90 |
| | 6003-Internal Debt of the State Government-101-Market Loans | |
| | Non-Plan BEARING INTEREST-M 002-13.75 per cent West Bengal Loan, 2007 (FA) | 44.75 |
| | M 003-13.5 per cent West Bengal Loan, 2007 | 570.81 |
| | Non-Plan-NOT BEARING INTEREST-NO 31-13 per cent West Bengal Loan, 2007 | 295.44 |
| | Non-Plan-002-Ways and Means Advances from the Reserve Bank of India Special | 2452.85 |
| | 004-Ways and Means Advances from the Reserve Bank of India-Overdraft | 6058.40 |
| Grant No 54 | 2217-Urban Development-Assistance to Nagar Panchayats/Notified Area Committees or Equivalent Thereof SP 001-Grants to KMDA on account of Grant Component of ACA for BSUP under JNNURM | 30.20 |
| | Total | 9594.63 |

Appendix 2.13

(Refer Paragraph 2.3.10, Page 37)

Statement showing inadequate budgetary control

a) Surrender in excess of actual savings

| Description of the grant/appropriation | | Section | Savings (Rupees in crore) | Surrender |
|--|---|-------------------|------------------------------|---------------|
| 9 | - Commerce and Industries | Capital - Voted | 9.42 | 18.23 |
| 11 | - Cottage and Small Scale Industries | Revenue - Voted | 16.83 | 19.50 |
| | | Capital - Voted | 12.24 | 12.44 |
| 12 | - Development and Planning | Revenue - Voted | 3.97 | 9.01 |
| 27 | - Home | Revenue - Voted | 99.32 | 174.95 |
| 28 | - Housing | Revenue - Voted | 2.15 | 3.82 |
| | | Revenue - Charged | 1.97 | 2.04 |
| 30 | - Information and Cultural Affairs | Revenue - Voted | 4.98 | 5.41 |
| 42 | - Personnel and Administrative Reforms | Revenue - Voted | 0.68 | 1.11 |
| 43 | - Power and Non-Conventional Energy Sources | Revenue - Charged | 7.88 | 8.03 |
| 45 | - Public Health Engineering | Capital - Voted | 21.68 | 22.22 |
| 51 | - Technical Education and Training | Revenue - Voted | 3.78 | 3.97 |
| 53 | - Transport | Revenue - Voted | 0.65 | 0.77 |
| | | Total | 185.55 | 281.50 |

b) Surrender inspite of excess expenditure

| Description of the grant/appropriation | | Section | Excess (Rupees in crore) | Surrender |
|--|---|-----------------|-----------------------------|--------------|
| 5 | - Agriculture | Revenue - Voted | 7.12 | 30.05 |
| 9 | - Commerce and Industries | Revenue - Voted | 6.38 | 25.75 |
| 18 | - Finance | Revenue - Voted | 37.63 | 1.25 |
| 43 | - Power and Non-Conventional Energy Sources | Revenue - Voted | 18.63 | 0.83 |
| | | Capital - Voted | 6.45 | 3.01 |
| 46 | - Refugee Relief and Rehabilitation | Revenue - Voted | 0.48 | 1.41 |
| | | Total | 76.69 | 62.30 |

Appendix 2.14
(Refer Paragraph 2.3.12, Page 37)

Statement showing cases which satisfied the criteria laid down for treatment of New Service/New Instrument of Services but were not treated as such

| Name of the department | Grant Number | Head | Actual expenditure (Rupees in lakh) | Remarks/ criteria number (As per G.O. No. 3229/47)- FB dated 26-05-1981 |
|------------------------|--------------|---|-------------------------------------|---|
| Agricultural Marketing | 04 | 6408-Loans for Food Storage and Warehousing-02-Storage and Warehousing-190-Loans to Public Sector and Other Undertakings-SI001-Loans to BENEFED for Procurement of Potatoes | 2000.00 | 10 |
| Food and Supplies | 21 | 2235-Social Security and Welfare-60-Other Social Security and Welfare Programmes-200-Other Programmes-SI006-Transport Cost Subsidy for carrying foodgrains throughout the State for smooth functioning of PDS | 1960.00 | 14 |
| Public Works (Roads) | 25 | 5054-Capital Outlay on Roads and Bridges-03-State Highways-800-Other expenditure-SI005-Payment of compensation for land acquisition | 111.81 | 02 |
| | | | 4071.81 | |

Appendix 2.15

(Refer Paragraph 2.5, Page 38)

Statement showing DDOs operating PLAs and continuing the same over the years

| Sl. No. | Name of the DDO | Year of opening of PLA | Closing balance as on 31.03.2008 (Rupees in crore) |
|--------------|--|-------------------------------|--|
| 1. | DM, Malda | 1990-1991 | 28.54 |
| 2. | DM, Purulia* | 1993-1994 | 8.82 |
| 3. | DM, Bardhaman | 1994-1995 | 10.52 |
| 4. | DM, Purba Medinipur | 2001-2002 | 15.97 |
| 5. | DM, Paschim Medinipur | 1990-1991 | 13.29 |
| 6. | DM, Bankura* | 1995-1996 | 35.20 |
| 7. | DM, Birbhum | 1990-1991 | 8.18 |
| 8. | DM, Cooch Behar | 1990-1991 | 22.54 |
| 9. | DM, Jalpaiguri | 1993-1994 | 66.78 |
| 10. | DM, Howrah | 1990-1991 | 11.63 |
| 11. | DM, Hooghly | 1994-1995 | 10.19 |
| 12. | DM, Murshidabad | 1990-1991 | 30.76 |
| 13. | DM, North 24 Parganas | 1990-1991 | 45.10 |
| 14. | DM, South 24 Parganas* | 1990-1991 | 46.16 |
| 15. | DM, Dakshin Dinajpur* | 1991-1992 | 19.45 |
| 16. | DM, Uttar Dinajpur | 1994-1995 | 20.73 |
| 17. | DM, Nadia | 1990-1991 | 34.62 |
| 18. | Director of Agriculture, West Bengal | NA | 0.01 |
| 19. | DG & IG of Police, West Bengal* | 1994-1995 | 0.18 |
| 20. | Labour Commissioner, West Bengal | 1972-1973 | 0.23 |
| 21. | Superintendent, Dum Dum Central Correctional Home | Early seventies | i)0.0004 ii)0.048 |
| 22. | Additional Director(ARD), Haringhata Farm, Nadia* | 1968-1969 | 0.006 |
| 23. | Special Land Acquisition Officer, Howrah* | i) 1978-1979 ii) 1983-1984 | i)30.79 ii)4.17 |
| 24. | MSVP, National Medical College and Hospital, Kolkata | 1997-1998 | 0.48 |
| 25. | MSVP, Medical College and Hospital, Kolkata | 1997-1998 | 0.95 |
| 26. | Principal, Dr. R Ahmed Dental College and Hospital | 1973-1974 | 0.02 |
| 27. | Joint Director of ARD (Poultry)* | i)1965-1966 ii)1975-1976 | i)0.04 ii)0.33 |
| 28. | Director, IPGME&R, Kolkata | 1962-1963 | 0.06 |
| Total | | | 465.7944 |

These eight DDOs opened their PLAs in consultation with the Accountant General (Accounts and Entitlement), West Bengal

Appendix 2.16

(Refer Paragraph 2.5, Page 39)

Statement showing year-wise retention of unspent balances in the PLAs over the years

| Sl. No. | Name of the DBO | 1990-1991 | 1991-1992 | 1992-1993 | 1993-1994 | 1994-1995 | 1995-1996 | 1996-1997 | 1997-1998 | 1998-1999 | 1999-2000 | 2000-2001 | 2001-2002 | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 | 2007-2008 | Total amount of unspent balances as on 31.3.2008 |
|------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| (Rupees in lakh) | | | | | | | | | | | | | | | | | | | | |
| 1 | DML Paschim Medinipur | - | - | 0.73 | - | 0.39 | 0.16 | 24.53 | 7.00 | 0.32 | 3.93 | 13.27 | 13.35 | 73.41 | 41.09 | 66.33 | 144.52 | 791.41 | 148.62 | 1329.06 |
| 2 | DML North 24 Parganas | - | - | 0.22 | 0.36 | 1.24 | 0.43 | 0.99 | 0.35 | - | 0.78 | 0.03 | 6.18 | 54.61 | 32.81 | 121.36 | 636.26 | 3028.19 | 626.00 | 4509.81 |
| 3 | Director of Agriculture | - | - | - | - | - | - | - | - | - | 1.21 | - | - | - | - | - | - | - | - | 1.21 |
| 4 | DG & IG of Police, West Bengal | - | - | - | - | 8.04 | - | - | - | - | - | 9.73 | - | - | - | - | - | - | - | 17.77 |
| 5 | Superintendent, Dum Dum Central Correctional Home | 0.04 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.04 |
| | | | | | | | | | 3.27 | - | - | - | - | - | - | - | - | - | 1.50 | 4.77 |
| 6 | MSVP, National Medical College and Hospital | - | - | - | - | - | - | - | - | - | 47.78 | - | - | - | - | - | - | - | - | 47.78 |
| GRAND TOTAL | | 0.04 | - | 0.95 | 0.36 | 9.67 | 0.59 | 25.52 | 10.62 | 0.32 | 53.70 | 13.03 | 19.53 | 128.02 | 73.90 | 187.69 | 780.78 | 3819.60 | 776.12 | 5910.44 |

Appendix 2.17

(Refer Paragraph 2.5, Page 39)

Statement showing PLAs remaining inoperative over the years

| Sl No. | Name of the DDO | Purpose of opening of the PLA | Year of opening of the PLA | Date/Year from which the PLA remained inoperative | Balance held in PLA on 31.03.2008 (Rupees in crore) |
|--------------|---|--|----------------------------|---|---|
| 1. | Director of Agriculture | NA | NA | December, 1999 | 0.01 |
| 2. | DG & IG of Police, West Bengal | Development programme of Border Area | 1994-1995 | 15.12.2002 | 0.18 |
| 3. | Superintendent, Dum Dum Central Correctional Home | For depositing un-expendable portion of PC wage of prisoners | NA | 1986-1987 | 0.00004 |
| 4. | MSVP, Medical College & Hospital, Kolkata | For depositing hospital receipts/collections | 1997-1998 | May, 1997 | 0.95 |
| 5. | MSVP, National Medical College & Hospital | For depositing hospital receipts/collections | 1996-1997 | 28.5.1999 | 0.48 |
| 6. | † Joint Director of ARD (Poultry) | To meet the emergency contingent expenditure in connection with poultry development scheme | 1965-1966 | NA | 0.04 |
| Total | | | | | 1.6604 |

Appendix 2.18

(Refer Paragraph 2.5, Page 39)

Statement showing the discrepancy between PLA cash book and Treasury Pass Book in respect of closing balances as on 31 March 2008

| Sl. No. | Name of the DDO | Balance as per PLA cash book | Balance as per Treasury/RBI pass book | Discrepancy involved | |
|--------------------------|-----------------------------|------------------------------|---------------------------------------|-------------------------|----------------------------------|
| | | | | Excess in PLA Cash Book | Excess in Treasury/RBI Pass Book |
| (Rupees in crore) | | | | | |
| 1. | DM, Purulia | 8.82 | 29.85 | - | 21.03 |
| 2. | DM, Uttar Dinajpur | 20.73 | 28.10 | - | 7.37 |
| 3. | DM, Nadia | 34.62 | 38.46 | - | 3.84 |
| 4. | DM, Bardhaman | 10.52 | 35.70 | - | 25.18 |
| 5. | DM, Birbhum | 8.18 | 10.02 | - | 1.84 |
| 6. | DM, Jalpaiguri | 66.78 | 69.09 | - | 2.31 |
| 7. | DM, Hooghly | 10.19 | 10.45 | - | 0.26 |
| 8. | DM, Murshidabad | 30.76 | 32.62 | - | 1.86 |
| 9. | DM, Dakshin Dinajpur | 19.45 | 20.08 | - | 0.63 |
| 10. | Director of Agriculture, WB | 0.012 | 0.009 | 0.003 | - |
| 11. | DG & IG of Police, WB | 0.18 | 0.13 | 0.05 | - |
| 12. | Labour Commissioner, WB | 0.2276 | 0.2318 | - | 0.0042 |
| 13. | Director, IPGME&R, Kolkata | 0.06 | 0.04 | 0.02 | - |
| Total | | 210.5296 | 274.7808 | 0.073 | 64.3242 |

Appendix 2.19

(Refer Paragraph 2.5, Page 39)

Statement showing trend of increase in the fund balances held in the PLAs of the State over the last few years

| | Rupees in crore | Percentage of increase |
|--|-----------------|------------------------|
| Unutilised balance as on 31 March 2002 | 513.91 | - |
| Unutilised balance as on 31 March 2003 | 646.74 | 25.85 |
| Unutilised balance as on 31 March 2004 | 653.07 | 0.98 |
| Unutilised balance as on 31 March 2005 | 743.95 | 13.92 |
| Unutilised balance as on 31 March 2006 | 837.23 | 12.54 |
| Unutilised balance as on 31 March 2007 | 1398.91 | 67.09 |
| Unutilised balance as on 31 March 2008 | 1561.76 | 11.64 |

Appendix 2.20

(Refer Paragraph 2.6, Page 40)

Statement showing DDO-wise draws of AC Bills upto 2007-2008 and adjustment awaited there against as of March 2008

| Sl. No. | Name of the department | Name of the DDO | Amount drawn upto March 2008 | Amount awaiting adjustment upto March 2008 | Amount lying unadjusted for more than one year |
|------------------|---------------------------|---|------------------------------|--|--|
| (Rupees in lakh) | | | | | |
| 1 | Health and Family Welfare | Director of Health Services, West Bengal, Salt Lake | - | 768.39 | 768.39 |
| 2 | Home (Police) | SP, North 24 Parganas | 232.15 | 14.57 | - |
| | | Commandant, SAP, 6 th Battalion | 1846.54 | 1840.54 | 1352.54 |
| | | Commandant, SAP, 2 nd Battalion | 790.58 | 155.95 | - |
| | | Commandant, SAP, 3 rd Battalion | 193.78 | 162.26 | 135.97 |
| | | AO, Kolkata Police, Lalbazar | 2974.69 | 2509.85 | 358.17 |
| 3 | Land and Land Reforms | DM, Hooghly | 329.78 | 289.78 | 285.28 |
| | | DM, Bardhaman | 717.71 | 688.96 | 326.03 |
| | | DM, Nadia | 702.12 | 163.43 | 4.75 |
| | | DM, Jalpaiguri | 482.85 | 16.64 | 75.66 |
| 4 | Relief | Director of Relief | 99.97 | 37.30 | 11.00 |
| 5 | Social Welfare | Director of Social Welfare, Salt Lake | 3062.35 | 3062.35 | 52.85 |
| Total | | | 12200.91 | 9710.02 | 3370.39 |

Total draws - Rupees 122.01 crore
 Total adjustment - Rupees 24.91 crore
 Total unadjusted advance - Rupees 97.10 crore

Appendix 3.1

(Refer paragraph 3.1.12, page 56)

Statement showing performance of various factory units of five test-checked CCIs

| Year | Cost of production (Rs in lakh) | Value of goods Produced (Rs in lakh) | No of convicts employed | Percentage of convicts employed to total convicts | Number of manufacturing units in CHs | No of units not functioning |
|-----------------------------|---------------------------------|--------------------------------------|-------------------------|---|--------------------------------------|-----------------------------|
| Presidency CCH | | | | | | |
| 2003-04 | 45.20 | 16.92 | 56 | 12 | 13 | 2 |
| 2004-05 | 52.87 | 30.43 | 65 | 12 | 13 | 2 |
| 2005-56 | 89.98 | 53.74 | 65 | 9 | 13 | 2 |
| 2006-67 | 72.22 | 52.58 | 79 | 10 | 13 | 2 |
| 2007-78 | 65.16 | 42.92 | 82 | 13 | 13 | 2 |
| Total | 325.43 | 196.59 | 347 | | | |
| Alipore CCH | | | | | | |
| 2003-04 | 170.45 | 14.66 | 137 | 48 | 7 | 2 |
| 2004-05 | 169.96 | 8.05 | 125 | 40 | 7 | 2 |
| 2005-56 | 181.97 | 6.84 | 118 | 26 | 7 | 2 |
| 2006-67 | 201.73 | 8.58 | 138 | 30 | 7 | 2 |
| 2007-78 | NA | NA | NA | NA | 7 | 2 |
| Total | 724.11 | 38.13 | 518 | | | |
| Dumdum CCH | | | | | | |
| 2003-04 | 19.21 | 18.29 | 41 | 12 | 7 | 4 |
| 2004-05 | 22.51 | 14.35 | 40 | 11 | 7 | 4 |
| 2005-56 | 19.11 | 18.35 | 57 | 16 | 9 | 3 |
| 2006-67 | 40.22 | 18.36 | 60 | 15 | 8 | 3 |
| 2007-78 | 20.52 | 18.47 | 62 | 18 | 8 | 3 |
| Total | 121.57 | 87.82 | 260 | | | |
| Berhampur CCH (BCCH) | | | | | | |
| 2003-04 | 14.35 | 4.19 | 46 | 9 | 6 | 2 |
| 2004-05 | 11.33 | 6.20 | 53 | 10 | 7 | 2 |
| 2005-56 | 9.92 | 5.72 | 47 | 9 | 7 | 2 |
| 2006-67 | 11.32 | 7.13 | 49 | 8 | 7 | 2 |
| 2007-78 | 19.72 | 6.49 | 58 | 7 | 7 | 2 |
| Total | 66.64 | 29.73 | 253 | | | |
| Medinipur CCH | | | | | | |
| 2003-04 | 16.62 | 15.26 | 35 | 9 | 5 | 3 |
| 2004-05 | 14.37 | 11.46 | 42 | 8 | 5 | 2 |
| 2005-56 | 18.29 | 18.55 | 43 | 6 | 5 | 2 |
| 2006-67 | 20.37 | 22.58 | 38 | 6 | 5 | 2 |
| 2007-78 | 22.55 | 22.05 | 35 | 5 | 5 | 3 |
| Total | 92.20 | 89.90 | 193 | | | |
| Grand Total | 1329.95 | 442.17 | 1571 | | | |

Appendix 3.2

(Refer paragraph 3.3.8.4 page 79)

Statement showing parking of funds

| Name of Division | ARWSP funds remained parked | Remarks |
|---------------------------------|-----------------------------|---|
| Midnapore Mech Division | Rs 0.62 crore | Midnapore Mech Division (MMD) received Rs 2.68 crore under ARWSP at the lag end of the financial years between 2004-05 and 2007-08. MMD failed to utilize the fund within the respective financial years and parked the fund under Deposit Head of two divisions ¹ in order to avoid lapse of budget grant. Out of this, Rs 1.33 crore was returned to MMD in September 2007, Rs 0.73 crore was adjusted by one Division ² against bills passed by MMD and balance Rs 0.62 crore remained parked in the accounts of two Divisions ³ till April 2008. |
| Malda Division | Rs. 3.15 crore | Malda Division received ARWSP funds of Rs 3.15 crore in March 2007 and instantly deposited the same in the accounts of Balurghat Division. The entire fund of Rs 3.15 crore was returned to Malda Division in June 2007. The Division incurred excess expenditure of Rs 0.55 crore in one Scheme ⁴ and diverted Rs 0.20 crore for non-ARWSP works. Thus, temporary parking of fund to avoid lapse of budget grant as well as excess expenditure accompanied with diversion of funds reflected lack of financial control. |
| | Rs 4.80 crore | To avoid the lapse of budget grant, Malda Division deposited Rs 4.80 crore to Malda Arsenic Area Water Supply Division on last day of March 2008 without any recorded reason. In turn, Malda Arsenic Area Water Supply Division also deposited Rs 6.28 crore to Malda Division on the same day. Both the Divisions credited the funds to its respective Deposit Heads and thereby saved it from being lapsed. Hence, instead of surrendering the unutilized fund as per Codal provision, both the Divisions mutually transferred the funds in each other's accounts that too at the last day of March 2008 which was tantamount to parking of funds in violation of financial rules/regulations |
| Malda Arsenic Area W/S Division | Rs 6.28 crore | As explained above. |
| Midnapore Division | Rs 0.75 crore | Midnapore Division deposited Rs 0.82 lakh to Midnapore Mechanical Division in March 2007. The recipient Division kept the amount in its accounts unutilized and returned the same to Midnapore Division in September 2007. Out of this, Rs 0.07 crore was expended as of February 2008 and balance was lying in the account of Midnapore Division. |
| | Rs 2.16 crore | Midnapore Division made advance payment of Rs 2.16 crore to Midnapore Mechanical Division on 31 st March 2008 for 'procurement of materials'. But Midnapore Mechanical Division was not entrusted with the procurement of materials, instead it was entrusted with the execution of electrical and mechanical parts of the water supply schemes. Hence, the unutilized fund was parked by Midnapore Division in the account of Mechanical Division to avoid the lapse of budget grant, which was highly irregular. |
| Total | Rs 17.76 crore | |

¹ Central Drilling Division (1.35 crore) and Midnapore Division (1.33 crore)² Central Drilling Division³ Central Drilling Division (0.02 crore) and Midnapore Division (0.60 crore)⁴ Balapur Water Supply Scheme (Expenditure: Rs 2.59 crore over sanctioned Rs 2.04 crore)

Appendix 3.3

(Refer paragraph 3.3.8.5 page 79)

Statement showing diversion of funds

| Name of Division | Amount Diverted | Period | Purpose for Diversion |
|-----------------------|--|------------------------------|---|
| Barasat Division | Rs 5.33 lakh | March 2006 to March 2007 | Payment for office Rent bills, payment of rent of Godown repairing and hiring of vehicles, etc.. |
| Bankura Meeh Division | Rs 8.70 lakh | October 2004 to March 2008 | Repairing of vehicles, purchase of spare parts of vehicles, repairing of Godown, purchase of stationary articles etc. |
| Murshidabad Division | Rs 5.95 lakh | March 2007 to September 2007 | Renovation of office, Godown, repair and renovation of staff quarter, construction of office rooms etc. |
| Bankura Division | Rs 0.45 lakh | March 2003 to March 2008 | Payment of office rent bills of Khatra Sub-Division. |
| | Rs 36.23 lakh | 2006-07 | For providing water in Urban Water Supply Scheme (Mukutmanipur W/S Scheme). |
| Alipore Division | Rs 92.53 lakh | 2002-03 | For sinking tubewells in Urban areas of South 24 Parganas district, KMC areas and KMDA areas. |
| Total | Rs 149.19 lakh i.e. Rs 1.49 crore | | |

Appendix 3.4

(Refer paragraph 3.3.8.6 page 80)

Statement showing the non-submission of Utilisation Certificate by six Zilla Parishads

| Name of Zilla Parishad | Period | ARWSP Funds allotted by PHED | Funds sub-allotted by ZP to PSs / PHE Divisions | Balance Funds lying with ZP. | Amount of UCs Received | Amount of UCs pending |
|------------------------|---------|------------------------------|---|------------------------------|------------------------|-----------------------|
| | | | | | | |
| Bankura | 2002-08 | 6.25 | 3.57 | 2.68 | 2.80 | 0.77 |
| North 24 Parganas | 2002-08 | 5.36 | 4.46 | 0.9 | 0.11 | 4.35 |
| South 24 Parganas | 2006-08 | 10.95 | 8.85 | 2.10 | NIL | 8.85 |
| Malda | 2002-08 | 4.09 | 2.94 | 1.15 | 0.24 | 2.70 |
| Medinipur | 2003-08 | 14.38 | 13.63 | 0.75 | 4.75 | 8.88 |
| Murshidabad | 2006-08 | 2.07 | 0.35 | 1.72 | NIL | 0.35 |
| Total | | 43.10 | 33.80 | 9.30 | 7.90 | 25.90 |

Appendix – 3.5

(Refer paragraph 3.3.9.1 page 80)

Statement showing the status of the FC, PC and NC habitations during the period 2002-08

| Year | Habitations at the beginning of the year | | | | PC habitations covered during the year | | NC habitations covered during the year | |
|----------------------------------|--|--------------------|------------------------|------------------|--|--|--|--|
| | Total | Fully covered (FC) | Partially covered (PC) | Not covered (NC) | Target | Achievement reported to GOI (Percentage) | Target | Achievement reported to GOI (Percentage) |
| 2002-03 | 79036 | 65745 | 13291 | Nil | 32196 ⁵ | 6539 (20.31) | Nil | Nil |
| 2003-04 | 79036 | 72284 | 6752 | Nil | 37222 ⁶ | 6752 (18.14) | Nil | Nil |
| 2004-05 | 96265 | 61634 | 25103 | 9528 | 12870 | 2906 (22.58) | 5819 | 2693 (46.28) |
| 2005-06 | 96265 | 67233 | 22197 | 6835 | 15196 | 2448 (16.11) | 1464 | 295 (20.15) |
| 2006-07 | 96265 | 69976 | 19749 | 6540 | 13417 | 2686 (20.02) | 2424 | 353 (14.56) |
| 2007-08 | 96265 | 73015 | 17063 | 6187 | 6248 | 5992 (95.9) | 2200 | 652 (29.63) |
| As on 1 st April 2008 | 96265 | 79659 | 11071 | 5535 | | | | |

⁵ Reason for fixing higher target than existing number of PC habitations was not clarified by the PHED.

⁶ Reason for fixing higher target than existing number of PC habitations was not clarified by the PHED.

Appendix 3.6

(Refer paragraph 3.3.9.4 page 81)

Statement showing irregularities in execution of Piped Water Supply Schemes

| Sl No. | Name of Division | Name of Scheme | Year of Sanction | Year of Completion | Sanctioned Cost | Actual Expenditure | Excess Expenditure over Sanctioned Cost (Rs in lakh) |
|-------------|----------------------|----------------------|------------------|--------------------|-----------------|--------------------|--|
| 1. | Bankura Division | (a) Simlapal | 1996-97 | 2002-03 | 89.69 | 121.45 | 31.76 |
| | | (b) Joypur | 2000-01 | 2002-03 | 131.00 | 139.72 | 8.72 |
| | | Sub-total | | | 220.69 | 261.17 | 40.48 |
| 2. | Murshidabad Division | (a) Khayramari | 1996-97 | 2002-03 | 139.3 | 166.64 | 27.34 |
| | | (b) Chhayaghari | 1997-98 | 2002-03 | 95.06 | 124.30 | 29.24 |
| | | (c) Mahayampur | 2003-04 | 2007-08 | 654.31 | 671.44 | 17.13 |
| | | (d) Amarkandu | 1996-97 | 2002-03 | 71.77 | 91.54 | 19.77 |
| | | Sub-total | | | 960.44 | 1053.92 | - 93.48 |
| 3. | Barasat Division | (a) Chikanpara | 2000-01 | 2002-03 | 162.75 | 195.73 | 32.98 |
| | | (b) Gaighata | 2000-01 | 2002-03 | 122.04 | 188.74 | 66.71 |
| | | (c) Chandpara | 2000-01 | 2002-03 | 108.7 | 157.92 | 49.22 |
| | | (d) Bansghata | 1995-96 | 2002-03 | 52.82 | 81.38 | 28.56 |
| | | (e) Berachampa | 2000-01 | 2006-07 | 268.65 | 311.89 | 43.24 |
| | | Sub-total | | | 714.96 | 935.66 | 220.70 |
| 4. | Alipore Division | (a) Nilambarpur | 1977-78 | 2004-05 | 19.42 | 15.82 | (-)3.6 |
| | | (b) Krishnachandapur | 1978-79 | 2002-03 | 14.78 | 23.20 | 8.42 |
| | | (c) Gosaba | 1984-85 | 2002-03 | 108.00 | 126.50 | 18.50 |
| | | (d) Purba Radhanagar | 1984-85 | 2004-05 | 14.48 | 11.56 | (-)2.92 |
| | | Sub-total | | | 156.68 | 177.08 | 20.40 |
| Grand Total | | | | | 2052.77 | 2427.83 | 375.06 |

Original Sanctioned Cost of five PWSSs of Barasat Division was Rs. 886.01 lakh including the cost of ARPs (Rs 216.26 lakh). However, instead of ARPs, IEPs costing Rs 45.20 lakh was installed thereby reducing the effective Sanctioned Cost Rs 714.95 lakh (Rs 886.01 - Rs 216.26 + Rs 45.20)lakh

Appendix 3.7

(Refer paragraph 3.3.9.4 page 81)

Statement showing various irregularities in execution of Piped Water Supply Schemes

| Division | Scheme | Amount | Remarks |
|--------------------|-------------------------|-----------------------|---|
| Midnapore Division | Kharikamathani | Rs 61.39 lakh | Kharikamathani PWSS sanctioned in August 2001 at Rs 63.41 lakh for supply of safe drinking water to a population of 4443 in Paschim Midnapore district under ARWSP was completed in 2005 at a cost of Rs 61.39 lakh. After energisation of the scheme (January 2007), it was noticed that the only tubewell sunk under the scheme in August 2002 was not yielding any water and was declared defunct. Investigation conducted by Central Drilling Division revealed that sustainable aquifer was not available within the command area of the scheme for a successful tubewell. Scrutiny of records revealed that the site for sinking of the tubewell was selected considering aquifer of a tubewell at a distance of 12 km. As per detailed aquifer zone prepared by State Water Investigation Department (SWID), there was no suitable aquifer in the command area of the scheme which was not consulted before sinking of the tubewell. Electro logging of the tubewell conducted before lowering of tubewell assemblies in August 2002 also revealed that the yield of the tubewell was only 136 kilo litre per day (kld) against the designed yield of 312 kld. Thus, without ascertaining the sustainability of the tubewell, the Department went ahead with the work of laying of distribution network, construction of pump house etc. relating to the scheme at a cost of Rs 61.39 lakh. As a result, the expenditure of Rs 61.39 lakh on the scheme was wasteful and a population of 4443 under the command area of the scheme was deprived of the benefit of safe drinking water. |
| Barasat Division | Chandpara & Chikan para | Rs 9.46 lakh | Out of seven tubewells sunk under two PWSSs ^a in North 24 Parganas district, two tubewells were declared defunct soon after construction (October 2003) due to yield of gas and oily substances alongwith water. The tubewells were sunk without examining the chemical nature of the soil for assessing the quality of water before lowering of the tubewell assemblies rendering expenditure of Rs 9.46 lakh wasteful on this account. |
| | Gaighata | Rs 12 lakh | Three deep tubewells were sunk in 2002 at a cost of Rs 12.00 lakh in Gaighata PWSS without examining the chemical nature of the soil regarding content of arsenic before lowering of tubewell assemblies. Water samples of the tubewells were found to be contaminated with arsenic. The tubewells were supplying contaminated water and a population of 14634 under its command area was at risk by consuming the contaminated water. |
| Alipore Division | Basulat | Rs 48.78 lakh | Basulat PWSS was approved at a cost of Rs 97.88 lakh in 2001-02 to provide safe drinking water to a population of 9280 in South 24 Parganas District. The scheme was completed in 2003-04 at a cost of Rs 97.57 lakh. But the intended objective could not be fully achieved as one out of two tubewells was yielding muddy water and was declared defunct since commissioning of the scheme. No effort has been made to restore the functioning of the defunct tubewell as yet (June 2008) and thus rendering the expenditure of Rs 48.78 lakh unfruitful on one tubewell. |
| Total | | Rs 131.63 lakh | |

^a Chandpara and Chikanpara

Appendix 3.8

(Refer paragraph 3.3.9.4 page 81)

Statement showing various irregularities in execution of Piped Water Supply Schemes in North 24 Parganas W/S Division

| Division | Remarks |
|--|---|
| <p>North 24 Parganas W/S Division The work of the entire surface water supply scheme for treatment of 7.50 mgd of water with all related works in North 24 Parganas District was awarded in June 2003 to an agency on Turnkey basis at a cost of Rs 57.72 crore for completion within 24 months followed by six months trial run and subsequent three years for operation and maintenance. The work was in progress (O&M part) and the contractor was paid Rs 58.75 crore against 25th running account bill as of June 2008. Scrutiny of records revealed that the Department allowed undue benefit to the contractor as detailed in remarks column.</p> | <p>1. On execution of Sludge disposal system through a separate tender The lump sum work, interalia, consisted of sludge disposal arrangement including all associated works as per item 2 of the tender agreement. The contractor was required to provide details drawing and design for proper disposal of sludge to be generated from 7.50 mgd treatment plant. The tender agreement also provided that the scope of work should not be limited to the list of civil/structural work attached with the agreement but also any other related work not provided in the agreement. The agreement further provided for not entertaining any extra payment for any type of work not considered or wrongly evaluated while quoting the rates. Scrutiny of records, however, revealed that a separate tender was awarded to another contractor for surveying, planning, designing, delivery, erection and construction including all allied and related works for sludge disposal arrangement of the same treatment plant at a cost of Rs 98.07 lakh in September 2005. The work was in progress (June 2008) and the contractor was paid Rs 37.52 lakh upto May 2008. Thus, by allowing construction of the sludge disposal system by a separate tender, although the same was provided in the original lump sum contract, the Department allowed an undue benefit of Rs 37.52 lakh and further liability of Rs 60.55 lakh on the remaining work of sludge disposal.</p> <p>2. On execution of development works through separate tenders As per item 5 of the tender agreement, all development works like internal metal roads, approach metal roads connecting to nearest traffic road, boundary wall and fencing with gates, surface drain, culverts, sewerage waste and storm water disposal arrangement, arboriculture, gardening etc all complete within the complex of WTP and adjoining areas of inspection bungalow, staff quarters and guard house including all associated structure were provided for in the same lump sum contract. Scrutiny of records, however, revealed that, contrary to the agreement during the currency of the original tender, the division executed 35 no. of separate tenders having an estimated cost of Rs 1.06 crore and an amount of Rs 95.38 lakh was paid to the contractor during 2003-07 for development works. Thus, the Department allowed undue benefit of Rs 95.38 lakh to the contractor by execution of some development works through separate tenders although the same was provided in the original tender agreement.</p> <p>3. On Right of Way damage claims As per clause 5.3.1 of the tender agreement successful tenderer shall promptly settle all Right of Way damage claims made by the concerned Department in connection with laying of required pipe lines. Charges for obtaining such permission and statutory clearances payable to Government agencies shall be borne by the Department but all other expenses in connection with restoration of roads will have to be borne by the contractor. Scrutiny of records, however, revealed that ignoring the above clause, the Department made a payment of Rs 72.30 lakh to the PWD/PWD (Roads) Department for road restoration work damaged during laying of pipe line by the contractor and thus extending undue financial aid to the contractor.</p> |

Appendix 3.9

(Refer paragraph 3.3.9.4 page 81)

Statement showing details of 21 schemes in the test checked divisions which could not be completed due to various bottlenecks

| Sl No. | District | W/S Schemes | Month/Year of sanction | Sanctioned cost | Targeted population | Up to date expenditure | Status of the scheme | Audit observation on reasons for non-completion |
|--------|----------|-------------------|------------------------|-----------------|---------------------|-------------------------------|-------------------------------|--|
| 1 | Bankura | Gangajalghati | September 2001 | Rs 2.52 crore | 19742 | Rs 2.33 crore (till April 08) | Incomplete | i) The department contemplated to change specification of intake structure after issue of work order and took more than 2 years to arrive at the final decision. ii) Delay in execution by the contractor. iii) Theft of materials. |
| 2 | Bankura | Chotto-birbhanpur | March 08 | Rs 1.06 crore | 3618 | Nil (till April 08) | Not commenced (till April 08) | Although nine tenders valuing Rs 64.65 lakh were accepted between December 2006 and March 2007, not a single work order could be issued due to non-acquisition of land till April 2008. |
| 3 | Bankura | Hirbundh | 2001-02 | Rs 1.72 crore | 6683 | Nil (till April 08) | Not commenced (till April 08) | i) PHED released Rs 1 crore to Bankura Zilla Parishad in March 2002 for sub-allotment to Bankura Division. PHED for execution. The fund was lying unutilised with ZP till April 2008. ii) The Division refused to receive the fund as the suitable aquifer was not available and alternative location could not be selected even after digging 30 trial borings till April 2008. iii) PHED released further amount of Rs 0.50 crore in February 2007 to Bankura Division., PHE which advanced Rs 0.49 crore to Resources Division in the same month. But no material was received from Resources Division till April 2008. |

| Sl. No. | District | W/S Schemes | Month/Year of sanction | Sanctioned cost | Targeted population | Up to date expenditure | Status of the scheme | Audit observation on reasons for non-completion |
|---------|----------------|----------------------------------|------------------------|-----------------|---------------------|---------------------------------|-----------------------------------|---|
| 4 | Bankura | Mukundapur | February 2003 | Rs 0.86 crore | 4981 | Rs 0.75 crore (till April 08) | In progress (till April 08) | As against stipulated period of completion within 3 years, the scheme is still in progress. |
| 5 | Bankura | Saltora | 1978-79 | Rs 1.35 crore | 20799 | Rs 2.27 crore (till April 08) | Partially commissioned in 1996-97 | The Department did not provide fund till April 2008 (i.e. even after a lapse of 12 years) against the rest of schemes although the guideline provided for giving priority to old schemes over the new schemes. |
| 6 | Bankura | Onda | 1987-88 | Rs 1.44 crore | 41012 | Rs 3.01 crore (till March 08) | Partially commissioned in 1996-97 | In spite of incurring excess expenditure of Rs 1.57 crore without approval, the scheme could not be commissioned in the rest 26 mouzas due to insufficient water flow into the collector well and bursting of AC pipes. |
| 7 | Murshidabad | 8 different schemes ⁹ | March 06 | Rs 20.87 crore | 117000 | Nil (till April 08) | Not commenced | Despite lapse of the schedule date of completion (March 2008) and having fund of Rs 2.40 crore the schemes had not been commenced. |
| 8 | Murshidabad | Bahara | 2004-05 | Rs 0.98 crore | 10874 | Rs 0.69 crore (till March 08) | Incomplete (till March 08) | Concerned Assistant Engineer approached Executive Engineer to pursue WBSEB ¹⁰ for getting balance work done exactly after one year (December 2007) of completion of the Civil Work including laying of distribution system with no result. |
| 9. | West Midnapore | Tamajuri | 2005-06 | Rs 0.21 crore | 1393 | Rs 0.11 crore (till April 2008) | Incomplete (till April 2008) | Land for the scheme had not been handed over to PHED by the ZP till April 2008. |

⁹ Kakramari, Putia, Tekaripara, Prasadpur, Brindabanpur, Nasipur, Azmatpur, Purusottampur

¹⁰ West Bengal State Electricity Board

| Sl. No. | District | W/S Schemes | Month/Year of sanction | Sanctioned cost | Targeted population | Up to date expenditure | Status of the scheme | Audit observation on reasons for non-completion |
|---------|----------------|----------------|------------------------|-----------------|---------------------|-------------------------------|------------------------------|--|
| 10. | West Midnapore | Silda | 2005-06 | Rs 0.34 crore | 1393 | Rs 0.28 crore (till April 08) | Incomplete (till April 2008) | After much delay, land had been acquired and work was in progress till April 2008. |
| 11. | West Midnapore | Baligeria | 2005-06 | Rs 0.56 crore | 1611 | Rs 0.32 crore (till April 08) | Incomplete (till April 2008) | Due to non-availability of power connection, the scheme could not be commissioned though civil part of the scheme was completed by December, 2007 and quotation money for obtaining power was deposited between February 2007 and July 2007. |
| 12. | West Midnapore | Chatinasole | 2005-06 | Rs 0.86 crore | 4298 | Rs 0.53 crore (till April 08) | Incomplete (till April 2008) | Due to non-availability of power connection, the scheme could not be commissioned though civil part of the scheme was completed by December, 2007 and quotation money for obtaining power was deposited between February 2007 and July 2007. |
| 13. | West Midnapore | Paschim Pathri | 2005-06 | Rs 0.32 crore | 2550 | Rs 0.29 crore (till April 08) | Incomplete (till April 2008) | Due to non-availability of power connection, the scheme could not be commissioned though civil part of the scheme was completed by December, 2007 and quotation money for obtaining power was deposited between February 2007 and July 2007. |
| 14. | West Midnapore | Anandapur | 2005-06 | Rs 1.13 crore | 10005 | Rs 1.05 crore (till April 08) | Incomplete (till April 2008) | Due to non-availability of power connection, the scheme could not be commissioned though civil part of the scheme was completed by December, 2007 and quotation money for obtaining power was deposited between February 2007 and July 2007. |
| | Total | | | Rs 34.22 crore | 245959 | Rs 11.63 crore | | |

Appendix 3.10

(Refer paragraph 3.3.9.5 page 81)

Statement showing the shortfall in sinking tubewells in schools

| District | Implementing Agency | No. of TWs targeted | No of TWs completed | Percentage of shortfall | Stated reasons for shortfall |
|--------------------|-------------------------------|---------------------|---------------------|-------------------------|--|
| North 24- Parganas | Barasat Division | 258 | 170 | 30 | Higher cost of tubewell materials and labour and to restrict the expenditure within sanctioned cost |
| | North 24 Parganas ZP | 97 | Nil | 100 | No records available to show utilisation of Rs 78.80 lakh placed with ZP in December 2007 |
| Bankura | Bankura Division | 48 | 32 | 33 | Non-availability of clear sites from ZP |
| | Bankura Mechanical Division | 433 | 271 | 37 | Shortage of fund. |
| West Midnapore | Midnapore Division | 393 | 275 | 30 | Non-availability of clear sites by the District authorities and non-supply of materials by Resources Division in time. |
| | Midnapore ZP | 155 | Nil | 100 | No information was available. |
| | Midnapore Mechanical Division | 427 | 415 | 03 | Non-availability of clear sites by the District authorities and non-supply of materials by Resources Division in time. |
| Murshidabad | Murshidabad ZP | 345 | nil | 100 | Out of Rs 1.72 crore received for school tubewells, ZP purchased materials for Rs 0.61 crore and balance Rs 1.11 crore was lying unutilized till date. |
| Total | | 2156 | 1163 | 54 | |

Appendix 3.11

(Refer paragraph 3.3.13.3 page 89)

Statement showing the non-utilisation of funds by CCDU/non-submission of UCs by DWSCs

(Rupees in lakh)

| Year | Funds released by GOI to SWSM | | Funds released by SWSM to CCDU | | Delay in releasing funds by SWSM to CCDU (months) | Funds disbursed by CCDU to DWSCs | UCs received by CCDU |
|---------|-------------------------------|----------------|--------------------------------|------------------|---|----------------------------------|----------------------|
| | Amount | Month and year | Amount | Month and year | | | |
| 2004-05 | 47.15 | July 2004 | 47.15 | June 2005 | 11 | 14.93 | 10.55 |
| | 18.63 | March 2005 | 17.00 | June 05-Jan 07 | 3 | 9.11 | |
| 2005-06 | 116.44 | August 2005 | 116.44 | May 2006 | 9 | 116.44 | 15.00 |
| | 290.84 | March 2006 | 290.84 | May 2006 | 2 | 290.84 | 15.00 |
| | 25.29 | February 2006 | 25.29 | May 2007 | 15 | -- | -- |
| | 186.83 | February 2006 | 186.83 | May 2007 | 15 | -- | -- |
| 2006-07 | 333.15 | March 2007 | -- | Not yet released | | | |
| 2007-08 | 467.36 | September 2007 | -- | Not yet released | | | |
| | 1485.69 | | 683.55 | | | 431.32 | 40.55 |

Appendix 4.1

(Refer paragraph 4.1.1 page 103)

Statement showing bill-wise details of mismatch of amounts drawn from Treasury and those entered in the Cash Book of BMOH, Pundibari, Cooch behar

| Date of Drawal | Treasury voucher No | Cheque No/Date | Amount drawn from Treasury (Rs) | Amount shown in the cash book (Rs.) | Amount kept out of cash book (Difference) (Rs) |
|----------------|---------------------|-----------------|---------------------------------|-------------------------------------|--|
| 29.04.03 | 14 | 063922/25.04.03 | 85110 | Nil | 85110 |
| 25.07.03 | 73 | 066474/23.07.03 | 477365 | 449984 | 27381 |
| 27.08.03 | 84 | 067407/22.08.03 | 478634 | 451263 | 27371 |
| 22.09.03 | 98 | 068574/16.09.03 | 481875 | 452875 | 29000 |
| 21.10.03 | 39 | 070050/17.10.03 | 483410 | 454630 | 28780 |
| 25.11.03 | 79 | 071428/20.11.03 | 486336 | 451340 | 34996 |
| 22.12.03 | 78 | 072689/18.12.03 | 485842 | 451799 | 34043 |
| 27.01.04 | 106 | 074433/22.01.04 | 485603 | 449843 | 35760 |
| 01.03.04 | 8 | 075981/27.02.04 | 480487 | 432036 | 48451 |
| 01.04.04 | 39 | 078200/22.03.04 | 484118 | 449019 | 35099 |
| 29.04.04 | 92 | 080822/28.04.04 | 485391 | 457145 | 28246 |
| 27.08.04 | 75 | 084948/25.08.04 | 459643 | 445212 | 14431 |
| 28.09.04 | 124 | 086186/24.09.04 | 474906 | 460087 | 14819 |
| 26.10.04 | 135 | 087861/19.10.04 | 488625 | 467002 | 21623 |
| 29.11.04 | 78 | 088911/24.11.04 | 487217 | 460682 | 26535 |
| 22.12.04 | 7 | 090008/21.12.04 | 467607 | 439187 | 28420 |
| 31.01.05 | 104 | 091583/28.01.05 | 479995 | 446859 | 33136 |
| 01.04.05 | 38 | 096677/28.03.05 | 18329 | Nil | 18329 |
| 26.04.05 | 55 | 098131/21.04.05 | 509157 | 463292 | 45865 |
| 27.05.05 | 37 | 099323/25.05.05 | 523564 | 468943 | 54621 |
| 28.06.05 | 95 | 100072/27.06.05 | 519220 | 466822 | 52398 |
| 27.07.05 | 68 | 101004/21.07.05 | 539956 | 479113 | 60843 |
| 27.07.05 | 70 | 101006/21.07.05 | 27016 | 13952 | 13064 |
| 29.08.05 | 77 | 102442/29.08.05 | 549117 | 462740 | 86377 |
| 29.08.05 | 8 | 102449/29.08.05 | 51698 | 51659 | 39 |
| 26.09.05 | 161 | 103327/19.09.05 | 582708 | 500733 | 81975 |
| 26.09.05 | 154 | 103833/19.09.05 | 57000 | 53000 | 4000 |
| 28.09.05 | 201 | 104107/28.09.05 | 89426 | Nil | 89426 |
| 25.10.05 | 70 | 104932/21.10.05 | 604628 | 524148 | 80480 |
| 24.11.05 | 61 | 105943/21.11.05 | 592873 | 511433 | 81440 |
| 29.12.05 | 110 | 107818/28.12.05 | 609558 | 525092 | 81466 |
| 30.01.06 | 108 | 108960/25.01.06 | 592097 | 529348 | 62749 |
| 24.02.06 | 88 | 110568/24.02.06 | 51634 | 21606 | 30028 |
| 29.03.06 | 40 | 113782/28.03.06 | 6500 | Nil | 6500 |
| 01.04.06 | 37 | 113222/26.03.06 | 587296 | 528055 | 59241 |
| 24.04.06 | 71 | 115726/20.04.06 | 583653 | 523177 | 60476 |
| 30.05.06 | 77 | 116629/25.05.06 | 591920 | 536993 | 54927 |
| 26.06.06 | 38 | 117580/23.06.06 | 576034 | 538838 | 37196 |
| 28.08.06 | 110 | 120051/25.08.06 | 614272 | 551046 | 63226 |
| 29.09.06 | 136 | 121234/18.09.06 | 9507 | Nil | 9507 |
| 20.09.06 | 130 | 121055/18.09.06 | 646628 | 555364 | 91264 |
| 20.09.06 | 15 | 121111/18.09.06 | 42469 | 42169 | 300 |
| 20.10.06 | 29 | 122433/18.10.06 | 639960 | 557625 | 82335 |
| 27.11.06 | 104 | 124365/23.11.06 | 641641 | 567003 | 74638 |
| 22.12.06 | 67 | 125468/21.12.06 | 639476 | 555557 | 83919 |
| 25.01.07 | 95 | 126666/19.01.07 | 627275 | 559867 | 67408 |
| 26.02.07 | 142 | 188262/22.02.07 | 580514 | 531402 | 49112 |
| 05.03.07 | 48 | 128956/01.03.07 | 2100 | Nil | 2100 |
| 02.04.07 | 8 | 131749/24.03.07 | 613683 | 541052 | 72631 |
| TOTAL | | | 21093073 | 18878992 | 2214081 |

Appendix 4.2

(Refer paragraph 4.5.1 page 136)

Statement showing diversion of food grains (BPL Rice/Wheat) from PDS channel during 2006-07

| | SCFS | | DCFS | | Total |
|--|--------------------------|----------|-------------------|--|------------|
| | Barasat | Kalyani | Paschim Medinipur | | |
| | (Quantities in Quintals) | | | | |
| At distributors' points | | | | | |
| Actual lifting by MR distributors | | | | | |
| Rice | 196412.65 | 59542.46 | 883660.71 | | 1139615.82 |
| Wheat | 126901.74 | 43560.33 | 505122.35 | | 675584.42 |
| Total quantities handled by MR distributors (including OB) | | | | | |
| Rice | 196654.84 | 59584.70 | 931239.55 | | 1187479.09 |
| Wheat | 127246.81 | 43581.50 | 555295.27 | | 726123.58 |
| Total quantities released to MR dealers | | | | | |
| Rice | 196009.40 | 57490.05 | 880402.23 | | 1133901.68 |
| Wheat | 127078.45 | 43448.20 | 503025.02 | | 673551.67 |
| Closing stock with distributors | | | | | |
| Rice | 206.42 | 1170.83 | 50837.32 | | 52214.57 |
| Wheat | 595.46 | 13.56 | 52270.29 | | 52879.31 |
| Shortages recorded at distributors' point | | | | | |
| Rice | 439.02 | 923.82 | | | 1362.84 |
| Wheat | | 119.74 | | | 119.74 |
| At dealers' points | | | | | |
| Total quantities lifted by dealers | | | | | |
| Rice | 190574.78 | 57490.40 | 880402.23 | | 1128467.41 |
| Wheat | 122851.63 | 43448.74 | 503025.22 | | 669325.59 |
| Total quantities handled by dealers (including OB) | | | | | |
| Rice | 190578.23 | 57510.47 | 881137.56 | | 1129226.26 |
| Wheat | 122855.31 | 43467.63 | 503927.47 | | 670250.41 |
| Total sale to consumers | | | | | |
| Rice | 189769.93 | 56131.34 | 875855.63 | | 1121756.9 |
| Wheat | 122294.76 | 43332.19 | 502535.34 | | 668162.29 |
| Closing stock with dealers | | | | | |
| Rice | 16.92 | 1170.83 | 1766.86 | | 2954.61 |
| Wheat | 9.91 | 13.56 | 78.18 | | 101.65 |
| Shortages recorded at dealers' point | | | | | |
| Rice | 791.38 | 208.30 | 3515.08 | | 4514.76 |
| Wheat | 550.64 | 121.88 | 1313.95 | | 1986.47 |
| Total shortage/diversion ¹ | | | | | |
| Rice | 6665.02 | 1132.12 | 3515.08 | | 11312.22 |
| Wheat | 4777.46 | 241.62 | 1313.95 | | 6333.03 |
| Value of diverted foodgrains (in lakh) | | | | | |
| Rice @ Rs 565 per quintal | 37.65 | 6.40 | 19.86 | | 63.91 |
| Wheat @ Rs 415 per quintal | 19.83 | 1.00 | 5.45 | | 26.28 |

¹ Total shortage/diversion has been arrived at by adding the shortages at distributors' and dealers' points with the mismatch between the amount of foodgrains released by the distributors and the amount received by the dealers.

Appendix -4.3

(Refer paragraph 4.5.2 page 138)

Statement showing cases of consumption of non standard drugs

| Sl No | Name of units | Details of non-standard medicines consumed by patients | Value of non-standard drugs consumed due to delayed receipt of report | Value of non-standard drugs consumed due to non communication Rupees in lakh | Total value of non-standard drugs consumed | Delay in collection of samples by CMS (in days) | Delay in receipt of report from CMS (in months) |
|-------|-----------------------------|--|---|---|--|---|---|
| 1. | CMOH. Paschim Medinipur | Nine types of medicines in 25 batches | 9.63 | 17.05 | 26.68 | Not available | 2-7 |
| 2. | CMOH. Purba Medinipur | 15 types of medicines in 18 batches | 2.18 | 0.98 | 3.16 | 3-64 | 2-24 |
| 3. | CMOH. Bardhaman | Six types of medicines in 14 batches | 2.46 | - | 2.46 | 21 to 90 | 2 to 4 |
| 4. | MSVP, Bankura Sammilani MCH | Nine types of medicines in nine batches | - | 1.21 | 1.21 | Not applicable | Not applicable |
| 5. | MSVP, NRS MCH | 23 types of medicines in 41 batches | 3.78 | - | 3.78 | 3 to 29 | 1 to 6 |
| 6. | MSVP. RGKar MCH | 15 types of medicines in 17 batches | - | 1.85 | 1.85 | Not applicable | Not applicable |
| | | | 18.05 | 21.09 | 39.14 | | |

Appendix 4.4

(Refer paragraph 4.5.4 page 139)

Statement showing details of cases of Misutilisation of Government cash under various DDOs

| Sl. No | Name of the office | Date of verification by DDO at the instance of Audit | Book Balance as per the Cash book on the date of verification | Cash actually found on physical verification | Total Shortage | Unadjusted Vouchers | Unauthorized advance from undistributed cash | Unexplained cash/ Shortage/ Theft | Lapsed cheque/ Draft |
|--------|--|--|---|--|----------------|---------------------|--|-----------------------------------|----------------------|
| 1 | The Superintendent, Presidency Correctional Home, Alipore, Kolkata. | 02.01.07 | 3709087.49 | 3337960.46 | 371127.03 | | 271361.69 | 98226.34 | 1539.00 |
| 2 | The Medical Superintendent cum Vice Principal, Kolkata National Medical College & Hospital, Kolkata. | 04.10.07 | 2858407.58 | 2773169.58 | 85238.00 | | 85238.00 | | |
| 3 | The Project Administrator, World Food Programme, Kolkata. | 01.02.08 | 485911.85 | 339419.85 | 146492.00 | | | 143205.00 | 3287.00 |
| 4 | The Principal, Govt. College, Barasat. | 13.09.07 | 26401.50 | 1500.00 | 24901.50 | | | 24901.50 | |
| 5 | The Superintendent, Dumdum Central Correctional Home, Kolkata. | 06.02.07 | 2374200.29 | 2272444.29 | 101756.00 | 41898.00 | 59858.00 | | |
| 6 | The Superintendent, Alipore Central Correctional Home, Alipore, Kolkata. | 13.10.06 | 1787505.95 | 1648014.95 | 139491.00 | 128251.48 | 11239.52 | | |
| 7 | The Superintendent, Central Correctional Home, Paschim Medinipur. | 20.02.07 | 320229.78 | 286949.10 | 33280.68 | 33280.68 | | | |

| Sl. No | Name of the office | Date of verification by DDO at the instance of Audit | Book Balance as per the Cash book on the date of verification | Cash actually found on physical verification | Total Shortage | Unadjusted Vouchers | Unauthorized advance from undischursed cash | Unexplained cash/ Shortage/ Theft | Lapsed cheque/ Draft |
|--------|---|--|---|--|-----------------------|---------------------|---|-----------------------------------|----------------------|
| 8 | The CMOH, Paschim Medinipur. a) Belda BPHC b) Kharikamathani BPHC | 19.11.07 28.11.07 | 139909.50 140739.00 | 28500.00 89773.00 | 111409.50 50966.00 | | | 111409.50 50966.00 | |
| 9 | The Principal, R.G.Kar Medical College, Kolkata | 18.12.07 | 1337830.56 | 1024995.02 | 312835.54 | 277418.20 | 28974.46 | 633.42 | 5809.46 |
| 10 | The Medical Superintendent, Lady Duffrin Victoria Hospital, Kolkata. | 01.10.07 | 333990.56 | 225159.00 | 108831.56 | 108831.56 | | | |
| 11 | The Medical Superintendent cum Vice Principal, NRS Medical College & Hospital, Kolkata. | 05.10.07 | 11390538.78 | 11211285.09 | 179253.69 | 121143.79 | 58109.90 | | |
| 12 | The Medical Superintendent cum vice principal, R.G.Kar Medical College & Hospital, Kolkata. | 14.01.08 | 6876790.00 | 6421817.00 | 454973.00 | 454973.00 | | | |
| 13 | The District Magistrate, Mursidabad, Berhampore | 07.11.07 | 5033350.19 | 4960784.21 | 72565.98 | | 34092.98 | | 38473.00 |

| Sl. No | Name of the office | Date of verification by DDO at the instance of Audit | Book Balance as per the Cash book on the date of verification | Cash actually found on physical verification | Total Shortage | Unadjusted Vouchers | Unauthorized advance from undischursed cash | Unexplained cash/ Shortage/ Theft | Lapsed cheque/ Draft |
|--------|---|--|---|--|--------------------|---------------------|---|-----------------------------------|----------------------|
| 14 | The Accounts Officer, West Bengal Secretariat & Ex-officio Deputy Secretary, Finance Deptt.. | 22.11.07 | 80031734.76 | 59804861.10 | 20226873.66 | | 16042177.63 | | 4184696.03 |
| 15 | The Medical Superintendent cum Vice Principal, Medinipur Medical College & Hospital, Paschim Medinipur. | 06.03.08 | 60550.00 | Nil | 60550.00 | | | 60550.00 | |
| 16 | The Registrar, High Court (Original Side), High Court Kolkata. | 15.04.08 | 1255364.10 | 681567.10 | 573797.00 | | 573797.00 | | |
| | TOTAL | | 118162541.89 | 95108199.75 | 23054342.14 | 1165796.71 | 17164849.18 | 489891.76 | 4233804.49 |

2 Transactions relating to Institutional Delivery (ID) and Referral Transport (RT) of Post Partum unit
3 The official dealing with the cash informed that he had kept the cash in his residence

Appendix 4.5

(Refer paragraph 4.5.6 page 141).

Statement showing Department-wise and year-wise position of Inspection Reports and Paragraphs pending settlement

| Year | Panchayat and Rural Development Department | | Fisheries Department | | Commerce and Industries Department | | Hill Affairs Department | | Jails Department | | Commercial* | | Public Works (Roads) Department | | Public Health Engineering Department | | Grand Total | |
|-----------|--|-------|----------------------|-------|------------------------------------|-------|-------------------------|-------|------------------|-------|-------------|-------|---------------------------------|-------|--------------------------------------|-------|-------------|-------|
| | IRs | Paras | IRs | Paras | IRs | Paras | IRs | Paras | IRs | Paras | IRs | Paras | IRs | Paras | IRs | Paras | IRs | Paras |
| 1969-1970 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1970-1971 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1971-1972 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1972-1973 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1973-1974 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1974-1975 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1975-1976 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1976-1977 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1977-1978 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1978-1979 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1979-1980 | 3 | 4 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3 | 4 |
| 1980-1981 | 1 | 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 |
| 1981-1982 | 1 | 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 |
| 1982-1983 | 4 | 4 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4 | 4 |
| 1983-1984 | 1 | 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 |
| 1984-1985 | 3 | 7 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3 | 7 |
| 1985-1986 | 2 | 2 | - | - | - | - | - | - | - | - | - | - | 1 | 1 | - | - | 3 | 3 |
| 1986-1987 | 6 | 6 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 6 | 6 |
| 1987-1988 | 2 | 4 | - | - | - | - | - | - | - | - | - | - | 2 | 2 | - | - | 4 | 6 |
| 1988-1989 | 5 | 7 | - | - | - | - | - | - | - | - | - | - | - | - | 2 | 1 | 7 | 8 |
| 1989-1990 | 12 | 18 | - | - | - | - | - | - | - | - | - | - | - | - | 2 | 2 | 14 | 20 |
| 1990-1991 | 1 | 1 | 2 | 2 | - | - | - | - | 1 | 1 | - | - | - | - | - | - | 4 | 4 |
| 1991-1992 | 4 | 5 | 2 | 3 | - | - | - | - | - | - | - | - | - | - | 4 | 4 | 10 | 12 |

*Under Food Processing and Horticulture Department, Micro and Small Scale Enterprises and Textiles Department, Animal Resources Development Department and Food and Supplies Department

| Year | Panchayat and Rural Development Department | | Fisheries Department | | Commerce and Industries Department | | Hill Affairs Department | | Jails Department | | Commercial* | | Public Works (Roads) Department | | Public Health Engineering Department | | Grand Total | |
|--------------------|--|-------|----------------------|-------|------------------------------------|-------|-------------------------|-------|------------------|-------|-------------|-------|---------------------------------|-------|--------------------------------------|-------|-------------|-------|
| | IRs | Paras | IRs | Paras | IRs | Paras | IRs | Paras | IRs | Paras | IRs | Paras | IRs | Paras | IRs | Paras | IRs | Paras |
| 1992-1993 | 20 | 39 | 2 | 2 | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 23 | 42 |
| 1993-1994 | 20 | 37 | - | - | - | - | - | - | 1 | 2 | - | - | 14 | 14 | 5 | 5 | 40 | 58 |
| 1994-1995 | 17 | 19 | 1 | 1 | - | - | - | - | - | - | - | - | 14 | 13 | 5 | 5 | 37 | 38 |
| 1995-1996 | 41 | 75 | - | - | - | - | - | - | 1 | 2 | - | - | 17 | 16 | 3 | 3 | 62 | 96 |
| 1996-1997 | 64 | 135 | 7 | 13 | 1 | 1 | - | - | 1 | 1 | - | - | 24 | 23 | 7 | 7 | 104 | 180 |
| 1997-1998 | 21 | 51 | 1 | 1 | 1 | 1 | 1 | 20 | 3 | 6 | - | - | 27 | 28 | 6 | 12 | 60 | 119 |
| 1998-1999 | 10 | 21 | - | - | 1 | 1 | 1 | 16 | - | - | - | - | 23 | 24 | 3 | 1 | 38 | 63 |
| 1999-2000 | 14 | 31 | 1 | 1 | - | - | 1 | 19 | 2 | 2 | - | - | 21 | 85 | 13 | 29 | 52 | 167 |
| 2000-2001 | 40 | 75 | 2 | 7 | 1 | 2 | 1 | 10 | 2 | 3 | - | - | 30 | 105 | 2 | 2 | 78 | 204 |
| 2001-2002 | 14 | 46 | 2 | 4 | 3 | 11 | - | - | 4 | 11 | - | - | 23 | 45 | 21 | 35 | 67 | 152 |
| 2002-2003 | 28 | 82 | 3 | 4 | 1 | 1 | 2 | 10 | 10 | 23 | 1 | 1 | 30 | 96 | 19 | 45 | 94 | 262 |
| 2003-2004 | 34 | 128 | 10 | 29 | 2 | 6 | - | - | 4 | 14 | 1 | 1 | 36 | 105 | 24 | 61 | 111 | 344 |
| 2004-2005 | 59 | 242 | 1 | 6 | 1 | 1 | 1 | 31 | 3 | 9 | 1 | 1 | 32 | 83 | 27 | 66 | 125 | 439 |
| 2005-2006 | 12 | 61 | 4 | 15 | - | - | 1 | 23 | 4 | 21 | 2 | 2 | 12 | 26 | 10 | 19 | 45 | 167 |
| 2006-2007 | 13 | 51 | 3 | 6 | 3 | 8 | - | - | 4 | 20 | - | - | 23 | 77 | 12 | 36 | 58 | 198 |
| 2007-2008 | 4 | 20 | 12 | 40 | 1 | 4 | - | - | 3 | 22 | 2 | 8 | 29 | 123 | 5 | 13 | 56 | 230 |
| Total | 456 | 1174 | 53 | 134 | 15 | 36 | 8 | 129 | 43 | 137 | 7 | 13 | 358 | 866 | 171 | 347 | 1111 | 2836 |
| More than 10 years | 228 | 417 | 15 | 22 | 2 | 2 | 1 | 20 | 7 | 12 | - | - | 99 | 97 | 35 | 40 | 387 | 610 |

Appendix 4.6

(Refer paragraph 4.5.7 page 142)

Statement showing names of the departments who did not submit Action Taken Notes

| Sl No | Name of the department |
|-------|---|
| 1 | Agriculture |
| 2 | Animal Resources Development |
| 3 | Backward Classes and Welfare |
| 4 | Commerce and Industries |
| 5 | Co-operation |
| 6 | Cottage and Small Scale Industries |
| 7 | Development and Planning |
| 9 | Disaster Management |
| 9 | Excise |
| 10 | Fisheries |
| 11 | Food and Supplies |
| 12 | Food Process and Horticulture |
| 13 | Forests |
| 14 | Health and Family Welfare |
| 15 | Higher Education |
| 16 | Hill Affairs |
| 17 | Home (Const. and Elec.) |
| 18 | Home (Police) |
| 19 | Home (Political) |
| 20 | Housing |
| 21 | Industrial Reconstruction |
| 22 | Information and Cultural Affairs |
| 23 | Information and Technology |
| 24 | Irrigation and Waterways |
| 25 | Jails |
| 26 | Judicial |
| 27 | Labour |
| 28 | Land and Land Reforms |
| 29 | Mass Education Extension |
| 30 | Municipal Affairs |
| 31 | Panchayats and Rural Development |
| 32 | Power |
| 33 | Public Enterprises |
| 34 | Public Health Engineering |
| 35 | Public Works |
| 36 | Public Works (Commissioners for Rabindra Setu) |
| 37 | Public Works (Roads) |
| 38 | School Education |
| 39 | Sports and Youth Services |
| 40 | Technical Education and Training |
| 41 | Tourism |
| 42 | Transport |
| 43 | Urban Development |
| 44 | Water Investigation and Development |
| 45 | Women & Child Development and Social Welfare |
| 46 | Youth Services and Minorities Development and Welfare |
| 47 | Finance |

Appendix 5.1
(Refer paragraph 5.7.3 at page 152)

Statement showing the Centrally sponsored projects executed during 2002-08

| Sl No. | Name of the project | Executing Agency | Date of sanction | Sanctioned cost | Funds released | Expenditure incurred | Scheduled date of completion | Date of commencement of works | Date of completion of project | Remarks |
|--------|---|------------------|------------------|------------------|----------------|----------------------|------------------------------|-------------------------------|-------------------------------|---|
| | | | | (Rupees in lakh) | | | | | | |
| 1 | Development of Darjeeling as a Tourist Destination | DGHC | March 2003 | 201.10 | 160.00 | 150.40 | March 2005 | September 2003 | Partly completed | Out of five works, two were completed in January 2005 at a cost of Rs 147.21 lakh while three works (sanctioned cost: Rs 53.57 lakh) were abandoned after spending Rs 3.19 lakh. DGHC submitted UC to the Department for Rs 165.48 lakh against actual expenditure of Rs 150.40 lakh incurred on the project. |
| 2 | Development of Tourism at Visnupur under Destination Development Scheme | WBTDc | September 2003 | 324.52 | 259.51 | 263.96 | September 2005 | October 2004 | Partly completed | Out of five works, two viz. construction of motel (sanctioned cost: Rs 53.02 lakh) and construction of roads and beautification of bandh (sanctioned cost: Rs 52.80 lakh) were executed between October 2004 and September 2006 at a cost of Rs 260.96 lakh (motel: Rs 152.52 lakh; roads and bandh: Rs 108.44 lakh) resulting in excess expenditure of Rs 155.14 lakh. Remaining three works (sanctioned cost: Rs 218.70 lakh) were kept abandoned due to non-availability of funds while Rs 3 lakh was diverted for other purposes. |
| 3 | Development of Dakshineswar Temple Complex | WBTDc | September 2003 | 132.24 | 113.68 | 112.88 | September 2006 | January 2004 | Works in progress (WIP) | Out of 8 items of works, 7 were completed and one (Restoration of kothi bari) was partially executed. |

| S. No. | Name of the project | Executing Agency | Date of sanction | Sanctioned cost | Funds released | Expenditure incurred | Scheduled date of completion | Date of commencement of works | Date of completion of project | Remarks |
|--------|--|-------------------|------------------|------------------|----------------|----------------------|------------------------------|-------------------------------|-------------------------------|---|
| | | | | (Rupees in lakh) | | | | | | |
| 4 | Development of Rural Tourism at Santiniketan. | WBTDc | September 2003 | 53.00 | 18.00 | 11.06 | October 2006 | NA | WIP. | Although the consultant rendered services worth Rs 0.38 lakh only. WBTDc paid consultancy fees of Rs 3 lakh resulting in an excess payment of Rs 2.62 lakh. Out of 21 items of works, only one (construction of boundary wall) was completed at a cost of Rs 4.35 lakh against the sanctioned cost of Rs 1.75 lakh and Rs 3.71 lakh was diverted for other purposes. No other item of work was started till March 2008. |
| 5 | Development of Park at Dakanikata near Siliguri | SJDA ¹ | 2003-04 | 325.16 | 128.80 | NA | March 2008 | NA | WIP | Executing Agency (SJDA) did not submit any work status report and expenditure statement. |
| 6 | Renovation of Vivekananda Ancestral House and Cultural Centre, Kolkata | RKM ² | 2003-04 | 100.00 | 100.00 | 100.00 | NA | NA | Completed | Stated to have been completed but UC submitted by Executing Agency (RKM) was not available. |
| 7 | Repairs of Bathing Ghats and Fencing of River Hooghly in front of Shri Sarada Math, Dakshineswar | RKM | 2003-04 | 62.82 | 62.00 | 62.00 | NA | NA | Completed | Stated to have been completed but UC submitted by Executing Agency (RKM) was not available. |
| 8 | Development of Rangbhang as a Tourist Spot | DGHC | December 2004 | 171.54 | 137.23 | 126.83 | December 2006 | June 2004 | Partly completed | Out of eight works, two were abandoned and six were already executed under a separate scheme while project fund of Rs 37.03 lakh was diverted for other purposes. |

| Sl No. | Name of the project | Executing Agency | Date of sanction | Sanctioned cost | Funds released | Expenditure incurred | Scheduled date of completion | Date of commencement of works | Date of completion of project | Remarks |
|--------|---|---------------------------|------------------|------------------|----------------|----------------------|------------------------------|-------------------------------|-------------------------------|---|
| | | | | (Rupees in lakh) | | | | | | |
| 9 | Extension and Beautification of Rohini Lake | DGHC | December 2004 | 218.50 | 174.80 | 174.94 | December 2006 | April 2004 | Partly completed | Out of nine works, two were abandoned and seven were already executed under a separate scheme while project funds of Rs 5.41 lakh was diverted for other purposes. |
| 10 | Development of Tourism at Coochbehar under Destination Development Scheme | WBTDc | February 2005 | 475.00 | 380.00 | 262.84 | February 2007 | April 2006 | WIP | Out of 8 items of works, two works viz. Construction of Tourist Reception Centre (Rs 75.00 lakh) and Picnic Spot (Rs 60.00 lakh) were postponed due to failure to identify required land. Other works were in progress. |
| 11 | UNDP endogenous project at village Ballavpur Danga, Birbhum | DM ³ , Birbhum | 2004-05 | 20.00 | 20.00 | 17.60 | NA | NA | WIP | Executing Agency did not submit any work status report. |
| 12 | UNDP endogenous project at Mukut Manipur, Bankura | DM, Bankura | 2004-05 | 20.00 | 16.00 | 14.42 | NA | NA | WIP | Executing Agency did not submit any work status report. |
| 13 | Development of village Snada (Darjeeling as a rural tourist destination) | DM, Darjeeling | 2004-05 | 50.00 | 40.00 | NA | NA | NA | WIP | Executing Agency did not submit any work status report and expenditure statement. |
| 14 | Restoration of Kalighat Temple Complex | WBTDc | April 2005 | 500.00 | 400.00 | 55.00 | October 2007 | September 2006 | WIP | Work was being executed by Kolkata Municipal Corporation (KMC). |
| 15 | Integrated Development of Tea Tourism Circuit in North Bengal | WBTDc | June 2006 | 715.85 | 513.59 | Nil | March 2009 | Not yet started | - | Tendering process has not yet been started by WBTDc. |
| 16 | Development of Kalimpong under Destination Development Scheme | DGHC | July 2006 | 498.38 | 398.70 | 48.73 | July 2008 | September 2006 | WIP | Executing Agency did not submit any work status report. |

| Sl No. | Name of the project | Executing Agency | Date of sanction | Sanctioned cost | Funds released | Expenditure incurred | Scheduled date of completion | Date of commencement of works | Date of completion of project | Remarks |
|--------|--|------------------|------------------|------------------|----------------|----------------------|------------------------------|-------------------------------|-------------------------------|---|
| | | | | (Rupees in lakh) | | | | | | |
| 17 | Creating and setting up Tourism Infrastructure at Goke-Goke Resort | DGHC | December 2006 | 355.49 | 284.39 | 56.96 | December 2008 | January 2007 | WIP | Executing Agency did not submit any work status report. |
| 18 | Development of Eastern Dooars Tourism Circuit | WBTDc | February 2007 | 683.58 | 447.27 | Nil | February 2009 | Not yet started | - | Tendering process has not yet been started by WBTDc. |
| 19 | Development of Beach Tourism Circuit in Purba Medinipore | Not Selected | 2006-07 | 598.02 | 451.90 | Nil | NA | Not yet started | - | Executing Agency was yet to be selected by Department. |
| 20 | Development of Rural Tourism at Village Mukutmanipur, Bankura | Not Selected | 2006-07 | 50.00 | 40.00 | Nil | NA | Not yet started | - | Executing Agency was yet to be selected by Department. |
| 21 | Development of Rural Tourism at Antapur, Hooghly " | Not Selected | 2006-07 | 50.00 | 40.00 | Nil | NA | Not yet started | - | Executing Agency was yet to be selected by Department |
| 22 | Development of Rural Tourism at Kamarpukur, Hooghly | DM, Hooghly | July 2007 | 50.00 | 40.00 | NA | NA | NA | WIP | Executing Agency did not submit any work status report and expenditure statement. |
| 23 | Development of Indian Freedom Circuit on Mahatma's Path | WBTDc | August 2007 | 226.97 | 181.69 | 10.89 | February 2010 | Not yet started | - | Tendering process has not yet been started. Inadmissible expenditure (Pre project consultancy fees of Rs 10.89 lakh) was booked under the project cost. |
| 24 | Eco Tourism in and around Jhargram | WBTDc | August 2007 | 666.55 | 533.24 | Nil | August 2010 | Not yet started | - | Tendering process has not yet been started by WBTDc. |
| 25 | Development of Tourist Circuit Bolpur-Bakreswar-Nalhati in Birbhum | WBTDc | September 2007 | 649.60 | 519.68 | 4.00 | September 2010 | Not yet started | - | Tendering process was not started. Inadmissible expenditure (Pre project consultancy fees of Rs 4 lakh) was booked under the project cost. |
| 26 | Development of Tourist Circuit Bakkhali-Frezerganj- Sagar Island | WBTDc | September 2007 | 470.69 | 376.55 | Nil | September 2009 | Not yet started | - | Tendering process has not yet been started by WBTDc. |

| Sl No. | Name of the project | Executing Agency | Date of sanction | Sanctioned cost | Funds released | Expenditure incurred | Scheduled date of completion | Date of commencement of works | Date of completion of project | Remarks |
|--------|---|------------------|------------------|------------------|----------------|----------------------|------------------------------|-------------------------------|-------------------------------|---|
| | | | | (Rupees in lakh) | | | | | | |
| 27 | Innovative information Technology Project for Promotion of Tourism. | DGHC | September 2007 | 100.00 | 50.00 | Nil | September 2009 | Not yet started | - | Tendering process has not yet been started by DGHC. |
| 28 | Development of Darjeeling as a Tourist Destination | DGHC | September 2007 | 495.92 | 396.00 | Nil | September 2009 | Not yet started | - | Tendering process has not yet been started by DGHC. |
| 29 | Development of Kalimpong as a Tourist Destination | DGHC | September 2007 | 349.54 | 279.63 | Nil | September 2009 | Not yet started | - | Tendering process has not yet been started by DGHC. |
| 30 | Setting up of a Night Safari Park at Jorepokri | DGHC | September 2007 | 15.00 | 7.50 | Nil | September 2009 | Not yet started | - | Tendering process has not yet been started by DGHC. |

GLOSSARY OF ABBREVIATIONS

| | |
|-----------|--|
| AAP | Annual Action Plans |
| AAR | Average Attendance Rate |
| AC | Asbestos Cement |
| ADGP, IB | Additional Director General of Police, Intelligence Bureau |
| AERB | Atomic Energy Regulatory Board |
| AIE | Alternative & Innovative Education |
| ALF | Annual Licence Fee |
| APCCF | Additional Principal Conservator of Forests |
| AR | Annual Report |
| ARWSP | Accelerated Rural Water Supply Programme |
| ATN | Action Taken Notes |
| BDO | Block Development Officer |
| BEd | Bachelor of Education |
| BENFED | West Bengal State Co-operative Marketing Federation Limited |
| BIFR | Board of Industrial and Financial Reconstruction |
| BIS | Bureau of Indian Standard |
| BM | Bituminous Macadam |
| BMOSH | Block Medical Officers of Health |
| BMW | Bio-Medical Waste |
| BMW RULES | Bio-Medical Waste (Management And Handling) Rules, 1998 |
| BPEd, | Bachelor of Physical Education |
| BPHCS/PHC | Block Primary Health Centres/ Primary Health Centres |
| BPL | Below Poverty Line |
| BS | Bituminous Strengthening |
| BSCL | Bengal Salt Company Limited |
| C/A | Current Account |
| CBWTF | Common Bio-Medical Waste Treatment Facility |
| CCDU | Communication and Capacity Development Unit |
| CCH | Central Correctional Home |
| CE | Chief Engineers |
| CESC | Calcutta Electricity Supply Corporation Limited |
| CF | Conservator of Forests |
| CH | Correctional Home |
| CLPOA | City Level Programme of Action for Street and Working Children |
| CMCH | Calcutta Medical College and Hospital |
| CMOSH | Chief Medical Officers of Health |
| CMS | Central Medical Stores |
| CNMC&H | Calcutta National Medical College and Hospital |
| CPCB | Central Pollution Control Board |
| CPO | Council Project Officer |
| CR.PC | Criminal Procedure Code |
| CTC | Calcutta Tramways Corporation (1978) Limited |
| DCF | Deputy Conservator of Forests |
| DCFS | District Controller of Food and Supplies |
| DCH | District Correctional Home |
| DD | Deputy Director |

| | |
|---------|---|
| DD,ARD | Deputy Director, Animal Resources Development |
| DDCCB | Darjeeling District Central Co-Operative Bank |
| DDES | Deputy Director of Health Services (Equipment And Stores) |
| DDO | Drawing And Disbursing Officer |
| DGHC | Darjeeling Gorkha Hill Council |
| DHS | Director of Health Services |
| DI | District Inspector of Schools |
| DM | District Magistrate |
| DME | Director of Medical Education |
| DPI | Director of Public Instruction |
| DRS | District Reserve Stores |
| DWSM | District Water & Sanitation Mission |
| ED | Environment Department |
| EE | Executive Engineer |
| EE, SSD | Executive Engineer, South Suburban Division |
| EGS | Education Guarantee Scheme |
| EO | Executive Officer |
| EP ACT | Environment (Protection) Act, 1986 |
| F&S | Food and Supplies |
| FCI | Food Corporation of India |
| FD | Finance Department |
| FW | Family Welfare |
| GDMO | General Duty Medical Officer |
| GEHA | Great Eastern Hotel Authority |
| GOI | Government of India |
| H&FW | Health and Family Welfare |
| HCU | Health Care Units |
| HRBC | Hooghly River Bridge Commissioners |
| HRD | Human Resources Development |
| HUDCO | Housing and Urban Development Corporation Limited |
| I&WD | Irrigation And Waterways Department |
| IEC | Information, Education and Communication |
| IGCS | Inspector General Of Correctional Services |
| IR | Inspection Report |
| IRC | Indian Roads Congress |
| IRQ | Improvement Of Riding Quality |
| IT Act | Income Tax Act, 1961 |
| KMC | Kolkata Municipal Corporation |
| KMDA | Kolkata Metropolitan Development Authority |
| KMS | Kharif Monsoon Season |
| KPL | Kusum Product Limited |
| KPSC | Kolkata Primary School Council |
| LAN | Local Area Network |
| M/s GHL | M/S Gluconate Health Limited |
| MAD | Municipal Affairs Department |
| MBL | Mackintosh Burn Ltd |
| MCH | Medical College and Hospital |
| MDM | Mid Day Meal |

| | |
|-------------|---|
| MIS | Management Information System |
| MIU | Monitoring and Investigating Units |
| MME | Management, Monitoring and Evaluation |
| MNP | Minimum Needs Programme |
| MoU | Memorandum of Understanding |
| MPed | Master of Physical Education |
| MR | Modified Rationing |
| MSS | Mix Seal Surfacing |
| MSVP | Medical Superintendents cum Vice Principals |
| MSW | Municipal Solid Waste |
| NABARD | National Bank for Agricultural And Rural Development |
| NCDC | National Co-Operative Development Corporation |
| NCTE | National Council for Teachers Education |
| NIC | National Informatics Centre |
| NICNET | National Informatics Centre Network |
| NTT | Notice Inviting Tenders |
| NRDWQM & SP | National Rural Drinking Water Quality Monitoring and Surveillance Programme |
| O&M | Operation and Maintenance |
| P&RD | Panchayat and Rural Development Department |
| PAC | Public Accounts Committee |
| PCC | Profile Corrective Course |
| PDS | Public Distribution System |
| PHC | Primary Health Centres |
| PHED | Public Health Engineering Department |
| PLA | Personal Ledger Accounts |
| PRI | Panchayati Raj Institution |
| PWD | Public Works Department |
| PWSS | Piped Water Supply Schemes |
| R&D | Research and Development |
| RH | Rural Hospitals |
| RSVY | Rashtriya Sama Vikash Yojna |
| RTO | Regional Tourist Offices |
| SC/ST | Scheduled Castes/Scheduled Tribes |
| SCHS | Sub-Correctional Homes |
| SDBC | Semi-Dense Bituminous Concrete |
| SDH | Sub-Divisional Hospital |
| SDOS | Sub-Divisional Officers |
| SE | Superintendent Engineer |
| SE | Superintending Engineers |
| SLCCP | State Level Committee on Computerisation Programme |
| SMC | Steering Cum Monitoring Committee |
| SMOS | Senior Medical Officers |
| SP | Superintendent of Police |
| SPMC | State Level Plastic Management Committee |
| SRSWOR | Simple Random Sampling Without Replacement |
| SSA | Sarva Siksha Abhiyan |
| SSK | Sishu Siksha Kendras |

IX 53B/1

| | |
|-------------|--|
| SSKM | Seth Suklal Karnani Memorial |
| SSRB | State Sentence Review Board |
| SWSM | State Water & Sanitation Mission |
| TFC | Twelfth Finance Commission |
| TPDS | Targeted Public Distribution System |
| UCS | Utilisation Certifications |
| ULB | Urban Local Body |
| UTPS | Under Trial Prisoners |
| VEC | Village Education Committees |
| VWSC | Village Water & Sanitation Committee |
| WBFR | West Bengal Financial Rules |
| WBIDFC | West Bengal Infrastructure Development Finance Corporation Limited |
| WBIR Scheme | West Bengal Industrial Renewal Scheme 2001 |
| WBPCB | West Bengal Pollution Control Board |
| WBSEB | West Bengal State Electricity Board |
| WBSHSDP | West Bengal State Health System Development Project |
| WBTDC | West Bengal Tourism Development Corporation |
| WBTR | West Bengal Treasury Rules |
| WEBEL | West Bengal Electronics Industries Development Corporation Limited |
| WEC | Ward Education Committees |
| WS Sector | Water Supply Sector |
| ZP | Zilla Parishad |

