

**Report of the
Comptroller and Auditor General
of India**

for the year ended March 1998

**Government of West Bengal
No.3 (Civil)**

Minapet Deptt. (Budget Branch)
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PREFATORY REMARKS

This Report of the Comptroller and Auditor General of India for the year ended 31 March 1998 – Government of West Bengal (Civil) has been prepared for submission to the Governor under Article 151 of the Constitution. Matters arising from the Appropriation Accounts for the year 1997-98 together with the points arising from audit of financial transactions of the departments of the Government of West Bengal are included in this Report. It also includes certain interesting points arising from the Finance Accounts for the year 1997-98.

2 The Report relating to points arising from audit of autonomous bodies and authorities is presented separately.

3 The Report containing the observations of Audit of statutory corporations including the West Bengal State Electricity Board and Government companies and the Report containing the observations of Audit on revenue receipts are also presented separately.

4 The cases mentioned in this Report are among those which came to notice of Audit in the course of test audit of the Accounts during the year 1997-98 as well as those which came to notice in the earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1997-98 have also been included wherever considered necessary.

OVERVIEW

OVERVIEW

This Report includes two chapters on the state of finances and the Appropriation Accounts of the Government of West Bengal for the year 1997-98¹ and four other chapters, comprising of seven reviews and 30 paragraphs, dealing with the results of audit of selected programmes and schemes and of the financial transactions of Government and its commercial and trading activities. A synopsis of the findings contained in the audit reviews and the more important paragraphs is presented in this overview.

Accounts of the State Government

The Balance from Current Revenues (BCR) of the State was negative throughout the five year period between 1993-98. The fiscal deficit was also rising during this period and ranged from Rs 1672 crore (1993-94) to Rs 4008 crore (1997-98). Capital receipts (fresh borrowings) were utilised to meet non-plan revenue expenditure and were not wholly applied for capital formation. The revenue receipts rose by 52 *per cent* and the projections of revenue receipts also were not achieved indicating that a large portion of goods and services remained outside the tax net. The debt burden was also increasing maintaining a constant ratio with SDP indicating that the State's ability to meet its debt liabilities remained unchanged.

The revenue receipts of the State Government increased from Rs 5921 crore in 1993-94 to Rs 9028 crore (growth 52 *per cent*) in 1997-98. The annual growth in 1997-98 in relation to the immediately preceding year was 10 *per cent* as compared to 12 *per cent* in 1996-97.

The receipts from tax revenue raised by the State Government increased progressively during 1993-98 from Rs 2913 crore to Rs 4517 crore. The non-tax revenue increased from Rs 309 crore in 1993-94 to Rs 449 crore in 1997-98.

Notwithstanding the substantial growth in revenue receipts, the resource gap continued and the accounts of the State Government closed with revenue deficit in all the five years during 1993-94 to 1997-98. The deficit increased from Rs 984 crore in 1993-94 to Rs 2294 crore in 1997-98 (57 *per cent* of the fiscal deficit during the year).

The arrears of uncollected revenue rose from Rs 435.23 crore in 1993-94 to Rs 660.83 crore in 1997-98. Bulk of the arrears related to sales tax which accounted for Rs 343.21 crore (52 *per cent*) in 1997-98.

¹The abbreviations used in this Report have been listed in the Glossary in Appendix 23 (Page 212)

There was substantial growth in the revenue expenditure (64 *per cent*) during the five year period 1993-98. Salary payments (Rs 2412 crore) constituted 24 *per cent* of the non-plan revenue expenditure in 1997-98.

The State Government was resorting increasingly to borrowings to bridge the resource gap. Internal debt increased from Rs 2180.29 crore in 1993-94 to Rs 3454.81 crore in 1997-98 registering an increase of 58 *per cent* over the five year period but the net inflow of loan which was 11 *per cent* in 1995-96 came down to 3 *per cent* in 1997-98. Loans and Advances from the Central Government increased from Rs 1196.68 crore in 1993-94 to Rs 3606.96 crore in 1997-98 registering an increase of 201 *per cent* over the five year period. The net inflow from this source rose from 7 *per cent* in 1993-94 to 41 *per cent* in 1997-98. The net inflow from Public Debt rose from Rs 415.63 crore in 1993-94 to Rs 1507.47 crore in 1997-98 which could not neutralise even the revenue deficit during these years excepting in 1994-95. The net inflow from other liabilities ranged from 4 *per cent* (1993-94) to 12 *per cent* (1996-97) during 1993-97 had turned negative as it was (-) 1 *per cent* in 1997-98. While the assets of the State Government had grown by 70 *per cent* during the period, the liabilities increased by 94 *per cent*.

Rupees 5487.30 crore accounted for the discharge of debt service obligation during 1997-98 as compared to Rs 5873.61 crore in 1996-97.

Government's investment in statutory corporations, Government companies and joint stock companies was Rs 3408.14 crore at the end of 1997-98. Dividend of Rs 1.85 crore only was, however, received during 1997-98, the return on the investments being a mere 0.05 *per cent*.

The terms and conditions of loans aggregating to Rs 966.21 crore advanced to different bodies by the State Government, were not yet settled as of March 1998.

During Eighth Five Year Plan (1992-97) the size of Annual Plan was revised downward in 4 out of 5 years which indicated that the State Government was proposing Annual Plans beyond its capacity to finance/implement. The State's actual contribution (Rs 2563 crore) at the Annual Plan far surpassed the projected contribution (Rs 197 crore) during 1992-97, although during 1992-93 i.e. the first year of the Eighth Plan Period, the State made no contribution to the State Plan which was entirely met from Central Support. Flow of funds from Government of India and actual expenditure against the Central Plan and Centrally sponsored schemes also showed that the State Government could not utilise large amount of funds (Rs 1129 crore) during the Eighth Plan Period (1992-97).

State Plan funds were transferred (Rs 145.21 crore in 5 test-checked districts) to Personal Ledger Accounts through transfer credit at the fag end of the respective years. There were cases of diversion of Plan funds, unauthorised expenditure and misuse of funds therefrom. In all the five years State Government reported net deficits, suggesting use of Central funds to finance State Government expenditure.

(Paragraph 1.1 to 1.12)

Appropriation audit and control over expenditure

The State Government incurred an expenditure of Rs 16654.70 crore during 1997-98 against the total provision of Rs 17724.80 crore including the supplementary budget. The net savings of Rs 1070.10 crore were the result of savings of Rs 2512.28 crore in 85 grants and 19 appropriations, partly offset by excess of Rs 1442.18 crore in 12 grants and 3 appropriations. The excess expenditure of Rs 1442.18 crore required regularisation under Article 205 of the Constitution of India. As of October 1998, excess expenditure of Rs 3415 crore pertaining to the year 1995-97 was not regularised due to non-receipt of explanatory notes on the excesses.

Supplementary provision of Rs 925.83 crore obtained during the year constituted 6 *per cent* of the original budget provision of Rs 16798.97 crore as also in 1996-97. Supplementary provision of Rs 451.23 crore obtained in 62 cases proved unnecessary. Of these 62 cases, in two, neither any provision was made in the original budget estimates nor was expenditure incurred. In 16 cases, supplementary grants aggregating to Rs 366.70 crore proved excessive, the additional requirements being Rs 187.96 crore only. On the other hand, the supplementary provision of Rs 68.62 crore proved insufficient in 9 other cases by more than Rs 10 lakh in each case, leaving an aggregate uncovered expenditure of Rs 149.28 crore. In 4 other cases, no supplementary provision was obtained though the expenditure exceeded the original provision, leaving an uncovered excess of Rs 1292.90 crore.

Savings in excess of Rs 1 crore and also in excess of 10 *per cent* of the provision in each case occurred in 63 grants/appropriations. Such savings in relation to the budget provision ranged between 12 and 97 *per cent*.

Persistent savings occurred in 10 grants while there was excess expenditure in one grant in each of the years during 1995-98.

Against the savings of Rs 2512.28 crore, Rs 655.52 crore, only were surrendered during the year.

(Paragraph 2.1 to 2.7)

National Malaria Eradication Programme

National Malaria Eradication Programme (NMEP) was launched in the 1950s with the object of reducing malaria morbidity in the country. The programme was modified in 1977 aiming to bring down annual parasites incidence to 0.5 per thousand by 2000 AD. The programme was funded by the Government of India and the State Government on 50 : 50 basis. The expenditure on the programme during 1992-93 to 1997-98 was Rs 160.96 crore out of which Central assistance was Rs 19.59 crore.

Malaria incidence rose from 0.83 in 1992 to 1.34 in 1997 per thousand population. Spray programme was not taken up except in two districts during 1997 despite malarial deaths. Rupees 10.58 lakh were paid as idle wages to

spray workers for want of insecticides. 1.35 crore blood smears were examined against a target of 3.75 crore. 5.06 lakh blood smears were sent to State and Central Laboratories for cross checking against the requisite 17.30 lakh.

312 out of 600 microscopes (Rs 41.64 lakh) procured through German Aid valued at Rs 21.65 lakh remained idle till May 1998. In one district, 148 tonnes of DDT (value: Rs 1 crore) and 31 Fogging Machines remained unused. 1.87 lakh blood smears were left unexamined. Fifty seven lakh chloroquine tablets valuing Rs 22 lakh were consumed in excess. DDT, chloroquine tablets and BHC worth Rs 70 lakh were not accounted for.

Malaria deaths in Calcutta reported by the State Government were much lower than those recorded in the register of crematorium and burial grounds in Calcutta. Incidence of malaria increased from 3.99 in 1992 to 7.86 in 1997 per thousand population in the CMC area.

The target of achieving malaria incidence level of 0.5 per thousand population by 2000 AD is remote.

(Paragraph 3.6)

Working of School Education Department (Secondary Education)

The School Education Department was entrusted to look after School Education at the primary and secondary level.

Budget estimates and monthly expenditure statements were not submitted by the Drawing and Disbursing Officers to the Controlling Officer rendering the expenditure control mechanism ineffective and the preparation of budget estimates unrealistic.

Difference of Rs 214.68 crore between departmental expenditure and the accounts figures during 1994-97 were not reconciled.

Twenty two plan schemes were not implemented as money was not released by the department, while some non-plan sub-heads registered savings during 1995-96 and 1996-97.

Though recurring grants to aided schools contributed 96 *per cent* of the expenditure of the department, control over the release of such grants were unreliable. Payment of grants to non-existent schools and schools where accounts were not audited for 5 years were noticed in audit.

Rupees 2.52 crore were spent towards salary of inspecting staff but no school was inspected during 1994-97 in four districts. Non-maintenance of the prescribed teacher student ratio resulted in payment of Rs 6.61 crore to excess number of teachers during 1992-98 in four districts. Huge number of absentee students indicated that the details of roll strength was not reliable. In one school 5 teachers were working for one student. Out of 194 schools, 118

schools were extended grants of Rs 45.55 crore though they ceased to be recognised.

Bank drafts for Rs 2.91 crore were not accounted for in the cash books in three districts. Provident fund contribution of teaching and non-teaching staff of Rs 1.63 crore of test-checked districts was not deposited to Treasury. Central assistance of Rs 4.18 crore for computer literacy and studies in schools remained unutilised. The department was mismanaged.

(Paragraph 3.4)

Special Central Assistance for Tribal Sub-Plan

Special Central Assistance (SCA) to Tribal Sub Plan was introduced by the Government of India in 1974-75 to give an added thrust for socio economic development of Scheduled Tribes through income generating schemes. The scheme was entirely funded by Government of India.

Rupees 73.39 crore, of the Central assistance of Rs 78.47 crore received during 1992-98 were transferred by State Government to the West Bengal Scheduled Castes and Tribes Development and Finance Corporation. Out of Rs 73.39 crore Rs 15.57 crore remained unspent at the end of March 1998.

The State Government furnished utilisation certificate of the amount received each year though substantial portion of funds were not spent.

Department diverted Rs 7.15 crore of SCA funds towards special component plan for Scheduled Castes. The West Bengal Tribal Development Co-operative Corporation Limited diverted Rs 4.83 crore towards managerial subsidy. Rupees 1.74 crore of SCA fund for Community Development Scheme was sanctioned/released for ineligible works.

Rupees 92.33 crore were spent for family oriented schemes against a project cost of Rs 108.81 crore depriving 51 thousand beneficiaries. Rupees 2.21 crore of subsidy and Rs 0.74 crore of margin money were not spent.

As the schemes were not evaluated at any level, the impact of the scheme remained unassessed.

(Paragraph 3.2)

West Bengal Forestry Project

With a view to stop the continuous degradation of forest land, enhance forest productivity, conserve bio-diversity and install a sustainable protection system in all regions of the State, the Forest Department implemented the 'West Bengal Forestry Project' at an estimated cost of Rs 114.80 crore, during 1992-98 with a loan assistance of Rs 99.96 crore from the International Development Association (IDA).

The department in consultation with IDA prescribed 16 models for plantation under regeneration and afforestation programme. Genuineness of the expenditure of Rs 87.46 lakh incurred during 1992-97 on Sal regeneration operations without fulfilling the prescribed conditions was doubtful.

The department fixed targets under regeneration and afforestation and mangrove rehabilitation without correctly assessing the actual area available. Thus only 1.85 lakh hectares under regeneration and afforestation and 20 thousand hectares under mangrove rehabilitation could be covered as per the original targets. The reduced target on the component of rehabilitation on degraded forest land alone was achieved at a cost of Rs 51.30 crore against the estimated cost of Rs 39.82 crore indicating a cost overrun of 202 *per cent* per hectare. Assessment of economic return from the investment of Rs 4.82 crore on regeneration of Sal plantation was not done. Due to non-maintenance of records, existence of mangrove plantation regenerated at a cost of Rs 29.03 lakh was not verifiable.

Poor survival, damaged seedlings and distribution of seedlings free of cost led to loss of Rs 2.66 crore. The department did not take any follow up action on the survey monitoring report and did not fix any responsibility for poor survival and damage of plantations. Non-distribution of 50.02 lakh seedlings resulted in wasteful expenditure of Rs 36.01 lakh.

Rupees 88.59 lakh was paid to a consultant who had no expert knowledge about the forest of the State and no tangible benefit occurred to the project. Implementation of the wild life component of the Project relating to Elephant, Rhino and Leopard was entirely neglected due to delays in the appointment of the consultant even though Rs 56.53 lakh was spent for the purpose.

Rupees 27 lakh was reportedly spent on inter-cropping in non-available plantation area and on the maintenance of non-existent plantation. The project was grossly mismanaged.

(Paragraph 4.1)

Working of Water Resources Development Directorate

The main function of the directorate is to provide small and medium farmers with assured irrigation by sinking deep tubewells of different capacities and operating river lift irrigation schemes.

Against the target of 5439 minor irrigation schemes, only 2942 were commissioned. Only 19 per cent of overall irrigation potential was achieved during 1995-96 to 1997-98. Of the overall expenditure of Rs 430.87 crore, 58 *per cent* (Rs 250.07 crore) were spent on administrative expenses during 1995-98.

Due to late release of funds, there was a rush of expenditure towards the close of the financial year and LOCs remained unutilised. Plan funds of Rs 59.65 lakh were diverted for other purposes.

More expensive brick built pump houses were constructed instead of low cost prefabricated RCC pump houses at extra expenditure of Rs 51.75 lakh.

Materials procured without proper assessment led to blocking of capital of Rs 3.15 crore. Non-replacement of inefficient diesel pumpsets resulted in extra expenditure of Rs 36.50 lakh.

The directorate incurred an unproductive expenditure of Rs 1.54 crore on idle staff in minor irrigation schemes and Rs 20.19 lakh on idle staff attached to non-functioning repair workshops.

Rupees 33.88 lakh were spent on hired vehicles without sanction. Materials valued at Rs 81.41 crore purchased through DGS&D remained unadjusted.

No evaluation study to assess the efficiency of the schemes and its impact on agricultural productivity had been made.

(Paragraph 4.14)

Land acquisition, transfer of land and utility thereof

Calcutta Municipal Corporation (CMC) extended undue benefit to ITC Hotels Limited by allowing delayed payment of Rs 13.13 crore and suffering loss of interest of Rs 6.11 crore. In another case it suffered a loss of Rs 2.52 crore for delayed settlement of a land deal.

CMC suffered a loss of Rs 8.42 crore on allotment of land in 1998 at 1994 rate in one case and Rs 4.33 crore at concessional rate to Calcutta Stock Exchange Association.

2.39 acres of land was sold to a Central Government Company for construction of housing complex at a reduced rate at a loss of Rs 5.89 crore.

Delayed Gazette notification resulted in escalation of the cost of acquisition of a tank for Asansol Municipal Corporation by Rs 1.32 crore.

(Paragraph 3.12)

Foreign Travels by Ministers, MLAs, Officials, etc.

Advance sanctioned against travelling allowances for foreign travel amounting to Rs 12.50 lakh to Ministers, MLAs, etc. remained unadjusted as of July 1998 even after 11 months to 23 months of completion of journey. Two Ministers and other senior officers undertook foreign tour without the approval of Government of India, Ministry of Finance involving unauthorised expenditure of Rs 1.88 lakh.

Chairman and officials of Darjeeling Gorkha Hill Council (DGHC) drew daily allowance at enhanced rates (excess drawal \$18650 in three cases) in disregard

of GOI rates. Rupees 1.81 lakh were spent unauthorisedly for tour from Berlin to Paris by the Chairman and three officials of DGHIC.

(Paragraph 3.11)

Accounting and Management of Inventory

The Public Health Engineering Department through its Central Stores (Resources) Division procured materials such as cement, steel, pipes, etc. valuing Rs 97.17 crore between 1993-94 to 1997-98.

Department did not prepare separate budget for materials, as required under the financial Rules and this facilitated excess procurement and accumulation of unspent funds every year.

Stocks were held much above the reserve stock limit.

There was suspected misappropriation of stores worth Rs 3.37 crore.

Due to unnecessary purchase of spare parts and advance procurement of pumpsets, machinery, pipes and joints, Rs 76.60 lakh remained blocked in two divisions. Procurement of steel pipes from local market and cement from private suppliers was resorted to by four working Divisions resulting in extra expenditure of Rs 16.24 lakh.

Materials valuing Rs 15 crore procured through DGS&D were lying unadjusted in divisions.

Physical verification of stores was not conducted for over 6 to 10 years by 6 divisions and also by the Resource Division.

(Paragraph 5.2)

Burdwan Milk Supply Scheme

State Dairy, Burdwan set up in November 1982 at a cost of Rs 1.76 crore to ensure remunerative prices to producers and to supply standardised milk, sustained a cumulative loss of Rs 17.10 crore till March 1998.

Due to inaccurate budgeting there was huge excess expenditure over the estimates in all the 4 years except 1994-95. The dairy procured less than one *per cent* of total milk produced in Burdwan district against the national average of 12 *per cent*.

The chilling plants were utilising their capacity only up to 54 *per cent* in 1997-98 and the dairy plant could utilise its capacity only between 17 and 26 *per cent* during 1993-98.

The dairy sustained a loss of Rs 2.93 crore on inter-dairy sale during 1993-98.

Government delayed the revision of sale price of Milk for more than 4 years resulting in loss of Rs 2.66 crore during 1993-98.

(Paragraph 6.3)

Avoidable expenditure on maintenance of seized livestock

Due to delay in disposal of unclaimed seized animals, Government had to spend Rs 3.30 crore on their maintenance.

(Paragraph 3.1)

Delay in commissioning of equipment for treatment of cancer

Though Central assistance of Rs 2.20 crore for development of Oncology wing in two medical colleges and hospitals under the National Cancer Control Programme was received between 1993-95, State Government released the funds in 1996. The equipment were not installed or made functional due to various reasons.

(Paragraph 3.7)

Failure in modernisation of Pasteur Institute

The modernisation programme of the Pasteur Institute is held up for the past six years though Rs 2.11 crore were spent on the programme as of March 1998.

(Paragraph 3.10)

Unfruitful expenditure on purchase of a sophisticated medical equipment

An automatic Bio-chemistry analyser and a sophisticated camera procured at a total cost of Rs 31.08 lakh were not made operational since 1994.

(Paragraph 3.9)

Irregularities in Purchase of football

Director of School Education purchased footballs at a higher rate ignoring lowest tenderer at an excess expenditure of Rs 21.08 lakh.

(Paragraph 3.5)

Failure to install gas pipeline system in a hospital

Oxygen gas pipeline system installed at Sub-divisional Hospital, Bolpur in October 1995 at a cost of Rs 15.67 lakh could not be made functional due to non-receipt of funds of Rs 0.95 lakh from Government.

(Paragraph 3.8)

Misappropriation and misutilisation of cash

Physical verification of cash balances conducted by 20 DDOs in six districts and Calcutta between March 1997 and April 1998 at the instance of audit disclosed misappropriation, misutilisation, etc., of Government money of Rs 0.30 crore.

(Paragraph 3.13)

Procurement of Rationed and non-Rationed articles supplied to Police personnel

Contract for Rs 3.72 crore for supply of mustard oil was irregularly awarded to Calcutta Police Family Welfare Centre involving excess expenditure of Rs 25.52 lakh.

Extra expenditure of Rs 59.23 lakh was incurred for purchase of sugar from open market during 1994-97 in five offices.

Government sustained a loss of Rs 76.18 lakh on account of drawal of ration against fake ration cards in different ration stores during 1980-97. In three out of seven cases, no action was taken as of April 1998.

(Paragraph 5.1)

Other points of interest

Procurement of 11 KV 3 panel and 3.3 KV 8 panel switch board at an abnormally high price resulted in an extra expenditure of Rs 57.33 lakh.

(Paragraph 4.7)

Failure to finalise tenders within the validity period resulted in an avoidable extra liability of Rs 52 lakh.

(Paragraph 4.10)

Failure to include the rate as per the appropriate item in the Schedule of Rates led to unjustified extra expenditure of Rs 42.87 lakh.

(Paragraph 4.2)

Transportation of earth at higher rate disregarding the rate provided in the departmental Schedule of Rates led to an extra expenditure of Rs 40.38 lakh.
(Paragraph 4.3)

Payment of tender premium over the difference of cost of materials resulted in undue financial aid of Rs 38.51 lakh to a contractor.
(Paragraph 4.11)

Payment at higher rates for supplementary works beyond the terms of the contract resulted in overpayment of Rs 25 lakh.
(Paragraph 4.4)

CHAPTER I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Introduction

1.1.1 Structure of the 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 receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund and no amount can be withdrawn from the Fund without authorisation by the State Legislature. It consists of Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is placed at the disposal of the Governor of the State to meet urgent and unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for any expenditure from this and for transfer of an equivalent amount from the Consolidated Fund to the Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs 20 crore.

Part III Public Account

Receipts and disbursements such as small savings, provident funds, deposits, reserve funds, suspense, remittances, etc. which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

1.1.2 Annual Accounts

The accounts of the State Government are compiled annually by the Principal Accountant General (Accounts and Entitlement), West Bengal, as the Finance Accounts and the Appropriation Accounts. The former presents the details of all transactions pertaining to receipts and expenditure under suitable classifications in the Government accounts. The latter presents details of amounts actually spent by the State Government *vis-a-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

1.1.3 Audit Report.

The Finance Accounts and the Appropriation Accounts as well as various transactions in these accounts are audited by the Comptroller and Auditor General of India (CAG) in accordance with CAG's (Duties, Powers and Conditions of Service) Act, 1971. CAG certifies the accounts and also submits separate Audit Reports to the Governor of the State in terms of Article 151 of the Constitution of India.

Reports of CAG in respect of Government of West Bengal for the year ended 31 March 1998 are structured as below:

Report number	Containing observation on
1	State Government : Revenue Receipts
2	State Government : Commercial
3	State Government : Civil (Vol.I)
4	State Government : Civil (Vol.II)

1.2 Summarised financial position

The financial position of the Government of West Bengal as on 31 March 1998, is given in the following statements.

STATEMENT I

Summarised financial position of the State Government as on 31 March 1998

Amount as on 31 March 1997	Liabilities		Amount as on 31 March 1998	Amount as on 31 March 1997	Assets		Amount as on 31 March 1998
(Rupees in crore)				(Rupees in crore)			
3480.47	Internal debt including Ways and Means Advance (Market Loans, Loans from LIC and others)		4066.72	7557.50	Gross Capital outlay		8191.29
				3260.76	Investments in shares of Companies, Corporations	3408.14	
3217.80	Market loans bearing interest	3759.17		4296.74	Other Capital outlay	4783.15	
0.70	Market loans not bearing interest	1.41		3840.76	Loans and Advances		4920.64
				484.14	Loans for Social Services	491.66	
77.14	Loans from Life Insurance Corporation of India	72.00		1023.03	Loans for Energy	1922.90	
184.83	Loans from other Institutions	234.14		2169.34	Loans for Economic Services excluding Energy	2333.46	
	Ways and Means Advances including Overdraft			163.67	Loans to Government Servants	172.04	
				0.58	Loans for Miscellaneous purposes	0.58	
13498.10	Loans and Advances from the Central Government	16689.28		28.69	Advances		29.01
				502.35	Remittance Balance		441.28
1094.71	Pre 1984-85 Loans	993.60		(-) 62.43	Suspense and Miscellaneous		(-)204.68
9280.11	Non-Plan Loans	11634.64		0.80	Investment in earmarked Funds		0.80
3052.25	Loans for State Plan Schemes	3991.09		262.26	Cash		375.42
64.00	Loans for Centrally sponsored Plan Schemes	62.98			1.02	Cash in treasuries and local remittances	1.07
					19.14	Departmental cash balance including permanent advance	20.58
					159.25	Deposit with Reserve Bank of India	237.31
19.66	Contingency Fund	19.74		82.85	Cash Balance Investment Account	116.46	
1319.20	Small Savings, Provident Funds, etc.	1475.39		9027.21	Deficit on Government Account		11321.28
2735.91	Deposits	2718.80		6891.99	Accumulated deficit up to 31 March 1997	9027.21	
				2135.23	Add : Deficit of Current year	2294.07	
103.80	Reserve Funds	105.11		9027.22		11321.28	
				0.01	Less : Net Miscellaneous receipt	Nil	
21157.14		25075.04		21157.14			25075.04

Explanatory notes :

- 1 The summarised financial statements are based on the statements of Finance Accounts and Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.
- 2 Government accounts being on cash basis, revenue surplus or deficit has been worked out on this basis. Consequently, items payable or receivable or items like depreciation or variations in stock, fixtures, etc. do not figure in the accounts.
- 3 Prior to March 1974, some minor items of expenditure of capital nature were met out of revenue. These have not been reflected in these statements.
- 4 Though a part of the revenue expenditure (grants) and loans is used for capital formation by the recipients, its classification in Government accounts remains unaffected by the end use.
- 5 The closing cash balance according to the Reserve Bank of India was Rs 307.96 crore (credit) against the general cash balance of Rs 237.32 crore (debit) reflected in the State Government accounts. The difference of Rs 70.64 crore was under reconciliation (October 1998).

STATEMENT II
Abstract of Receipts and Disbursements for the year 1997-98
SECTION A-REVENUE
(Rupees in crore)

Receipts		I Revenue Expenditure * Sector	Disbursements		
			Non-Plan	Plan	Total
I Revenue Receipts		(i) General Services			
(i) Tax revenue	4516.78	(a) Interest payments	2410.02	-	2410.02
(ii) Non-tax revenue		(b) Others	2254.61	8.23	2262.84
(a) Interest receipts, Dividends and Profits	106.73	(ii) Social Services	**3671.65	719.63	4391.28
(b) Others	342.75	(iii) Agriculture and Allied Activities	448.69	73.41	522.10
(iii) State's share of Union taxes and duties		(iv) Rural Development	177.79	414.72	592.51
(a) Taxes on income other than Corporation tax	1577.72	(v) Special Areas Programme	81.44	57.11	138.55
(b) Union Excise Duties	1470.05	(vi) Irrigation and Flood Control	290.90	32.08	322.98
(iv) Non-plan grants	142.68	(vii) Energy	90.00	1.37	91.37
(v) Grants for State Plan Schemes	515.34	(viii) Industry and Minerals	57.17	47.92	105.09
(vi) Grants for Central and Centrally Sponsored Plan Schemes	355.76	(ix) Transport	229.01	12.72	241.73
II Revenue deficit carried over to Section-B	2294.07	(x) Science, Technology and Environment	0.03	-	0.03
		(xi) General Economic Services	**33.75	5.99	39.74
		(xii) Grants-in-aid and Contributions	116.94	86.70	203.64
	11321.88		9862.00	1459.88	11321.88

* The figures shown in these accounts are net after taking into account the recoveries made in reduction of expenditure.

** Due to rounding.

(Rupees in crore)

* The figures shown in these accounts are net after taking into account the recoveries made in reduction of expenditure.

SECTION B - OTHERS

			(Rupees in crore)		
	Receipts			Disbursements	
VII	Public Accounts receipts	13304.97	V	Revenue Deficit brought down from Section A	2294.07
	(i) Small Savings, Provident Funds, etc.	397.86	VI	Repayment of Public Debt	3284.34
	(ii) Reserve Funds	1.98		(i) Internal Debt other than Ways and Means Advances, Overdrafts and Shortfalls	45.32
	(iii) Suspense and Miscellaneous	6282.49		(ii) Ways and Means Advances <i>per contra</i>	2318.25
	(iv) Remittances	1671.63		(iii) Overdrafts/ Shortfalls	504.99
	(v) Deposits and Advances	4951.01		(iv) Repayment of Loans and Advances to Central Government	415.78
	(vi) Miscellaneous Government Account	Nil	VII	Advances from Contingency Fund	0.20
VIII	Closing overdraft from the Reserve Bank of India	Nil	VIII	Public Accounts disbursement	12961.58
				(i) Small Savings, Provident Funds, etc.	241.67
				(ii) Reserve Funds	0.67
				(iii) Suspense and Miscellaneous	6140.24
				(iv) Remittances	1610.56
				(v) Deposits and Advances	4968.44
				(vi) Miscellaneous Government Account	Nil
				Cash balance at end	375.42
				(i) Cash in treasuries and Local remittances	1.07
				(ii) Departmental cash balance including permanent advance	20.58
				(iii) Deposits with Reserve Bank of India	237.31
				(iv) Cash balance investment account	116.46
		<u>20689.27</u>			<u>20689.27</u>

STATEMENT III Sources and Application of Funds for 1997-98

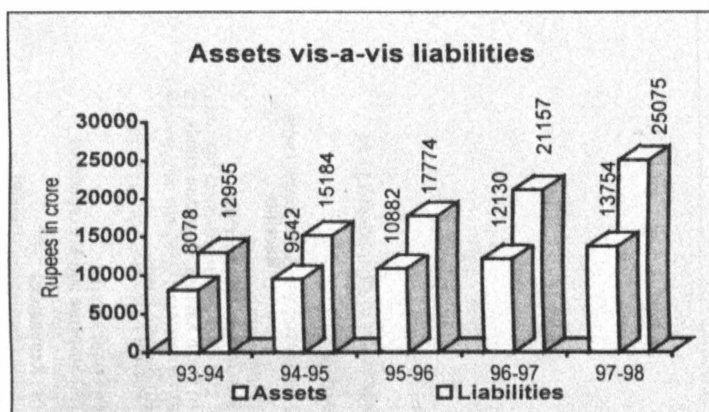
(Rupees in crore)

Source		
1.	Revenue Receipts	: 9027.81
2.	Recoveries from Loans and Advances	: 59.99
3.	Recoupment of Contingency Fund	: 0.28
4.	Increase in Public Debts, Small Savings, Provident Funds, etc., Deposits and Advances	: 3916.19
Adjustments		
(i)	Effect of Suspenses and Miscellaneous Balances	: 142.25
(ii)	Increase in Reserve Fund	: 1.31
(iii)	Effect of Remittances	: 61.07
(iv)	Difference in investment in earmarked funds	: -
(v)	Increase in Closing Cash Balance	: (-) 113.16
		(+) 91.47
		13095.74
Application		
1.	Revenue Expenditure	: 11321.88
2.	Capital Outlay	: 633.79
3.	Lending for development and other purposes	: 1139.87
4.	Unrecouped Contingency Fund	: 0.20
Total		13095.74

Based on these statements and other supporting data, the following paragraphs in this chapter present an analysis of the management of the finances of the State Government during 1997-98, in relation to the position obtaining in the preceding four years.

1.3 Assets and Liabilities of the State

The assets, comprising capital investments, loans, advances and the liabilities of the State Government during the five years ending 1997-98 were as under :



Year	Assets	Liabilities
	(Rupees in crore)	
1993-94	8078	12955
1994-95	9542	15184
1995-96	10882	17774
1996-97	12130	21157
1997-98	13754	25075

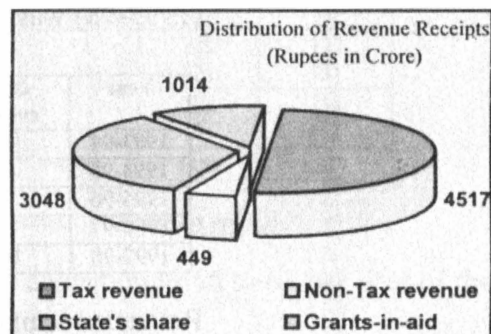
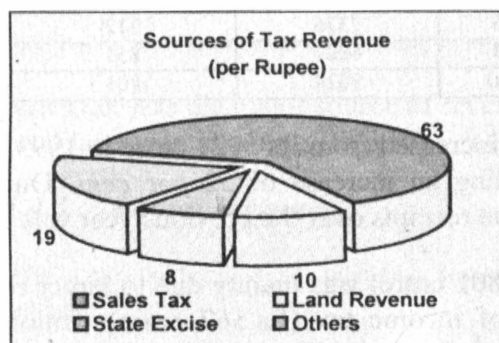
Assets grow by 70 per cent while liabilities grow by 94 per cent over the period of four years

While the assets increased by 70 per cent over a period of four years, the liabilities increased by 94 per cent. The increasing gap between these two was due to the continuing revenue deficit in all the years.

1.3.1 Financial position of the State

(i) The revenue receipts of the State Government were Rs 9028 crore against which revenue expenditure was Rs 11322 crore, which resulted in a revenue deficit of Rs 2294 crore constituting 25 per cent of the revenue receipts.

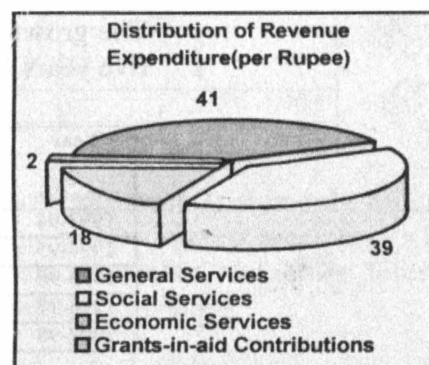
(ii) The revenue receipts comprised tax revenue (Rs 4517 crore), non-tax revenue (Rs 449 crore), State's share of Union taxes and duties (Rs 3048 crore) and Grants-in-aid from Government of



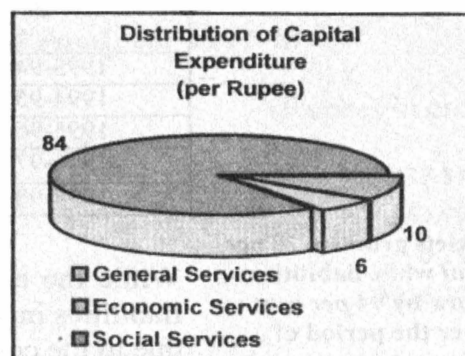
India (Rs 1014 crore). The main sources of tax revenue were sales tax (63 per cent), land revenue (10 per cent) and State excise (8 per cent). Non-tax revenue was mainly from

interest receipts (24 per cent), other Administrative Services (14 per cent), Dairy Development (11 per cent), Medical and Public Health (9 per cent) and Forestry and Wild Life (7 per cent).

(iii) Revenue expenditure of Rs 11322 crore was on General Services (41 per cent), Social Services (39 per cent) and Economic Services (18 per cent) and Grants-in-aid contributions (2 per cent).



(iv) Capital expenditure of the State Government was Rs 634 crore which was distributed among General services (6 per cent), Social Services (10 per cent) and Economic Services (84 per cent).



(v) Public Debt of the State Government increased by Rs 3777 crore during 1997-98, pushing up the burden of interest payment and servicing of debt. The interest payments (Rs 2410 crore) constituted 21 per cent of the revenue expenditure.

1.4 Revenue Receipts

1.4.1 The trend of revenue receipts during the period of five years (1993-98) was as under :

(Rupees in crore)

Year	Budget estimates	Actual revenue receipts	Increase (+) over the previous year	Percentage of increase (+)
1993-94	6552	5921	694	13
1994-95	6952	6864	943	16
1995-96	7886	7376	512	7
1996-97	8719	8227	851	12
1997-98	10300	9028	801	10

Revenue receipts increased from Rs 5921 crore in 1993-94 to Rs 9028 crore in 1997-98 constituting an increase of 52 per cent. During the year, average increase of revenue receipts over the previous year was 10 per cent.

The increase (Rs 801 crore) was mainly due to larger receipts of State's share of net proceeds of income tax (Rs 567 crore), Union excise duties (Rs 61 crore) and larger receipts on sales tax (Rs 140 crore). However, Grants-in-aid from Central Government decreased (Rs 117 crore).

1.4.2 Tax revenue

The growth of tax revenue mobilised by the State Government during the last five years (1993-98) was as under :

(Rupees in crore)

Year	Budget estimates	Tax revenue	Percentage growth over the previous year	Tax revenue as percentage of revenue receipts
1993-94	3518	2913	12	49
1994-95	3481	3730	28	54
1995-96	3998	4133	11	56
1996-97	4487	4259	3	52
1997-98	5481	4517	6	50

The tax receipts during the year 1997-98 increased marginally, though the growth rate increased from 3 per cent in 1996-97 to 6 per cent in 1997-98. While the collection of tax revenue exceeded the budget estimates during the

years 1994-95 and 1995-96, it was lower than the estimates by 18 *per cent* during 1997-98 due to lesser collection mainly under Sales Tax (Rs 481 crore), Land Revenue (Rs 294 crore) and Other Taxes and Duties on Commodities and Services (Rs 102 crore).

A source-wise analysis of the tax revenue raised by the State is given below :

	S o u r c e	1993-94	1994-95	1995-96	1996-97	1997-98
		(Rupees in crore)				
1	Sales Tax	1813 (62)	2091 (56)	2447 (59)	2704 (63)	2844 (63)
2	State Excise	218 (8)	233 (6)	267 (7)	327 (8)	359 (8)
3	Land Revenue	223 (8)	593 (16)	755 (18)	468 (11)	439 (10)
4	Stamps and Registration Fees	181 (6)	282 (7)	304 (7)	310 (7)	336 (7)
5	Taxes on Vehicles	89 (3)	113 (3)	119 (3)	134 (3)	148 (3)
6	Taxes on Goods and Passengers	185 (6)	216 (6)	8 (-)	- (-)	- (-)
7	Taxes and Duties on Electricity	35 (1)	23 (1)	52 (1)	88 (2)	137 (3)
8	Other Taxes	169 (6)	179 (5)	181 (5)	228 (6)	254 (6)
	Total	2913	3730	4133	4259	4517

Note: Figures within brackets represent percentage of individual taxes to the total tax revenue.

Sales tax was the major source of revenue contributing 56 to 63 *per cent* of the total tax revenue during 1993-98.

1.4.3 Non-tax revenue

The growth/decline of non-tax revenue during the last five years was as under :

(Rupees in crore)				
Year	Budget estimates	Non-tax revenue	Percentage growth over the previous year	Non-tax revenue as percentage increase(+)/decrease(-) of total revenue receipts
1993-94	315	309	25	5
1994-95	341	342	11	5
1995-96	399	327	(-)4	4
1996-97	451	417	28	5
1997-98	458	449	8	5

The rate of growth of non-tax revenue was not consistent. It was only 8 *per cent* as compared to 28 *per cent* in 1996-97 due to less interest receipts (Rs 8 crore), less collection (Rs 14 crore) from sale of timber and other forest produce and less receipts (Rs 7 crore) from mines and royalties.

1.4.4 States' share of Union taxes and duties and grants-in-aid from the Central Government

The trend of State's share of Union taxes and duties and the grants-in-aid from

Government of India for the last five years was as under :

(Rupees in crore)

Year	State's share of		Grants-in-aid	Total	As a percentage of total revenue expenditure
	Net proceeds of taxes on income other than corporation tax	Union Excise Duties			
1993-94	618	991	1090	2699	39
1994-95	683	1115	993	2791	37
1995-96	844	1173	899	2916	34
1996-97	1011	1409	1131	3551	34
1997-98	1578	1470	1014	4062	36

The aggregate of State's share met 34 to 39 *per cent* of the State's total revenue expenditure during this period. During 1997-98, it met only 36 *per cent* of the State's revenue expenditure.

The increase as compared to 1993-94 was 155 *per cent* and 48 *per cent* respectively. The grants-in-aid which were a major source of receipts of the State decreased from Rs 1090 crore in 1993-94 to Rs 1014 crore in 1997-98.

1.4.5 Arrears of revenue

The position of arrears of revenue, as per information furnished by some of the departments for the last five years was as under :

(Rupees in crore)

The arrears increased from Rs 435.23 crore in 1993-94 to Rs 660.83 crore in 1997-98. Bulk of these arrears related to Sales Tax (Rs 343.21 crore) which accounted for 52 *per cent* (1997-98) to 86 *per cent* (1994-95) of the arrears during 1993-98.

Year	Arrears of revenue
1993-94	435.23
1994-95	360.64
1995-96	531.83
1996-97	508.15
1997-98	660.83

1.5 Revenue expenditure

The trend of revenue expenditure of the State during the five year period ending 1997-98 was as under:

(Rupees in crore)

Year	Budget estimates			Actuals			Increase over previous year
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
1993-94	1307	6242	7549	944	5962	6906	1242
1994-95	1237	7719	8956	1063	6568	7631	725
1995-96	1918	7866	9784	1316	7310	8626	995
1996-97	1885	8945	10830	1649	8713	10362	1736
1997-98	2401	10481	12882	1460	9862	11322	960

The total revenue expenditure (plan) at the end of the five year period (1997-98) increased by 55 *per cent* over that in 1993-94.

Non-plan revenue expenditure grew by 65 *per cent* by the end of 1997-98 over 1993-94. This increased in 1997-98 as compared to 1996-97 in the following sub-sections:

Sub-Sections	Increase over previous year (Rupees in crore)	Percentage increase over previous year	Reasons
Interest payment and servicing of debt	470	24	Due to increased expenditure on market loans and State Provident Fund etc
Pension and other retirement benefits	167	27	Due to increase in number of retirement cases and pensionary benefits
Assistance to non-Government Educational Institutions	134	6	Due to increase in quantum of Grants-in-aid
Salary payments to Government Employees	213	10	Due to increase in pay and allowances

Approximately Rs 2412 crore* were spent on salaries during 1997-98 which constituted 24 *per cent* of the total non-plan expenditure.

The State's entire collection of tax and non-tax revenues (Rs 4966 crore), plan and non-plan grants from the Central Government (Rs 1014 crore) and share of Central taxes and duties (Rs 3048 crore) was not sufficient to meet the non-plan revenue expenditure (Rs 9862 crore) during 1997-98 leaving a gap of Rs 834 crore. The uncovered portion of non-plan revenue expenditure (Rs 834 crore) and the entire plan revenue expenditure (Rs 1460 crore) was met from sources outside revenue account.

1.5.1 Interest payments

The total interest payments increased from Rs 1169 crore in 1993-94 to Rs 2410 crore in 1997-98, which constituted about 21 *per cent* of the total revenue expenditure. Interest payments increased by 106 *per cent* over this period. Interest payments on Loans and Advances received from Government of India increased by 115 *per cent* during the five year period and accounted for 72 *per cent* of the total interest payments during 1997-98.

The trend of interest payments during the last five years was as under :
(Rupees in crore)

Year	Interest paid on					Interest receipts	As percentage of tax revenue
	Internal Debt	Loans received from the Central Government	Small Savings, Provident funds, etc	Others	Total		
1993-94	216	805	101	47	1169	73	40
1994-95	261	908	101	57	1327	90	36
1995-96	317	1137	111	51	1616	51	39
1996-97	396	1367	124	53	1940	113	46
1997-98	475	1728	139	68	2410	107	53

Interest payments consumed a major part of the tax revenue raised by the State ranging between 36 *per cent* (1994-95) and 53 *per cent* (1997-98) during the period 1993-94 to 1997-98.

Interest receipts during 1993-98 ranged between 3 *per cent* (1995-96) and 7 *per cent* (1994-95) of the interest payments.

* This amount was worked out based on the compilation of amounts appearing in the salary bills of the Government departments for the months of March 1997 and April 1998.

1.5.2 Financial assistance to local bodies and others

The quantum of assistance provided to different local bodies, etc. during the period of five years ended 1997-98 was as under:

		1993-94	1994-95	1995-96	1996-97	1997-98
		(Rupees in crore)				
I	Assistance to non-Government Primary and Secondary Schools, Colleges and Institutes, Universities for Technical Education	924	1018	1751	2068	2202
II	Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Bodies	350	427	382	463	531
III	Assistance to Co-operative Societies	5	5	6	8	10
IV	Assistance to Electricity Board	46	48	-	55	90
V	Assistance to Public Sector and other Undertakings	73	101	109	130	131
	Total	1398	1599	2248	2724	2967
VI	Percentage of growth over the previous year	21	14	41	21	9
VII	Revenue receipts (Tax and Non-tax) (Rupees in crore)	3222	4072	4460	4676	4966
VIII	Percentage of assistance to revenue receipts (Tax and Non-tax)	43	39	50	58	60
IX	Revenue Expenditure (Rupees in crore)	6906	7631	8626	10362	11322
X	Percentage of assistance to revenue expenditure	20	21	26	26	26

Financial assistance to local bodies etc. increased from Rs 1398 crore in 1993-94 to Rs 2967 crore in 1997-98 which was of 112 *per cent* increase in the last five years. Educational institutions consumed between 78 *per cent* (1995-96) and 64 *per cent* (1994-95) of the total grant during the five year period 1993-98.

Further details are contained in Chapter I of the Audit Report No.4 (Civil) for the year ended 31 March 1998.

1.5.3 Loans and advances given by the State Government

The State Government advanced loans to Government companies/corporations, public sector enterprises, non-Government institutions, local funds, etc. for development and non-development activities. The details during the last five years were as under :

	1993-94	1994-95	1995-96	1996-97	1997-98
	(Rupees in crore)				
Opening balance	3028.98	3314.49	3742.18	4024.04	3840.76
Amount advanced during the year	309.97	549.88	382.62	798.13	1139.87
Total	3338.95	3864.37	4124.80	4822.17	4980.63
Amount repaid during the year	24.46	122.19	100.76	981.41	59.99
Balance	3314.49	3742.18	4024.04	3840.76	4920.64
Net loans disbursed during the year	285.51	427.69	281.86	(-)183.28	1079.88
Interest received and credited to revenue	34.90	46.11	6.04	65.76	9.20
Net receipt from long term borrowings viz. Internal debt excluding Ways and Means Advances from Reserve Bank of India, Loans and Advances from Government of India and Small Savings, Provident Funds, etc	1326.47	2023.65	2277.	2772.07	3933.62

* The minus figure is solely due to conversion of loans into equity shares resulting in more receipts.

The net loans and advances disbursed to different bodies during 1993-98 ranged between (-) 7 and 27 *per cent* of the net long term borrowings. During 1996-97, the receipts exceeded the loans advanced by Rs 183.28 crore due to conversion of loans to Power Projects (Rs 821.03 crore) into equity shares.

The terms and conditions of loans aggregating to Rs 966.21 crore, advanced to different bodies, etc., were not yet settled as of March 1998, the earliest year from which such settlement was awaited being 1956-57.

(ii) Recoveries in arrears

In respect of loans, the recovery of principal (Rs 555.08 crore) and of interest (Rs 722.35 crore) totalling Rs 1277.43 crore was in arrears at the end of 1997-98.

1.6 Capital expenditure

1.6.1 Assets are created mostly out of capital expenditure in addition to those from moneys invested in institutions or undertakings outside Government i.e. public sector undertakings, corporations, etc., and loans and advances. The trend of capital expenditure for the last five years was as under :

Year	Budget estimates (including Supplementary)	Capital expenditure			Percentage increase(+)/ decrease(-) over the previous year	Percentage of capital expenditure with reference to total expenditure
		Plan	Non- Plan	Total		
		(Rupees in crore)				
1993-94	482.67	367.09	34.95	402.04	52	5
1994-95	829.59	702.53	67.93	770.46	92	9
1995-96	1159.06	1089.78	74.50	1164.28	51	11
1996-97	1100.55	606.18	838.73	1444.91	24	11
1997-98	965.99	600.29	33.50	633.79	(-) 56	5

The capital expenditure increased substantially during the first four years of the five year period 1993-98, but in 1997-98 it decreased by (-)56 *per cent* over the previous year. In comparison to 1993-94, the increase in 1997-98 was 58 *per cent*. During 1997-98, savings of Rs 332.20 crore occurred mainly due to savings under capital outlay on Medical and Public Health (Rs 64.47 crore), Major and Medium Irrigation (Rs 64.37 crore), Roads and Bridges (Rs 63.78 crore), Public Works (Rs 31 crore), Housing (Rs 26.61 crore) and Petrochemical Industries (Rs 20.89 crore).

Expenditure under different sectors of capital during the five year period 1993-98 was as under :

Sector	1993-94	1994-95	1995-96	1996-97	1997-98
	(Rupees in crore)				
General Services	11.92	13.58	31.57	37.39	38.76
Social Services	43.90	46.18	32.59	58.54	65.74
Economic Services	346.22	710.70	1100.12	1348.98	529.29
Total	402.04	770.46	1164.28	1444.91	633.79

1.6.2 Investments and returns

The total investments of Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, etc. as on 31 March 1998 was Rs 3408.14 crore as against Rs 3260.76 crore on 31 March 1997.

Interest and dividend received during the year 1997-98 on such investments was Rs 1.85 crore representing only 0.05 *per cent* return.

As on 31 March 1998, there were 61 Government companies (including 11 subsidiaries) with a total investment of Rs 3939.70 crore as against 60 Government Companies (including 11 subsidiaries) with a total investment of Rs 3340.56 crore as on 31 March 1997.

Out of these, only 9 finalised the accounts for the year 1997-98 and those of the remaining 52 including 10 subsidiaries were in arrears for one to fourteen years (September 1998). According to the latest finalised accounts, 49 companies incurred losses of Rs 210.60 crore.

Investment of Rs 128.85 crore as share capital of Government in 37 companies was eroded by their accumulated losses of Rs 1126.51 crore. The net worth of all of these companies was either zero or negative.

There were ten (10) statutory corporations as on 31 March 1998, the total investment of Government being Rs 2961.48 crore. The investment in West Bengal State Electricity Board alone was Rs 2527.08 crore (85 *per cent*). According to the latest finalised accounts, five corporations incurred a loss of Rs 84.66 crore.

Further details are contained in Chapter 1 of the CAG's Report (Commercial) for the year ended 31 March 1998.

1.7 Deficit

1.7.1 Fiscal deficit

The fiscal deficit is the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received).

The position of fiscal deficit for the last five years was as under :

Year	Fiscal deficit
1993-94	1672
1994-95	1965
1995-96	2696
1996-97	3397
1997-98	4008

The deficit increased steadily from Rs 1672 crore (1993-94) to Rs 4008 crore (1997-98) registering an increase of 140 *per cent* in 1997-98 over the level of 1993-94. As compared to 1996-97, the increase was 18 *per cent* in 1997-98. As a result, the State was forced to resort to Ways and Means Advances/Overdrafts besides falling back on the

accumulations in Public Accounts/Public Debt.

Interest payments formed a major part of the fiscal deficit, ranging between 57 and 70 *per cent* during 1993-98 as shown below :

Year	Fiscal deficit	Interest on borrowing	Percentage of interest to fiscal deficit
	(Rupees)	(in crore)	
1993-94	1672	1168.92	70
1994-95	1965	1327.39	68
1995-96	2696	1616.17	60
1996-97	3397	1940.32	57
1997-98	4008	2410.02	60

1.7.2 Revenue Deficit

The Revenue Deficit is the excess of revenue expenditure over revenue receipts. The trend of revenue deficit for the last five years was as under :

Year	Budget estimates	Revised estimates	Actual revenue deficit	Revenue deficit as a percentage of fiscal deficit
	(Rupees in crore)			
1993-94	781	915	984	59
1994-95	1336	1383	767	39
1995-96	1553	1480	1250	46
1996-97	1617	2024	2135	63
1997-98	1775	2935	2294	57

Revenue deficit increased from Rs 984 crore in 1993-94 to Rs 2294 crore in 1997-98, the percentage increase being 133. In 1997-98, the revenue deficit was 57 *per cent* of the fiscal deficit. The actual revenue deficit exceeded the budget estimates by Rs 518 crore and Rs 519 crore respectively during the two years 1996-97 and 1997-98.

The excess during 1997-98 was mainly due to less receipts under grants-in-aid from Central Government (Rs 530 crore), sales tax (Rs 521 crore) partly offset by excess receipts under Taxes on Income Other than Corporation Tax (Rs 406 crore) and excess expenditure under Pensions and other Retirement Benefits (Rs 136 crore).

1.8 Public debt

Public debt comprises internal and external debt. It has a vital link with all aspects of public finance, taxation and expenditure policies, budget surplus and deficit, trade and balance of payments, development expenditure and economic growth.

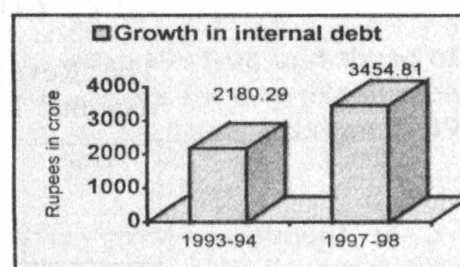
The Constitution of India provides that a State might borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit.

1.8.1 Internal Debt

The position of internal debt for the last five years was as under :

Year	Opening balance	Closing balance	Addition during the year	Debt servicing + payment of interest			Percentage of Col.7 to Col.4
				Principal	Interest	Total	
(R u p e e s i n c r o r e)							
1	2	3	4	5	6	7	8
1993-94	1726.98	2149.05	2180.29	1758.22	216.23	1974.45	91
1994-95	2149.05	2451.46	1577.30	1274.89	261.09	1535.98	97
1995-96	2451.46	2978.77	1964.57	1437.26	317.10	1754.36	89
1996-97	2978.77	3480.46	4203.48	3701.79	396.00	4097.79	97
1997-98	3480.46	4066.72	3454.81	2868.56	475.04	3343.60	97

Internal debt increased from Rs 2180.29 crore in 1993-94 to Rs 3454.81 crore in 1997-98 (increase of 58 per cent). However, the net inflow of loan which was 11 per cent in 1995-96 came down to 3 per cent in 1996-97 and 1997-98.



1.8.2 Other liabilities

Apart from the borrowings accounted for in the Consolidated Fund of the State, there were other liabilities due to small savings, provident funds, reserve funds and deposits which were included in the Public Account. The balances of Public Account were carried forward annually.

The trend of these liabilities for the last five years was as under :

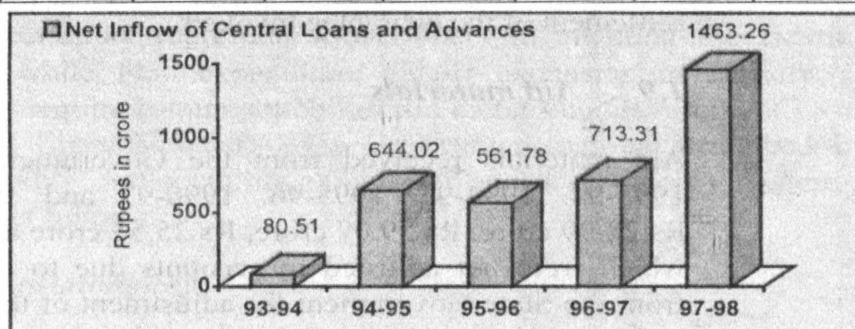
Year	Opening	Closing	Addition	Debt payment + interest			Percentage of Col.7 to Col.4
	balance	balance	during the year	Principal	Interest	Total	
	(R u p e e s i n c r o r e)						
1	2	3	4	5	6	7	8
1993-94	2314.03	2591.34	3104.53	2827.22	148.13	2975.35	96
1994-95	2591.34	2965.99	4005.93	3631.28	157.89	3789.17	95
1995-96	2965.99	3329.51	4237.09	3873.57	162.38	4035.95	95
1996-97	3329.51	4130.21	5061.41	4260.71	176.87	4437.58	88
1997-98	4130.21	4270.29	5350.85	5210.78	207.07	5417.85	101

Though the additions in small savings, provident funds, reserve funds and deposits had increased by 93 per cent during the five year period from Rs 3104.53 crore in 1993-94 to Rs 5350.85 crore in 1997-98, the net inflow which ranged from 4 per cent (1993-94) to 12 per cent (1996-97) during 1993-97 had turned negative as it was (-)1 per cent in 1997-98.

1.8.3 Loans and advances from the Central Government

The position of loans and advances from the Government of India for the last five years was as under :

Year	Opening balance	Closing balance	Addition during the year	Repayment + interest			Net flow	Percentage of Col.7 to Col.4
				Principal	Interest	Total		
	(Rupees in crore)							
1	2	3	4	5	6	7	8	9
1993-94	7281.38	8166.45	1196.68	311.61	804.56	1116.17	80.51	93
1994-95	8166.45	9718.88	1839.88	287.45	908.41	1195.86	644.02	65
1995-96	9718.88	11417.34	2018.66	320.20	1136.69	1456.89	561.78	72
1996-97	11417.34	13498.10	2489.13	408.37	1367.45	1775.82	713.31	71
1997-98	13498.10	16689.28	3606.96	415.78	1727.92	2143.70	1463.26	59



Loans and Advances received from the Government of India increased from Rs 1196.68 crore in 1993-94 to Rs 3606.96 crore in 1997-98. The net inflow from this rose from 7 per cent in 1993-94 to 41 per cent in 1997-98.

Thus the net inflow of funds from Public Debt rose from Rs 415.63 crore in 1993-94 to Rs 1507.47 crore in 1997-98 which was insufficient even to neutralise the revenue deficit of the State during these years excepting in 1994-95.

1.8.4 Guarantees given by State Government

The position of guarantees was as below :

	Maximum amount	Outstanding		Guarantee	Guarantee fee
	(Principal only)	Principal	Interest	fee realised @ half per cent per annum on outstanding guarantee	outstanding*
	(Rupees in crore)				
1994	4608.08	2272.37	27.12	0.29	52.08
1995	4413.66	2195.32	50.83	0.30	7.70
1996	4596.18	2877.39	15.94	0.26	9.45
1997	4415.56	2379.93	**	0.29	96.53
1998	5863.31	2977.70	**	0.25	105.49

* Computed on the basis of information as furnished by some of the departments.

** Information was awaited from Departmental Officers. Information about realisation of Rs 5.02 lakh during 1997-98 from Government companies was only available.

The outstanding guarantees (principal only) increased by 31 per cent during the last five years. Guarantee fees amounting to Rs 105.49 crore were outstanding as of March 1998.

During 1997-98, information regarding invocation of guarantees was not furnished by 9 out of 17 departments which gave guarantees. Guarantees were invoked in two cases in one department (Development and Planning) in the last five years, and in two cases during 1997-98 in respect of those given by Development and Planning Department to West Bengal Comprehensive Area Development Corporation. An amount of Rs 31.24 lakh was paid by Government and a further amount of Rs 85.16 lakh was yet to be considered for such payment. No amount was recovered as yet as of March 1998 in settlement of the guarantee invoked.

1.9 Aid materials

Aid materials received from the Government of India during the years 1993-94, 1994-95, 1995-96, 1996-97 and 1997-98 were Rs 4.48 crore, Rs 28.99 crore, Rs 39.07 crore, Rs 25.55 crore and Rs 31.44 crore respectively which were not adjusted in accounts due to non-receipt of sanction orders from the State Government for adjustment of the cost. To this extent, receipts and payments were not fully accounted.

1.10 Ways and means advances and overdraft

Under the agreement with the Reserve Bank of India, the State Government had to maintain, with the Bank, a daily minimum balance of Rs 1 crore. If the balance fell below this on any day, the deficiency was made good by taking Ways and Means advances or overdrafts from the Bank.

The position of Ways and Means advance and overdrafts availed of by the State Government and interest paid thereon during 1993-94 to 1997-98 was as under :

			1993-94	1994-95	1995-96	1996-97	1997-98
			(Rupees in crore)				
1	(a)	Ways and Means Advances taken during the year (gross)	1053.72	873.71	1221.51	2277.15	2318.25
	(b)	Overdrafts taken during the year (gross)	747.38	270.59	263.38	1343.30	504.99
2	(a)	Ways and Means Advances outstanding at the end of the year	86.46	Nil	63.21	Nil	Nil
	(b)	Overdrafts outstanding at the end of the year	Nil	Nil	Nil	Nil	Nil
3		Interest charges on					
	(a)	Ways and Means Advances	2.55	3.71	2.50	12.18	5.14
	(b)	Overdrafts	0.50	0.50	0.26	1.64	1.11

1.11 Indicators of the financial performance of the State Government

1.11.1 In the context of discussion of the financial position of the Government vide Paragraph 1.1 to 1.10 an attempt was made to examine the financial health of the Government in the light of certain financial indicators. A Government may either wish to maintain its existing level of activity or

increase its level of activity. For maintaining its current level of activity, it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity, it would be pertinent to examine the flexibility of the means of financing and finally, Government's increased vulnerability in the process. All the State Governments continue to increase the level of their activity principally through Five Year Plans which translate to Annual Development Plans and are provided for mostly in the State Budget. Broadly, it can be stated that Non-Plan expenditure represents Government maintaining the existing level of activity*, while Plan expenditure entails expansion of activity. Both these activities require resource mobilisation increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, vulnerability, flexibility and transparency. These terms are defined as follows.

(a) Sustainability

Sustainability is the degree to which a Government can maintain existing programmes and meet existing creditor requirements without increasing the debt burden.

(b) Flexibility

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

(c) Vulnerability

Vulnerability is the degree to which a Government becomes dependent on and, therefore, vulnerable to sources of funding outside its control or influence, both domestic and international.

(d) Transparency

There is also the issue of financial information provided by the Government. This consists of Annual Financial Statement (Budget) and the Accounts. As regards the budget, the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates. As regards accounts, timeliness in submission for which milestones exist and completeness of accounts would be the principal criteria.

1.11.2 Information available in Finance Accounts can be used to flesh out **Sustainability, Flexibility and Vulnerability** which can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. A list of such indices/ratios are given in Appendix 1.

The following table indicates the behaviour of these ratios over the period 1993-94 to 1997-98. The implications of these ratios on the financial health of State Government are discussed in paragraphs that follow the table.

* There are exceptions to this, notably transfer of Plan to the Non-Plan at the end of Plan period.

Government of West Bengal	1993-94	1994-95	1995-96	1996-97	1997-98
SUSTAINABILITY					
BCR (Rupees in crore)	(-) 994	(-) 626	(-) 706	(-) 1385	(-) 1705
Interest ratio	0.19	0.18	0.21	0.23	0.26
Capital Outlay/Capital Receipts	0.23	0.33	0.45	0.45	0.14
Total Tax Receipts/SDP	0.10	0.10	0.10	0.09	0.09
State Tax Receipts/SDP	0.07	0.07	0.07	0.06	0.06
ROI	0.0018	0.0007	0.0002	0.0002	0.0005
FLEXIBILITY					
BCR (Rupees in crore)	(-) 994	(-) 626	(-) 706	(-) 1385	(-) 1705
Capital repayments/ Capital borrowings	0.23	0.15	0.14	0.14	0.11
Total Tax Receipts/SDP	0.10	0.10	0.10	0.09	0.09
State Tax Receipts/SDP	0.07	0.07	0.07	0.06	0.06
Debt/SDP	0.29	0.28	0.29	0.30	0.32
VULNERABILITY					
Revenue Deficit (Rupees in crore)	984	767	1250	2135	2294
Fiscal Deficit (Rupees in crore)	1672	1965	2696	3397	4008
Primary Deficit (Rupees in crore)	503	638	1080	1457	1598
Primary Deficit/Fiscal Deficit	0.30	0.32	0.40	0.43	0.40
Revenue Deficit/Fiscal Deficit	0.59	0.39	0.46	0.63	0.57
Outstanding guarantee/Revenue Receipts	0.39	0.33	0.39	0.29	0.33
Assets/liability	0.62	0.63	0.61	0.57	0.55

BCR – Balance from Current Revenues, ROI – Return on Investments,
SDP – State Domestic Product

(i) Balance from current revenues (BCR)

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting plan expenditure.

The State did not generate any surplus from its current revenues and the negative balance increased significantly (nearly 72 *per cent*) during 1993-98. Resultantly, the State was dependent heavily on borrowings to finance its revenue expenditure. Evidently, this was an unsustainable position.

(ii) Interest ratio

Interest ratio is defined as

$$\frac{\text{Interest payment}-\text{Interest receipts}}{\text{Total revenue receipts}-\text{Interest receipts}}$$

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts.

The interest ratio increased by 37 *per cent* during 1993-94 to 1997-98 which indicated that the constraint on the programme spending increased due to increasing interest liability on past borrowings.

(iii) Capital outlay/capital receipts

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one is not sustainable in the long term

inasmuch as it indicates that a part of the capital receipts is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance.

The ratio declined from 0.23 to 0.14 during 1993-98 which indicated that in 1997-98 only 14 *per cent* of the capital receipts were utilised for capital outlay. The high ratio (0.45) during 1996-97 was mainly attributed to conversion of past loans (Rs 821.03 crore) into equity in respect of West Bengal Power Development Corporation and West Bengal State Electricity Board which meant that such investment was not a fresh induction of capital.

(iv) Tax receipts Vs State Domestic Product (SDP)

Tax receipts consist of State taxes and State's share of Central taxes. The latter can also be viewed as Central taxes paid by people living in the State. Tax receipts suggest sustainability. But the ratio of tax receipts to SDP would have implications for the flexibility as well. While a low ratio would imply that the Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility.

The ratio after remaining unchanged for three years upto 1993-96 declined during 1996-98. This was due to the fact that the State's rate of growth in taxation did not keep pace with the growth in SDP suggesting declining compliance and collection of taxes. Though the State generated no surplus from current revenue and its fiscal deficit increased significantly, the Government preferred the option of borrowing (which comes at a cost) to taxation to meet its deficit. This reduced the flexibility of the State's finances.

(v) Return on Investment (ROI)

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability.

ROI in case of West Bengal was negligible which had adverse implications for sustainability.

(vi) Capital repayments Vs Capital borrowing

This ratio would indicate the extent to which the capital borrowings are available for investment. The lower the ratio, the higher the availability of Capital for investment.

The ratio improved during 1993-94 to 1997-98 indicating increased availability of borrowed funds. However, the borrowings were applied in a large measure to meet the revenue deficit.

(vii) Debt Vs State Domestic Product (SDP)

The SDP is the total internal resource base of the State Government, which

can be used to service the debt. An increasing ratio of Debt/SDP would signify a reduction in the State's ability to meet its debt obligations and, therefore, increasing risk for the lender.

The trend showed that since 1994-95 debt liability increased at a faster rate than the rate of increase in SDP.

(viii) Primary deficit Vs Fiscal deficit

Primary deficit is the fiscal deficit minus interest payments. This means that the less the value of the ratio, the less the availability of funds for capital investment.

The ratio between PD/FD increased from 0.30 in 1993-94 to 0.43 in 1996-97 and marginally declined to 0.40 in 1997-98 indicating downward trend in capital availability during 1997-98.

(ix) Revenue Deficit/Fiscal Deficit

The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the revenue expenditure financed by borrowings etc. Evidently, the higher the revenue deficit, more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non productive revenue expenditure. Thus higher the ratio the worse off the State because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State.

In West Bengal during the past 5 years, the ratio declined during 1994-95 but thereafter it increased sharply indicating that more and more borrowing was applied to finance revenue expenditure.

(x) Guarantees Vs Revenue receipts

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of a State Government and should, therefore, be compared with the ability of the Government to pay viz., its revenue receipts. Thus, the ratio of total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government.

This ratio declined during 1993-94 to 1997-98 indicating a positive trend.

(xi) Assets Vs Liabilities

This ratio indicates the solvency of the Government. A ratio of more than one would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than one would be contra indicator to solvency.

The ratio was all along less than one and showing a declining trend during 1994-95 to 1997-98. This was a contra indicator to solvency.

(xii) Budget

As regards the budget, the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates.

The budget proposal for the financial years 1993-94 to 1997-98 were presented before the Legislature during March and were approved in June/July of the respective years as shown below:

Year	Preparation	Month of submission	Month of approval
1993-94	Budget Supplementary	March 1993 March 1994	July 1993 March 1994
1994-95	Budget Supplementary	March 1994 March 1995	June 1994 March 1995
1995-96	Budget Supplementary	March 1995 February 1996	July 1995 February 1996
1996-97	Budget Supplementary	March 1996 February 1997	July 1996 March 1997
1997-98	Budget Supplementary	March 1997 March 1998	July 1997 March 1998

The supplementary budgets were, however, presented before the Legislature during February/March of the respective financial years and were approved in the same month except for the year 1996-97 when it was approved in March though presented in February.

Total expenditure of the State Government was Rs 16654.70 crore during 1997-98 against the total provision of Rs 17724.80 crore including supplementary grants. However, in individual grants, there were savings of Rs 2512.28 crore (14 *per cent*) and an excesses of Rs 1442.18 crore (8 *per cent*). In addition, against the supplementary provision of Rs 925.83 crore obtained in March 1998, Rs 451.23 crore (49 *per cent*) were not spent which indicated that the Government was unable to formulate firm estimates even at the lag end of the financial year. Against the savings of Rs 2512.28 crore, only Rs 655.52 crore were surrendered. This was indicative of deficient budgetary formulation and control.

The detailed audit comments on budgetary deficiencies are contained in Chapter II of this Report.

(xiii) Accounts

Compliance with the milestones that exist for submission of accounts is an important indicator of the integrity of accounting system.

In West Bengal, a large number of accounting units (Treasury, Public Works and Forest) did not render accounts on due dates and as such were excluded from the monthly accounts. The exclusion ranged from 152 in February 1998 to 783 in June 1993 during the five year period from 1993-94 to 1997-98. All the accounts were, however, included in March (Final) Account.

Due to delayed submission of accounts, actual expenditure incurred at a given point of time was not fully ascertainable.

1.11.3 Conclusion

State Government showed increasing tendency to finance revenue expenditure from borrowed funds. The borrowings did not generate revenue as the borrowings were applied mostly to meet the revenue deficit and further, the investment in Public Sector Undertakings yielded negligible returns. The State Government depended to a great extent on the inflow of funds from Central Government to finance its plan outlays.

1.12 Performance of State Government in the Eighth Five Year Plan

Analysis of the projection of the Annual Plan and the actual expenditure against the Annual Plans during Eighth Five Year Plan (1992-97) revealed the following :

Revision of Annual Plan

During Eighth Five Year Plan the size of Annual Plan was revised downwards in 4 out of 5 years. Further, except in 1995-96 the revision were very significant compared to the original plan and indicated that the Annual Plans were proposed at an unduly high level as shown below :

Year	Annual Plan	Revised Plan
	(Rupees in crore)	
1992-93	1501	704
1993-94	1550	1021
1994-95	1706	1483
1995-96	2065	2082
1996-97	3134	2300
Total	9956	7590

The above table showed that the total size of the Eighth Plan of Rs 9956 crore was reduced to Rs 7590 crore i.e. by 24 *per cent*, indicating that the Annual Plans were not realistic. Since the revised Plans were decided very late (i.e. in February 1995 and March 1997) there was little scope to alter the borrowing programmes downwards for those years to be revised based on earlier approvals.

The actual expenditure, however, was Rs 9125 crore as shown below :

	1992-93	1993-94	1994-95	1995-96	1996-97	Total
	(Rupees in crore)					
1. Annual Plan	1501	1550	1706	2065	3134	9956
2. Actual expenditure	906	1288	1906	2404	2621	9125
3. Excess(+) / Savings(-)	-595	-262	+200	+339	-513	-831
Actual expenditure as a percentage of Annual Plan (2 over 1)	60	83	112	116	84	92

Thus in three out of five years (1992-93, 1993-94 and 1996-97) during the Eighth Plan period, the State Government was proposing Annual Plans beyond its capacity to finance/implement. A comparison of the Annual Plans and the actual expenditure figures of these years showed that the actual expenditure ranged between 60 to 84 *per cent* of the Annual Plan outlay during these years.

A comparison of the projection of State's contribution at the Annual Plan stage and the actual contribution showed the following :

Annual Plan

	1992-93	1993-94	1994-95	1995-96	1996-97	Total
	(Rupees in crore)					
1. Actual expenditure for the Annual Plan (including loans given for State Plan Schemes)	906	1288	1906	2404	2621	9125
2. Central Support (Actual) of which	1015	1180	1459	1197	1711	6562
A Market Borrowing	311	379	432	479	583	2184
B Loans for State Plan	332	365	472	448	736	2353
C Grants for State Plan	372	436	555	270	392	2025
3. State's actual contribution to the Annual Plans (1-2)	-109	108	447	1207	910	2563
4. State's contribution proposed at the Annual Plan stage	-146	-97	-44	146	338	197
5. Difference between 4 and 3	37	205	491	1061	572	2366

It is seen from the above table that the actual contribution (Rs 2563 crore) by the State Government at the Annual Plan stage far surpassed the projected contribution (Rs 197 crore) during 1992-97. However, during the first year of the Eighth Plan period i.e. 1992-1993, the State made no contribution to the State Plan expenditure which was met entirely from the Central support and even some amounts were not spent out of the Central support.

In the context of the significantly higher expenditure by the State Government in the State Plans than what was proposed at the Annual Plans during part of the Eighth Plan period (1994-95 to 1995-96), it was noticed in audit that during these years large amount of State Plan funds were transferred to Personal Ledger Accounts through transfer credit of budget heads at the fag end of the respective years. In 5 districts, test-checked in audit Rs 145.21 crore of State Plan funds were transferred to Personal Ledger Accounts during 1994-97 (vide paragraph 1.13 of Comptroller and Auditor General's Report No.5 for the Government of West Bengal for the year ending 31 March 1997). Further, several cases of diversion of Plan funds, unauthorised expenditure and misuse of funds from the Personal Ledger Account deposits were also commented in the above Report of Comptroller and Auditor General of India. Thus the expenditure of Plan funds were not entirely relating to Plan purposes.

Performance in Central Plan and Centrally Sponsored Schemes

An analysis of flow of funds from Government of India and actual expenditure against the Central Funds and Centrally Sponsored Schemes showed that the State Government could not utilise large amount of funds received from the Government of India as shown below :

		1992-93	1993-94	1994-95	1995-96	1996-97	Total
		(Rupees in crore)					
1	Funds received from Government of India for Central Plan Schemes and Centrally Sponsored Schemes						
	Loans (Net)	1	2	5	2	1	11
	Grants	415	517	366	503	507	2308
	Total	416	519	371	505	508	2319
2	Actual expenditure	181	229	254	229	297	1190
3	Difference between 1 and 2	235	290	117	276	211	1129

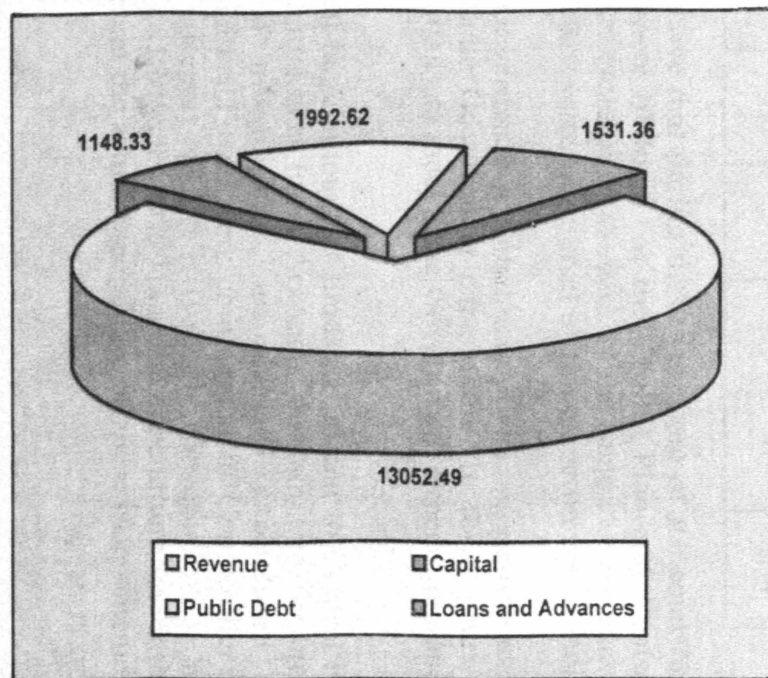
It may be seen from the above that during these years out of the total funds received from the Government of India for the Central Plan and Centrally Sponsored Schemes, Rs 1129 crore was not spent by the State Government for the purpose for which the funds were sanctioned by the Government of India.

In all the five years State Government reported net deficits, suggesting use of central funds to finance State Government expenditure. In these years the central funds were used partially to meet State Government expenditure and to build cash balance.

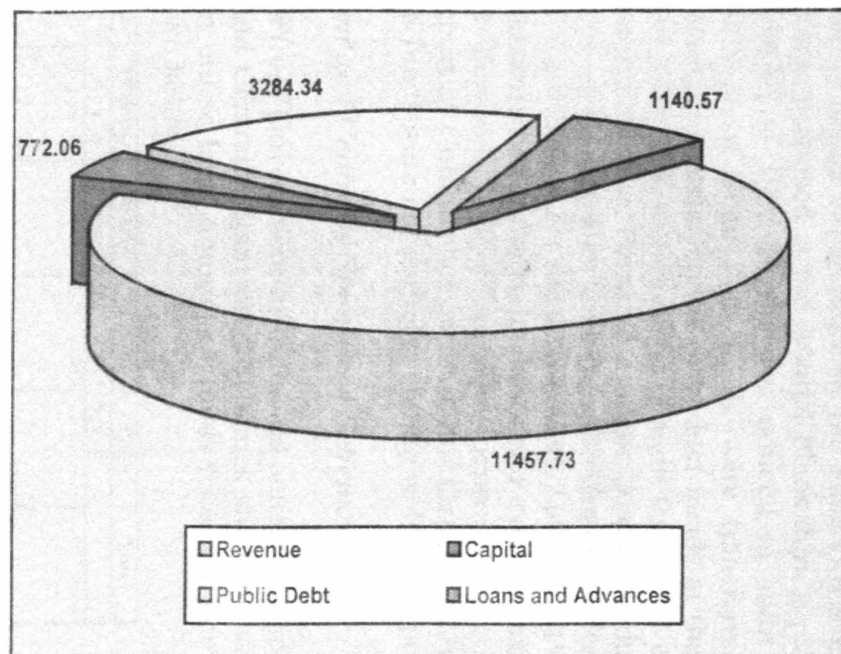
Audit scrutiny revealed that huge amount of funds pertaining to Central Plan Schemes were transferred to Local Fund Accounts through transfer credit. Further, several cases of misutilisation, unauthorised expenditure and diversion of these Central Plan Funds were commented in Comptroller and Auditor General of India's Report No.5 (Civil) for the Government of West Bengal for the year ending 31 March 1997. Thus, the expenditure under these schemes also did not represent the actual expenditure on these Plan schemes.

PROVISION AND EXPENDITURE DURING 1997-98

Rupees in crore



PROVISION



EXPENDITURE

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

The objective of appropriation audit is to ascertain whether expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and is charged under the provisions of the Constitution, if so required. It is also to ascertain whether it is in conformity with the law, relevant rules, regulations and instructions.

This chapter contains audit observations in respect of Appropriation Accounts prepared by the Principal Accountant General (Accounts and Entitlement) for the year 1997-98.

2.1.1 Summary of Appropriation Accounts

The summarised position of actual expenditure during 1997-98 against grants/appropriations was as under :

Serial number	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure ²	Net Savings(-)/Excess (+)
(Rupees in crore)						
I	Revenue -					
	Voted	9779.80	795.34	10575.14	9014.40	(-) 1560.74
	Charged	2424.26	53.09	2477.35	2443.33	(-) 34.02
II	Capital -					
	Voted	1078.94	68.94	1147.88	771.97	(-) 375.91
	Charged	0.13	0.32	0.45	0.09	(-) 0.36
III	Public Debt -					
	Charged	1992.62	-	1992.62	3284.34	(+) 1291.72
IV	Loans and Advances -					
	Voted	1522.92	6.69	1529.61	1138.82	(-) 390.79
	Charged	0.30	1.45	1.75	1.75	-
	Total					
	Voted	12381.66	870.97	13252.63	10925.19	(-) 2327.44
	Charged	4417.31	54.86	4472.17	5729.51	(+) 1257.34
	Grand Total	16798.97	925.83	17724.80	16654.70	(-) 1070.10

The pie chart also depicts the position in this regard.

2.2 Important results emerging from Appropriation Audit

2.2.1 Supplementary provision of Rs 925.83 crore obtained this year constituted 6 per cent of the original budget provision as was in the case last year.

2.2.2 The net savings of Rs 1070.10 crore were the result of savings of Rs 2512.28 crore in 85 grants (Rs 2477.88 crore) and 19 appropriations

² The expenditure shown in these accounts are gross without taking into account recoveries made in reduction of expenditure.

(Rs 34.40 crore) partly offset by excess of Rs 1442.18 crore in 12 grants (Rs 150.44 crore) and 3 appropriations (Rs 1291.74 crore). The excess expenditure of Rs 1442.18 crore, as per details given below, required regularisation under Article 205 of the Constitution of India.

Excess

Description of the grant/appropriation	Section	Total grant/appropriation	Actual expenditure	Amount of excess
A - Voted		(Rupees)	(Rupees)	(Rupees)
3 - Councils of Ministers	Revenue	2,55,00,000	2,83,49,588	28,49,588
25 - Public Works	Revenue	201,48,70,000	228,51,09,551	27,05,39,551
28 - Pensions and Other Retirement Benefits	Revenue	687,30,30,000	791,28,97,452	103,98,67,452
34 - Family Welfare	Revenue	89,92,89,000	94,44,75,818	4,51,86,818
42 - Social Security and Welfare (Social Welfare)	Capital	250,00,000	281,00,000	31,00,000
46 - Other Social Services	Revenue	38,68,96,000	38,95,60,311	26,64,311
69 - Power	Revenue	90,69,00,000	90,69,09,814	9,814
73 - Village and Small Industries (Excluding Public Undertakings)	Capital	23,51,98,000	24,32,29,205	80,31,205
79 - Roads and Bridges	Revenue	111,88,40,000	120,92,61,586	9,04,21,586
81 - Tourism	Capital	10,00,000	125,26,129	85,26,129
92 - Industries (Public Undertakings)	Capital	32,30,00,000	34,32,99,614	2,02,99,614
93 - Petro-Chemical Fertiliser and Consumer Industries (Excluding Public Undertakings)	Capital	105,45,00,000	106,74,01,157	1,29,01,157
Total : A - Voted		1386,70,23,000	1537,14,20,255	150,43,97,255
B - Charged				
1 - State Legislature	Revenue	11,10,000	12,45,517	1,35,517
66 - Major and Medium Irrigation	Capital	Nil	61,405	61,405
98 - Public Debt	Capital	1992,61,95,000	3284,34,07,023	1291,72,12,023
Total : B - Charged		1992,73,05,000	3284,47,13,945	1291,74,08,945
Total : (A + B)		3379,43,28,000	4821,61,34,200	1442,18,06,200

As of October 1998, excess expenditure of Rs 3415 crore in respect of 23 grants (Rs 701.47 crore) and 1 appropriation (Rs 2713.53 crore) pertaining to the year 1995-97* was not regularised due to non-receipt of explanatory notes on the excesses.

2.2.3 Supplementary provision of Rs 451.23 crore obtained in 62 cases during the year proved unnecessary as detailed in Appendix 2. Of these, in 2 cases, neither any provision was made in the original budget estimates nor expenditure was incurred.

In 16 other cases, as against the additional requirement of funds totalling Rs 187.96 crore, supplementary grants of Rs 366.70 crore were obtained, resulting in savings in excess of Rs 10 lakh in each case. Details of these cases are furnished in Appendix 3.

In 9 cases, supplementary provision of Rs 68.62 crore proved insufficient by more than Rs 10 lakh in each case, leaving an uncovered expenditure of Rs 149.28 crore, details of which are furnished in Appendix 4.

* Excess expenditure for the years 1985-95 awaiting consideration by the Public Accounts Committee.

In 4 other cases, details of which are given in Appendix 5, no supplementary provision was obtained though the expenditure exceeded the original provision, leaving an uncovered excess of Rs 1292.90 crore.

2.2.4 In 63 grants/appropriations, the savings were more than Rs 1 crore and were also in excess of 10 *per cent* of the total provision in each case; ranging between 12 and 97 *per cent* in relation to the budget provision. Details of these cases are furnished in Appendix 6. Reasons for savings in most of the cases (903 out of 925) were not intimated (September 1998).

2.2.5 In addition, savings of more than Rs 1 crore occurred in a large number of cases (156) on account of either non-implementation or slow implementation of plan schemes, the reasons for which were not intimated (September 1998). The details of cases (91) where savings above Rs 2 crore occurred are furnished in Appendix 7.

2.2.6 Persistent savings/excess

During the years 1995-96, 1996-97 and 1997-98, savings ranging between 9 and 115 *per cent*, 9 and 92 *per cent* and 25 and 89 *per cent* respectively were noticed in 10 grants, while excess expenditure in one grant varied between 13 and 40 *per cent* during 1995-98.

Savings		Percentage		
Description of the grant		1995-96	1996-97	1997-98
Revenue - Voted				
13	- Other Taxes and Duties on Commodities and Services	28	22	28
36	- Housing	9	22	28
37	- Urban Development	10	9	25
40	- Social Security and Welfare (Rehabilitation)	43	20	43
41	- Social Security and Welfare (Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes)	26	19	30
57	- Co-operation	17	31	31
78	- Civil Aviation	52	53	55
83	- Secretariat - Economic Services	14	12	27
Capital - Voted				
7	- Land Revenue	48	73	73
36	- Housing	52	41	26
40	- Social Security and Welfare (Rehabilitation)	115	92	89
41	- Social Security and Welfare (Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes)	74	22	46
81	- Other Transport Services	85	80	54
Excess				
Revenue - Voted				
25	- Public Works	40	13	13

2.2.7 Rush of expenditure

Instances of rush of expenditure (in excess of Rs 10 crore in each case) in the month of March were as under :

Description of the grant and major head	Total provision	Total expenditure	Expenditure in March	Percentage of expenditure during March to	
				Total provision	Total expenditure
	(Rupees in crore)				
2059 - Public Works Grant number 25	97.61	129.95	39.27	40	30
2203 - Technical Education Grant number 30	65.84	55.96	21.21	32	38
2215 - Water Supply and Sanitation Grant numbers 35.41 & 89	298.10	218.64	106.81	36	49
2217 - Urban Development Grant number 37	507.06	381.32	195.69	39	51
2225 - Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes Grant number 41	146.53	104.11	83.37	57	80
2235 - Social Security and Welfare Grant numbers 40.41 & 42	240.58	187.98	62.79	26	33
2245 - Relief on account of Natural Calamities Grant number 44	69.38	55.13	27.77	40	50
2425 - Co-operation Grant numbers 41 & 57	36.95	25.26	10.79	29	43
2501 - Special Programme for Rural Development Grant numbers 41 & 59	55.66	30.14	12.83	23	43
2505 - Rural Development Grant number 60	446.27	332.07	108.65	24	33
2575 - Other Special Areas Programmes Grant numbers 41 & 65	58.13	40.71	19.63	34	48
2851 - Village and Small Industries Grant numbers 41 & 73	85.66	65.40	27.47	32	42
2852 - Industries Grant numbers 56.74 & 75	69.71	38.06	25.51	37	67
3604 - Compensation and Assignments to Local Bodies and Panchayati Raj Institutions Grant numbers 62 & 90	229.59	203.64	195.27	85	96

2.2.8 Unutilised money and surrender thereof

During the year, there were savings of Rs 2512.28 crore in 85 grants and 19 appropriations. Except Rs 655.52 crore, these were not surrendered in most of the cases.

The table below shows details of savings in some of the cases (in excess of Rs 20 crore) under each grant vis-a-vis surrender :

Grant number		Total provision	Unutilised provision	Amount surrendered
		(Rupees in Lakh)		
Revenue - Voted				
7	- Land Revenue	17704.19	2423.51	1744.42
21	- Police	73273.36	8798.81	Nil
30	- Education, Art and Culture	290891.37	41286.57	127.78
32	- Medical and Public Health (Excluding Public Health)	70263.00	12771.68	Nil
33	- Medical and Public Health (Public Health)	10990.36	2098.18	Nil
35	- Water Supply and Sanitation (Excluding Prevention of Air and Water Pollution)	27063.10	3787.42	Nil
37	- Urban Development	50706.00	12574.24	1404.40
41	- Social Security and Welfare (Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes)	20115.84	6030.83	127.96
42	- Social Security and Welfare (Social Welfare)	19100.80	3205.25	153.34
44	- Relief on account of Natural Calamities	12354.00	6841.23	420.83
51	- Fisheries	5932.20	3728.79	Nil
59	- Special Programmes for Rural Development	1841.63	2943.40	Nil
60	- Rural Employment	44626.80	11420.12	539.32
62	- Other Rural Development Programmes (Panchayati Raj)	22000.52	4194.16	682.11
64	- Hill Areas	14257.65	4474.05	4310.19
67	- Minor Irrigation and Command Area Development	18903.50	3113.68	Nil
75	- Industries (Excluding Public Undertakings and Closed and Sick Industries)	5881.57	2385.23	35.91
90	- Compensation and Assignment to Local Bodies and Panchayati Raj Institutions (excluding Panchayati Raj)	21625.33	2015.85	Nil
Capital - Voted				
25	- Public Works	19197.55	12304.57	544.38
66	- Major and Medium Irrigation	30507.75	15638.28	6404.00
69	- Power	122141.00	31493.83	31061.58
99	- Loans and Advances	6220.00	2708.55	615.51
Total : A Voted		908597.52	196238.23	48171.73
Revenue - Charged				
16	- Interest Payments	243394.07	2397.61	1534.09
Total : B Charged		243394.07	2397.61	1534.09
Total : A + B		1151991.59	198635.84	49705.82

2.2.9 Injudicious re-appropriations

In the case of 8 major heads in 8 grants/appropriations as detailed below, re-appropriation was injudicious, as the original provision under the major heads to which funds were transferred by re-appropriations was more than adequate and consequently, there were final savings.

Serial number	Grant number	Major head affecting the grant	Total provision	Reappropriation	Total grant	Expenditure	Amount of final savings
(Rupees in crore)							
1.	37	2217-Urban Development	5.27	14.54	19.81	-	19.81
2.	39	2230-Labour and Employment	5.94	0.17	6.11	5.22	0.89
3.	47	2401-Crop Husbandry	0.90	0.12	1.02	-	1.02
4.	48	2402-Soil and Water Conservation	1.41	(-) 0.17	1.24	0.12	1.12
5.	54	4408-Storage and Warehousing	2.50	(-) 0.42	2.08	1.48	0.60
6.	60	2505-Rural Employment	42.45	(-) 5.21	37.24	31.18	6.06
7.	62	2515-Other Rural Development Programme (Panchayati Raj)	41.68	(-)20.84	20.84	0.29	20.55
8.	66	2701-Major and Medium Irrigation	14.82	3.99	18.81	7.61	11.20

Similarly, in 9 major heads in 9 grants as detailed below from which the funds were transferred or additional provision made, the re-appropriation proved injudicious as there was final excess under the concerned major head.

Serial number	Grant number	Major head affecting the grant	Total provision	Reappropriation	Total grant	Expenditure	Amount of excess over reappropriation
(Rupees in crore)							
1	26	2070-Other Administrative Services (Fire Protection and Control)	(i) 22.65 (ii) 40.02	(-) 1.13 (-) 0.96	21.52 39.06	23.28 51.40	1.76 12.34
2	30	2203-Technical Education	0.49	(-) 0.26	0.23	1.12	0.89
3	37	2217-Urban Development	12.00	(-) 6.00	6.00	13.34	7.34
4	49	2403-Animal Husbandry	5.13	(-) 0.86	4.27	4.39	0.12
5	60	2505-Rural Employment	132.18	(-) 0.18	132.00	136.24	4.24
6	62	2515-Other Rural Development Programmes (Panchayati Raj)	9.69	(-) 1.29	8.40	10.77	2.37
7	65	4575-Capital Outlay on Other Special Programmes	11.50	(-) 1.85	9.65	17.06	7.41
8	74	6858-Loans for Engineering Industries (Closed and Sick Industries)	1.50	(-) 1.31	0.19	1.03	0.84
9	92	6857-Loans for Chemical and Pharmaceutical Industries (Public undertakings)	2.55	(-) 0.14	2.41	2.91	0.50

2.3 New Service/New Instrument of Service

Expenditure on any item coming under 'New Service/New Instrument of

Service' not included in the budget should not be incurred without obtaining the specific approval of the Legislature in the form of Supplementary Demand for grant. In case of urgency, such expenditure can be met out of an advance from the Contingency Fund of the State pending authorisation by the Legislature. In respect of the cases detailed in Appendix 8, expenditure was neither contemplated in the Annual Financial Statement nor supplementary grant or advance from the Contingency Fund was obtained, though these cases attracted the limitation of New Service/New Instrument of Service.

2.4 Trend of recoveries and credits

The anticipated recoveries and credits are shown separately in the budget estimates. During the year 1997-98, anticipated recoveries were at Rs 353.48 crore (Revenue : Rs 171.14 crore and Capital : Rs 182.34 crore) as against which actual recoveries were Rs 274.81 crore (Revenue : Rs 135.86 crore and Capital : Rs 138.95 crore). Some of the major shortfalls/excesses in recoveries are detailed below:

Description of the grant		Budget estimates	Actuals	Substantial	
				Excess	Shortfall
		(Rupees in crore)			
Revenue - Voted					
25	- Public Works	97.00	92.39	-	4.61
35	- Water Supply and Sanitation	10.00	34.63	24.63	-
44	- Relief on account of Natural Calamities	54.16	-	-	54.16
66	- Major and Medium Irrigation	0.45	5.51	5.06	-
67	- Minor Irrigation	5.15	0.10	-	5.05
68	- Flood Control and Drainage	0.90	2.49	1.59	-
79	- Roads and Bridges	2.34	0.65	-	1.69
Capital - Voted					
36	- Housing	3.00	1.37	-	1.63
54	- Food, Storage and Warehousing	3.00	4.34	1.34	-
57	- Co-operation	0.31	2.53	2.22	-
66	- Major and Medium Irrigation	146.58	54.57	-	92.01
79	- Roads and Bridges	29.45	76.13	46.68	-
	Total	352.34	274.71	81.52	159.15

2.5 Reconciliation of departmental figures

All Controlling Officers are required to reconcile every month their respective departmental expenditure with those booked in the accounts maintained by the Principal Accountant General (Accounts and Entitlement) before the close of the accounts for the year.

During the year, out of the 181 Controlling Officers, 57 did not take up the reconciliation for 1997-98, while 26 did not do any reconciliation, for periods ranging up to 11 months. Twenty nine officers did not do the reconciliation for varying months from October 1990 onwards.

The total amount remaining unreconciled up to the end of 1997-98 was approximately Rs 1168.75 crore. As compared to 1996-97, the amount

increased by Rs 459.31 crore from Rs 709.44 crore. The position was regularly brought to the notice of the Chief Secretary for necessary action.

2.6 *Non-receipt of explanations for savings/excesses*

The explanations for variations between grants/appropriations and corresponding expenditure were either not received at all or were received in an incomplete form. As of September 1998, of the 1136 minor heads of account, the variation in respect of 1037 needed explanation.

2.7 *Other topics of interest*

2.7.1 *System deficiencies in maintenance of records and irregular payment of pension*

Inspection of treasuries by the office of the Principal Accountant General (Accounts and Entitlement), West Bengal revealed the following :

a) *Improper maintenance of records*

During 1997-98, there was a difference of Rs 17.72 crore between the figures shown by the Reserve Bank of India, Calcutta and those booked by Calcutta Pay and Accounts Officer under the major head "8675-Reserve Bank deposits". The difference was due to non-observance of the procedure to be followed in recording transactions in this regard as laid in West Bengal Treasury Rules.

b) *Doubtful and unauthorised payments*

Life certificate was to be obtained before payment of pension to pensioner. In 4 treasuries Rs 19.38 lakh were paid to 410 pensioners up to 31 March 1998 without obtaining life certificates.

CHAPTER III-CIVIL DEPARTMENTS

ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

3.1 Avoidable expenditure on maintenance of seized livestock

Failure to issue confiscation order by the Authorised officer in time for seized livestock resulted in avoidable expenditure of Rs 3.30 crore

To evict unauthorised khatal^{*} in March 1994, Government seized milching cattles from Calcutta and Howrah Municipal Corporations areas under the provisions of the West Bengal Cattle Licensing Act, 1959. The seized livestock were kept at SLF^{*}, Kalyani till such time they were disposed of.

SLF received 6083 seized cattle which gave birth to 1110 number of calves upto June 1998. Out of 7193 livestock, 6128 were disposed of by way of transfer to other Government farms (1142), release (1788), death (2352), sale (612) and transfer of Government stock (234) leaving a balance 1065 unclaimed seized animals as of June 1998. For maintenance of such animals, SLF spent Rs 5.52 crore (food, medicines, direct and indirect maintenance/labour charges, etc.) between March 1994 and June 1998 while Rs 2.22 crore only was realised (from owner on release, sale of milk and sale proceeds of confiscated animals) resulting in avoidable expenditure of Rs 3.30 crore on maintenance of seized stock.

Scrutiny revealed that only 612 out of the total 6083 seized animals could be disposed as of June 1998 due to the failure of the Authorised Officer to issue timely orders of confiscation for the unclaimed seized animals which was necessary for sale through public auction.

Further even though Authorised Officer issued confiscation orders for 762 seized animals from the SLF, Kalyani during 1997-98, the Joint Director, SLF, Kalyani disposed of only 347 animals by auction during the period from April 1997 to January 1998.

The matter was referred to Government in May 1998; reply had not been received (November 1998).

^{*} Khatal means a place where cattle are kept or maintained for the purpose of trade or business in cattle including business in milk or otherwise.

^{*} State Livestock Farm

BACKWARD CLASSES WELFARE DEPARTMENT

3.2 SPECIAL CENTRAL ASSISTANCE FOR TRIBAL SUB-PLAN

3.2.1 Introduction

GOI* introduced in 1974-75, SCA[†] Scheme under TSP[→] for development of tribal areas of States/Union Territories as an additive to the State Plan for tribal development and not to substitute existing Plan schemes of the State Government. This scheme was entirely funded by Government of India.

The main objective of the scheme was socio-economic development of scheduled tribes through implementation of Community development programmes/family oriented income generating schemes for scheduled tribes and incidental infrastructural development and protection of tribals against exploitation.

The ST^β population in the State as per 1991 census was 38.09 lakh constituting about 6 *per cent* of the total population. Of 38.09 lakh ST population, 18.38 lakh (48 *per cent*) lived in 34 Integrated Tribal Development Project areas of 15 districts comprising 5829 mouzas^γ.

3.2.2 Organisational set up

The Department of Scheduled Castes and Tribes Welfare, Government of West Bengal since renamed as Department of BCW[↓], was the nodal department and the Secretary of the department acted as nodal officer for implementing the scheme in the State. The West Bengal SCSTDFC^α, a Government of West Bengal Undertaking, was to provide Government subsidy and margin money for income generating schemes. The West Bengal TDCC^{δδ}, an apex body of the LAMPS^ε was to look after socio-economic upliftment and prevention from exploitation by others, of the tribal people.

At the district level, the programmes were implemented mainly by the PO DWO^φ, Backward Classes Welfare, District Managers, SCSTDFC, Regional Manager TDCC and Block Development Officers acting as Executive officers of Panchayat Samitis. DWC^γ with the Sabhadhipati⁺ of Zilla Parishad as Chairman was to consider and approve the works to be executed under the schemes in the districts.

* The abbreviations used in this review have been listed in the Glossary in Appendix 23 (Page 212)

* Government of India

† Special Central Assistance

• Tribal Sub-Plan

^β scheduled tribes

γ Mouza: Geographical area of demarcation for identification of land in revenue records.

↓ Backward Classes Welfare

^α Scheduled Castes and Scheduled Tribes Development and Finance Corporation

^{δδ} Tribal Development Co-operative Corporation Limited

^ε Large Sized Multipurpose Co-operative Societies

φ Project Officer-cum-District Welfare Officer

γ District Welfare Committee

+ Head of the administration of Zilla Parishad

3.2.3 Audit Coverage

Implementation of the Scheme during the period from 1992-93 to 1997-98 was reviewed in audit between March and May 1998 through test-check of the records maintained in the Department of Backward Classes Welfare, SCSTDFC, TDCC, PO DWOs, District managers of SCSTDFC and Panchayat Samitis of 4 selected* districts having a total ST population of 20.83 lakh (55 per cent). The results of review are discussed in the succeeding paragraphs.

3.2.4 Highlights

Out of 78.47 crore released by Government of India to the State Government during 1992-98 for Special Central Assistance Scheme, Rs 73.39 crore were placed with the West Bengal Scheduled Castes and Scheduled Tribes Development and Finance Corporation and the balance amount of Rs 5.08 crore was retained with the State Government. Out of Rs 73.39 crore placed with Scheduled Castes and Scheduled Tribes Development and Finance Corporation , Rs 15.57 crore remained unspent at the end of March 1998.

(Paragraphs 3.2.5(a) and 3.2.5(b))

Rupees 3.73 crore of Special Central Assistance Fund released by the Government of India during 1993-94 to the State Government were neither drawn nor got revalidated from the Government of India for utilisation in subsequent years.

(Paragraph 3.2.5(c))

Out of Rs 27.45 crore received during 1995-97, Rs 7.15 crore were diverted by the Scheduled Castes and Scheduled Tribes Development and Finance Corporation as per orders of the department to Special Component Plan for Scheduled Castes.

(Paragraph 3.2.5.1(i))

The department diverted Rs 2.53 crore to West Bengal Tribal Development Co-operative Corporation towards payment of managerial subsidy. Further, Tribal Development Co-operative Corporation Limited diverted Rs 2.30 crore meant for executing the Family Oriented Schemes towards managerial subsidy.

(Paragraphs 3.2.5.1(ii) and 3.2.5.1(iii))

Though substantial amount of Central assistance remained unspent at the end of each year, department furnished utilisation certificates for the entire amount received from Government of India every year up to 1996-97.

(Paragraph 3.2.5.2)

As against the targeted project cost of Rs 108.81 crore under family oriented income generating scheme only Rs 92.33 crore were spent during 1992-98. Shortfall in achievement thus deprived 0.51 lakh beneficiaries.

(Paragraph 3.2.6.2(b))

Against the subsidy of Rs 19.41 crore and margin money of Rs 6.15 crore available in four test-checked districts during 1992-98, Rs 2.21 crore (11 per cent) and Rs 0.74 crore (12 per cent) were not spent as on 31 March 1998.

(Paragraphs 3.2.6.2(d) and (e))

Subsidy and Margin money of Rs 35.14 lakh were refunded by 14 banks to Scheduled Castes and Scheduled Tribes Development and Finance Corporation after a lapse of three to four years from the date of release of fund as the beneficiaries selected by the Panchayat Samitis were not available for disbursement.

(Paragraph 3.2.6.2(h))

Out of the total Central Assistance of Rs 78.47 crore, department allotted Rs 15.20 crore for Community Development Schemes upto 1996-97. No fund was, however, released for Community Development Scheme out of Special Central Assistance fund received after 1995-96.

(Paragraph. 3.2.6.3(a))

The department sanctioned Rs 87.20 lakh towards creation of infrastructure e.g. major roads, bridges, mini water plant, bus stand, and open stage which were not admissible under the Community Development Scheme.

(Paragraph 3.2.6.3(b))

Department released Rs 87.28 lakh to 11 districts for repair/construction/extension of 24 hostel buildings/ schools and boundary walls in contravention of Government of India's guidelines.

(Paragraph 3.2.6.3(d))

Of Rs 3.50 crore released by the department during 1992-98 for execution of 345 schemes under Community Development in four districts, utilisation certificates for Rs 2.43 crore against 280 schemes were not obtained (March 1998) from the executing agencies.

(Paragraphs 3.2.6.3(i)(a) and (b))

Rupees 16.78 lakh (1992-93) received from Government of India for a special project at Totopara, Jalpaiguri remained unspent as of May 1998 due to non-availability of suitable land and other technical grounds.

(Paragraph 3.2.6.3(i)(f))

No monitoring and evaluation of the Family Oriented and Community Development Schemes was done by the district authorities or the department. Thus the impact of the schemes remained unassessed.

(Paragraph 3.2.7)

3.2.5 Financial outlay and expenditure

According to the guidelines of Government of India, 75 per cent of the SCA fund was to be utilised for implementation of FO^{*} income generating schemes under mid-term lending system and the balance 25 per cent towards CD[†] schemes.

Analysis of financial outlay of the scheme during the period from 1992-93 to 1997-98 (Appendices 9 and 10) revealed the following:

Out of GOI assistance of Rs 78.47 crore—Rs 15.57 crore remained unspent

(a) Out of Rs 78.47 crore, Rs 73.39 crore were kept in deposit account with SCSTDFC between 1992-93 and 1997-98. Of this deposit, Rs 15.57 crore remained unspent at the end of March 1998.

(b) Fund received from GOI was transferred to the deposit account of SCSTDFC by the State Government after a delay of minimum 4 months and maximum of 10 months as shown in the table:

Year	Period of delay	Amount deposited
		(Rupees in crore)
1992-93	6 to 9 months	12.87
1993-94	6 to 10 months	9.46
1994-95	8 months	6.60
1995-96	7 to 9 months	7.51
1996-97	4 to 8 months	9.78
1997-98	8 months	7.80

Release of fund to executing agencies by the department was delayed

The department further delayed the release of funds to the extent of 6 to 32 months to the executing agencies for implementation of both FO and CD Schemes during 1992-97.

Reasons for delay in transferring of funds were not furnished by the Government.

^{*} family oriented
[†] Community Development

GOI assistance of Rs 3.73 crore was neither drawn nor revalidated by the department

(c) Rupees 3.73 crore being the fourth instalment of SCA fund for the year 1993-94, released by GOI (March 1994) was neither drawn nor got revalidated from GOI for utilisation in the subsequent year. Thus, the assistance of GOI could not be utilised for the scheme. Reasons for this were not stated (May 1998).

3.2.5.1 Diversion of fund

Diversion of Rs 7.15 crore from fund of Rs 27.45 crore kept in deposit account

(i) Out of Rs 27.45 crore released to SCSTDFC account during 1995-97, Rs 7.15 crore were diverted to special component plan for Scheduled Castes by the SCSTDFC as per orders (March 1997) of the department, which was not permissible.

Rs 2.30 crore meant for execution of FO scheme diverted towards managerial subsidy – Rs 2.53 crore was also diverted by the department towards managerial subsidy

(ii) Government sanctioned (December 1995) Rs 4 crore for implementation of FO scheme to be executed by TDCC. However, SCSTDFC released Rs 2.30 crore only between January 1996 and September 1997. The entire amount of Rs 2.30 crore was spent by TDCC towards managerial subsidy which was not provided in the GOI guidelines.

(iii) The department had also diverted (1992-96) by sanctioning Rs 2.53 crore to TDCC towards payment of managerial subsidy.

3.2.5.2 Issue of incorrect utilisation certificates

State Government forwarded utilisation certificates even for unutilised amount

Though substantial amount remained unutilised in the 'Deposit Account' of the SCSTDFC, the State Government forwarded UC^{*} to the GOI indicating full utilisation of SCA fund every year as shown below:

Year	Fund received from GOI as SCA for TSP	Fund released by the Department and SCSTDFC	Fund remained unutilised (-) Excess utilisation (+)	Amount for which UC furnished
(R u p e e s i n l a k h)				
1992-93	1640.81	945.14	(-)695.67	1646.33
1993-94	945.75	1233.46	(+)287.71	940.37
1994-95	1335.83	1252.64	(-)83.19	1335.83
1995-96	1490.59	1399.36	(-)91.23	1490.59
1996-97	1654.04	869.76	(-)784.28	1654.04
1997-98	780.00	589.53	(-)190.47	Not yet furnished
Total	7847.02	6289.89	(-)1557.13	7067.16

* utilisation certificate

Scrutiny revealed that the department furnished utilisation certificates after transferring the funds to the account of the SCSTDFC without verifying actual utilisation by the executing agencies. This resulted in incorrect projection of figures of actual expenditure in the budget.

3.2.6 Programme implementation

3.2.6.1 Family Oriented Income Generating Schemes

Under the scheme, assistance is provided to ST families living below the poverty line in order to provide a sustained income for them, which would enable them to cross the poverty line and also to repay the loan.

The scheme was implemented under six broad categories viz. (i) Agriculture (ii) Animal Husbandry (iii) Cottage and Small Scale Industries (iv) Fishery (v) Trade and Business and (vi) Rural Transport and others.

3.2.6.2 Physical and Financial target vis-a-vis achievement

Selection of beneficiaries and the projects was done by the Panchayat Samitis. Projects of the beneficiaries were forwarded to the implementing banks for sanctioning loan and also to the SCSTDFC. The subsidy and margin money were provided to the banks by the SCSTDFC after the loans were sanctioned.

According to the annual reports of the SCSTDFC sector-wise financial and physical target vis-a-vis achievement under the family oriented schemes during 1992-98 in the State were as under :

Name of the Sector	Percentage of physical target required to be fixed	Physical target fixed in relation to number of beneficiaries	Physical achievement in relation to number of beneficiaries	Percentage of excess (+) shortfall (-) in physical achievement	Financial target (Rupees in crore)	Financial achievement (Rupees in crore)	percentage excess (+) shortfall (-) in financial achievement
Agriculture and Irrigation	20	32,670	21,006	(-) 36	21.76	17.98	(-) 17
Animal Husbandry	25	37,788	28,703	(-) 24	25.39	23.38	(-) 8
Cottage and SSI	20	38,319	42,013	(+) 10	25.01	34.56	(+) 38
Fishery	20	30,070	1,360	(-) 95	20.33	1.16	(-) 94
Trade and business	10	16,334	15,450	(-) 5	10.88	12.08	(+) 11
Rural Transport and others	5	8,167	3,901	(-) 52	5.44	3.17	(-) 42
		1,63,348	1,12,433		108.81	92.33	

(a) There was overall shortfall in physical achievement by 31 *per cent*. Such shortfall in four sectors varied between 24 and 95 *per cent*. The average cost of each project in different sectors varied between Rs 7819 and Rs 8559 against the ceiling limit of Rs 35000 fixed by GOI.

Rupees 92.33 crore were spent against targeted project cost of Rs 108.81 crore resulting in shortfall in physical achievement for 0.51 lakh beneficiaries

(b) As against the project cost of Rs 108.81 crore targeted to be spent during 1992-98, Rs 92.33 crore was spent resulting in shortfall of Rs 16.48 crore (15 *per cent*). Against the targeted number of 1.63 lakh beneficiaries, 1.12 lakh beneficiaries (69 *per cent*) were covered. Reasons for shortfall were not furnished (May 1998).

(c) Scrutiny of the records of four district managers, SCSTDFC revealed that of 82056 projects (Burdwan: 14540; Jalpaiguri: 17744; Midnapore: 33974 and Purulia: 15798) to be covered during 1992-98 with Rs 43.36 crore, the district managers sanctioned 43760 projects (53 *per cent*) for which subsidy and margin money of Rs 23.48 crore (54 *per cent*) was released to the banks. The position of number of projects actually achieved with reference to number of projects cleared by the banks was not available from the records of the district managers for the years 1992-93 to 1994-95, as the muster rolls and agreement bonds were not submitted by the banks. Following further points were noticed:

(i) During 1992-95, shortfall in sanctioning the projects (28128) and consequently in release of fund (Rs 15.74 crore) with reference to targets (projects: 42839; fund: Rs 24.52 crore) was 34 and 36 *per cent* respectively.

(ii) Shortfall in achievement with reference to actual disbursements made by the banks during 1995-98 in physical (15632 projects) and financial (Rs 5.22 crore) terms against the target (physical: 32517 projects; finance: Rs 18.84 crore) was 52 and 72 *per cent* respectively.

(iii) Shortfall in sanctioning projects was 63 *per cent* in Jalpaiguri district and 64 *per cent* in releasing fund in Midnapore district during 1992-95.

(iv) Shortfall in achievement (May 1998) with reference to disbursement made by banks was 100 *per cent* in 3 districts (Burdwan, Jalpaiguri and Purulia) in 1997-98.

(d) For implementation of the FO Schemes, flow of fund from Corporation to Banks for the period from 1992-93 to 1997-98 in 4 selected districts was as under :

Serial Numbers	Name of the District	Opening Balance as on 1 April 1992		Fund Received during 1992-98		Undisbursed fund received back from the bank during 1992-98		Recovery of Margin Money during 1992-98	Total fund available for disbursement during 1992-98		Fund released during 1992-98		Closing Balance as on 31 March 1998	
		Subsidy	Margin Money	Subsidy	Margin Money	Subsidy	Margin Money		Subsidy	Margin Money	Subsidy	Margin Money	Subsidy	Margin Money
1.	Burdwan	0.04	NIL	3.75	.98	.75	.32	.20	4.54	1.50	3.50	1.24	1.04	.27
2.	Jalpaiguri	0.12	NIL	2.17	.73	.31	.04	.14	2.60	.91	2.23	.83	.37	.08
3.	Midnapore	-	.03	8.19	2.05	.13	.36	-	8.32	2.45	8.02	2.18	.30	.26
4.	Purulia	0.05	.02	3.81	1.13	.09	.09	.06	3.95	1.29	3.45	1.16	.50	.13
	Total	0.21	.05	17.92	4.89	1.28	.81	.40	19.41	6.15	17.20	5.41	2.21	.74

The following points were noticed:

Accumulation of unspent fund of Rs 2.95 crore due to non-achievement of target

(e) Of Rs 19.41 crore subsidy and Rs 6.15 crore margin money available in 4 districts during 1992-98, Rs 17.20 crore and Rs 5.41 crore respectively were released by the District Managers under FO Scheme. This left an unspent balance of Rs 2.21 crore (11 *per cent*) and Rs 0.74 crore (12 *per cent*) respectively as on 31 March 1998.

(f) In 3 districts during 1994-95, subsidy and margin money amounting to Rs 2.41 crore (Burdwan:1.82 crore, Midnapore: Rs 0.10 crore, Purulia: Rs 0.49 crore) were refunded by the District Managers (May 1994) to the Headquarters Office of the Corporation, without executing the FO scheme.

Implementation of FO scheme delayed by 12 to 24 months due to belated release of fund

(g) No funds were released to the District Manager, Jalpaiguri during 1995-96 for implementation of FO Scheme. Due to delay of 12 to 24 months in such release, 458 cases involving Rs 15.91 lakh were released during 1996-97 and 563 cases involving Rs 15.85 lakh were released during 1997-98.

(h) During 1992-98, Rs 2.10 crore (subsidy: Rs 1.27 crore and margin money: Rs 0.83 crore) was received back by the DMs SCSTDFC from different implementing banks as undisbursed amount in 4 districts (Burdwan: Rs 1.07 crore Jalpaiguri: Rs 0.35 crore Midnapore: Rs 0.50 crore Purulia: Rs 0.18 crore). No records indicating the number of cases involved were made available.

A test-check of records of Jalpaiguri district revealed that in 962 cases, undisbursed subsidy amount of Rs 30.66 lakh and margin money of Rs 4.48 lakh were refunded by 14 banks after a lapse of 3 to 4 years on the grounds that the Schemes were not viable, beneficiaries had left the place/ were not interested/were not traceable/did not take up, etc.

Funds remained blocked for long periods due to improper selection of beneficiaries by Panchayat Samitis—beneficiaries did not even exist
Margin money was not provided to 572 beneficiaries despite availability of fund of Rs 26.69 lakh—defiance of GOI guidelines

Thus, the lists of beneficiaries furnished by the Panchayat Samitis to the banks were not prepared after proper scrutiny of the details of the beneficiaries.

Further, Rs 44.16 lakh were received back (1992-98) by the District Manager, Jalpaiguri from different banks as undisbursed subsidy and margin money without indicating the detailed head of account, particulars of cases, etc.

(i) Against individual project costs 20 *per cent* was to be borne by the SCSTDFC from its own fund as margin money loan, but it was noticed that as per decision taken (September 1996) by the SCSTDFC; the beneficiaries implementing the schemes with a maximum project cost of Rs 4000 or less would only be eligible for this loan which were not in accordance with the guidelines of GOI. Due to this, District Manager, Midnapore did not provide margin money to 572 cases during 1997-98 despite availability of Rs 26.69 lakh for that purpose.

3.2.6.3 Community Development Schemes

For giving adequate weightage towards infrastructure incidentals to FO schemes, various developmental schemes (CD schemes) viz. checkdams, water harvesting structures, establishment of residential schools in tribal areas, development of village link roads, drinking water facilities in tribal schools and hostels, etc. were to be taken up under Community Development Schemes. The execution of these schemes were entrusted to the PO DWOs, Backward Classes, Zilla Parishad and Panchayat Samitis of the districts.

(a) Of Rs 78.47 crore available under SCA for TSP during 1992-98, Rs 15.20 crore (19 *per cent*) were allocated by the Department towards Community Infrastructure Development Schemes during 1992-97 against the ceiling limit of 25 *per cent*. Of this, Rs 2.05 crore were released directly by the department and Rs 9.06 crore by the SCSTDFC from deposit account to the district authorities. No fund was, however, released for CD Schemes out of SCA Fund received after 1995-96.

Funds were released in contravention to GOI guidelines

(b) As per GOI guidelines, major infrastructure development like roads, electrification, etc. was to be supplemented from the Tribal Sub-Plan rather than from SCA. The department sanctioned Rs 87.20 lakh between February 1995 and January 1998 for construction of major roads, bridges, mini-water supply scheme, bus stand, open stage, etc. to the following districts from SCA fund in contravention of the guidelines.

	(Rupees in lakh)
Coochbehar	11.66
Bankura	4.34
Darjeeling	9.75
Dakshin Dinajpur	5.87
Jalpaiguri	5.00
Malda	0.80
24 Parganas (North)	10.23
24 Parganas (South)	39.55
Total	87.20

(c) The Working Group of Tribal Development during 7th Plan recommended that for electrification of tribal areas, the Rural Electrification Corporation would bear the capital cost. But the department sanctioned Rs 53.83 lakh between April 1995 and April 1997 towards capital cost for intensification of rural electrification in different mouzas of all the districts ignoring the above recommendation.

Department released Rs 87.28 lakh for addition and alteration of schools from funds meant for construction of residential schools in defiance of GOI order

(d) As per Government of India's order (September 1985), only establishment of residential schools was permissible under SCA for TSP. However, the department released Rs 87.28 lakh to 11 districts for repair/construction/ extension of 24 hostel buildings/schools and boundary walls between February 1995 and November 1997 from SCA fund.

(e) Rupees 5.75 lakh were released (July 1997) to TDCC to meet interest subsidy to Central Co-operative banks of three districts (Midnapore: Rs 2.49 lakh, Purulia: Rs 1.09 lakh and Bankura: Rs 2.17 lakh) under minor forest produce scheme in violation of the Central guidelines for utilisation of SCA Money.

3.2.6.3(i) Physical progress

Details of sanction/release of funds, number of schemes to be executed, expenditure incurred etc. under Community Development Schemes upto 1995-96 for 4 districts are included in Appendix 11.

The following points emerged out of audit analysis of the information in the Appendix.

(a) Of Rs 4.84 crore sanctioned by the department out of SCA fund received up to 1995-96, Rs 3.50 crore was placed for execution of 345 schemes (4 PODWOs: Rs 97.43 lakh for 35 schemes and Rs 2.52 crore to different executing agencies for 310 schemes) of which 65 schemes (in 4 districts) were completed between August 1994 and April 1998 at a cost of Rs 1.07 crore, leaving 280 schemes incomplete.

(b) The executing agencies/PODWOs did not, however, maintain any asset register. Utilisation certificates of Rs 2.43 crore were not obtained from different executing agencies/PODWOs in support of completion of 280 schemes and the position was not intimated to Government.

(c) Of Rs 4.84 crore, Rs 1.35 crore (in 3 districts) were not released to the executing agencies by the District Managers SCSTDFC though sanctioned by the department. This as stated by them was due to non-availability of fund from their Headquarters office as well as non-requisition by the PO DWOs of the districts.

(d) Rupees 23 lakh were sanctioned (ad-hoc) (December 1995) by the department for implementation of different CD Schemes to PO DWO, Purulia during 1994-95. However, no scheme was implemented and the fund was not utilised. It was kept in the Bank account of the SCSTDFC at the district level (May 1998).

(e) During 1994-95, Rs 27 lakh was placed (May 1994) to the PO DWO Midnapore for execution of CD Schemes of which Rs 26 lakh was sub-allotted (August 1995) to 26 BDOs for purchase of 165.50 acres of agricultural land as per resolution of DWC (July 1995) for distribution amongst Lodhas, a primitive tribe, for agricultural purpose. Out of this amount, 69.80 acres of agricultural land was purchased between September 1995 and March 1998 at a cost of Rs 20.68 lakh leaving an unspent balance of Rs 5.32 lakh.

Purchased land was not distributed to the beneficiaries

Test-check of records of 5 BDOs showed that 48.56 acres land purchased at the cost of Rs 15.94 lakh, 7.52 acres (Nayagram: 4.37 acres and Kharagpur-I: 3.15 acres) valued Rs 2.96 lakh were not distributed to the beneficiaries (July 1998).

Of 11.31 acres of land, BDO, Narayanagarh purchased 9.07 acres of land between December 1995 and October 1996 at a cost of Rs 2.03 lakh which was higher by Rs 0.49 lakh than the rates fixed (August 1995) by the Additional District Sub-Registrar, Narayanagarh.

PO DWO, Midnapore stated (May 1998) that the diversion of SCA fund was done as per decision taken by the DWC of the district.

Department furnished utilisation certificates to GOI for a special project though it was not implemented

(f) Rupees 16.78 lakh were sanctioned for utilisation in 1992-93 for construction of 10 Community Latrine cum Biogas Plants, a special Project at Totopara, Jalpaiguri. As the scheme was not feasible on Community basis, due to non-availability of suitable lands and other technical grounds, the scheme was altered (August 1993) for construction of 95 individual latrines and sent (June 1994) to the BCW department for approval. The scheme was yet to be taken up (May 1998), but the department furnished (June 1994) the utilisation certificates to the Government of India.

(g) An amount of Rs 9.70 lakh and Rs 2.37 lakh was received by PO DWO, Purulia during 1995-96 and 1997-98 for implementation of CD Schemes, and the PO DWO Purulia diverted the entire amount between August 1996 and January 1998 to Special Component Plan for SCs.

This was justified (May 1998) by the PO DWO Purulia on the basis that the relevant Government orders did not specify the purpose for which fund was sanctioned. This was not tenable as the sanctions were specific.

Instead of refunding the unspent balance of CD schemes, the same was deposited to treasury as revenue receipts

(h) Out of Rs 17.88 lakh sanctioned for CD schemes between April 1995 and February 1998, Rs 2.49 lakh remained unspent with four Block Development Officers/ Executive Officer, Panchayat Samitis, a sum of Rs 1.94 lakh was deposited to the Jalpaiguri and Kharagpur Treasuries respectively in March 1998 as revenue receipts at the instance of the Finance Department, West Bengal.

3.2.7 Monitoring and Evaluation

In pursuance of Government instructions (November 1988), each field organiser of the district was expected to evaluate at least 5 beneficiaries in a month and the District Manager and Assistant District Manager were also to evaluate one beneficiary per month.

Test-check of records of 4 selected districts revealed that evaluation of 66 cases were made as against 9576 cases expected to have been undertaken by the 25 Field Organisers, 4 District Managers and 4 Assistant Managers available in the districts.

The District Managers stated (May 1998) that the system of evaluation was stopped as the Headquarters Office did not stress upon the matter as well as due to shortage of manpower. This was not tenable as the shortfall was calculated on the basis of the men-in-position.

The department could not furnish any consolidated position of execution of different Community Development Schemes as of May 1998 which indicated that the scheme was not monitored at the Department's level.

3.2.8 Conclusion

Despite availability of Rs 78.47 crore up to 1997-98 for implementation of schemes, State Government could release only Rs 62.90 crore leaving Rs 15.57 crore unutilised. However, it furnished utilisation certificates indicating full utilisation of SCA funds.

Of Rs 4.84 crore sanctioned in 4 selected districts out of SCA fund received upto 1995-96 for implementation of community development schemes, State Government was not aware about the status of 280 schemes involving Rs 2.43 crore as no utilisation certificates were obtained from the executing agencies as of May 1998. On the other hand it had furnished utilisation certificate for the full amount to Government of India.

Inordinate delay of 4 to 10 months in depositing funds to the SCSTDFC and of 6 to 32 months in sanctioning funds to the executing agencies resulted in delayed execution of the scheduled schemes. Also, improper selection of schemes as well as of beneficiaries resulted in blocking of fund without utilisation for prolonged periods (3 to 4 years).

The matter was referred to Government in June 1998; reply had not been received (November 1998).

DEVELOPMENT AND PLANNING DEPARTMENT

3.3 Infertuous expenditure on construction of a bridge

Failure of the District Magistrate, Malda to cancel work order for construction of a bridge in time resulted in infertuous expenditure of Rs 28.50 lakh

For construction of a bridge over river Mara Mahananda, DM, Malda placed (March 1995) an order with GRSE*, a Central Government undertaking for supply of a portable bailey bridge of the length 260 feet for erection on constructed abutments/piers at Pukuria Ghat under Ratua-II Panchayat Samiti (district of Malda) at an estimated cost of Rs 57 lakh. An advance payment of Rs 28.50 lakh (being 50 *per cent* of the value of the bridge) was made to GRSE in March 1995. The bridge was to be delivered within 5 (five) months from the date of receipt of order (with advance) and erection was to be completed within next one month after completion of abutments/piers.

In July 1995, the District Planning Committee* however, decided to construct a RCC bridge by PW (Roads) Department instead of bailey bridge over river Mara Mahananda. No recorded reason for the change in decision was available. The change in decision was intimated to GRSE by the DM only in September 1996, i.e., after a year and GRSE was asked to refund the amount of advance of Rs 28.50 lakh. GRSE stated (October 1996) that they were ready to despatch the bridge components and hence, it was not possible for them to refund the same. After protracted correspondence GRSE stated in January 1997 that the question of refund of advance was beyond their scope. The DM could not indicate further development in the matter. Meanwhile, Rs 1.13 crore had been spent up to 31 March 1998 for completion of the sub-structure and 50 *per cent* work of the super-structure of the RCC bridge.

Thus, the change in the initial decision without any recorded reasons for a RCC bridge and failure to cancel the order for a bailey bridge in time resulted in an infertuous expenditure of Rs 28.50 lakh.

The matter was referred to Government in June 1998; reply had not been received (November 1998).

* Garden Reach Shipbuilders and Engineers

* District Planning Committee ordinarily consists of the Sabhadhipati of the district as Chairman, District Magistrate (DM) as Executive Officer and the Engineer of 'Zilla Parishad' as member.

SCHOOL EDUCATION DEPARTMENT

3.4 WORKING OF SCHOOL EDUCATION DEPARTMENT (SECONDARY EDUCATION)

3.4.1 Introduction

The School Education Department looks after school education in the State. The West Bengal Board of Secondary Education (Board), an autonomous body looks after the administration of the Secondary Schools and conducts school leaving Madhyamik examination. The West Bengal council of Higher Secondary Education looks after education at the 10+2 (classes XI and XII) stage and also conducts the final school leaving examination after class XII.

Teaching and non-teaching staff of non-Government aided Secondary Schools are appointed by their Managing Committees after approval by the DI[†] of Schools (Secondary Education). State Government provides funds for payment of salary, etc. for the teaching and non-teaching staff of non-Government aided Secondary Schools.

3.4.2 Organisational set up

The School Education Department is headed by the Secretary, School Education Department. The Director of School Education is the head of the School Education Directorate and implements the educational policy of the Government through the District Inspector of Schools in the districts.

3.4.3 Audit coverage

This review aimed to examine the quality of financial management and effectiveness in execution of the Secondary Educational system. For this purpose, records of the Directorate of School Education, 4^{*} District Inspectors of Schools (Secondary Education), 2 Government Schools¹, Higher Secondary Council, West Bengal Board of Secondary Education and 194 secondary schools² in 4 districts were test-checked between December 1997 and July 1998. Important points that emerged as a result of audit scrutiny are discussed below.

3.4.4 Highlights

The Budget estimate of the department was not prepared on the basis of actuals as the Drawing and Disbursing Officers did not furnish the monthly expenditure statement to the department.

(Paragraph 3.4.5.1)

The abbreviations used in this review have been listed in the Glossary in Appendix 23 (Page 212)

[†] District Inspector

^{*}North 24-Parganas, Burdwan, Midnapore and South 24 Parganas

¹ Bidhan Nagar Government High School, Salt Lake, Calcutta; Barasat Government High School, North 24-Parganas

² Burdwan : 119; Midnapore : 113, North 24 Parganas : 45, South 24 Parganas : 5

Difference of Rs 214.68 crore between departmental expenditure and the accounts figures during 1994-97 were not reconciled.

(Paragraph 3.4.5.3)

There were huge savings under Non-Plan heads in 1995-96 and 1996-97 (Rs 17.45 crore) whereas 22 Plan schemes were not implemented as money was not released by the department though budget provision existed.

(Paragraph 3.4.5.4)

Recurring grants to aided schools constituted 96 per cent of the total expenditure of the Department. Control over the release of recurring grants to private aided schools were unreliable as eligibility criteria were not verified from field records. Cases of payment of grants to non-existent schools and to schools whose accounts were not audited for 5 years, were noticed in audit.

Nine hundred twenty seven schools in four districts were not audited by chartered accountants for two to five years.

(Paragraph 3.4.5.6(a))

Utilisation certificates in respect of non-recurring grants amounting to Rs 19.57 crore and Central assistance of Rs 51.47 lakh released in favour of schools during 1994-97 were not obtained by the Directorate/Department.

(Paragraph 3.4.5.6(b))

Though 133 inspecting staff were in position, 3613 schools in the 4 districts were never inspected during 1994-97. Rupees 2.52 crore were spent towards salary of such staff.

(Paragraph 3.4.5.7)

The State had an excess of 27 thousand teachers in 1996-97. Rupees 6.61 crore were paid in excess to 533 teachers during 1992-98 due to non-maintenance of the prescribed teacher-student ratio of 1:40.

(Paragraph 3.4.5.9(i))

Large number of absentee students indicated that the details of roll strength was not reliable. In one case, 5 teachers were working for only one student.

(Paragraph 3.4.5.10(b))

Rupees 45.55 crore were disbursed as grants-in-aid to 118 schools though these schools secured no extension of 'recognition'.

(Paragraph 3.4.5.12)

Shortage of cash amounted to Rs 2.42 lakh due to non-account of Government drafts. Bank drafts for Rs 2.91 crore were not accounted for in the cash books in three districts.

(Paragraphs 3.4.5.15(b)&(d))

Provident fund money of Rs 1.63 crore collected from teaching and non-teaching staff was not deposited to government account, as prescribed.

(Paragraph 3.4.5.16)

Central assistance of Rs 4.18 crore for computer literacy and studies in schools remained unutilised. Rs 3.57 crore was held as cash by the Director of School Education for years together.

(Paragraph 3.4.5.18)

Loan scholarship amounting to Rs 1.90 crore given during 1985-93 was not recovered till March 1998.

(Paragraph 3.4.5.19)

3.4.5 Preparation of Budget

3.4.5.1 The year-wise budget provision and expenditure during 1994-98 were as follows :

Year	Budget Estimates (A)	Expenditure Actuals* (B)	Savings(-)/ Excess (+) and percentage in ()
	(Rupees in crore)		
1994-95	852.71	850.54	(-) 2.07 (0.24)
1995-96	955.85	939.08	(-) 16.77 (1.75)
1996-97	990.17	1135.22	(+) 145.05 (14.65)
1997-98	1241.62	1246.94	(+) 5.32 (0.43)

The department was to receive monthly expenditure statements from 82 DDOs. Test-check revealed that the expenditure statements were not at all furnished by the DDOs and hence the controlling officer failed to obtain complete details of expenditure from month to month. Consequently, departmental accounts were not prepared and the budget estimates were framed on *ad hoc* basis. The department failed to furnish any explanation regarding the huge savings year after year against the budget provision. Further, the Secretary did not explain the basis of preparation of Budget Estimate in the absence of input from the DDOs.

* Based on figures appearing in the Finance Accounts prepared by Principal A.G.(A&F) which, being treated as final, are reflected in the Budget publications of the State Government.

The DDOs did not send minor/sub head-wise returns of expenditure each month to the controlling officer.

3.4.5.2 Expenditure Control

Forty Government schools and 65 Anglo-Indian schools never submitted their requirement of funds before preparation of annual budget. This resulted in savings of Rs 12.51 crore and Rs 12.30 crore under salary head against these schools respectively during the years 1995-96 and 1996-97. Audit of these schools by Chartered Accountants' firms to be appointed by the Anglo-Indian schools was also not done, as required.

3.4.5.3 Departmental figures not reconciled

Controlling Officers did not reconcile figures of Departmental expenditure with the accounts of Principal Accountant General (A&E). Possibility of excess drawals, fraud and defalcation thus remained undetected

The controlling officer of the Department was required to reconcile every month the departmental expenditure with those booked in the accounts by the Principal Accountant General (Accounts & Entitlement), West Bengal. This was not done. A total expenditure of Rs 2710.26 crore between 1994-95 and 1996-97 remained unreconciled with the accounts figure of Rs 2924.94 crore. Due to non-reconciliation, timely detection of irregularities including unauthorised and fraudulent drawals of funds and defalcations, if any, was not possible.

3.4.5.4 Ineffective monitoring of scheme expenditure

(i) Savings noticed in non-plan sub-heads during the years 1995-96 and 1996-97 were as below :

Year	Funds received by the Directorate (Rs in Crore)	Number of non-plan heads	Expenditure incurred (Rupees in crore)	Excess(+)/ Savings(-) (Rupees in crore)
1994-95	Net grant statement not furnished			
1995-96	27.73	10	19.14	(-) 8.59
1996-97	44.42	5	35.56	(-) 8.86

(Source : Net-grant-statement)

22 plan schemes were not implemented during 1995-97 whereas excess fund of Rs 17.45 crore was released against 15 non-plan heads

(ii) Fifteen schemes for 1995-96 and seven schemes for 1996-97* for which Rs 26.77 crore were provided in Plan head for the budget, were not implemented during 1995-97 as funds were not released by the Department to the Directorate during these years.

Year	Budget provision		Number of schemes for which funds were released		Expenditure incurred	Number of schemes not implemented	Budget provision
	Number of scheme	Amount	Number of scheme	Amount			
1995-96	17	20.35	2	3.07	2.61	15	17.28
1996-97	15	27.52	8	18.03	10.88	7	9.49

* Imparting teaching and educational facilities, strengthening of science laboratories, improvement of libraries etc. improvement of madrasas, assistance to non-Government secondary school, development of secondary schools, etc.

Thus, the department failed to exercise proper control over expenditure of schemes.

3.4.5.5 Plan expenditure was insignificant

Analysis of the expenditure incurred on Plan and non-Plan heads during 1994-97 showed that while non-plan expenditure increased by 12 *per cent*, the plan expenditure decreased by 77 *per cent* in 1995-96 as compared to 1994-95 and became insignificant by 1996-97.

Year	Non-Plan	Plan	Total
	(R u p e e s i n c r o r e)		
1992-93	625.28	3.42	628.70
1993-94	767.28	6.72	774.00
1994-95	836.04	14.60	850.64
1995-96	935.71	3.37	939.08
1996-97	1133.85	1.37	1135.22

3.4.5.6(a) Grants under Salary Deficit Scheme released without due verification

Under the salary deficit scheme, Government paid salaries in the form of recurring grants to teaching and non-teaching staff of non-Government aided Secondary schools on the basis of applications. The District Inspector of Schools was to scrutinise the amounts claimed by the schools to ensure that the conditions for eligibility of grants were fulfilled. Of the total expenditure of the Department (Rs 2924.94 crore) during 1994-97, 96 *per cent* (Rs 2806.23 crore) related to grants-in-aid to 10302 non-Government aided Secondary schools.

The recurring grants were released to the private aided schools on the basis of monthly applications for release of grants by the Headmasters of the concerned schools. Fulfilment of eligibility criteria for grants was verified by the District Inspectors of schools on the basis of these applications. However, correctness of the information furnished in these applications could be verified only during the inspection of the records of the school. Test-check revealed that no inspection took place during 1994-97 and details furnished by the Headmasters were, therefore, not verified by the District Inspectors of school with reference to the field records. Thus, control over the release of recurring grants which constituted 96 *per cent* of the total expenditure of the department, was unreliable. During the inspection undertaken at the instance of audit, cases of release of salary to staff of non-existent school came to notice (vide para 3.4.5.7).

Further, the accounts of the aided schools were to be audited by the Chartered Accountants. Test-check revealed that grants were released even though the accounts of the schools remained unaudited for 2 to 5 years in case of 927 schools in 4 districts.

3.4.5.6(b) Utilisation certificates not obtained for non-recurring grants

UC 's in respect of non-recurring grants (Rs 19.57 crore) released to the schools of all the 18 districts during 1994-95 to 1996-97 were not obtained by the Directorate/Department as of May 1998 though it was obligatory on the part of the DI of Schools/Zilla Parishad to obtain utilisation certificates from the grantee institutions.

Utilisation certificates for non-recurring grants of Rs 19.57 crore and for Central assistance of Rs 51.47 lakh not received

Similarly, utilisation certificates for Rs 51.47 lakh received from Government of India during the year 1996-97 for construction and renovation of 4 school buildings in 3 districts were not obtained as of May 1998.

3.4.5.7 Inspection of schools

The inspections of schools were aimed at improving their academic and administrative aspects as per the following norms.

(i) District Inspector/Additional District Inspector of Schools (Secondary)	At least 6 schools per month spread over three different blocks/urban areas.
(ii) Assistant Inspector of Schools (Secondary)	At least 8 schools per month spread over four different blocks/urban areas.
(iii) Sub-Inspector of Schools (Secondary)	At least 14 schools (Junior High) per month spread over seven different Gram Panchayats (in the case of urban areas, same number of different wards).

Though the DI of schools stated that inspection of schools were carried out, scrutiny revealed that in the 4 districts, though 133 inspecting staff were in position, no inspection of 3613 schools was conducted by them during 3 years (1994-97). Thus, the expenditure of Rs 2.52 crore incurred on salary of inspecting staff in the 4 districts during 1994-97 was infructuous.

Thirtynine inspections of which 17 were at the instance of Audit, were conducted between January and July 1998 revealed irregularities like payment of Rs 16.08 lakh as salary to 3 teaching and 1 non-teaching staff for 10 years for a non-existent school.

One school became defunct since 1993-94 as it had no student, but Rs 22.35 lakh was released during 1993-98 on account of salaries of 6 teaching and 2 non-teaching staff who had no work.

* Utilisation certificates

3.4.5.8 Expenditure of Anglo-Indian schools left unverified

Anglo-Indian schools received Rs 51.53 crore as grants-in-aid but were not inspected. Rs 0.18 crore were spent for inspecting staff meant for these schools

Sixty five Anglo-Indian schools in 8 districts were receiving Rs 51.53 crore as grants-in-aid from the Government during 1994-95 to 1996-97. No inspection of these schools was conducted though Rs 0.18 crore were spent on salaries, etc. on inspection staff during this period.

3.4.5.9 Appointment of teaching staff

(i) Teacher-Student ratio

There were 10302 secondary schools with 41.4 lakh students in the State in the year 1996-97. As per the prescribed teacher-students ratio of 1:40 in secondary schools, only 1.03 lakh teachers were justified against the actual number of 1.30 lakh which indicated an excess employment of 27 thousand teachers approximately.

104 schools were running with 533 excess teachers whereas 859 teachers were short in 85 schools - prescribed norms not maintained

The prescribed teacher-student ratio in secondary schools was 1:40. A test-check revealed that 85 schools had a shortage of 859 teachers while 104 schools had 533 excess teachers. This resulted in excess payment of salaries of Rs 6.61 crore during 1992-98.

(ii) Non-maintenance of records of approved teaching and non-teaching staff

No registers were maintained by the District Inspector of Schools (Secondary Education) to record the particulars of teaching and non-teaching staff appointed against vacancies with dates of approval by District Inspector of Schools (Secondary Education) in each case. A check of grants-in-aid applications of 194 schools revealed that appointments of 114 teachers were approved after 10 to 30 years of actual joining.

3.4.5.10 Non-adherence of prescribed minimum enrolment

Grants released to a few schools - not in conformity with the rules

(a) Government has notified a minimum enrolment of 300 pupils in the post-primary classes (V to X) for receiving grants with a proviso that not less than 20 *per cent* of the pupils were to be in the top two classes. A scrutiny of the grants-in-aid applications submitted by 38 schools in 3 districts revealed that the strength of pupils in top two classes ranged between 13 and 20 *per cent*. Rupees 14.63 crore were released to these ineligible schools as grants-in-aid during this period.

(b) Absentee students

During test-check, poor attendance was noticed in a number of schools from January to May 1998 as detailed below :

* Total number of teachers in the State 130431 (March 1996)

Name of district	Name of school	Roll strength	Teachers admissible as per roll strength	Students actually present	Number of teachers in position	Teachers admissible as per students present
North 24-Parganas	1) Sarat Kumari Jasoda Sundari Girls' High School	120	3	01	5	Nil
	2) Kalyangarh Sanskriti Sangha Balika Vidyalaya	296	8	126	17	3
	3) Kalyangarh Bidhan Chandra Vidyapith	619	16	328	12	8
	4) Ashoknagar Ma Saradamoni Vidyapith for Girls	481	12	219	12	6
	5) Ashoknagar Balika Vidyalaya Junior High School	165	4	95	7	3
	6) Kankpur Boys' Jr. High School	142	4	49	5	1
Midnapore	1) Charubala Balika Vidyalaya	364	9	142	13	4
	2) Moupal Deshpriya Vidyapith (High School)	437	11	60	11	2
	3) Sri Narayan Vidya Bhawan Boys' High School	363	9	180	14	5
	4) Goutam Smriti Satpati Binapani Vidyamandir	610	15	381	16	10
	Total :		91		112	

The large number of absentee students indicated that the roll strength of the schools were not reliable. However, the inspection of these schools were not carried out during the past 3 years and thus large number of teachers were continued to be paid though enough students were not available.

3.4.5.11 Irregularities in recognition of schools

Recognition was to be given only to those schools which met the prescribed norms and applied to the West Bengal Board of Secondary Education for recognition/ upgradation before 1975. Scrutiny of records of four districts revealed that:

- (i) In 145 cases, the District Level Inspection Team carried out inspection of schools for recognition/upgradation on the basis of the directions given by the Private Secretary to the Minister though he had no jurisdiction in this matter.
- (ii) Fifteen schools in one district fulfilled all the conditions required for obtaining recognition, but were not given recognition. They obtained their recognition/upgradation under order of the court.
- (iii) In another district 23 High Schools were given recognition in 22 wards having a population of about 96,313. As a result, the schools were having less number of students than the prescribed limit/level.

3.4.5.12 Unrecognised schools received Grants in aid

Rupees 45.55 crore released as grants-in-aid to 118 schools without having extension of recognition

A test-check of records revealed that Rs 45.55 crore were disbursed during 1993-98 as grants-in-aid to 118 schools, though the schools did not secure extension of recognition as detailed below:

Name of the district	Total Number of Grants-in-aid application checked	Number of schools who did not have extension of recognition	Percentage	Amount disbursed (Rupees in crore)
North 24-Parganas	52	49	94	12.25
Burdwan	42	31	74	14.03
Midnapore	57	15	26	7.57
South 24 Parganas	43	23	53	11.70
Total	194	118		45.55

3.4.5.13 Delay in granting recognition/upgradation

Four schools were upgraded after a lapse of 13 years without recorded reasons

Four schools were upgraded to Class XI and XII after a lapse of 13 years from the date of recommendation by the District Level Inspection Team without any recorded reasons.

3.4.5.14 Irregular grants for DA and adhoc Bonus

Grants of Rupees 89.81 extended to a school lakh in contravention of Government order

One English medium High School affiliated to the Council for Indian School Certificate Examination, New Delhi was given grants in the form of DA and ad-hoc bonus of Rs 89.81 lakh between January 1991 and January 1998 in contravention of Government order which envisaged that the State Government would bear no financial liability in respect of DA and bonus.

3.4.5.15 Cash management

39 bank drafts for Rs 26.29 lakh were retained for 6 to 11 years

(a) Thirtynine bank drafts worth Rs 26.29 lakh drawn by the Deputy Director of School Education from Reserve Bank of India, Calcutta between February 1987 and August 1992 for issue in favour of different schools, were not disbursed. The drafts, after being revalidated by the DDO from time to time (last done on 17 November 1997) were still lying with the Directorate as on February 1998. Thus, the fund was sanctioned and retained without any purpose.

Receipt of 18 bank drafts valuing Rs 2.42 lakh not entered in cash book

(b) Of 31 time barred Bank Drafts (BDs) valued at Rs 6.24 lakh received by the Directorate from different district offices, 18 valued at Rs 2.42 lakh drawn between 1981 and 1994 were not entered on the receipts side of the cash book. Of these, 10 bank drafts valued at Rs 99,609.23 were returned to the senders in January 1998 showing entries on the payment side of the cash book.

Eight drafts for Rs 1.42 lakh were shown as part of the cash balance to make the cash book balance tally with the actual cash balance.

The above irregularities resulted in the shortage of cash balance of Rs 2.42 lakh.

Rupees 1.90 crore retained in current accounts of bank. No order could be shown for operation thereof

(c) Test-check of the cash books of the District Inspectors of Schools (SE) of 3 districts revealed that heavy amounts of cash balances aggregating to Rs 1.90 crore were retained in current accounts in the State Bank of India as detailed below:

Director of Inspection of Schools(SE)	Date	Amount of cash balance as per bank statement (Rupees in crore)
North 24-Parganas	25.2.1998	0.56
Midnapore	05.2.1998	0.97
Burdwan	24.3.1998	0.37
Total		1.90

No orders in support of operation of these bank accounts were shown to Audit though called for.

In one district, the cash book in the office of DI was not written beyond May 1997.

DIS(SE)⁴ in two districts drew and retained Rs 7.47 lakh for more than 5 years. Further, a sum of Rs 1.12 crore received from Treasury Officers and the Director of School Education, between March 1994 and September 1997 was also retained by them.

Disbursement of Rs 2.69 crore as grant to schools were not accounted for in the cash books

(d) Bank drafts for Rs 2.91 crore received from the Director of School Education, by the DIS(SE) during the year 1994-98 as capital grant for disbursement to 339 schools in three districts were not accounted for in their cash books. Of this, Rs 2.69 crore were disbursed to 269 schools without routing the same through the cash book. The balance Rs 22 lakh remained undisbursed till April, 1998.

(e) Defalcation/misappropriation involving Rs 6.71 lakh pertaining to 24 schools and one library relating to the period from 1968-69 to 1988-89 continued to remain unsettled (May 1998).

3.4.5.16 General Provident Fund money of Rs 1.63 crore not credited to Government account

Provident Fund balance of Rs 1.63 crore of 64 schools were not deposited in the treasuries in violation of Government rules

As per rule, all the balances in the Provident Fund Accounts of teaching and non-teaching staff of aided Secondary schools as on 1 June 1984 held in cash or in any form of financial instruments were to be transferred to the Government account. In violation of these instructions, management in sixty four schools in 4 districts did not deposit Provident Fund balance of Rs 1.63 crore, to the treasury. It also entailed interest liability of Rs 19.55 lakh per annum on Government.

⁴ District Inspector of Schools (Secondary Education)

3.4.5.17 Capital grant of Rs 11.78 lakh given for construction of school buildings invested in banks

Rupees 11.78 lakh sanctioned for construction of school buildings within the same financial year, were kept in banks by District Inspector of Schools, Midnapore without utilising the same.

3.4.5.18 Centrally Sponsored Scheme on Computer Education -CLASS"

The Centrally sponsored scheme CLASS was launched in the year 1984-85. Between 1984-85 and 1989-90, 207 schools were brought under this Project where BBC' Micros were provided by the Government of India. Twenty five additional schools were brought under this scheme in 1994-95.

Central assistance of Rs 4.18 crore lying unutilised with the Director

A sum of Rs 7.49 crore was received from the Government of India during 1993-94 to 1997-98 as grants-in-aid for 232 schools out of which Rs 3.31 crore was spent till May 1998 and Rs 60.09 lakh was deposited in Pl. Account while Rs 3.57 crore was retained in cash by Director of School Education, West Bengal.

Though Rs 25 lakh was drawn by the Education Directorate in March 1995 for providing computers to 25 additional (new) schools, no computers were purchased as of February 1998. Only theoretical training was imparted by private agencies in 1995-96.

Rupees 2 lakh were sanctioned by the Government of India in 1994-95 for setting up of State-Level Cell for monitoring. But the Cell was not yet set up though the amount was drawn in March 1995.

3.4.5.19 Unrealised loan scholarship amounting to Rs 1.90 crore

The Government of India introduced the National Loan Scholarship Scheme in 1963-64 which continued till 1992-93 to provide financial assistance on loan basis to needy and meritorious students for prosecuting higher education.

Loan scholarship of Rs 1.90 crore remained unrealised from the scholars

No register to watch recovery of loans was maintained, nor were effective steps taken by the Education Directorate/Department for recovery of the loan scholarship from the scholars. It was seen that against the disbursement of Rs 1.90 crore from 1985-86 to 1992-93 (up to December 1992), only Rs 48,060 were recovered till the date of audit (March 1998).

3.4.5.20 Other points of interest

(i) Text books for class V meant to be supplied free to the students, were not supplied to 4 schools in one district.

Students were deprived of free educational facilities

(ii) Admission on promotion and fresh admission to all classes was denied by one school due to failure of the students to pay the requisite fees other than tuition fees in advance for the whole year. This was in contravention of the

Departmental policy of providing free education. DI of schools, did not take any action against the Headmistress till May 1998.

3.4.5.21 Action taken in respect of paras mentioned in Audit Report and Inspection Reports

As on May 1998, 45 Inspection Reports from Audit covering 20 DDOs for the period between April 1993 and March 1998 containing 190 paras were pending for which no reply was received.

3.4.5.22 Conclusion

Most of the expenditure of the Secondary Education wing of the Education Department pertained to recurring grants to the aided schools but the control over the release of these grants were unreliable. A case was detected in audit where grants were released to a non-existent school; in a number of cases test-checked, grants were given without audited accounts since accounts of large number of schools were not audited. DDOs of the department did not regularly furnish expenditure statements and budget estimates were therefore framed on adhoc basis. Unrealistic estimates and the weak expenditure control mechanism was reflected in huge amount of non-plan funds remaining unspent. Inspection of schools was not carried out in any school for last three years in the four test-checked districts and such inspections carried out in same schools at the instance of audit, revealed serious irregularities. Compared to norms prescribed, the State had 27 thousand excess teachers. Large number of absentee students during audit test-check indicated that roll strength of schools was not reliable and to that extent release of excess grants was likely and in a case 5 teachers were working for one student. Provident Fund money deducted from teachers salaries in same schools were not deposited to Government Account. Fifty six *per cent* of Central assistance for Computer Literacy and studies in schools remained unutilised and the Director, School Education retained huge amount of undisbursed cash pertaining to the scheme. The Department was thus mismanaged.

The matter was referred to Government in June 1998; reply awaited (November 1998).

3.5 Irregularities in purchase of football

Purchase of footballs at higher rates favouring some selected suppliers led to extra expenditure

Director of School Education, West Bengal invited tenders in November 1995 from *bonafide*^{*} registered SSI³ units for supply of good quality footballs as a part of implementation of the Central sector scheme of Operation Blackboard. Six firms submitted quotations with rates varying from Rs 89.50 to Rs 210 for footballs of different varieties. Even though the lowest rate quoted was

^{*} The word 'Bonafide' was used in the notice inviting tenders.

³ Small Scale Industries

Rs 89.50, a higher rate of Rs 169 was accepted (June 1996) by Government on the ground that the lowest tenderer was not a registered SSI unit. Order was placed for purchase of 26.5 thousand footballs at the rate of Rs 169 each in July 1996 on 3 firms for a total amount of Rs 44.81 lakh.

Audit scrutiny revealed that none of the 6 firms responding to the tenders were permanently registered SSI units, but were only provisionally registered with the DIC^o. As per existing orders of the Government, "provisional" registration of a unit was merely a proposal for setting up of a SSI unit and permanent registration certificate could be given only after fulfilling certain fixed criteria and physical inspection by DIC.

Since none of the firms were registered SSI units, the tenderers were liable to be rejected. While the lowest offer was rejected by the Director of School Education on the ground that it was not a SSI unit, the higher rate Rs 169 was accepted from firms who were also not full-fledged registered SSI units.

Thus, an excess expenditure of Rs 21.08 lakh was incurred by the Directorate without any justification and undue favour was extended to selected suppliers.

The matter was referred to Government in March 1998; reply had not been received (November 1998).

^o District Industries Centres

HEALTH AND FAMILY WELFARE DEPARTMENT

3.6 National Malaria Eradication Programme

3.6.1 Introduction

Government of India launched NMEP¹ in April 1953 with the object of reducing malaria morbidity in the country. A MPO[←] 1977 and MAP[†] 1995 were introduced for effective control of malaria and prevention of death caused by malaria.

3.6.2 Organisational set up

The overall implementation of the programme vested in the Principal Secretary, Health & Family Welfare Department, supported by a Directorate headed by the Director of Health Services, West Bengal, assisted at district and block levels by suitably designated officials.

3.6.3 Audit coverage

Records and accounts relating to the programme for the period from 1992-93 to 1997-98 were test-checked at the Department, Directorate and the CMC² in Calcutta, CMOH[→], Deputy CMOH-II, District Hospital in district level and Block Medical Officer of Health in Block level in four districts covering an expenditure of Rs 87.60 crore up to December 1997 (out of total expenditure of Rs 160.96 crore). The results of test check are mentioned in the succeeding paragraphs.

3.6.4 Highlights

Against the Central share of Rs 23.94 crore, Rs 19.59 crore was received during 1992-98.

(Paragraphs 3.6.6 and 3.6.6.1)

Against the target of 3.75 crore, only 1.35 crore of blood smears were examined. Malaria incidence rose from 0.83 to 1.34 per thousand population in the State. Though 10 per cent of the population ought to be screened for blood samples every year, it was done for less than 4 per cent cases during the previous 5 years.

(Paragraph 3.6.7.1)

Out of 600 microscopes (cost Rs 41.64 lakh) procured through international aid, 312 microscopes (cost Rs 21.65 lakh) remained idle. Each laboratory had to serve a population of nearly 1.5 lakh against the norm of 30 thousand.

The abbreviations used in this review have been listed in the Glossary in Appendix 23 (Page 212)

¹ National Malaria Eradication Programme

[←] Modified Plan of Operation

[†] Malaria Action Plan

² Calcutta Municipal Corporation

[→] Chief Medical Officer of Health

There was huge shortfall in screening of blood smears. In one district alone, 1.87 lakh blood smears were left unexamined as the laboratory was not equipped.

(Paragraph 3.6.8)

5.06 lakh blood smears were sent to State and Central laboratories for cross checking against the requisite minimum of 17.30 lakh.

(Paragraph 3.6.8.1)

The State/district authority failed to get other Government agencies, projects and private tea estates involved in anti-malarial activities.

(Paragraph 3.6.8.3)

182 people died due to attack of malaria in two districts. Incidence of malaria increased from 4 per thousand in 1992 to 8 per thousand in 1997 in Calcutta. Figures of death reported by the Government for districts and Calcutta were not reliable.

(Paragraphs 3.6.8.4 and 3.6.10.3)

Spray programme was taken up only in 2 districts during 1997. In other areas it was taken up only from January 1998 after the transmission season started.

Rupees 20.99 lakh became infructuous as second round spray was not done in Coochbehar district.

(Paragraph 3.6.9)

Rupees 10.58 lakh were paid as wages to idle spray workers in 6 Block Primary Health Centres for want of insecticides.

(Paragraph 3.6.9.1)

57.44 lakh chloroquine (150 mg) tablets (value: Rs 22.26 lakh) were reportedly consumed in excess of requirement in two districts. 39 Block Primary Health Centres did not account for chloroquine tablets, DDT and BHC worth Rs 70.19 lakh issued to them by the district authorities.

3.85 tonnes of time-barred DDT 50 per cent and 2.46 tonnes of DDT 75 per cent were sprayed in one test-checked district though this quantity was declared as damaged and Rs 1.95 lakh was spent towards wages for spraying time-barred insecticides.

148 tonnes of time-barred DDT 50 per cent valued at Rs 1 crore and 31 Fogging Machines remained unused.

(Paragraph 3.6.9.3)

Death cases due to malaria recorded in the register of crematorium/ burning ghats/ burial grounds of Calcutta Municipal Corporation area were much higher than those reported by the State Government.

(Paragraph 3.6.10.4)

There was no monitoring and evaluation of the scheme during 1992-93 to 1997-98.

(Paragraph 3.6.13)

Implementation of the scheme suffered due to indifferent performance in various aspects.

(Paragraph 3.6.14)

3.6.5 Pattern of Financing

The NMEP is a Centrally sponsored scheme shared by Central and State Governments on 50:50 basis. Central assistance (during eighth plan) covered expenditure on purchase of material and equipment including anti-malarial drugs, insecticides, etc. and the State Government incurred expenditure on operational cost including spraying and surveillance for mobile units.

3.6.6 Budget provision and expenditure

Total expenditure on the programme during 1992-98 for the State was Rs 160.96 crore out of which Central assistance was Rs 19.59 crore. Budget provision and actual expenditure on the programme during 1992-93 to 1997-98 were as under:

Year	State Plan		Non-Plan		Centrally Sponsored category	
	Budget provision	Expenditure	Budget provision	Expenditure	Budget provision	Expenditure
	(R u p e e s i n c r o r e)					
1992-93	2.43	1.68	16.21	16.70	0.44	2.80
1993-94	2.12	2.19	19.39	19.39	1.21	3.29
1994-95	2.03	1.96	21.80	20.92	1.20	2.91
1995-96	2.63	2.24	24.40	23.59	1.25	2.71
1996-97	3.25	3.88	29.32	24.84	Nil.	2.31
1997-98	2.20	0.61	30.38	27.14	Nil.	1.80
Total	14.66	12.56	141.50	132.58	4.10	15.82

The department did not compile figures of expenditure for Centrally sponsored scheme for NMEP and did not send the monthly report on expenditure to the Government of India, as required.

Expenditure exceeded the budget allotment by Rs 11.72 crore under Centrally sponsored categories during 1992-98. Expenditure exceeded under the State Plan during 1996-97 by Rs 63 lakh. Reasons for such excess were not furnished by the Director.

Records of test checked districts revealed that pay and allowances and wages (Rs 30.66 lakh) of spray workers were drawn in excess over allotment (Rs 8.62 crore) which could be a contributory factor for the excess expenditure.

3.6.6.1 Central assistance

During 1992-93 to 1997-98, Government of India supplied insecticides, microscopes, anti-malarial drugs, etc. valuing Rs 19.51 crore along with 2 percent incidental charges (Rs 39.02 lakh) on cost of anti-malarials recoverable from the State Government. The State Government incurred an expenditure of Rs 28.38 crore against State-Plan and Centrally sponsored new scheme during 1992-98 against which it was due to receive Rs 3.96 crore[▲].

3.6.7 Incidence of Malaria

3.6.7.1 As per MPO 1977 and MAP 1995, 10 percent of total population ought to be covered by ABER³ and API⁴ was to be brought down to 0.5 per thousand population by 2000 AD. The position of the State as a whole of ABER, API and SPR⁵ was as below:

Year	Population (in lakh)	Total collected (in lakh)	Total exam. (in lakh)	Percentage of ABER exam	Positive (in lakh)	SPR (in percentage)	PI (in lakh)	PI percentage	API	Death reported		Death registered in CMC
										District	CMC	
1992	587.66	24.75	24.75	4.21	0.49	2.0	0.09	18.37	0.83	43	03	12
1993	599.59	20.78	19.73	3.29	0.46	2.3	0.09	19.56	0.77	34	03	12
1994	617.33	25.35	24.10	3.9	0.74	3.1	0.15	20.27	1.20	45	07	36
1995	625.29	25.28	23.52	3.76	0.91	3.9	0.17	18.68	1.46	35	52	96
1996	636.94	24.48	22.32	3.50	0.88	3.9	0.15	17.05	1.37	37	18	36
1997	679.83	22.42	20.36	2.99	0.75	3.7	0.11	14.67	1.34	70	38	49
Total	3746.64	143.06	134.78	3.60	4.23		6.76			264	121	241

▲	
Expenditure incurred by State Government	Rupees in crore
Expenditure incurred by Government of India (in kinds)	28.38
	19.51
	<hr/> 47.89
50 percent receivable by State	23.94
Less, Expenditure by Government of India	19.51
	<hr/> 4.43
Less, 2 per cent incidental charges to be borne by State on materials supplied by Government of India (Rs 19.51 crore)	0.39
	4.04
Less, Received by State as Grants-in-aid	0.08
	<hr/> 3.96

³ Annual Blood Examination Report

⁴ Annual Parasite Incidence

⁵ Slide Positivity rate

Though at least 62.44 lakh (10 *per cent*) population was to be screened every year to monitor "surveillance" for the malaria incidence, annual blood examination came down from 24.75 lakh (4.21 *per cent*) to 20.36 lakh (2.99 *per cent*).

Against the target of 3.75 crore, only 1.35 Crore of blood smears were examined. Malaria incidence rose from 0.83 in 1992 to 1.34 in 1997

API, an indicator of the growth of malaria, rose from 0.83 to 1.34 while it was to be brought down to 0.5 cases per 1000 population by 2000 AD.

SPR, an indicator of malaria cases detected positive against blood slides examined, increased from 2 *per cent* to 3.7 *per cent*. The proportion of Plasmodium vivax (relatively less dangerous) rose from 82 to 85 *per cent* although there was a slight decline in Plasmodium falciparum cases to positivity from 18 *per cent* to 15 *per cent*.

In the four test-checked districts, the average percentage of ABER collected was only 5.05 out of a total population of 1.52 crore during 1992-97. The SPR rose from 4.16 in 1992 to 4.48 in 1996 and declined to 4.02 in 1997.

3.6.7.2 Active Surveillance was inadequate

Scrutiny in the four test-checked districts revealed that against the requirement of 3037 MPW⁶s, based on population in these four districts, the State Government sanctioned 2369 posts of which 1571 posts only were filled up for running 1774 sub-centres as of March 1997. Further, 646 Sub-centres were not opened though sanctioned.

Thus, due to inadequate staff deployment, targeted ABER (10 *per cent* of population) was not attained. MPWs were also engaged in other health service works for family planning, immunisation and AIDS control.

3.6.7.3 Passive surveillance was not monitored

Collection of blood smears from fever cases attending malaria clinics and other health institutions is termed as 'Passive Surveillance'.

The hospitals and the Primary Health Centres did not monitor the diagnosis of malarial patients

In the four test-checked districts, neither the hospitals nor the BPHC¹s maintained any record of diagnosis of malarial patients during outdoor treatment. Thus there was no monitoring of blood smears that were collected and examined in respect of all the fever cases. It was observed in the rural hospital in one district, that no blood smear was collected and examined in respect of seven cases of death due to fever.

Cause of death not recorded in indoor bed tickets in hospitals as required

In 43 hospitals of the selected districts, the specific cause of death was not recorded in indoor bed-tickets by the certifying medical officers. Exact cause of death due to malaria or otherwise was thus not ascertainable in audit.

⁶ Multipurpose Worker

¹ Block Primary Health Centre

Of the 600 microscopes, 312 remained idle depriving the population of the benefit of laboratory services

3.6.8. Inadequate examination of blood smears

The facilities of laboratory services were provided to only the BPHCs, Hospitals and in each district headquarter, and did not include new/mini PHC^s. Out of 600 microscopes (value : Rs 41.64 lakh) procured (1996) with German aid in connection with malaria investigation work for new/mini PHCs for the programme, 312 (cost Rs 21.65 lakh) were not used at all. The status of unused microscopes lying in other districts could not be ascertained as the DDHSⁿ (Mal), did not furnish the information.

In the four test-checked districts, 105 laboratories served a population of 1.55 crore averaging one each for every 1.48 lakh population as against the target of one for 0.30 lakh population (0.20 lakh population in tribal areas).

1.87 lakh blood smears were not examined as PHCs were not equipped with microscopes and technicians

New/mini PHCs were not provided with either microscope or laboratory technician. The laboratories had a heavy workload of testing 8000 blood smears on an average per year instead of the prescribed 2000 in tribal and 3000 in plain areas per year. As a result, out of 10.02 lakh blood smears, only 8.15 lakh were examined in one district.

3.6.8.1 Cross checking of blood samples not done

5.06 lakh blood smears were sent for cross checking though at least 17.30 lakh were to be sent

All blood smears found positive at the PHC or other peripheral laboratories were to be cross-checked for parasite species and stage of disease. Samples of negative slides were also to be cross-checked. Out of 1.35 crore blood smears examined by the State between 1992-1997, 4.38 lakh were sent to the State Laboratory and 0.68 lakh to the Central Laboratory at Calcutta for cross-checking, while the remaining blood slides were washed for re-use without cross-checking. This was far below the requisite minimum of 17.30 lakh smears required to be sent as per MAP (all positive cases and 10 *per cent* of negative cases). Thus, the chances of several cases having escaped detection could not be ruled out.

In the four districts, 39 out of 97 BPHCs did not send blood slides for cross checking due to delayed selection of the "slides' numbers" by the DDHS (Mal), and district authorities. As a result, glass slides with blood smears were washed for re-use by the field workers for collecting further blood smears, in spite of 63792 glass slides lying unused in the district store.

The State Government did not create leave reserve posts of laboratory technicians at the rate of 10 *per cent* of total posts and those of laboratory supervisors at the rate of one for every four laboratory technicians, as recommended by the Expert Committee of Government of India for reasons not stated.

^{*} Primary Health Centre

ⁿ Deputy Director, Health Services

3.6.8.2 Delay in providing Radical Treatment

There was possibility of relapse of malaria due to belated radical treatment

Test check of records revealed that in one district there was delay of over 20 days for 50 per cent of the cases in providing radical treatment due to which the possibility of relapse of malaria could not be ruled out.

3.6.8.3 Deficiency in opening of Fever Treatment Depot, Drug Distribution Centre in Malaria Prone districts

As against 0.55 lakh FTD⁴s and DDC⁵s to be established in the State by involving voluntary organisations, only 4782 FTDs and DDCs were established in the State. In 2 districts, 834 FTDs were shown to have been opened as per the State Epidemiological data against a target of 0.15 lakh. But scrutiny revealed that all these were multipurpose sub-centres manned by Government personnel (Multipurpose Workers) instead of VLW⁷ and thus the report was not reliable.

State/ District authority failed to involve different organisations in the programme though anti-malarial medicines and insecticides were issued regularly

In Jalpaiguri, there are 168 tea estates, 2 military bases and Teesta Barrage Project which are required to function as FTDs. As seen from the blood examination report of the nine test-checked BPHCs, no organisation sent blood slides to them regularly, although medicines and insecticides were supplied free of cost and on demand to the tea estates. The performance of the military bases was not included in the report of the district though anti-malarial medicines and insecticides were issued regularly to them. Teesta Barrage Project Authority did not maintain any anti-malarial set up as required. No action was also taken against these organisations by the District or State authority.

Thus the State/district authority failed to involve in the programme voluntary organisations as well as Government and non-government organisations as required.

3.6.8.4 Out break of Malaria

Though 182 people died and annual parasite incidence sharply increased State Government did not report outbreak of malaria

No outbreak of malaria was either declared or reported by the State Government during the period 1992-98. However, test check of records of 4 districts revealed that in Jalpaiguri, large number of people died while incidence of API and ABER were higher in two other districts as shown below:

Year	Name of the district	Number of sub-centres involved	ABER	API	Number of death
1996-97	Purulia	3	6.39	11.18	NIL
1995-97	Midnapore	20	41.14	52.75	22
1992-97	Jalpaiguri	337	6.19	9.79	*160
Total		360			182

*Yearwise break up of death
1992 - 40, 1993 - 35, 1994 - 35,
1995 - 18, 1996 - 26, and 1997 - 6

⁴ Fever Treatment Depot

⁵ Drug Distribution Centre

⁷ Voluntary Link Worker

Report of malarial death by State Government was not reliable

Further, 59 death cases were reported by the District Hospital, Purulia during the year 1995-96 to 1997-98 which was not incorporated in consolidated report of the district and the State. Thus, the figures of death due to malaria reported by the State Government were not reliable.

3.6.9. *Spraying operation not conducted in 1997*

DDHS (Malaria), the State Programming Officer, approved advance spray programme on the recommendation of the Deputy CMOH-II, Malaria in-charge of the districts, on the basis of API level up to the year 1995 and thereafter on the paradigm of "high risk" area. All areas with API 2 and above were to be sprayed. Areas where API below 0.5 did not require any spray as this level was the achievable target of the programme by 2000 A.D. The spray operation was to be conducted during transmission season (May to October) every year.

The position of spray programme targeted, achieved and shortfall in protecting the targeted population was as below :

Year	Population targeted	Achievement	Shortfall in protecting the targeted population	Percentage of shortfall
(F i g u r e s i n l a k h)				
1992	60.77	27.92	32.85	54
1993	64.40	24.93	39.47	61
1994	61.55	25.07	36.43	59
1995	60.95	32.46	28.49	47
1996	65.68	33.17	32.51	50

22 deaths in Midnapur and 30 in Purulia district were reported in 1997 where spray programme was not taken up.

Second round spray not done in Coochbehar- Rs 20.99 lakh was rendered infructuous

Though twenty two deaths in one district and 30 deaths in another were reported in 1997, spray programme was neither planned nor taken up during 1997 in the entire State except in 2 districts, where it was done at the behest of the District Level High Power Committee. Spray programme in other areas started from mid January 1998, after the transmission season.

In Coochbehar district, spray operation was stopped (August 1997) after the first round of spray as per "telephonic instruction" from the DDHS, without assigning any reason, resulting in an infructuous expenditure of Rs 20.99 lakh towards cost of insecticides (Rs 15.81 lakh) and wages (Rs 5.18 lakh) of spray workers.

In Jalpaiguri district where Malaria situation was precarious due to existence of paradigm of "high risk" areas, the operation was conducted for two rounds on the basis of recommendation of the District Level High Power committee, in spite of instructions from the DDHS (Malaria) to stop the operation. The State Authority did not provide sufficient funds, though asked for (1997) by the district authorities. The Deputy CMOH-II of the district drew Rs 20 lakh in excess of allotment.

3.6.9.1 Irregularities in engagement of seasonal spray staff

1470 gangs of spray workers were engaged though only 675 gangs were required resulting in extra expenditure of Rs 32.64 lakh towards wages in 1992-96

Modified Plan of Operation, provided 44 spray gangs for a population of 1 million. 1470 gangs were engaged by Chief Medical Officer of Health in 12 districts during 1992-96, against a requirement of 675, resulting in an extra expenditure of Rs 32.64 lakh towards wages of members of spray squads.

In six test-checked BPHCs in one district, Rs 10.58 lakh were paid during 1992-97 as wages to the seasonal spray staff who did no spraying work for want of insecticides.

Rupees 1.94 lakh were paid during 1996-97 towards wages of seasonal spray staff for spraying insecticides in the tea gardens of the two test-checked BPHCs in one district, extending undue aid to tea garden owners, who were to maintain their own malaria infrastructure including spray staff. These units were supplied with anti-malarials and insecticides, free of cost by the Government.

In one district, Rs 0.70 lakh were spent in excess towards wages of daily rated workers, engaged in spray work.

Rupees 0.91 lakh were paid to spray workers as interim relief by one Deputy CMOH unauthorisedly.

In the four districts, records revealed that 29 persons were appointed at ages ranging between nine and seventeen years and four persons were still working beyond the normal superannuation age of 60 years.

3.6.9.2 Requirement and supply of Insecticides

Insecticidal spray was not sufficient as 1332 tonnes DDT and 108 tonnes BHC were received short of requirement from Government of India

Demand of insecticides, was to be based on 150 tonnes of DDT 50 per cent and 336 tonnes of BHC⁸ 50 per cent to cover a population of one million during a spray period. No indents in prescribed forms were made either by the district or by the Health and Family Welfare Department. Scrutiny revealed a shortfall of 1332 tonnes and 108 tonnes of DDT 50 percent and BHC 50 percent insecticides.

3.6.9.3 Irregularities in consumption of medicines/insecticides

(i) Unjustified excess consumption of Chloroquine tablets :

All fever cases except some specific ones, noticed through active, passive and mass contact surveillance were to be given presumptive treatment of a prescribed dosage of 3 chloroquine tablets 150 gms on an average. This would be 6 tablets in areas with P. falciparum resistant strain.

57.44 lakh chloroquine tablets valued Rs 22.26 lakh reportedly consumed in excess of requirement

In two districts, 57.44 lakh chloroquine tablets valued at Rs 22.26 lakh were reportedly consumed in excess of requirement of 72.66 lakh as per the records of Deputy CMOH-II without recording any justification. Possibility of theft and irregular adjustment of quantity could not be ruled out.

⁸ Benzene Hexachloride

(ii) Other Irregularities :

The BPHCs did not account for materials received valued Rs 70.19 lakh in stock register and failed to indicate their utilisation.

Rupees 1.95 lakh spent for spraying insecticides without potency.

148 tonnes DDT valued at Rs 1 crore remained unused and became time barred

No health works were provided by the CMC in 15 Government hospitals

(a) Review of stock registers of four test checked districts revealed that 9.86 lakh chloroquine tablets (medicines) and 120.60 tonnes of DDT 50 percent and 16.44 tonnes of BIIC 50 percent (insecticides) valued at Rs 70.19 lakh were issued to 39 BPHCs by the district authorities, who neither accounted for this in their stock registers nor indicated their utilisation.

(b) 3.85 tonnes of DDT 50 percent and 2.46 tonnes of DDT 75 percent were pressed into spray operation in one district though this quantity was declared as damaged. Rupees 1.95 lakh were spent towards payment of wages of spray workers of seven gangs for two months for the spraying the insecticides which had lost potency.

(c) 3.25 Tonnes of DDT 50 percent, valued at Rs 1.61 lakh were received by the Deputy CMO-II, in one district in damaged condition and no claim was raised to the railway/insurance authority for reimbursement (May 1998).

(d) 148 tonnes of DDT 50 percent (valued at Rs 1 crore) out of 1559 tonnes were lying unused since March 1996 and became time-barred.

(e) 31 fogging machines required for spraying larvicides were lying idle without any utilisation since October 1989.

(f) From April 1997, use of BIIC 50 percent was banned by the Government of India. The areas which were sprayed with BIIC 50 percent were now being sprayed by DDT 50 percent. No record regarding this change of insecticides was made available to Audit by DDHS (Malaria) (August 1998).

3.6.10 Operation of Urban Malaria Scheme in Calcutta

In Calcutta, the malaria situation was identified as serious by the Expert Committee during 1995.

3.6.10.1 Case detection by voluntary workers

The Expert Committee recommended opening of a sub-centre for a population of 2000. But CMC opened 150 sub-centres in selected Calcutta slums/low income group areas covering a population of 5000 each.

3.6.10.2 Staff for case detection inadequate

Active surveillance work by engaging one worker for a population of 20000 in CMC area was to be conducted by the CMUIO,⁹ Government of West Bengal. Chief Health Officer, CMUIO, West Bengal did not furnish the number of health workers engaged in active surveillance though called for. In 15 Government hospitals situated at CMC areas, no health workers were provided by the CMC. Only 30 dispensaries were run by the CMC authority as

⁹ Calcutta Metropolitan Urban Health Organisation

passive blood collection centres against a target of 98 (one for every 50000 people).

Death cases occurred in only Government hospitals were reported

CMUHO reported to the State Directorate the death cases occurring due to malaria in Government hospitals only, and those occurring in private hospitals, nursing homes and households were neither investigated nor reported by the CMC/CMUHO. Thus short reporting of death cases could not be ruled out.

3.6.10.3 Slide examination and establishment of malaria clinics

150 sub-centres manned by voluntary workers and 30 clinics of the Calcutta Municipal Corporation were to collect "passive" blood smears. Microscopic examination was conducted in 30 malaria clinics only, where microscopes were provided. Thus, each clinic served a population of 1.38 lakh against 0.50 lakh to be served by one clinic as per MAP 95.

Blood smears were tested for 1.51 to 3.86 per cent against target of 10 per cent of the population. Annual Parasite incidence increased to 9.87 in 1996-97 while the target was to bring it down to 0.5

Analysis of the details of the ABER (vide table) sent to the Government of India by the Deputy Director of Health Service (Malaria), Government of West Bengal during 1992 to 1997 revealed that during 1992-97 blood smears were collected and tested for only 1.51 to 3.86 per cent of the population as against a target of 10 per cent. CMC furnished no reason for such poor collection/examination of blood smears.

Particulars	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
(i) Population (in lakh)	48.90	48.90	44.46	44.87	45.15	45.15
(ii) Blood slides collected/examined (in lakh)	1.05	0.74	0.86	1.31	1.74	1.65
percentage on population	2.13	1.51	1.93	2.93	3.86	3.65
(iii) Positive cases	19,500	19,084	18,297	36,804	44,602	35,504
API	3.99	3.90	4.12	8.20	9.87	7.86
(iv) P. falciparum	1,818	1,802	2,203	5,725	6,467	5,684
(v) Radical treatment given	-	18116	17485	32144	36927	24800

3.6.10.4 Under reporting of death cases

Under reporting of cases of death

Scrutiny of the records of crematorium*/burning ghats/burial grounds indicated 241 cases of death due to malaria while Government confirmed only 121 cases. Thus the cases of death due to malaria in the city was underreported as shown below :

Particulars	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
(i) Number of death registered at burning ghats/burial grounds	12	12	36	96	36	49
(ii) Number of death confirmed (DDHS, Malaria, Govt. of West Bengal)	3	3	7	52	18	38

3.6.10.5 Existing staffing pattern - anti larval operation

According to the recommendation of the Expert Committee, Calcutta Municipal area should have vector control (anti-larval) staff. The CMC

* The cause of death registered in the records of crematorium/burial grounds, etc. are based on death certificates issued by Registered Medical Practitioners.

authority, filled up only 554 posts out of 686 sanctioned posts of anti-larval staff.

3.6.11 Research work

No activities on research in respect of insects collection, examination and anti-malarial resistance test were carried out by the Government.

3.6.12 Response to audit

Eight audit queries (including a questionnaire) relating to epidemiological data, information on insecticidal spray, irregularities in allotment and expenditure, discrepancies between figures of Budget Book and relevant departmental records were issued to DDIHS (Malaria) West Bengal between February and May 1998. Incomplete/partial replies were furnished to only four audit queries in spite of repeated reminders.

3.6.13 Monitoring and Evaluation

No monitoring of spray operation, staff status and stock of drugs and insecticides was done at the State or at the district level. Reports and returns on malaria were not sent by the district authorities regularly and State Headquarters did not analyse the reports received by them for remedial measures. The progress of works and achievements of targets were not evaluated by any authority as required under MAP 95 to assess the constraints and limitations in effective implementation of the programme.

3.6.14 Conclusion

Implementation of the programme was affected due to faulty planning and ineffective monitoring. Number of deaths rose to 119 in 1997 against 55 in 1992. The target of achieving malaria incidence level of 0.5 per thousand appeared remote

Implementation of the National Malaria Eradication Programme was affected by inadequate coverage of population, poor active/passive surveillance, inadequate examination of blood smears, delay in providing radical treatment, insufficient spraying operation and use of time-barred drugs and damaged insecticides, in different programme management and total absence of monitoring and evaluation of the programme. Consequently, large number of deaths due to malaria occurred in the districts and the city of Calcutta. The target of achieving malaria incidence level of 0.5 per thousand population by 2000 AD appeared remote.

The matter was referred to Government in June 1998; reply had not been received (November 1998).

3.7 Delay in commissioning of equipment for treatment of cancer

Cancer patients were deprived of treatment facilities due to failure in commissioning of equipment imported in 1996

State Government received (between March 1993 and February 1995) central assistance of Rs 2.20 crore (1992-93:Rs 1.40 crore; 1994-95: Rs 0.80 crore) as grant for development of Oncology Wing under the National Cancer Control Programme. The grant was to be utilised in BMCH* and BSMCH* by installing Cobalt Therapy units for treatment of cancer. However, the State Government sanctioned Rs 1.07 crore each to the Superintendents of BMCH and BSMCH only in March 1996. The reasons for delay in sanction despite receipt of the full amount of central assistance by February 1995 was not furnished by the Government. These equipment were purchased from a Canadian firm through an Indian agent in August-September 1996.

The equipment could not be installed at Burdwan Medical College and Hospital as yet (December 1998) as the specialised Cobalt Therapy buildings were not constructed. Government sanctioned Rs 37.54 lakh for construction of these buildings at the BMCH only in January 1997. Reasons for delay in sanction of this amount by Government was also not on record.

The Superintendent, BMCH stated (December 1997) that construction work of the building had started and the machine was likely to be commissioned by the end of 1998. The equipment at BSMCH though installed in December 1997 could not be made functional as of June 1998 due to non-procurement of some accessories. Meanwhile, the warranty period of the equipment (18 months from the date of shipment) expired in January 1998.

Scrutiny revealed that while BSMCH paid Rs 1.06 crore (at an exchange rate of Rs 25.20 per CDN \$) for the machine, BMCH paid Rs 1.10 crore (at an exchange rate of Rs 25.98 per CDN \$) for the same though both the LOC[†]s were opened on the same date and at same rate of foreign exchange. BMCH also paid Rs 0.61 lakh towards interest, commission, etc. to bank. The reasons for such excess payments of Rs 3.91 lakh made by BMCH were also not on record.

Thus, due to delay in release of central assistance and failure to complete the construction of site before receipt of the imported equipment, Rs 2.17 crore (Rs 1.07 crore plus Rs 1.10 crore) was blocked up since 1993. As a result cancer patients in these hospitals were deprived of the facility of advanced treatment of cobalt therapy.

The matter was referred to Government in March 1998; reply had not been received (November 1998).

* Burdwan Medical College and Hospital

* Bankura Sammilani Medical College and Hospital

[†] Letter of credit

3.8 Failure to install gas pipeline system in a hospital

Gas pipeline system installed at a cost of Rs 15.67 lakh could not be commissioned for 3 years for want of a meagre amount required for infrastructural work

Superintendent, Sub-Divisional Hospital, Bolpur forwarded (October 1993 and July 1994) a proposal to the Government to install an oxygen gas pipeline system in the wards of the Hospital to adequately meet the demands of all the patients in case of an emergency, for filling empty gas cylinders and to cut down the huge recurring expenditure towards purchase of gas, from Asansol, a place far off from Bolpur. Accordingly Government sanctioned in August 1995, Rs 15.67 lakh and selected IOL* for the supply. No tender was, however, invited though IOL was not a proprietary supplier.

In October 1995, the supplier demanded an additional amount of Rs 0.95 lakh towards cost of oxygen gas, nitrous oxide gas and vacuum pipeline service, etc. to complete the system and commission the same.

Though the superintendent requested for an additional amount of Rs 0.95 lakh in December 1995, no sanction was accorded by the Government as of June 1998.

Thus, the system purchased at a cost of Rs 15.67 lakh remained non-functional since October 1995 due to Government's failure to provide Rs 1 lakh for this purpose.

The matter was referred to Government in May 1998; reply had not been received (November 1998).

3.9 Unfruitful expenditure on purchase of sophisticated medical equipment

Specialised equipment worth Rs 31.08 lakh could not be installed even after 4 years of procurement

(a) Based on the indent from Superintendent of Medical College Hospital, Calcutta, Government sanctioned (March 1994) Rs 11.65 lakh for purchase of an automatic Bio-chemistry Analyser with facilities to measure cardiac enzyme from Denmark through its local agent Kepran, Calcutta. The equipment was to be used in the CTSD* of Medical College Hospital, Calcutta. The equipment along with reagents with a capacity of 180 tests per hour, was received in June 1994. However, the equipment was not installed as of June 1998 due to non-completion of renovation work in CTSD and non-availability of the required personnel. The shelf-life of reagent kit expired. The Head of the Department of CTSD had however, suggested in April, June and September 1995 that the equipment could cater to other departments especially emergency services and that the CTSD had no objection in transferring the equipment to the Green Bio-chemistry Department of the hospital for proper utilisation. The machine, however, remained uninstalled (June 1998).

* Indian Oxygen Limited

* Cardio-Thoracic Surgery Department

Details of progress of work regarding installation of the equipment in CTSD or its transfer to the Green Bio-chemistry Department was neither on record nor stated as of June 1998.

(b) A camera for 120 cine plus unit with lens, magazine, plumbicon camera tube and monitor procured by the hospital authority in August 1994 at a cost of Rs 19.43 lakh and installed in CTSD in May 1995 was to be used for making and projecting moving pictures. The camera was not made operational as of May 1998 for want of films, reagent kits and other chemicals. Superintendent of the hospital stated (July 1998) that it could be used only when the patients would buy films themselves and get those developed. However, such intention or stipulation was not included in the relevant Government order.

The superintendent stated (July 1998) that they were making arrangements for purchase of films, chemicals, etc. However, they did not indicate the expected date of commissioning of the equipment.

The matter was referred to Government in June 1998; reply had not been received (November 1998).

3.10 Failure in modernisation of Pasteur Institute

As per the recommendation (1987) of an expert committee constituted by the Government of India, the State Government amalgamated (August 1992) three Calcutta based institutions viz., Pasteur Institute, Vaccine Laboratory, and Vaccine Institute into a single Institute under the name of PI*, Calcutta from September 1992 mainly for production of ARV*, under the scheme of standardisation and modernisation of the Pasteur Institute. Scrutiny revealed the following:

The expert Committee did not grant licence to PI for production of ARV as of June 1998 for lack of production and quality control facilities. Thus PI had not started functioning as of June 1998.

Failure to implement fully the modernisation scheme of PI resulted in avoidable expenditure of Rs 1.83 crore on surplus staff and Rs 28.53 lakh on procurement of machine remaining unfruitful

Director PI did not furnish information regarding the progress of civil and electrical works for renovation of buildings, creation of laboratory facilities and re-orientation training of the personnel and expenditure in this regard. Director, PI procured 48 sophisticated machines and instruments for Rs 22.41 lakh (during February 1994 and August 1997) but these were not installed (March 1998) as necessary infrastructure was not completed.

Director, PI also made advance payment of Rs 6.12 lakh in May 1995 to EMAIL (a State Government undertaking) for supply of 13 equipment, of

* Pasteur Institute
* antibiotics vaccine

which 8 equipment valued at Rs 2.26 lakh were not supplied on the plea of increase in cost. Refund of Rs 2.26 lakh from the supplier was yet to be obtained (March 1998). Further, 10 equipment (estimated cost : Rs 6.18 lakh) were at tender processing and proposal stage (April 1998).

Director, PI stated in March 1998 that works for (i) water supply connection to the laboratory of the Institute, (ii) installation of 62.5 KVA generator for uninterrupted power supply and (iii) commissioning of electrically operated incinerator were yet to be completed.

While issuing orders of amalgamation of these units (August 1992), State Government declared 65 staff (laboratory staff - 26, ministerial staff - 4 and Group 'D' - 35) as surplus. The Director of Health Services, West Bengal, did not arrange to redeploy the surplus staff elsewhere and Rs 1.83 crore was spent on their pay and allowances, etc., during April 1992 to February 1998. Further, the State Government had to procure life saving emergency ARV from two institutes at the cost of Rs 1.81 crore during the period 1992-97.

Thus due to failure of the Government to properly monitor implementation of its decision to modernise the PI, the institute did not take off during the past 6 years and the production of ARV did not commence. Avoidable expenditure of Rs 1.83 crore on surplus staff and Rs 28.53 lakh on procurement of machine remained unfruitful.

The matter was referred to Government in June 1998; reply had not been received (November 1998).

HOME(POLITICAL)/HOME(PAR)/HILL AFFAIRS/FINANCE DEPARTMENTS

3.11 (A) Foreign travels by Ministers, MLAs, Officials, etc

Audit of travelling allowance vouchers relating to foreign travel of Ministers and officials during 1996-97 and 1997-98 in Finance (Accounts) Department, Government of West Bengal and that of Members of Legislative Assembly at West Bengal Legislative Assembly Secretariat and examination of relevant files in Home (Political), Home (PAR) and other Departments revealed the following points:

1 Unusual delay in submission of adjustment of advances

Rupees 12.50 lakh of TA advance drawn by dignitaries between August 1996 and July 1997 remained unadjusted as of July 1998

Rupees 12.50 lakh drawn by three Ministers, two MLAs, one official and Deputy Speaker, West Bengal Legislative Assembly between August 1996 and July 1997 for visits abroad in seven instances between August 1996 and August 1997 remained unadjusted as of July 1998 as TA Bills were not submitted. The period of delay in these cases ranged from 11 months to 23 months as per Appendix 12.

West Bengal Financial Rules, Vol.-I stipulated that such advances were to be adjusted within three months from the date of drawal.

The said rule also provides that the Pay and Accounts Officer, Calcutta was required to recover, after giving notice to the Controlling Officer, the amounts of outstanding advances from the salary or travelling allowance bills, on the expiry of a period of three months from the date of drawal of advance. But no such action was taken by the PAO, Calcutta (July 1998) even though the adjustment bills were not submitted.

The amounts were required to be adjusted immediately if necessary, by invoking relevant provisions of rules *ibid*.

2 Tours undertaken without approval from Government of India

Tours conducted without the approval of Government of India, Ministry of Finance, Department of Economic Affairs

All proposals for visits of members of State Government abroad in official capacity require the approval of the Ministry of Finance, Department of Economic Affairs for release of foreign exchange. However, in the following five (5) cases of tour, performed during October 1996 and June 1997 involving Rs 1.88 lakh as Travel expenses, approval of the Ministry of Finance, Department of Economic Affairs, Government of India was not obtained before the tours were undertaken. It was not clear how the Foreign Exchange was paid in absence of clearance of foreign tour by the Government of India.

Sl No	Name and Designation	Period and Place of tour	Amount of final TA drawn (Rupees)	Date of sending proposal to GOI
1	Shri Bhakti Bhushan Mondal, Minister, Co-operation Department	Dhaka, 11-12-96 to 14-12-96	5352	6.12.96
2	Shri Subhash Chakraborty, Minister, Transport and Sports Deptt. with one companion	Nepal, 27-10-96 to 03-11-96	116965	9.10.96
3	Shri Barin Basu, Joint Secretary, Transport Department	Nepal, 27-10-96 to 03-11-96	51983	NA
4	Shri Arun Bhattacharjee, Secretary, Transport Department	Bhutan, 15-04-97 to 19-04-97	4916	NA
5	Shri Birendra Kumar Maitra, Minister, Agricultural Marketing Deptt.	Bangladesh, 11-06-97 to 14-06-97	8780	NA
	Total :		187996	

When this was pointed out by Audit, Government of West Bengal obtained ex-post facto approval of the tour of Shri Birendra Kumar Maitra, Minister, Agricultural Marketing Department mentioned at serial No.5 above from the Government of India, Ministry of Finance, Department of Economic Affairs on 27 May 1998. Government of India while according approval, advised State Government to adhere to the existing guidelines on the subject in future. Details of regularisation of other cases were not furnished to Audit. The TA

drawn by these Ministers and officials in absence of approval of Government of India was unauthorised.

3 Inadmissible Payments

Personal incidentals of a Minister met from the State Exchequer though required to be borne himself

(a) Shri Kiranmoy Nanda, Minister, Fisheries Department visited Australia via Singapore and Bangkok from 20 July 1996 to 7 August 1996. Government of India in their telex message of 25 July 1996 sanctioned the release of US\$650 towards personal incidentals for which the rupee expenditure was required to be borne by the Minister himself from his own resources. This amount of foreign exchange could be drawn by him from any authorised dealer in the country. In violation of the said instructions of GOI, Fisheries Department, Government of West Bengal irregularly sanctioned Rs 17,575 equivalent to US \$ 500 towards personal incidentals of the Minister which was drawn by the Minister. The payment was irregular and inadmissible.

Drawal of excess Daily Allowance by Principal Secretary, Health and Family Welfare Department

(b) Shri LRK Prasad, Principal Secretary, Health and Family Welfare Department, visited Washington and New York, USA, during 8 December 1996 to 16 December 1996. For his halt in USA for 7 days from 9 December 1996 to 15 December 1996, he was paid US \$ 700 as Daily Allowance (at the rate of US \$ 100 per day) by the Indian Embassy, Washington, as per his entitlement. But it was noticed from his TA bill that he was paid in February 1997 DA at the rate of US \$ 150 per day for 7 days i.e., US \$ 1050, less the amount drawn from Indian Embassy, viz. US \$ 700. Since the admissible rate of DA was \$100 per day he was paid US \$ 350 in excess of his entitlement which was equivalent to Rs 12537 (exchange rate 1 US \$ = Rs 35.82).

Drawal of excess Daily Allowance by Joint Secretary, Transport Department

(c) Shri Barin Basu, Joint Secretary, Transport Department went to Tokyo via Singapore and back as a member of the Indian delegation during the period from 29 November 1996 to 10 December 1996 for loan negotiations for 1996-97 at OECF* head office at Tokyo, Japan. An amount of Rs 1,23,217.20 was drawn by him on 12 March 1997. It was noticed from his TA bill that he was allowed daily allowance for eight days for his halt at Tokyo at the rate of \$ 150 per day amounting to \$ 1200 equivalent to Rs 43,644 (1 \$ = Rs 36.37) though according to order of Government of India, the effective rate of daily allowance at Japan was \$ 100 per day. Thus, there was an excess payment of daily allowance for his halt at Tokyo for \$ 400 (\$150-\$100)=\$ 50 x 8 days =Rs 14548 (1 \$ =Rs 36.37).

4 Non-submission of tour reports

Tour reports not submitted to Government of India though required as per Government of India order

In accordance with Government of India's Order No 21/1/82-Cab dated 16 August 1982, the leader of an official delegation going abroad on official purpose was required to send a report to the Government of India, Ministry of Finance, Department of Economic Affairs, with copies to the ministries concerned with the subject matter of visit within three weeks of completion of the visit. As per information furnished by the Government and the Legislative

* Overseas Economic Co-operation Fund

Assembly Secretariat, during the years 1996-97 and 1997-98, 25 ministers, 21 government officials, the Speaker, the Deputy Speaker, Leader of the Opposition of the WBLA*, 1 MLA and the Secretary, WBLA visited 42 different foreign countries on 55 occasions during 1996-98 expending Rs 50.49 lakh. But there was nothing on record to indicate if tour reports were sent to Government of India in any of these cases as of June 1998. However, some departments stated (September 1998) that information regarding submission of tour reports had been called for from the Ministers and officers concerned. While Private Secretary to Minister of State, Forest Department stated that the tour report was being processed.

5 Irregular maintenance of cash book

Final TA bills of Ministers were not recorded in the Cash Book of Accounts Officer, West Bengal Secretariat in the receipt sides and payments thereof were also not recorded on the payment side

In case of payment of advance of TA to the Ministers, the payments were made out of Permanent Advance held by the Accounts Officer, West Bengal Secretariat or out of undisbursed cash. Payments of such advances were noted in a rough cash book (not signed by any officer) and the net balance of Permanent Advance/ undisbursed cash was recorded in the main cash book. The final TA bills when submitted by the ministers were submitted to the PAO, Calcutta through the Bill Transit Register of AO, West Bengal Secretariat. On receipt of cheques from the PAO, Calcutta, these were sent to the ministers concerned by the AO, West Bengal Secretariat.

It was noticed that the amount of TA bills were not entered in the cash book in the receipt sides and payments thereof were also not recorded on the payment side. Further no Subsidiary cash book was maintained for drawal and payment of above final TA bills and balance of Subsidiary cash book was not reflected in the main cash book.

The Accounts Officer, West Bengal Secretariat and Ex-officio Deputy Secretary, Finance Department, Government of West Bengal stated (July 1998) that the Ministers are Self Drawing Authorities as such expenditure on account of their TA were not recorded in the cash book. This is not tenable as all expenditure are to be reflected in the cash book, which is a control record.

(B) Foreign Travels of the Chairman, Councilor and other officials of Darjeeling Gorkha Hill Council

Examination of statement of expenditure and sub-vouchers relating to the foreign travel expenditure of the Chairman, DGHIC* and other officials for the years 1996-97 and 1997-98 revealed the following irregularities :

1 Unauthorised excess drawal of DA

Daily allowance at enhanced rate and overstay abroad caused excess drawal of US \$ 32550

Scrutiny revealed that the daily allowances were drawn by the Chairman, DGHIC and others at rates higher than the approved rates of Government of India as shown below :

* West Bengal Legislative Assembly
* Darjeeling Gorkha Hill Council

Sl. No	Place of journey and period	Name of the person and designation		Rate of D.A. drawn and total for each	Rate admissible as per G.O.I order and total for each
1.	Berlin and Paris 8.3.97 to 16.3.97	(i)	Shri Subash Ghisingh, Chairman, DGHIC	@ US \$ 400 x 9 days = US \$ 3600	@ US \$ 100 x 9 days = US \$ 900
	Berlin and Paris 8.3.97 to 16.3.97	(ii)	Shri Siddharth, Principal Secretary	@ US \$ 350 x 9 days = US \$ 3150	@ US \$ 100 x 9 days = US \$ 900
	Berlin and Paris 8.3.97 to 16.3.97	(iii)	Shri C.K.Pradhan, Executive Councilor, Tourism	@ US \$ 350 x 9 days = US \$ 3150	@ US \$ 100 x 9 days = US \$ 900
	Berlin and Paris 8.3.97 to 16.3.97	(iv)	Shri N.P.Lama, PA to Chairman, DGHIC	@ US \$ 250 x 9 days = US \$ 2250	@ US \$ 100 x 9 days = US \$ 900
2.	Hongkong 27.5.97 to 4.6.97	(i)	Shri Siddharth, Principal Secretary	@ US \$ 350 x 9 days = US \$ 3150	@ US \$ 100 x 9 days = US \$ 900
	Hongkong 27.5.97 to 4.6.97	(ii)	Shri C.K.Pradhan, Executive Councilor, Tourism	@ US \$ 350 x 9 days = US \$ 3150	@ US \$ 100 x 9 days = US \$ 900
3.	London 16.11.97 to 24.11.97	(i)	Shri Subash Ghisingh, Chairman, DGHIC	@ US \$ 400 x 8 days = US \$ 3200	@ US \$ 100 x 8 days = US \$ 800
		(ii)	Shri Siddharth, Principal Secretary	@ US \$ 350 x 8 days = US \$ 2800	@ US \$ 100 x 8 days = US \$ 800
		(iii)	Shri N.P.Lama, PA to Chairman, DGHIC	@ US \$ 250 x 8 days = US \$ 2000	@ US \$ 100 x 8 days = US \$ 800
			Total :	US \$ 26450	US \$ 7800

The excess drawal of DA due to higher rates amounted to US \$18650.

The Principal Secretary, DGHIC stated (November 1998) that higher rates of DA were drawn on the basis of a decision of DGHIC that DGHIC being an autonomous body would pay the above rates of DA to DGHIC officials on foreign tour. This was not tenable as the orders of Government of India regarding the regulation of TA claims, etc. on foreign tour were applicable to all officials in the country. Scrutiny of the vouchers, etc. revealed:

(i) Unauthorised drawal of daily allowance:

Serial Number.	Name and designation	Country visited	Govt. of India's sanction for the period	Actual tour	Number of days unauthorised drawal of DA for days (amount in bracket)
1.	Shri Subash Ghisingh, Chairman, DGHIC	UK	3 days	16.11.97 to 24.11.97 For 8 days	5 days (US \$ 2000)
2.	Shri Siddharth, Principal Secretary, DGHIC	UK	3 days	16.11.97 to 24.11.97 For 8 days	5 days (US \$ 1750)
3.	Shri N.P.Lama, PA to Chairman	UK	3 days	16.11.97 to 24.11.97 For 8 days	5 days (US \$ 1250)
4.	Shri Siddharth, Principal Secretary, DGHIC	Hongkong	29.5.97 to 1.6.97 for 4 days	27.5.97 to 4.6.97	5 days (US \$ 1750)
5.	Shri C.K.Pradhan, Executive Councilor	Hongkong	29.5.97 to 1.6.97 for 4 days	27.5.97 to 4.6.97	5 days (US \$ 1750)
6.	Shri Subash Ghisingh, Chairman, DGHIC	Germany and France	8.3.97 to 12.3.97 for 5 days	8.3.97 to 16.3.97	4 days (US \$ 1600)
7.	Shri Siddharth, Principal Secretary, DGHIC	Germany and France	8.3.97 to 12.3.97 for 5 days	8.3.97 to 16.3.97	4 days (US \$ 1400)
8.	Shri C.K.Pradhan, Executive Councilor	Germany and France	8.3.97 to 12.3.97 for 5 days	8.3.97 to 16.3.97	4 days (US \$ 1400)
9.	Shri N.P.Lama, PA to Chairman	Germany and France	8.3.97 to 12.3.97 for 5 days	8.3.97 to 16.3.97	4 days (US \$ 1000)

The unauthorised drawal of DA amounted to US \$ 13900.

(ii) Non-account of the tour expenditure

Besides the above amounts of DA, contingent charges for conveyance were allowed. No TA bill was drawn for the above foreign tours which was in violation of the normal TA rules of West Bengal Service Rules, Part-II, on the grounds that all expenditure on the delegates like air tickets, local transport, contingent expenditure were being borne by DGHC. This was not tenable as drawing TA bills was mandatory and air fare, D.A., conveyance charges, etc. were all components of travelling allowances. Besides, the daily allowances were drawn in advance, as such adjustment bills should have been submitted.

(iii) Tour to Paris from London not covered by Government of India's approval

Unauthorised expenditure of Rs 1,80,709 incurred by the Chairman and three officials of DGHC for tour to Paris from Berlin

Government of India, Ministry of Finance, Department of Economic Affairs conveyed their *ex-post facto* approval to the visit of a four member delegation comprising Shri Subash Ghisingh, Chairman, DGHC and other officials to Berlin, Germany from 8 March to 12 March 1997 for participation in the International Tourism Borse, Berlin Fair 1997.

But the Chairman, DGHC and the other three members of the delegation went to Paris, France from Germany and halted there from 13 March 1997 to 15 March 1997. This involved contingent expenditure of US \$813 in Paris and unauthorised drawal of daily allowance at higher rate for 3 days amounting to US \$ 4050. Thus the expenditure of US \$ 4863 equivalent to Rs 1,80,709 (1 US \$ = Rs 37.16) was irregular. The purpose of the tour was not available.

2 Non-production of records by the DGHC

Important records viz. Counterfoil of air tickets, hotel bills and some sub-vouchers for catering charges, etc. were not produced for Audit examination

- (i) Counterfoil of air tickets of the delegates from New Delhi to Berlin and back
- (ii) Counterfoil of air tickets of the delegates from New Delhi to London and back
- (iii) Counterfoil of air tickets of the delegates from Calcutta to Hongkong and back
- (iv) Details of hotels where the delegates stayed and the respective bills for stay at Berlin, London, Paris and Hongkong
- (v) Sub-vouchers for catering charges, Bisleri water, cold drinks amounting to Rs 5765 for halt of the delegation at New Delhi from 12 November to 15 November and 24 November to 25 November 1997 were not furnished

In the absence of the above records, the actual expenditure incurred could not be checked in audit. Besides, the details of contingent expenditure and the adjustment bills therefor were not submitted.

3 Non-submission of tour reports

Tour reports not submitted to GOI though required as per GOI order

GOI^{*} has stipulated that the leader of an official delegation going abroad on official purpose should send a report to the GOI, Ministry of Finance, Department of Economic Affairs, with copies to the ministries concerned with the subject matter of visit within three weeks of completion of the visit. The foreign tours undertaken by the Chairman and Chief Executive Councillor and other officials of DGHC during 1996-97 and 1997-98 are given in the table below :

Serial Number	Name and designation of the leader of the delegation	Place of tour	Period of tour
1	Sri Subash Ghisingh, Chairman and Chief Executive Councillor	Berlin and Paris	08.03.1997 to 16.03.1997
2	Sri Subash Ghisingh, Chairman and Chief Executive Councilor	London	16.11.1997 to 24.11.1997
3	Sri C K Pradhan, Executive Councilor of Tourism	Hongkong and Bangkok	27.05.1997 to 04.06.1997

The leaders of the delegations as shown in the table did not send any report to the GOI, Ministry of Finance, Department of Economic Affairs violating the provisions of aforesaid directive of GOI. The Principal Secretary, DGHC replied that this requirement was not known to them.

The matter was referred to Government in September 1998; reply had not been received (November 1998).

LAND AND LAND REFORMS/URBAN DEVELOPMENT/MUNICIPAL AFFAIRS DEPARTMENTS

3.12 LAND ACQUISITION, TRANSFER OF LAND AND UTILITY THEREOF

The acquisition, distribution and utilisation of land in respect of the CMC[°], CIT, Urban Development Department (ULC Branch) Calcutta, Land Acquisition Collector, Calcutta, Burdwan and North 24 parganas were scrutinised. The important points noticed during test-check, are set forth in the succeeding paragraphs.

3.12.1 Leasing of land by CMC for construction of hotel-cum-tourist complex

(a) In response to an invitation (September 1994) of CMC for developing a hotel-cum-tourist complex at Calcutta in a plot of land measuring 10 acres by way of lease, the ITC[°], New Delhi offered (October 1994) a lease

^{*} Government of India

[°] Calcutta Municipal Corporation

[°] ITC Hotels Limited

premium of Rs 13.13 crore to be paid within 90 days from the date of allotment and the IHCL^{*}; the Taj group of Hotels, Calcutta, offered (October 1994) Rs 15 crore to be paid in two instalments ranging from 90 days to three years.

Due to non-enforcement of terms and conditions of allotment by CMC, ITCI enjoyed the benefit of Rs 13.13 crore for 31 months involving interest of Rs 6.11 crore with consequent loss of interest to CMC to that extent

CMC decided (October 1994) to allot the land to ITCI as its offer was favourable and directed them to deposit the lease premium within 90 days from 28 October 1994. But ITCI did not deposit the lease premium as the second firm IHCL, filed (November 1994) a writ petition in the Calcutta High Court challenging the decision of CMC to reject their offer. The writ petition was dismissed (February 1995) by the High Court. IHCL again appealed (20 March 1995) before the Calcutta High Court. Even though there was no Court Order restraining the CMC from executing lease deed with ITCI, the Chief Municipal Engineer of CMC took no action to execute the same within 90 days. It expired on 25 January 1995. No action was also taken for cancellation of the allotment. The deal was kept alive till April 1996 when ITCI deposited a cheque of Rs 13.13 crore with the condition of its encashment simultaneously with the execution of lease deed. Though the brochure did not specify any such stipulation, CMC did not encash the cheque. The lease deed was executed on 28 August 1997. Reasons for delay in signing the lease deed, as verified in audit, were delay in finalising the draft, demarcating the land, making security arrangements for giving physical possession of the land, etc. This resulted in extending undue benefit to ITCI enabling them to acquire lease of the land on delayed payment (31 months) of capital worth Rs 13.13 crore for this overdue period involving an interest of Rs 6.11 crore (at 18 per cent per annum), leading to a loss of interest to that extent for CMC.

Undue favour to IHCL with 8 acres of land. CMC suffered loss of interest of Rs 2.52 crore due to delay in completing land deals

(b) While the appeal of the IHCL (March 1995) was pending with the High Court, the Secretary to the Chief Minister and the Commissioner of CMC held a meeting with IHCL (April 1995) and advised them to prefer an allotment of 8 acres of land for another hotel complex at another locality on the same terms and conditions as of the ITCI. CMC approved the allotment in November 1995 and directed IHCL to sign the lease deed and deposit a lease premium of Rs 10.50 crore (at ITCI's rate) within 90 days from 17 November 1995. Due to settlement outside the Court, the Calcutta High Court dismissed (1 February 1996) the appeal. Though IHCL did not initially qualify in the tender and was not entitled to acquire lease of the land as per terms and conditions and their writ petition was also initially rejected by the High Court, yet the State Government and CMC allotted to the firm 8 acres of land for a second hotel complex without following any tender formalities. This tantamounted to undue favour to firm and non-compliance with Government's own rules on tendering. The IHCL, which was required to deposit the lease premium of Rupees 10.50 crore by 14 February 1996, did not deposit the amount till 1 April 1997 due to delay on the part of CMC in handing over the site/location plan, finalising the conceptual plan of IHCL, demarcation of land, etc. Due to this, CMC did not encash the cheque till 16 June 1997 when the deed was finally signed. Thus, in this case also there was an inordinate delay of about 16 months over the 90 days stipulated time in getting the lease-deed

^{*} Indian Hotels Company Limited

signed, which resulted in loss of interest of Rs 2.52 crore on the lease premium of Rs 10.50 crore (at 18 *per cent* per annum) to CMC.

Allotment of additional lands in 1998 at 1994 rate without fresh tender – CMC suffered loss of interest of Rs 8.42 crore

(c) In April 1998, CMC allotted an additional land of 5.41 acres at a lease premium of Rs 7.10 crore to the ITCI as per their tendered rate of October 1994 for better view of their proposed hotel complex as claimed by them in May 1995. The lease-deed and the deposit of premium were to be finalised by July 1998. CMC also allotted (April 1998) an additional land of 3.50 acres at a lease premium of Rs 4.60 crore to the IHCL as per ITCI's rate of October 1994 for a garden adjacent to their proposed hotel complex as claimed in May 1995. The lease-deed and the deposit of lease premium were to be finalised by July 1998.

Though CMC had no contractual obligation to allot additional lands, it allotted the lands to these two groups in 1998 at the tendered rate of 1994 without inviting fresh tenders or charging interest on the lease premium of Rs 11.70 crore for 4 years. This led to a loss of interest of Rs 8.42 crore (at 18 *per cent* per annum) for the CMC.

3.12.2 Unjustified concessional allotment of land to Calcutta Stock Exchange

Allotment of land to Calcutta Stock Exchange Association at concessional rate resulting in a loss of Rs 4.33 crore

For shifting their business complex from the existing location at Calcutta, the CSEA* represented (January 1995) to the State Government for a suitable alternative site and appealed (January 1995) to the Finance Minister of West Bengal for allotment of a plot of land preferably at Eastern Metropolitan Bypass. The Chief Secretary of State Government requested (February 1995) the CMC to allot the land to CSEA at a fair and reasonable price by treating this as an institutional allotment instead of as a commercial one. The CMC allotted (May 1995) 10 acres of land to CSEA at a concessional price of Rs 8.80 crore which was paid by CSEA in August 1995, though the market lease premium of 10 acres of land at that time was Rs 13.13 crore in the same area. As the activities of CSEA were of commercial nature, the request of the Chief Secretary to treat the CSEA as institution was not justifiable. Physical possession for 9.3 acres of land was given in July 1997 leaving a balance of 0.7 acre. The lease deed has not been executed so far (June 1998).

Thus, due to allotment of 10 acres of land at a concessional rate to CSEA by irregularly treating the allotment as institutional instead of commercial, CMC sustained a loss of Rs 4.33 crore.

3.12.3 Objectives of leasing of vested land at concessional rate remained unachieved

State Government acquired (August 1995) 44920.02 square metre (11.10 acres) of excess land in Howrah district from FGIL^u which was vested with the Government for the purpose of setting up a jelly-filled telecommunication

* Calcutta Stock Exchange Association Limited

^u Fort Gloster Industries Limited

cable plant to be commissioned by GTL² under the sponsorship of FGIL. For setting up the plant, State Government leased out (March 1996) the land to GTL at the price of Rs 7.20 lakh as one time payment of "salami"* and Rs 0.72 lakh as annual rent to be paid by the latter for 30 years of lease period.

Non-setting up of plant frustrated the objectives of leasing land at reduced rates

Government orders issued in July 1982 stipulated the principles governing allotment and fixation of price of land vested under U.L. (C & R) Act³, 1976 in terms of which, the price of the land would be fixed at 4 *per cent* of the market price as annual rent and ten times the rent as salami. The records of sale deeds of the Howrah District Registrar indicated that the average market price of land in the vicinity of the area was Rs 6 lakh per acre. Thus, the annual rent for 11.10 acres of land and the salami should have been fixed at Rs 2.66 lakh and Rs 26.60 lakh respectively. This resulted in under-valuation of salami by Rs 19.40 lakh and of annual rent by Rs 1.94 lakh. Thus, the State Government sustained a loss of Rs 19.40 lakh and an annual loss of Rs 1.94 lakh for 30 years aggregating to total loss of Rs 77.60 lakh for the lease period.

Urban Development Department stated (August 1998) that allotment of land at reduced rate was made in the interest of promotion of industry in the State and to create job opportunities. Even these objectives were not achieved as the project did not start as of August 1998.

3.12.4 Loss during sale of land by CIT

Sale of 2.39 acres of land at reduced rate resulted in a loss of Rs 5.89 crore

Out of 9667.43 square metres (2.39 acres) of vacant land at Ultadanga, Calcutta, the CIT sold (February 1993) 6836.47 square metre (1.69 acre) of land to the Information and ICAD⁴ of the State Government at a cost of Rs 20.44 lakh for the purpose of constructing a theatre complex by the latter. The ICAD, instead of constructing the theatre complex, sold out (August 1993) the entire area to VSNL⁵, a Government of India undertaking, at a cost of Rs 3.13 crore for construction of a telecom complex. On request (March 1993) by the VSNL for CIT's adjacent vacant land (2830.96 square metre) for construction of a housing complex for their officers and staff, the CIT decided (April 1993) to transfer its land to the VSNL at Rs 8 lakh per cottah, which was intimated to them in June 1993. In July 1993, the VSNL pleaded for reduction of price to Rs 3 lakh per cottah as fixed (July 1993) by ICAD for the adjacent plot. The CIT, after discussing with the VSNL, fixed the price at Rs 5.80 lakh per cottah and sold (March 1996) the land to them for Rs 2.45 crore. In spite of being aware (July 1993) of the proposed sale of land by the ICAD, the CIT did not take any action for its reconveyance by the ICAD.

Thus, though the value of the entire land as per CIT's rate was Rs 11.47 crore, it was sold both by the ICAD and the CIT at Rs 5.58 crore resulting in a loss of Rs 5.89 crore due to undervaluation by the ICAD (Rs 4.98 crore) and reduction of rate by the CIT at the instance of the ICAD's rate (Rs 0.91 crore) in addition to net loss of Rs 19.11 lakh on account of stamp duty.

² Gilster Telecom Limited

* "Salami" is one time statutory non-adjustable lump-sum payment.

³ Urban Land (Ceiling and Regulation)

⁴ Information and Cultural Affairs Department

⁵ Videsh Sanchar Nigam Limited

3.12.5 Unfruitful expenditure in acquisition of land due to abandonment of scheme

Abandonment of proposal of construction of ESI hospital resulted in unfruitful expenditure of Rs 3.20 crore in acquisition of the land

As per proposal of the Labour Department (December 1978) for construction of ESI Hospital at Gar-Shyamnagar, LAC*, North 24-Parganas took possession of 10.34 acre land (May 1979) on requisition under Act II in relaxation of UL (C&R) Act, 1976 even though construction of hospital did not fall under such relaxation clause stipulated in May 1976 and July 1977. Though the land was handed over to the Labour Department in May 1979, Gazette notification for acquisition was not published for reasons not on record. Against a writ petition filed in January 1981, by the land losers on account of non-receipt of compensation money, the Calcutta High Court ordered in May 1996 to complete the LA proceedings within a period of six weeks after making payment of compensation to the land losers. Accordingly, the requisite Gazette notification was made in November 1996 and land compensation worth Rs 3.20 crore as per estimate of LAC was paid to the land losers by March 1998. But in June 1998, the Labour Department gave up the proposal of construction of ESI hospital without any recorded reasons. Consequently, the LA and LR Department explored (June 1998) the possibility of utilisation of the land by other departments which had not yielded any result as of June 1998.

Thus, abandonment of the intended scheme led to non-utilisation of the land acquired for the purpose, rendering the expenditure of Rs 3.20 crore unfruitful.

3.12.6 Refusal to take over a tank by AMC due to abnormal increase in the cost of acquisition for delayed processing of the LA proceedings

Acquisition cost of tank went up by Rs 1.32 crore due to delay in Gazette notification and consequently AMC did not pay the amount and refused to take over the tank

LAC, Burdwan took possession (September 1980) of a tank measuring 14.41 acres at Asansol for alternative provision of water as per requirement (December 1978) of the AMC*. Against a provisional estimate of LA for Rs 8.59 lakh (November 1979), AMC deposited (January 1980) Rs 0.58 lakh as per advice of the latter towards cost of requisition and establishment charges and took (October 1980) physical possession of the tank. But Gazette notification for permanent acquisition of the tank was published only in July 1993 without any recorded reasons. In March 1994, LAC estimated the cost of acquisition at Rs 1.41 crore which was approved by Government (October 1994). This resulted in an escalation in the cost of acquisition by Rs 1.32 crore mainly due to increase in the price of land and cost of requisition. AMC did not pay the amount due to paucity of fund and intimated the LAC (March 1995) about their decision to relinquish acquisition/ possession of the tank. As relinquishment was not permissible, LAC asked (March 1995) AMC to pay the amount, which yielded no result (June 1998).

The matter was referred to Government in August 1998; reply had not been received (November 1998).

* Land Acquisition Collector

* Asansol Municipal Corporation

GENERAL

3.13 Misappropriation and Misutilisation of cash

Non-adherence to the provisions of Treasury and Financial Rules by 20 Drawing and Disbursing Officers in 6 districts and Calcutta, led to shortage of cash of Rs 0.30 crore

Treasury and Financial Rules of the State Government enjoin that no money is to be drawn from treasury unless it is required for immediate disbursement. All monetary transactions are to be entered in the cash book under proper attestation as soon as they occurred. The cash book is to be closed everyday and the Head of the Office is to physically verify at the end of each month, the cash balance in hand as per the cash book and record a certificate to that effect. Bill-wise analysis with dates of drawal in respect of closing cash balance was also required to be made at the end of each month.

During audit of 20 DDOs in 6 districts and Calcutta during March 1997 to April 1998, serious irregularities and non-observance of the provision of above rules by DDOs resulting in misappropriation of huge amount of Government cash and misutilisation of undisbursed amounts were noticed as would be evident from Appendix 13.

I Physical verification of cash not conducted by the DDOs

Six out of 20 DDOs did not conduct physical verification of cash at the end of every month during the periods indicated below:

	Office of the DDOs	Periods for which physical verification not conducted
1.	Superintendent, Chittaranjan Seva Sadan	01.07.96 to 31.12.97
2.	Superintendent, Dum Dum Central Jail	01.07.96 to 31.07.97
3.	Sub-Divisional Agricultural Officer, Krishnagore, Nadia	01.08.95 to 28.02.97
4.	Director of Industrial Training Wing, Writers' Buildings, Calcutta	01.07.96 to 30.06.97
5.	Superintendent, Nawadwip State General Hospital, Nadia	01.11.96 to 31.01.98
6.	Superintendent of Police, South 24-Parganas	01.07.96 to 30.11.97

At the instance of Audit, physical verification of cash was got done by the 20 DDOs between March 1997 and April 1998. The total closing cash balance as per the cash books of these DDOs was Rs 2.73 crore comprising unencashed cheques/bank drafts of Rs 0.72 crore and cash for Rs 2.01 crore. However, on verification, only Rs 2.43 crore were found available. Thus, there was a shortage of cash of Rs 29.84 lakh.

Further scrutiny revealed that out of Rs 29.84 lakh, Rs 16.36 lakh were misappropriated, Rs 5.17 lakh were unauthorisedly held as unadjusted vouchers and Rs 8.31 lakh were unauthorisedly shown as advances to different staff from undisbursed cash. The details were as under :

(i) Misappropriation of cash

Rupees 16.36 lakh were mis-appropriated by 4 DDOs who could not explain the shortages of cash detected during physical verification. The details were as under :

* Drawing and Disbursing Officer

Sl. No.	Office of the DDOs where cash shortages were detected	Date of physical verification	Amount mis-appropriated (in Rupees)	Sl. No. in the table at Appendix
1.	Principal/Superintendent, Chitta Ranjan Seva Sadan, Calcutta	07.01.98	758235.79	1
2.	Superintendent, I.D & B.G. Hospital, Beliaghata, Calcutta	19.01.98	18239.60	5
3.	Director of Industrial Training, Writers' Buildings, Calcutta	02.07.97	853631.27	9
4.	State Mass Education & Information officer, Joint Director of Health Services, Calcutta	23.07.97	6100.24	20
	Total		1636206.90	

The officials who handled cash in their offices did not furnish security deposit as required under rules.

(ii) Unauthorised advances from undisbursed cash

Eight DDOs paid Rs 8.31 lakh out of undisbursed cash unauthorisedly as advance to different persons for medical expenditure, purchase of Television, hiring charges of Air Conditioner, office expenses, repair and contingency expenditure, etc. Such advances were required to have been made against proper bills through treasury against regular budget. There were no records to prove that the expenditure related to any scheme/programme. DDOs did not maintain any bill-wise details of the various schemes/programmes, etc. As such, there was possibility of diversion and misuse of scheme funds for such advances. The details were as under :

Sl. no.	Office of the DDOs where cash shortages were detected	Amount of shortage given as advance (in rupees)	Sl. No. in the table at Appendix
1.	B.M.O.H, Health under C.M.O.H, Haldibari, Coochbehar	18240.41	3
2.	Superintendent, P.G. Polyclinic, Calcutta	24010.75	4
3.	Superintendent, National Medical College Hospital, Calcutta	52346.14	6
4.	Superintendent, N. S. Sanitorium, Kalyani, Nadia	975.00	12
5.	Superintendent, Presidency Jail, Calcutta	92363.93	13
6.	Principal, Calcutta Medical College	444961.93	14
7.	Superintendent, Nabadwip S.G. Hospital, Nadia	3650.00	18
8.	S.P., 24 parganas(South)	194582.00	19
	Total	831130.16	

(iii) Misutilisation of undisbursed cash balance

Rupees 5.17 lakh were held up in "vouchers" by 11 DDOs. These disbursements were shown to be made on account of items for which there was no allotment and sanction. The disbursements were unauthorisedly made from undisbursed cash without any allotment or sanction. As these so called

“vouchers” were not cash balance, the possibility of misappropriation of these amounts could not be ruled out. The details were as under :

Sl. No.	Office of the DDOs where cash shortages were detected	Amount of shortage for which vouchers were shown as part of cash balance	Serial Number in the table at Appendix
1.	Surgeon Superintendent, Gandhi Memorial Hospital, Kalyani, Nadia	21295.00	2
2.	Superintendent, Dum Dum Central Jail, Calcutta	233447.60	7
3.	S.A.O., Krishnanagar, Nadia	19654.05	8
4.	Superintendent, Bhatpara S.G. Hospital, 24 parganas(North)	146564.75	10
5.	Principal, Burdwan Medical College	14353.00	11
6.	Superintendent, N.S. Sanitorium, Kalyani, Nadia	4973.90	12
7.	Superintendent, Presidency Jail, Calcutta	24274.05	13
8.	Superintendent, Vidyasagar General Hospital, Behala	20795.52	15
9.	Superintendent, K.S. Roy T. B. Hospital, Jadavpur, 24 parganas(S)	1201.00	16
10.	Superintendent, Kandi S.D. Hospital, Murshidabad	12475.30	17
11.	Superintendent, Nabadwip S.G. Hospital, Nadia	17678.35	18
	Total	516712.52	

II Undue retention of heavy cash balance

Treasury Rules enjoined that no money was to be drawn from the treasury unless it was required for immediate disbursement. Further, it was also not permissible to draw funds in anticipation of expenditure or to prevent lapse of budget grants.

In the offices of 20 DDOs, heavy cash balances up to Rs 80.41 lakh (Sl.no. 19) was retained in the cash chests as under :

Amount held in cash (Rs in lakh)	Number of DDOs involved	Sl. No. in the table at appendix
Below Rs 5 lakh	7	3,4,12,15,16,17,20
Rs 5 lakh to Rs 50 lakh	12	1,2,5,6,7,8,9,10,11,13,14,18
Rs 50 lakh to Rs 1 crore	1	19

Retention of heavy cash balance indicated that these sums were drawn from treasury without immediate requirement. Further, such cash being handled by persons who did not furnish adequate security was susceptible to mis-utilisation and mis-appropriation.

III Action taken by Government

Observations were made in Paragraph 3.27 of Report No 3 of the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1997 regarding shortage/ misappropriation of cash, etc., in respect of 22 DDOs

pertaining to 11 departments in 9 districts and Calcutta.

Chief Secretary stated (June 1997) that "each and every case of alleged deviation from financial rules and propriety would be scrutinised and action taken against the offenders". The details of action taken, and recovery/adjustment of these shortages of cash had not been intimated to Audit as of July 1998.

The irregularities detected in audit subsequently indicated continued lack of effective internal control over the cash transactions and maintenance of cash book, and non-observance of the rules of financial discipline by the responsible officers.

The matter was referred to Government in June 1998; reply had not been received (November 1998).

3.14 Outstanding Audit Inspection Reports

Audit observations on financial irregularities and defects in initial accounts noticed during local audit which are not settled on the spot are communicated to the Heads of Offices and to next higher departmental authorities through Audit Inspection Reports. The more important irregularities are also reported to the Heads of Departments and Government. According to the instructions issued by Government in June 1982, the Heads of Offices should send their first replies to Inspection Reports within three weeks of their receipt to the respective Heads of departments who, in turn, are required to forward such explanations, along with their own comments, to the Accountant General within two months of receipt of the explanations.

At the end of June 1998, 9,546 Inspection Reports issued up to December 1997 containing 30,252 paragraphs relating to 32[#] Civil Departments (7,290 Inspection Reports containing 22,995 paragraphs), 6[#] departmentally managed commercial undertakings (24 Inspection Reports containing 55 paragraphs) and 11[#] departments incurring works expenditure (2,232 Inspection Reports containing 7,202 paragraphs) had not been settled. The position in relation to the preceding two years was as under :

	As at the end of June		
	1996	1997	1998
Number of Inspection Reports	9764	9636	9546
Number of Paragraphs	32517	30375	30252

[#] Some departments have common for civil, works expenditure as well as departmentally managed commercial undertakings.

The year-wise break-up of the outstanding Inspection Reports as of June 1998 is given below:

Year	Number of Inspection Reports	Number of Paragraphs
Up to 1993-94	5523	14910
1994-95	555	1524
1995-96	1026	3094
1996-97	1560	6376
1997-98	882	4348
Total	9546	30252

Audit Committees, comprising the Secretary of the Administrative department and representatives of the Finance Department and the Accountant General, were formed in 39 out of 42 departments of Government for expeditious settlement of the outstanding Inspection Reports. Matter was taken up with the Government to form Audit Committee in the remaining departments. Of the 39 departments where Audit Committees were formed, meetings were held in 9 departments on 14 occasions between July 1997 and June 1998 and no meeting was held in the remaining 30 departments. As a result of the meetings of these Committees, it was possible to settle 151 IRs* and 525 paragraphs (Civil: 8 IRs and 15 paragraphs; departmentally managed commercial undertakings : no IR and 20 paragraphs and Works : 143 IRs and 490 paragraphs).

A detailed analysis of the position of outstanding Inspection Reports relating to five departments revealed that 3,242 Inspection Reports containing 10,752 paragraphs issued up to December 1997 had not been settled till the end of June 1998 as indicated below :

Department	Number of Inspection Reports	Number of Paragraphs not settled	Year to which earliest outstanding paragraphs relate
1 Health and Family Welfare	1303	3818	1969-70
2 Rural Development	928	3511	1971-72
3 Social Welfare	273	827	1970-71
4 Public Works	431	1835	1983-84
5 Water Investigation and Development	307	761	1983-84
Total	3242	10752	

* Inspection Report

Age-wise analysis as detailed below would reveal that 44 per cent of outstanding paragraphs were more than 5 years old.

	Health and Family Welfare		Rural Development		Social Welfare		Public Works		Water Investigation and Development	
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
More than 5 years old	884	1813	576	1448	120	252	165	977	109	212
More than 3 years but less than 5 years	142	234	120	549	28	91	73	225	80	185
More than 2 years but less than 3 years	92	324	115	754	44	166	72	214	42	96
More than 1 year but less than 2 years	134	1062	95	636	52	184	80	271	56	179
Less than 1 year	51	385	22	124	29	134	41	148	20	89
Total	1303	3818	928	3511	273	827	431	1835	307	761

Further analysis of 8,354 paragraphs in 2,696 Inspection Reports pertaining to the period from 1969-70 to 1997-98 brought out serious irregularities like theft, defalcation, non-recovery of dues, loss of revenue, decretal certificate cases, expenditure without sanction, etc., involving Rs 122.31 crore and miscellaneous irregularities involving Rs 130.44 crore. The break-up is given in Appendix 14.

Failure to initiate prompt action on Inspection Reports could result in loss of Government money as a result of the frauds, misappropriations, etc. pointed out therein remaining unattended to.

The matter was referred to Government in September 1998; reply had not been received (November 1998).

3.15 Misappropriation, losses, etc.

Cases of alleged misappropriation, losses, etc. of Government money reported up to 31 March 1998 and on which final action was pending as of March 1998 were as under :

	Number of cases	Amount (Rupees in lakh)
Cases outstanding as on 31 March 1997	733	372.80
Cases reported during 1997-98	36	62.43
Cases disposed of till March 1998	-	-
Cases outstanding as on 31 March 1998	769	435.23

Appendix 15 contains department-wise details of the outstanding cases. Of the 769 cases outstanding as of March 1998, 720 cases (amount involved : Rs 320.61 lakh) were pending for more than two years. Fifty per cent of these cases related to the Board of Revenue.

The matter was referred to Government in July 1998 ; reply had not been received (November 1998).

CHAPTER IV-WORKS EXPENDITURE

FOREST DEPARTMENT

4.1 WEST BENGAL FORESTRY PROJECT

4.1.1 Introduction

West Bengal Forestry Project (Project) was executed between April 1992 and December 1997 with a loan assistance from the IDA¹. The Project objectives were to (i) prevent continuing degradation of forest land (ii) enhance forest productivity through a sustainable system of forest protection (iii) upgrade research and technologies to improve the quality of planting materials and silviculture management and (iv) to improve the organisational efficiency of the department and protect the vulnerable boundaries of the Wild Life Protected Areas. Against the estimated cost of Rs 114.80 crore, expenditure on the project was Rs 130.92 crore.

4.1.2 Organisational set up

The project was implemented by the Principal Chief Conservator of Forests in 31 Forest Divisions.

4.1.3 Audit coverage

Audit reviewed the implementation of the project between December 1997 and May 1998 in the offices of the Principal Chief Conservator of Forests, the Chief Wild Life Warden, one Conservator of Forests and 17 Divisional offices¹ located in Darjeeling, Jalpaiguri, Midnapore and South 24-Parganas districts.

Important points noticed during the test check of the records are mentioned in the succeeding paragraphs.

4.1.4 Highlights

Estimates of available area for plantations depicted in the Staff Appraisal Report was grossly inaccurate and was shown substantially higher (70 per cent) than actual availability. Targets were accordingly substantially scaled down in the mid-term Review. However, the scaled down target under rehabilitation of

The abbreviations used in this review have been listed in the Glossary in Appendix 23 (Page 212)

¹ International Development Association

¹ Baikunthapur Division, Buxa Tiger Reserve (East), Buxa Tiger Reserve (West), Darjeeling Division, Jalpaiguri Division, Kurseong Division, Kurseong Soil Conservation Division, Kalimpong Soil Conservation Division, Kharagpur Social Forestry Division, Midnapore East Division, Midnapore West Division, Silviculture Division (Hills), Soil Conservation Division (North), Siliguri Social Forestry Division, South 24-Parganas Division, Wild Life Division I & II.

degraded forest land was achieved at whooping cost overrun as indicated by 202 *per cent* increase in unit cost per hectare (from Rs 2356 to Rs 7125).

(Paragraph 4.1.7)

For natural regeneration of mangrove plantation on 22.2 thousand hectares of land, no asset/inventory registers were maintained and hence genuineness of expenditure of Rs 29.03 lakh incurred for this purpose could not be verified.

(Paragraph 4.1.7.2(a))

Investment of Rs 87.46 lakh without adhering to the project report for undertaking multiple shoot cutting and thinning work for regeneration of Sal plantation defeated the objective of the expenditure.

(Paragraph 4.1.7.2(b))

Failure to maintain Assets/Inventory registers for regeneration of Sal plantation at a cost of Rs 4.82 crore in Midnapore district led to non-assessment of production and economic return from it.

(Paragraph 4.1.7.2(c))

Poor survival of seedlings and damage to seedlings in 2774 hectares resulted in a loss of Rs 2.24 crore.

(Paragraph 4.1.7.3(a) and (b))

Non-assessment of requirement of seedlings before undertaking nursery works resulted in wasteful expenditure of Rs 36.01 lakh for non-distribution of 50.02 lakh seedlings.

(Paragraph 4.1.7.4(a))

Distribution of 58.33 lakh seedlings free of cost, violating project guidelines, resulted in a loss of revenue of Rs 42 lakh.

(Paragraph 4.1.7.4(b))

The genuineness of distribution of 22.80 lakh seedlings at concessional rates to small and marginal farmers were suspect due to absence of records.

(Paragraph 4.1.7.4(c))

Execution of intercropping under farm forestry in excess of the prescribed norms led to an wasteful expenditure of Rs 16.07 lakh.

(Paragraph 4.1.7.7(b))

Execution of intercropping in non-available plantation area and expenditure on maintenance of non-existent plantation led to a doubtful expenditure of Rs 27 lakh.

(Paragraphs 4.1.7.8 and 4.1.7.9)

Appointment of consultant for rendering technical assistance at a cost of Rs 88.59 lakh did not yield any tangible benefit as the consultant had little expertise about the forest of the State.

(Paragraph 4.1.8.1)

Delayed appointment of consultants under Wildlife sector did not allow time for implementation of action plan leading to nugatory expenditure of Rs 56.53 lakh.

(Paragraph 4.1.8.3)

Production of a Film at a cost of Rs 46.49 lakh under 'Monitoring and Evaluation Sector' violated the provisions of the project.

(Paragraph 4.1.9)

The department did not initiate any action against poor survival and damage of plantations though reported by the Survey and Monitoring Wing.

(Paragraph 4.1.11)

4.1.5 Financial management

The Government of India entered into an agreement with the IDA in March 1992 for financing the project. IDA agreed to reimburse the expenditure upto Rs 99.96 crore as per following norms:

	Category	Percentage of reimbursement
(i)	Plantations cost	90
(ii)	Civil works (excluding construction materials)	90
(iii)	Equipment, construction materials, vehicles, seeds, fertilisers and field supplies items procured locally	100 (ex-factory cost) and 80 per cent of local expenditure for other
(iv)	Consultants services and training	100

However, the reimbursement amounted to Rs 118.04 crore due to increase in exchange rate.

Following was the budget provision vis-a-vis actual expenditure under the project.

Year	West Bengal Forestry Project	
	Budget provision	Expenditure
	(Rupees in crore)	
1991-92	6.07	6.07
1992-93	11.56	11.27
1993-94	18.25	16.70
1994-95	22.67	20.76
1995-96	31.50	28.04
1996-97	37.35	34.30
1997-98	15.72	13.78
Total	143.12	130.92

4.1.6 Components of the project

The more important components of the project were as indicated below:

Component (provision in bracket)	Executing Department
Regeneration and afforestation (Rs 57.04 crore).	Forest Department
Supporting works -roads, watershed, etc (Rs 11.17 crore).	Forest Department
Special Action Programme e.g. Research and Plant Propagation, training, joint management, wild life and bio-diversity, mangrove rehabilitation (Rs 16.76 crore).	Forest Department
Service support -. construction of quarters, office buildings (Rs 7.35 crore).	Forest Department
Fodder development - this component involving an outlay of Rs 3.53 crore	Animal Resources Development Department

4.1.7 Regeneration and Afforestation

4.1.7.1 Target and achievement

According to soil characteristics and suitability of species in different regions of the State, the department in consultation with IDA prescribed 16 models for undertaking plantation under 'Regeneration and Afforestation'.

Component	Target as per		Achievement	Shortfall with reference to SAR (percentage of shortfall)
	Staff Appraisal Report ²	mid-term Review ³		
I. Regeneration and afforestation (hectares in lakh)	2.90	1.66	1.85	1.05 (36)
II. Mangrove Rehabilitation (in hectares)	28300	20463	20663	7637 (27)

² Prepared at the time of execution of loan agreement during 1991-92.

³ Undertaken during January-February, 1995.

MTR* of performance (January-February 1995) revealed that the available area for plantations was substantially lower than that estimated in the SAR[†]. Consequently, achievement under regeneration and afforestation and mangrove rehabilitation programme fell short by 36 *per cent* and 27 *per cent* respectively. Evidently, the department prepared the estimates in the SAR without a proper assessment of the availability of land area.

4.1.7.2 Programme implementation

Regeneration and Afforestation had three segments: (a) Rehabilitation of degraded forest land (1.69 lakh hectares), (b) Production forestry on forest lands (7000 hectares) and (c) Forestry developments on non-forest land (1.14 lakh hectares).

Target and achievement against each were as follows:

Component	Physical		Financial		
	Target	Achievement	Target		Actual
			as per SAR	as per MTR	
	(in lakh of hectares)		(Rupees in crore)		
a) Rehabilitation of degraded forest lands	1.69	0.72	39.82	45.37	51.30
b) Production forestry on forest lands	0.07	0.06	6.58	8.01	8.99
c) Forestry development on non-forest land	1.14	1.07	22.50	28.19	23.32

The table shows that for work carried out departmentally on forest land, the expenditure overshoot even the revised estimates as per the MTR. Sixty four *per cent* of the target was achieved at 121 *per cent* of the original cost as per SAR. Thus, per hectare cost of rehabilitation worked out to Rs 7125 as against the targeted cost of Rs 2356 indicating scant regard for economy and efficiency in execution.

The department in consultation with IDA prescribed 16 plantation models[‡] to undertake the aforesaid regeneration.

(a) Mangrove treatment - non-maintenance of asset register

Mangrove treatment (model M2) provided regeneration of degraded natural mangrove forest by protection through FPC[§] in coastal villages. A 15 year cycle for final harvesting of such protected forest was adopted by the department and in return, the members of the FPC were entitled to 25 *per cent* of the net sale proceeds of poles and fuel woods harvested from the forests.

* Mid-term Review

† Staff Appraisal Report

‡ Model R-1 to R-7, P-1 to P-5, M-1 to M-2 & S-1 to S-2.

§ Forest Protection Committees

Due to non-maintenance of records, genuineness of expenditure of Rs 29.03 lakh on creation of mangrove plantation was not verifiable

24-Parganas (South) Division spent Rs 29.03 lakh for protection of 22286 hectares of natural mangrove forest during 1992-93 to 1996-97. As the division did not maintain any 'Inventory/Asset Register' identifying the area, location, etc. of such plantation and the existence of assets created at a cost of Rs 29.03 lakh was not susceptible to any verification.

(b) MS cutting (year 4) and thinning (year 7) operation undertaken by two divisions^{*} did not conform to the approved specifications. Number of stools varied between 2000 and 3000 and 1000 and 3000 after MS cutting and thinning operation respectively during 1996-97 against the projected number of 1600 and 800 respectively. For this purpose, the actual expenditure in 9675 hectares was Rs 87.46 lakh. Thus, during final harvest of the crops, adequate return would not be ensured defeating the very object of the project.

(c) The two divisions incurred an expenditure of Rs 4.82 crore for regeneration of Sal plantations from viable root stock on 60467 hectares during 1992-93 to 1996-97. But they did not maintain any plantation journal or any asset register to show the chronology of operation for each year in each site on the ground that "as the coppicing regeneration is not a plantation, plantation journal is not maintained for these areas".

The reply was not tenable as without maintenance of such register there could be no monitoring of the cutting and thinning operation from year to year and the FPC would not be in a position to determine the amount of forest produce harvestable after the prescribed period of 10 to 15 years.

Failure of the department in maintaining the plantation journal or Asset/Inventory register constituted a major limitation in any assessment of production and economic return on the investment of Rs 4.82 crore in such activities.

4.1.7.3 Forestry treatment and supporting work

(a) Failure of plantation

Plantation raised at a cost of Rs 1.52 crore would not fetch the expected economic return due to poor survival rate

The project supported investments in forestry treatment and supporting works, etc. All project costs were set against benefits from forestry treatments for the economic analysis since the other components did not generate easily quantifiable benefits. The department identified 16 basic treatment models at an estimated cost of Rs 61.20 crore.

The department treated the plantations as good if the survival percentage was 75 per cent and above and set the economic rate of return at 20 per cent from the project.

^{*} East Midnapore Division, West Midnapore Division.

Test-check in audit of 10 divisions⁹ and review of 'Monitoring and Survey Report' revealed that survival of plantation raised by 18 divisions¹⁰ in 1722 hectares at a cost of Rs 1.52 crore during 1994 and 1996 varied between 2 and 29 *per cent*. These plantations were, therefore, a failure. Though the low survival was reported to the Divisional Forest Officer from time to time, he took no timely action to rectify the situation and improve the survival percentages.

(b) Damage to seedlings

Plantations raised at a cost of Rs 71.66 lakh was damaged due to wrong selection of site, violation of silviculture guidelines, etc

Audit scrutiny revealed that seedlings in 1052 hectares of plantations covering 9 divisions raised at a cost of Rs 71.66 lakh during 1992 to 1995 were completely damaged resulting in unfruitful expenditure of Rs 71.66 lakh.

The department did not indicate the reason for total damage and failure of the plantations. Audit scrutiny revealed that wrong selection of site, wrong choice of model, sowing and planting in the same line violating the silviculture guidelines, illicit grazing, etc. were the main reasons for failure and poor survival of plantations. The department did not fix any responsibility for such total damage of plantations.

4.1.7.4 Farm forestry - wasteful expenditure

Raising of seedlings without assessing the actual demand resulted in a wasteful expenditure of Rs 36.01 lakh

(a) The department introduced farm forestry (Model F-1) to encourage private land owners and persons with leased land to be involved in forest production. For this purpose, seedlings of different species of their choice were to be supplied/distributed to them at cost. Demand for species by private landowners and leaseholders accordingly determined the quantum of nursery (seedling) to be raised by the department.

Test-check revealed that 10 divisions raised 538.26 lakh seedlings at a cost of Rs 3.88 crore without making demand survey during 1992-93 to 1996-97 of which 50.02 lakh seedlings remained undistributed as shown below.

⁹ Baikunthapur, Buxa Tiger Reserve (East), Buxa Tiger Reserve (West), Darjeeling, East Midnapore, Jalpaiguri, Kalimpong, Kharagpur S.F., Kurseong and West Midnapore Division.

¹⁰ Baikunthapur, Bankura (South), Bankura (North), Birbhum, Buxa T.R.(East), Buxa T.R.(West), Coochbehar, Coochbehar S.F., Darjeeling, East Midnapore, Jalpaiguri, Kalimpong, Kharagpur S.F., Kurseong, Panchet, Purulia, Rupnarayanpur P.S. and West Midnapore Divisions.

Division	Number of seedlings (in lakh)		
	Raised	Distributed	Undistributed
1. Coochbehar	77.29	73.74	3.55
2. Dakshin Dinajpur	35.57	29.96	5.61
3. Darjeeling	80.57	71.67	8.90
4. Malda	42.94	32.50	10.44
5. Jalpaiguri	90.52	81.01	9.51
6. Uttar Dinajpur	48.76	37.51	11.25
7. West Midnapore	1.89	1.13	0.76
8. East Midnapore	15.01	15.01	NIL
9. Siliguri (SF)	126.45	126.45	NIL
10. 24 Parganas (S)	19.26	19.26	NIL
Total	538.26	488.24	50.02

There was no record to ascertain whether the undistributed seedlings (cost: Rs 50.02 lakh) were utilised in the subsequent years. The divisions did not maintain any separate accounts of earnings of revenue from distribution of seedlings under the project and hence this was not verifiable.

Raising of seedlings without assessing the requirement led to wasteful expenditure of Rs 36.01 lakh.

Free distribution of seedlings led to a loss of Rs 42 lakh

(b) The department assured the IDA that it would not distribute seedling free of cost. But test audit revealed that 4 divisions¹¹ distributed 58.33 lakh seedlings free of cost resulting in loss of revenue of Rs 42 lakh.

(c) Three divisions¹² distributed 22.80 lakh seedlings at concessional rate to small and marginal farmers. But the divisions did not maintain records identifying their entitlements and in absence of such records, Audit could not verify the genuineness of the distribution.

4.1.7.5 Strip plantation (Model S-1) - poor survival

The project proposed to undertake this plantation to focus on production of poles and fuel wood. After final harvest of the crops, the Government would realise the cost of afforestation and balance would be handed over to the selected beneficiaries who would participate in Joint Management Practices.

¹¹ East Midnapore, Siliguri SF, West Midnapore and 24-Parganas (South).

¹² East Midnapore, Siliguri SF and West Midnapore.

Siliguri Social Forestry Division developed 340 hectares of plantation at a cost of Rs 15.75 lakh during 1992 to 1996, out of which survival percentage of plantations in 131 hectares of land varied between 5 and 37 *per cent*. Such poor survival were attributed to drought, fire and root competition. Failure of the plantation resulted in an unfruitful expenditure of Rs 6.01 lakh.

4.1.7.6 Underutilisation of advance work

Regeneration and afforestation programme comprised the following phases : (i) Advance work i.e. soil preparation, nursery, etc. for Year 1 (Y1), (ii) Creation of plantation for Year 2 (Y2) and (iii) Maintenance for Year 3 to Year 5 (Y3-Y5).

Non-raising of plantation in the area where advance work was done in earlier year, led to unfruitful expenditure of Rs 19.69 lakh

The department made advance work in a year with a view to raising plantation in the immediately following year. Therefore, the area covered under advance work in a year was to coincide with that of raising of plantation in the next year. Test audit of the divisions and review of Annual Reports disclosed that 9 divisions¹³ made advance work in 2535 hectares of land at a cost of Rs 55.08 lakh during 1992-93 to 1995-96, whereas the divisions raised plantation in 1576 hectares during the following years indicating underutilisation of advance work to the extent of 38 *per cent* involving infructuous expenditure of Rs 19.69 lakh. Reasons for underutilisation were not furnished.

4.1.7.7 Unauthorised expenditure

(a) The project (SAR or MTR) did not make any provision for raising of seedlings and undertaking of any nursery work/advance work during 1997-98 - the last year of the project. Siliguri Social Forestry Division and 24 Parganas (South) Division raised 16.20 lakh seedlings at a cost of Rs 12.57 lakh during the aforesaid period (upto December 1997).

Similarly, Darjeeling Division incurred an expenditure of Rs 10.66 lakh during the same period for raising of seedlings and other types of advance works.

As the same was outside the purview of the project, expenditure of Rs 23.23 lakh was unauthorised.

(b) The project *inter alia* provided for intercropping in the second and third year of plantation by the members of the FPC in 10 *per cent* of the area covered under farm forestry (model F-1).

Kharagpur Social Forestry Division executed farm forestry in 9500 hectares during 1994-95 to 1996-97. According to the provision, the division was entitled to undertake intercropping in 950 and 650

¹³ Baikunthapur, Birbhum, Burdwan, Buxa Tiger Reserve, Cooch Behar, Darjeeling, Jalpaiguri, Kalimpong and Kurseong divisions.

hectares in first and second year respectively against which they allowed intercropping in 9500 and 6500 hectares respectively.

Thus, the department incurred unauthorised expenditure of Rs 16.07 lakh for undertaking the excess intercropping work in 14400 hectares in three years.

The division stated that the Conservator of Forests allowed excess intercropping due to high potentiality of land in the area. The reply was not tenable because the excess intercropping violated the terms of agreement of the project.

4.1.7.8 Fictitious expenditure

The area of intercropping undertaken by the Kharagpur Social Forestry Division exceeded the area available for farm forestry. Thus expenditure of Rs 14.82 lakh was fictitious

Intercropping in 10 *per cent* of the area covered under 'Farm Forestry' (model F-1) was to be done in the second and third year of plantation. As the intercropping was to be done within the farm forestry area, area covered under intercropping could not be more than the actual area covered under farm forestry. Scrutiny revealed that Kharagpur Social Forestry Division executed intercropping in 30000 hectares against the farm forestry area of 16000 hectares during 1994-95 to 1996-97. Thus, 14000 hectares of area shown as covered under intercropping was not available and expenditure of Rs 14.82 lakh reportedly incurred for the purpose was fictitious.

4.1.7.9 Serious irregularities detected by Department

The monitoring report (June 1993) of the Deputy Conservator of Forest noted the following serious irregularities :

(i) Two divisions in Midnapore district reportedly executed Multiple Shoot Cutting of Sal trees over 10 thousand hectare area at a cost of Rs 68.57 lakh. However, 60 to 70 *per cent* of the Sal trees had only one or two Shoots and, therefore, this expenditure was suspect.

The division incurred a fictitious expenditure of Rs 12.09 lakh for the maintenance of plantations which were not in existence

(ii) Plantation raised in 1107 hectares of land during 1992-95 in 9 divisions was fully destroyed for various reasons. Test audit revealed that the divisions spent Rs 12.09 lakh on maintenance of non-existent plantation. This expenditure was fictitious.

4.1.7.10 Diversion of plantation cost

IDA agreed to reimburse 90 *per cent* of plantation cost.

Test check revealed that 4 divisions¹⁵ spent Rs 9.95 lakh for the renovation of rest houses, construction of seed godown, maintenance of high breed orchids, felling of matured trees, etc. and charged the same towards the plantation cost of different models.

¹⁵ Darjeeling, Kurseong, Midnapore East and Midnapore West.

Therefore, expenditure on items not covered under the agreement resulted in a diversion of Rs 9.95 lakh.

Government stated (October 1998) that the expenditure was related to plantation work.

The reply was not tenable as the expenditure to be incurred by the department under plantation cost was not included in the World Bank agreement.

4.1.8 Special Action Programme

4.1.8.1 Wasteful expenditure and unjustified appointment of a consultant

Department in consultation with the IDA agreed to appoint a consultant for providing consultancy for 32 weeks between 1992 and 1995.

IDA recommended that the best consultants be appointed irrespective of the place where they come from. The department did not make any open advertisement for selection of best consultant in the field, but obtained the names of 9 consultants from the Resident Mission of the World Bank at New Delhi.

The department appointed a consultant who had little expertise about the forests of the State. Recommendations received just before the completion of the project were not substantial. The expenditure of Rs 88.59 lakh was infructuous

During evaluation of proposal of the above 9 consultants, Conservator of Forests, Research and Planning, who was the member of the Selection Committee commented that none of the consultant firms had any practical field experience in any of the 5 vegetation types in West Bengal mentioned in the terms of reference and none had any expertise in mangrove management, ecological studies. In disregard of these observations the department accepted (August 1994) the offer of Winrock International Institute (USA).

The consultant firm took over 3 years (1994 to 1997) to submit their report and recommendations at the flag end of the project i.e. during October 1997. The department did not initiate any action against the firm for such delayed report and paid Rs 88.59 lakh to the consultant. As the report was received very late, this was of little use and the entire expenditure was a waste of money.

Thus, appointment of consultant without relevant expertise about forest of the State was unjustified and involved an infructuous expenditure of Rs 88.59 lakh.

4.1.8.2 Failure to fulfil the aim of modern nursery

During MTR (February 1995), the IDA allowed the department to utilise the financial savings of the project to install 4 central nurseries with modern facilities over the remaining years of the project which

would permit raising root trainer stock and ensure production of uniform planting stock.

Three divisions¹⁶ failed to complete the establishment of the modern nurseries within the extended period of the project (December 1997) on the ground of delayed commencement of the work. Reasons for such delayed commencement of the work despite availability of funds were not furnished. Actual expenditure incurred by 3 divisions was Rs 33.97 lakh till the date of completion of the project.

Government while admitting the delay stated that the nursery work was completed by March 1998.

Thus, the aim of raising root trainer stock and uniformity in the planting stock which was necessary for good field survival and early growth were not achieved.

4.1.8.3 Wild life and bio-diversity – wasteful expenditure on consultant

The project aimed at critical research studies for developing approaches to manage and conserve three important wild life species, namely, elephant, rhino and leopard.

The Government of West Bengal constituted a 'Research Advisory Committee' to examine the technical bids for selection of consultants and shortlisted the number of consultants as per World Bank guidelines. The department awarded the contract to 3 consultants between July 1995 and April 1996 to submit report by February/March 1997.

There was an abnormal delay in appointing consultants. Expenditure of Rs 56.53 lakh incurred for research studies failed to achieve the purpose due to delayed receipt of recommendations

Rupees 56.53 lakh was spent for undertaking the research studies. However, the department allowed extension of time for submission of report and consultants submitted their reports at the fag end of the project (December 1997) between August and November 1997. As the reports of the consultants were not received in time, they were of no practical use and hence the expenditure on the consultants was a wastage of money.

Government did not furnish any satisfactory explanation for the belated award of the contract for research studies.

4.1.8.4 Overseas training for officers due for retirement

(a) During negotiation with the IDA, the department identified the training needs of the officers of the project. The department gave an assurance to the IDA during negotiations that it would select those officers for overseas training who had at least five years to retire and it would post such persons on completion of such

¹⁶ Darjeeling, Jalpaiguri and West Midnapore Divisions.

training, for at least 3 years in areas in which they have received training.

Government of India also issued directions that officers nominated for overseas training under the externally aided forest project should not be more than 52 years of age in case of short term training and 45 years of age in case of long term training¹⁷.

Scrutiny in audit, however, revealed that department had nominated the following officers for overseas training in violation of the instructions of the Government of India as well as assurances given to IDA :

Serial number	Name and designation of officer sent on training	Age on the date of proceeding on training	Period of training	Place of training	Expenditure (Rupees in lakh)
1	Shri PK Das, IFS	56	4 weeks March 1995	Canada	2.00
2	Shri JB Bhaduri, IFS	56	2 weeks April 1995	Singapore	0.86
3	Shri S Mukherjee, IFS	57	26 days August 1996	UK	0.46
4	Shri GS Mondal, IFS	52	13 days June 1992	Japan	1.99
5	Shri PK Majumdar, IFS	56	2 weeks March 1996	Australia	2.95
6	Shri JP Roy, IFS	56	2 weeks March 1996	Australia	2.95
7	Shri R Deb Roy, IFS	55	2 weeks March 1996	Australia	2.95
Total:					14.16

The table showed that all the officers were beyond 52 years of age and three officers trained abroad retired before completion of the Project. Thus the expenditure on the training of such officers was unfruitful.

(b) NAEB^{*} was considering extending support to the department on developing GIS^{*} implementation. The MTR provisionally allotted Rs 40.50 lakh to support GIS implementation in the event of failure of NAEB's support. Information regarding failure of NAEB to provide support to the Forest Department for implementing GIS was not available on record.

The department did not introduce the GIS. No consultant was appointed nor was any GIS software procured. However, the department decided to nominate the following officers for overseas training under GIS scheme.

¹⁷ Long term training is for 6 months or more and short term is for 15 days or more but less than 6 months.

* National Afforestation and Eco-Development Board

* Geographic Information Systems

Serial number	Name of Officer	Place of training	Period of training	Expenditure (Rs in lakh)
1.	Shri AK Raha, IFS	Australia	June 1994	1.40
2.	Shri BR Sharma, IFS	Australia	20.1.96 to 23.2.96	2.34
Total :				3.74

As the department did not implement GIS, the expenditure of Rs 3.74 lakh incurred for overseas training proved infructuous.

4.1.9 Unauthorised expenditure on film

The department produced a documentary film-‘Aranyer Adhikar’ at a cost of Rs 46.49 lakh by charging the same under the component ‘Monitoring and Evaluation’.

The component of ‘Monitoring and Evaluation’ provided introduction of proper ‘Management Information System’ in the department and did not provide production of any film for that purpose. Further, the SAR or MTR did not include recommendation for production of film to initiate awareness about forest management.

Thus, the expenditure of Rs 46.49 lakh was in violation of the terms of agreement resulted in an unauthorised expenditure.

4.1.10 Non-utilisation of assistance

On the request of the department, IDA during Mid Term Review (February 1995), agreed to assist in funding the construction of State Headquarters at Salt Lake, Calcutta at an estimated cost of Rs 3 crore. The department had to complete the construction by 31 March 1996 which was the last date for completion of physical activities in the project.

Though the stipulated period of the completion of the building was March 1996, the department could not select the contractor till August 1996. It awarded the work of construction to a contractor at a tendered value of Rs 2.83 crore in February 1997 for completion of the building up to G+2 level. The department could not complete the same as of May 1998. Actual expenditure against the building was Rs 1.81 crore up to March 1998 against which IDA admitted the claim of Rs 1.35 crore for reimbursement upto December 1997.

Failure of the department in adhering to the project time schedule resulted in non-utilisation of IDA assistance for Rs 1.65 crore.

4.1.11 Monitoring and Evaluation

Conservator of Forests (Monitoring) was entrusted with the responsibility to monitor and evaluate the performance of the West Bengal Forestry Project. Each Divisional Forest Officer submitted the

physical and financial achievement report in each month to the Deputy Conservator of Forest. On the basis of the same, the department published 'Annual Report' which included the physical and financial target and achievement, Conservator of Forests (Monitoring) surveyed the physical status of each plantation, and prepared the 'Annual Survey Monitoring Report'. The department did not take any action on survey report or fixed any responsibility for the poor and damaged plantations.

The economic rate of return for the project as a whole was estimated at 20 *per cent* for over 30 years. Project envisaged that 4 lakh household should receive direct benefit from the project and it would generate 3.38 crore mandays of employment. The department did not evaluate the actual benefit received by the household and actual employment generated.

4.1.12 Conclusion

The project, implemented with IDA assistance of Rs 118 crore for a period of 5 years, suffered from elementary deficiencies viz, the areas to be covered was not properly assessed as a result of which available area of plantation was much less than targeted rehabilitation of degraded forest land was executed at a highly inflated cost. Genuineness of expenditure on natural regeneration of mangrove plantation and regeneration of sal forests was suspect as no asset registers were maintained. Distribution of seedlings were marked by wasteful expenditure due to non-distribution and free distribution of seedlings and also doubtful distribution at concessional rate. Huge amounts were wasted on engagement of consultants without relevant knowledge and receipt of their reports at the fag end of the project depriving any use of the same. The department did not take action or monitor the poor survival and damaged plantations. In short, the project was grossly mismanaged.

IRRIGATION AND WATERWAYS DEPARTMENT

4.2 Unjustified extra expenditure due to faulty estimates

Failure to include the rate as per appropriate item of SOR led to unjustified extra expenditure of Rs 42.87 lakh

For emergency restoration of the damaged embankment of river Cossye caused due to flood of July 1997, West Midnapore Irrigation Division issued work orders in August 1997 to fourteen contractors at a total tendered cost of Rs 2.16 crore. The works were completed in August/September 1997 and the contractors were paid Rs 2.06 crore as of March 1998.

The estimate of the work prepared by the Divisional Engineer and approved by the Superintending Engineer, Western Circle-II included an item for placing of earth (dry or wet) filled polythene/gunny bags

from an average distance of 690 metre by head load. For head load transportation of earth, 9 leads of 60 metre each beyond the initial lead of 150 metre at the rate of Rs 0.40 per bag per lead as provided in the SOR* were considered by the division. The contractors supplied 43.6 thousand cubic metre (cum) earth filled in 16.8 lakh poly bags and were paid Rs 60.73 lakh for 151.82 lakh leads. The cost of supply of earth worked out to Rs 139.12 per cum (excluding cost of poly/gunny bag, charges for filling and sewing, etc. paid separately).

Scrutiny (February 1998) revealed that the SOR, also provided a consolidated item rate for supply of earth for Rs 41 per cum. by any means (truck/boat/head load etc.) including all leads and lifts by contractor's own arrangement from a distance between 500 metre and 1500 metre. This rate was much lower than the rate of earth filled bags on head load basis provided in the estimate. The division, however, failed to prepare the estimate on this consolidated item rate basis. Had this been done, the cost of 43.6 thousand cum. of earth from the same distance would have been Rs 17.86 lakh as against Rs 60.73 lakh paid to the contractors. Failure to include the rate as per the appropriate item of SOR in the estimate thus resulted in an unjustified extra expenditure of Rs 42.87 lakh.

No reasons for faulty preparation of the estimate disregarding economic and appropriate item of the SOR was furnished by the department.

The matter was referred to Government in July 1998; reply had not been received (November 1998).

4.3 Unjustified extra expenditure on transportation of earth

Transportation of earth at higher rate disregarding the rate provided in the departmental SOR resulted in an extra expenditure of Rs 40.38 lakh

The work of construction of a cross-drainage structure at 5.92 KM of Dauknagar Main Canal at Chopra in West Dinajpore district under Teesta Barrage Project was awarded (May 1993) by Teesta Canal Division-I equally to two contractors at the aggregated tendered cost of Rs 1.76 crore for completion by June 1994. The work was completed in May 1997 and the contractors had been paid Rs 3.89 crore as of October 1998 (final payment awaited).

The work included excavation of 1.38 lakh cubic metre (cum) earth/spoils from foundation area and the same were to be utilised in back filling of trenches and on the canal banks. During execution of work, the contractors excavated 2.38 lakh cum earth of which 0.84 lakh cum were utilised in back filling of trenches/canal banks and the

* Schedule of Rates

balance 1.54 lakh cum were removed/transported to a distance of about 5 KM. For 'transportation of earth', the contractors were paid at the rate of Rs 44.10 per cum under supplementary contracts as the original contracts did not include such item of work.

Audit scrutiny (December 1997) revealed that the rate of 'transportation of earth' (Rs 44.10 per cum) upto 5 KM was based on Public Works (Roads) Department's SOR* and not on department's own SOR (Irrigation - Teesta Barrage/ Canal Circle) on the ground that the latter SOR had no such specific item -- 'transportation of earth'.

It was, however, noticed that the departmental SOR had two specific items viz (i) excavation of earth/spoils at the rate of Rs 7.27 per cum and (ii) excavation and transportation of earth/spoils up to 5 KM at the rate of Rs 25.20 per cum. The division, therefore, could have determined the rate of 'transportation of earth' at Rs 17.93 per cum (excavation and transportation Rs 25.20 minus excavation Rs 7.27). Had this been done, the cost of transportation of 1.54 lakh cum earth would have been Rs 27.66 lakh as against Rs 68.04 lakh paid to the contractors.

Mahananda Main Canal Division under the same Project paid for 'transportation of earth' to contractors on the same basis during 1994-95.

Payment for 'transportation of earth' at higher rate, dis-regarding the rates provided in the department's Schedule of Rates, led to an unjustified extra expenditure of Rs 40.38 lakh.

The matter was referred to Government in July 1998; reply had not been received (November 1998).

4.4 Overpayment to a contractor in violation of contractual terms

Unjustified higher rates for supplementary works resulted in an overpayment of Rs 25 lakh

Construction of a cross drainage structure at 45.20 km of Dauknagar main canal under Teesta Barrage Project was awarded by the Superintending Engineer, Teesta Canal Circle to a contractor in January 1992 at the tendered cost of Rs 2.54 crore against the estimated cost of Rs 2.47 crore for completion within 2 years. The work was completed in May 1995 at a cost of Rs 4.05 crore and the contractor was paid Rs 3.94 crore as of March 1998. The increased cost was attributable to excess quantities of dewatering (Rs 63.15 lakh) and excavation of earth (Rs 76.21 lakh) from the foundation area.

* Schedule of Rates

Scrutiny (December 1996) showed that the contractor excavated 91066 cubic metre (tendered quantity 39890 cum.) slushy silt from the canal bed and 107636 cum. (tendered quantity 63000 cum.) local soil from foundation area and was paid at the rates of Rs 7.27 per cum and Rs 8.30 per cum respectively based on SOR*. Of the excavated earth, 39134 cum was utilised in back filling of the trenches and in embankment and the balance 159568 cum was removed/transported to distances ranging from 300 metre to 3 km and spread over the access road leading to the worksite to facilitate plying of departmental vehicles.

For (a) removal/transportation of excess earth and (b) spreading the same over the access road including breaking of clods, leveling, dressing and ramming etc., the contractor was paid at the rates of Rs 28.45 and Rs 6.56 per cum respectively as approved by the Chief Engineer under a supplementary contract as these items were not provided in the original contract.

According to the terms of the contract, the rates of the supplementary items were to be fixed with reference to the rates included in the SOR. The SOR provided a consolidated item for 'transportation of earth up to a distance of 3 KM including breaking of clods, leveling, dressing, ramming etc.' payable at the rate of Rs 18.90 per cum. Accordingly, Rs 31.05 lakh was admissible to the contractor (including contractual percentage of 2.95 percent above the estimated cost) for transportation and leveling, dressing of 159568 cum earth at the rate of Rs 18.90 per cum based on the SOR but he was unjustifiably paid Rs 55.86 lakh at the rate of Rs 35.01 (Rs 28.45 + Rs 6.56 per cum based on market rates of the same at that time). Violation of contractual terms thus resulted in overpayment of Rs 24.81 lakh.

The Divisional officer stated (August 1998) that due to change of position of structure by the technical authority, excess earth was excavated and that the nature of the transported earth was different and it was paid at the rate of Rs 28.45 based on market rate at that time.

The reply was not tenable as the rate of Rs 18.90 per cubic meter as provided in the SOR included excavation and transportation of all kinds of soil up to a distance of 3 KM and hence the question of payment at market rate did not arise.

The matter was referred to Government in June 1998; reply had not been received (November 1998).

* Schedule of Rates

4.5 Unfruitful expenditure on the construction of a private siding

Construction of a private siding on the basis of defective design resulted in an unfruitful expenditure of Rs 19.58 lakh

To facilitate unloading of materials like cement, steel, etc. from the railway wagons, Teesta Barrage Project Authority decided (1978) to construct a private siding in the New Jalpaiguri Railway yard. The work was entrusted (September 1978) to the North East Frontier Railway for execution. Based on the design approved (December 1979) by the Project Authority, cost of siding was estimated at Rs 7.46 lakh, which was deposited with the Railway in March 1980. The estimated cost was, however, revised to Rs 19.58 lakh in 1984 due to rise in prices. Further amount of Rs 12.12 lakh according to revised cost estimate was paid to the Railways in 1985.

The work was completed in 1987 and the Project Authority was requested to take over the siding. A joint survey and a trial run was conducted in October 1989. However, the Project Authority was not willing to take over the siding on the ground that it was not capable of taking a full rake load consisting of 40 wagons. As against the requirement of 620 metre (40 x 15.035 metre length of each wagon plus slope), the platform was constructed for a length of 295.5 metre (i.e. capable for taking 18 wagons). In November 1990, the Project Authority requested for refund of the deposit (Rs 19.58 lakh) but the Railway stated that the length of the siding was exactly the same as in the design approved by the Chief Engineer, Teesta Barrage Project. In March 1997, the Project Authority while asking for refund of the amount, requested the Railway to utilise the siding as it was of no use to them. As of August 1998, neither the siding was taken over, nor the amount of Rs 19.58 lakh was received back. The Divisional Officer stated (August 1998) that presently the requirement of the siding was limited as construction of the project was nearing completion.

The defective design of the siding thus resulted in unfruitful expenditure of Rs 19.58 lakh to the department.

The matter was referred to Government in March 1998; reply had not been received (November 1998).

4.6 Extra payment beyond contractual provision

Royalty payable by the contractors for excavation of earth was paid by the department resulting in an excess payment of Rs 15 lakh

The work of excavation and concrete lining of Teesta Jaldhaka main canal (14.80 km to 16.70 km) was entrusted by Teesta Left Bank Canal Division to four contractors in April 1994 at a total tendered cost of Rs 2.67 crore for completion within October 1994. The work was completed in June/July 1996 and the contractors were paid Rs 4.18 crore as of February 1998. The extra expenditure over the tendered amount was attributed to excessive transportation cost of earth from

longer distances and compensation payment for arranging private land by the contractors.

The work included excavation of earth from departmental land and its transportation from a distance of 3 km to 6 km. As the department failed to provide land, the contractors were asked to supply earth from their own arranged land. The contractors were paid Rs 2.34 crore for excavation and transportation of 4.78 lakh cubic metre (cum) earth from a distance of 240 metre to 9 km and Rs 31.25 lakh (at the rate of Rs 658 per 100 cum.) as compensation for arrangement of land based on Schedule of Rates under a supplementary contract.

For excavation of earth, the contract provided that the contractors would be responsible to make royalty payment, obtain royalty clearance certificate from the district authority and produce the same to the department failing which payment of their bills would be withheld.

It was noticed in audit that the department in March 1995 made an interim payment of Rs 15 lakh against the total claim of Rs 26.29 lakh as royalty charges to the District Magistrate, Jalpaiguri as claimed by District Land and Land Reform Officer for excavation of 4.78 cum earth by the contractors. The department neither asked the contractors to pay the same nor recovered the amount from their bills (final amount of two contractors already released and negligible amount of other two contractors yet to be paid). While passing the claim of contractors, the Divisional officer failed to obtain the royalty clearance certificate.

Thus, payment of royalty on behalf of the contractors beyond the terms of the contract led to extra expenditure of Rs 15 lakh so far (February 1998).

The matter was referred to Government in May 1998; reply had not been received (November 1998).

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.7 Extra expenditure due to acceptance of high rates

Procurement of 11 KV, 3 panel and 3.3 KV 8 panel switch boards at an abnormally high price had resulted in an extra expenditure of Rs 57.33 lakh

Tenders were invited in February 1995 by the Superintending Engineer (SE), Mechanical Circle-II for supply and installation of pumping machinery and indoor type transformer with other electrical and mechanical equipment at Charipal/Keshpal in Midnapore District. Four firms participated in the tender and the rate quoted by the lowest tenderer was accepted at tendered price of Rs 3.27 crore (equipment: Rs 3.01 crore and civil works Rs 0.26 crore). Work order for supply cum installation of equipment was issued in June 1995 to complete the

work within one year (June 1996). The work was in progress and the contractor had been paid Rs 2.40 crore as of June 1998.

The agreement included *inter alia* supply and delivery of the following two items:

(i)	Supply and delivery of 11 KV 3 panel VB Switch Board (item-5 Jyoti make)	Rs 37.10 lakh
(ii)	Supply and delivery of 3.3 KV 8 panel VB Switch Board (item-9 Jyoti make)	Rs 74.23 lakh
Total:		Rs 111.33 lakh

The firm which stood lowest in the tender was a sub-agent of the manufacturer Jyoti Limited (principal). The manufacturer was also a participant in the tender and quoted Rs 112.72 lakh (second lowest).

Audit scrutiny (March 1998) revealed that the firm (sub agent) placed an order in June 1995 on Jyoti Ltd. for supply and delivery of various items including these 2 items directly to the consignee (Executive Engineer, Midnapore Mechanical Division). The SE Mechanical Circle-I inspected these equipments in the factory of Jyoti Ltd. at Borada in June 1997 and the items were received at site by the division in August 1997. But as the firm (sub-agent) had not paid the cost of the same to the principal, the latter requested (January 1998) the SE and the Chief Engineer to pay directly the cost of the two items being Rs 49.09 lakh. In February 1998, Jyoti Limited reminded the SE that the department was liable to pay the cost (Rs 49.09 lakh) as the materials were directly despatched to the worksite after inspection of the same by him in the factory. The department, however, did not accede to the demand as it already made agreement to pay the cost of the same (Rs 111.33 lakh) to the firm (sub-agent). In March 1998, the firm was paid Rs 2.40 crore which included Rs 61.22 lakh (ad interim) for these two items only.

Thus, the department had to bear the cost of 2 (two) switch boards at an enormously high price of Rs 111.33 lakh against the actual cost of Rs 49.09 lakh. Even if 10 *per cent* profit was allowed over the cost of supply the extra expenditure on this deal would be Rs 57.33 lakh.

Scrutiny (June 1998) of tender records also revealed that

(a) Although the NIT required the tenderers to quote rates of the makes - 'ABB, Siemens, Crompton, BHEL, GEC, Alstham, NGEF, Jyoti', the department received two rates of 'Jyoti' make (1st and 2nd lowest) and other two participants quoted rates without specifying the makes. The department without retendering or obtaining rates from other five/six makes, finalised the rate of 'Jyoti' make.

(b) The supply deal was finalised in February/March 1995 when the civil works were nowhere near completion and the supplied materials were lying idle at the work site since August 1997.

(c) It was not clear how the tender committee satisfied themselves of the genuineness of the lowest rate (Rs 111.33 lakh). In absence of proper scrutiny of rates, the department suffered a loss of approximately Rs 57.33 lakh.

The matter was referred to Government in July 1998; reply had not been received (November 1998).

4.8 Loss due to wrong selection of pipes

Utilisation of technically unsuitable RCC Spun pipe in an area prone to sand boiling resulted in a loss of Rs 9.56 lakh

In order to dispose sewage of Berhampore town area in Murshidabad district, Murshidabad Division engaged a contractor in March 1991 for laying 250 metre long 700 mm dia RCC Spun pipe with cement mortar joints 6 metre below an existing open drain on turn key basis at the tendered cost of Rs 14.94 lakh for completion within December 1991.

The underground soil at the work site was sandy and prone to sand boiling due to continuous percolation of sub-soil water. The adverse site condition was also mentioned in the tender schedule of work. The type of pipe (RCC Spun pipe) to be used in the work was selected and finalised by the Superintending Engineer, Eastern Circle.

The Contractor completed the work in August 1993 and was paid Rs 14.05 lakh.

During trial run of the pipeline in November 1993, leakages from cement joints at different stretches were noticed. For repair and restoration of the affected portion, the division engaged another agency in May 1994 but the pipeline could not be restored even after incurring an expenditure of Rs 1.04 lakh. Another contractor was engaged in March 1995 and was paid Rs 1.68 lakh (September 1995), yet the pipeline could not be mended. In January 1996, a Consultant was appointed to investigate the reasons for failure of the pipeline and to suggest remedial measures. The Consultant attributed the use of RCC Spun pipe with cement mortar joints in sand boiling area responsible for disjointedness of the pipeline as sand boiling exerted upward pressure which could hardly be resisted by cement sand mortar. He suggested replacement of 115 metre of pipes at different stretches by Ductile Iron pipe with flexible rubber gasket joint in place of cement mortar.

On the basis of his suggestion 115.5 metre RCC pipes at six stretches were withdrawn at a cost of Rs 0.25 lakh and laying work of Ductile pipe in these stretches were awarded to six Contractors between March, 1996 and February, 1998 at the aggregated tendered cost of Rs 23.04 lakh. The work was completed between October 1996 and April 1998 at the final cost of Rs 22.51 lakh.

Wrong selection of material for construction thus resulted in loss of Rs 9.56 lakh (cost of RCC pipe laying, repairing, withdrawal and consultant fee) besides retention of damaged and withdrawn RCC pipes valued at Rs 2.20 lakh. Reasons for selecting technically unsuitable RCC Spun pipe with cement mortar joint in sand boiling area were not available from records.

While according approval to the laying of Ductile Iron pipe, the Chief Engineer also admitted (December 1997) the fact. But no responsibility had been fixed as of May 1998.

The matter was referred to Government in July 1998; reply had not been received (November 1998).

PUBLIC WORKS DEPARTMENT

4.9 Short realisation of restoration charges

Public Works Department realises restoration charges for damage caused to roads/road flanks etc., by different public utility departments like Telephones, Water Supply, Electricity etc., during laying and repairing of their lines. The claims are preferred according to rates provided in the SOR^{*} during the time of operation. The rates are also revised by the Superintending Engineer from time to time.

Short realisation of restoration charges from Calcutta Telephone Authority for damage caused to road/road flanks for laying telephone lines had resulted in a loss of Rs 17.16 lakh

Between January and December 1997, for laying of telephone lines, the Calcutta Telephones Authority caused damages to 3963 square metre (sq.m.) of black top surface of metal roads and 11175 sq.m. of road flanks in different areas in Hooghly district. According to revised SOR effective from 1st December 1996, an amount of Rs 60.14 lakh (at the rate of Rs 649 and Rs 308 per sq.m. for black top and road flanks respectively) was required to be realised from the Telephones Authority. But contrary to these, Hooghly Division submitted a claim for Rs 42.98 lakh (based on old and pre-revised rate of Rs 484 and Rs 213 per sq.m.). No subsequent demand at revised rates was submitted by the division as of March 1998. This resulted in short realisation of Rs 17.16 lakh. Till March 1998, the Telephones Authority made an interim payment of Rs 20.78 lakh.

The Divisional Officer admitted the fact and stated (February 1998) that while claiming the charges, the current rates were overlooked inadvertently. He further stated (August 1998) that the expenditure on restoration work had been restricted to the amount realised (as per old SOR) maintaining normal specification for the work.

^{*} Schedule of Rates

The reply was not tenable in view of the fact that while the SOR increased by 35 to 45 *per cent*, it was not understood how restoration work could have been carried out on the basis of old SOR without compromising the quality of the work. No responsibility for the loss had been fixed so far (August 1998).

The matter was referred to Government in June 1998; reply had not been received (November 1998).

PUBLIC WORKS (ROADS) DEPARTMENT

4.10 Extra liability due to failure in finalising tender within the validity period

Failure to finalise tenders within the validity period resulted in an avoidable extra liability of Rs 52 lakh

Tenders were invited in March 1995 by the Superintending Engineer (SE), State Highway Circle-III for construction of a bridge over river Tangon at 16 KM of Gazole-Bamangola road in Malda district at the estimated cost of Rs 1.26 crore based on SOR* 1994-95. The lowest rate of Rs 1.39 crore (9.93 *per cent* above the estimated cost) was recommended by the SE in June 1995 for acceptance by the Tender Committee. The rate was valid for six months upto 6 September 1995. The Tender Committee recommended the offer for acceptance by the Government only in August 1995. The Public Works (Roads) Department forwarded (September 1995) the tender to the Finance Department for concurrence. As the validity of the offer had expired in the meantime, the contractor was asked by the Chief Engineer to extend its validity upto October 1995. The contractor refused to do so and the tender was cancelled (November 1995) by the Superintending Engineer.

Based on new SOR (1995-96), the estimate was revised to Rs 1.68 crore and fresh tenders were invited in January 1996. The lowest offer of another contractor for Rs 1.91 crore (13.85 *per cent* above the estimated cost) was accepted by the Government in August 1996. Work order was issued in November 1996 for completion within three years (November 1999). The work was in progress.

Failure of the department in finalising the original tender resulted in an extra avoidable liability of Rs 0.52 crore to the department and unjustified delay of more than one year in awarding the work.

Government stated (May 1998) that the rate of the lowest tenderer (9.93 *per cent* above) was hardly workable compared to high rates quoted by other tenderers and there was possibility of the contractor's failure to execute the work at this rate.

* Schedule of Rates

The reply was not tenable as this rate was recommended by the SE, Tender Committee and the Chief Engineer for acceptance by the Government.

4.11 Undue financial aid to a contractor

Payment of tender premium (36.25 per cent) over the difference of cost of materials had resulted in undue financial aid to the contractor for Rs 38.51 lakh

Construction of 22.89 KM long realignment in Pundibari - Falakata Section of National Highway-31 (package-II) was entrusted by National Highway Division-XI to a contractor at the tendered cost of Rs 10.58 crore. Following a dispute between the contractor and the department regarding the means of earthwork the Ministry of Surface Transport (MOST), Government of India, intervened and the department adopted earthwork by mechanised process and this escalated the tendered cost by more than 6.69 crore as of August 1998. Delay in acquisition of land and change of specification from five hume pipe culverts to RCC slab culvert also contributed to escalation in the tendered cost. Completion of the work had been rescheduled for December 2000.

The contract, *inter alia*, provided that prices of construction materials like cement, steel (mild/structural) etc. to be used in the work should be based at rates indicated in the SOR^{*} (i.e. base price) and in case the materials were procured by the contractor on their own at current market rates, the net difference of cost and transportation charges would be reimbursed on production of valid documents.

The following materials were procured by the contractor and utilised in the work till June 1998 and payment was also released:

Materials	Base price procured (Metric ton)	Quantity (per metric ton)	Current market (average)	Difference of cost price
		Rupees		Rupees in lakh
Cement	3649.60	1350.00	2668.00	48.10
Steel (mild)	418.83	1350.00	2680.45	5.57
	367.67	7350.00	13714.62	23.40
Steel	17.73 (structural)	7500.00	13585.00	1.08
Bitumen	357.28	3500.00	7288.86	13.54
Hume pipe	284 Nos	1169.00 (each)	2241.00 (each)	3.05
Transportation charge				11.49
Total				106.23

Scrutiny of 20th Running Account bill (paid in June 1998) revealed that while only Rs 1.06 crore was admissible being the difference

* Schedule of Rates

between basic price and current market price plus transportation charges, the contractor was paid Rs 1.45 crore (Rs 1.06 crore plus 0.39 crore being tendered premium (36.25 *per cent* above) over the difference of cost). As no tender premium over the difference of cost of materials was admissible as per terms of the contract, this resulted in an undue financial aid to the contractor for Rs 38.51 lakh.

While sanctioning the revised estimate for the work the Ministry of Surface Transport rejected (March 1996) the claim for tender premium over the difference of cost of materials.

The Divisional Officer admitted the fact and stated (June 1997) that he paid the tender premium as his predecessors did in the absence of any clarification from the Chief Engineer in this respect.

The matter was referred to Government in July 1998; reply had not been received (November 1998).

4.12 Undue financial benefit to a contractor

Acceptance of price escalation at higher rate for construction of a bridge over river Ajoy resulted in undue financial benefit of Rs 11.50 lakh to the contractor

Construction of a bridge over river Ajoy at Natunhat in Burdwan district was awarded by Burdwan Highway Division-III to a contractor in March 1993 at the tendered cost of Rs 4.85 crore for completion by June 1996. The work was completed in August 1998 and the contractor was paid Rs 8.24 crore (including price escalation Rs 1.66 crore). Delay in execution of the work and excess cost over the tendered amount was attributed mainly to the excess execution of reinforcement, strand and staging work (Rs 62 lakh) due to change of specification of bearing and expansion joints and additional work (Rs 1.11 crore) of approach road connecting to link roads under supplementary contract.

The contract provided that price escalation on labour, materials, petrol, diesel and lubricants should be paid on the basis of price index of respective items published by the Reserve Bank of India from time to time and the amount was to be worked out as per prescribed formula of the department with reference to value of work done by the contractor in the month under consideration.

Audit scrutiny revealed that the formula prescribed by the department for price escalation of materials was not favourable to Government's interest compared to the rates quoted by the contractor for the same in his tender offer of November 1991. As per department's formula, the value of work done which formed the basis of determination of price escalation included cost of departmentally supplied materials such as cement, steel, etc. whereas the contractor's offer (November 1991) excluded the cost of the said materials. The materials supplied by the

department constituted 45 *per cent* of the value of work. The department failed to note that the contractor's offer was more economical.

Till February 1998, Rs 45.88 lakh out of the total escalation amount of Rs 1.66 crore was paid to the contractor for enhanced prices of materials. Had the department accepted method of price escalation quoted by the contractor, the department would have to pay Rs 34.38 lakh as against Rs 45.88 lakh actually paid to him. This resulted in extension of undue financial benefit for Rs 11.50 lakh to the contractor.

The Divisional Officer stated (April 1998) that the Superintending Engineer, State Highway Circle-V had accepted the tender considering all aspects.

The reply was not tenable as the reasons for non-acceptance of the contractor's offer, though favourable to the department, was not furnished.

The matter was referred to Government in July 1998; reply had not been received (November 1998).

4.13 Loss of interest to Government

Failure to obtain appropriate bank guarantee from contractor resulted in a loss of Rs 11.35 lakh to the Government

Construction of a bridge over river Ichamati in North 24-Parganas district was awarded by Barasat Highway Division to a contractor in April 1996 at the tendered cost of Rs 6.84 crore (at par with the estimated cost) for completion by March 1999. Due to failure of the contractor to keep pace with the progress of work, the tender was rescinded (October 1997) with forfeiture of security money (Rs 2.12 lakh).

Audit scrutiny revealed that Rs 68.38 lakh were paid in two instalments (March 1996 and December 1996) to the contractor as mobilisation advance. According to Clause 4 of the Letter of Intent, Mobilisation advance bearing interest at the rate of 13 *per cent* per annum would be paid by the department against bank guarantee. The contractor, however, furnished bank guarantee only equivalent to advance amounting to Rs 68.38 lakh. Though interest at the rate of 13 *per cent* was payable on the advance, it remained uncovered in the bank guarantee. On rescission of the contract, bank guarantee was encashed (November 1997) for Rs 68.38 lakh and interest of Rs 11.35 lakh could not be realised from the contractor.

Thus, failure to obtain bank guarantee covering interest element along with the principal amount resulted in a loss of interest of Rs 11.35 lakh to the Government.

Government accepted the fact and stated (May 1998) that interest on mobilisation advance (Rs 11.35 lakh) would be recovered from the final bill of the contractor.

However, as of November 1998, neither any recovery was made nor the department could state the amount available for recovery though the contract was terminated in October 1997.

WATER INVESTIGATION AND DEVELOPMENT DEPARTMENT

4.14 WORKING OF WATER RESOURCES DEVELOPMENT DIRECTORATE

4.14.1 Introduction

The main functions of the Water Investigation and Development department are :

to execute minor irrigation schemes to provide irrigation water to small and medium farmers by

- (i) Sinking tubewells (HDTW, MDTW, LDTW, STW)¹.
- (ii) lifting river water by pumping system for irrigation.
- (iii) assessment of surface water resources in major basins and sub-basins and detailed investigations to assess ground water resources and suggest techniques for best utilisation of water resources (surface and ground water).

The above works are executed by two directorates viz. (i) Water Resources Development Directorate and (ii) State Water Investigation Directorate.

In addition, the Department directly oversees the execution of CAD*, as well as tank irrigation work. For the latter, funds are deposited with the District Collectors by the Government. This review mainly covered the working of Water Resources Development Directorate.

During 1995-96 to 1997-98, the Directorate spent Rs 430.86 crore against budget provision of Rs 479.73 crore on construction and repair/maintenance of minor irrigation schemes, of which Rs 250.07 crore (58 *per cent*) related to only pay and allowances and office expenses.

4.14.2 Organisational set up

The Water Investigation and Development Department is headed by a Principal Secretary. The Water Resource Development Directorate had 4 Chief Engineers (3 in-charge of project implementation and one Ex-Officio Chief Engineer-cum- Director of Personnel), supported by 10 Superintending Engineers at the Circle level and 43 Executive Engineers at the Divisional level.

The abbreviations used in this review have been listed in the Glossary in Appendix 23 (Page 212)

¹ HDTW-Heavy Duty Tube well, MDTW-Medium Duty Tube well, LDTW-Light Duty Tube well, STW-Shallow Tube well

* Command Area Development

4.14.3 Audit coverage

Records of 16³ Divisions for the period of 1995-96 to 1997-98 and those in the offices of one circle and the Chief Engineer were test checked in audit between April and June 1998. Results of audit scrutiny are given in the succeeding paragraphs.

4.14.4 Highlights

Directorate did not prepare the budget estimates on a realistic basis. During 1995-96 to 1997-98, actual expenditure was Rs 430.86 crore against the total budget provision of Rs 479.73 crore resulting in savings of Rs 48.87 crore (10 per cent).

(Paragraph 4.14.5.1)

In the absence of site accounts, material valuing Rs 16.06 crore was not traceable in records and possibility of pilferage, theft, etc. of the material could not be ruled out.

(Paragraph 4.14.5.2(b))

During 1995-96 and 1997-98, 47 percent and 54 percent of the total fund released for works was spent in the months of March indicating rush of expenditure at the year end.

(Paragraph 4.14.5.3(a))

Directorate diverted Rs 59.65 lakh from State plan fund to meet the non-plan expenditure on repair and the expenditure of a State Government Undertaking.

(Paragraph 4.14.5.3(b))

Against the 5439 minor irrigation schemes targeted for commissioning during the 3 year period (1995-96 to 1997-98), only 2942 schemes were commissioned mostly due to non-energisation.

(Paragraph 4.14.6.1)

Conventional brick built pump houses were constructed ignoring the orders of Chief Engineer for low cost prefabricated Reinforced Cement Concrete pump houses resulted in extra expenditure of Rs 51.75 lakh.

(Paragraph 4.14.6.2)

³

Barasat (A-I), Barasat (A-M), Balurghat (A-M), Berhampore (A-I)-II, Berhampore (A-M)-I, Burdwan (A-I), Calcutta (A-M) Resources, Chinsurah (A-I), Chinsurah (A-M), Malda (A-M) Resources, Malda (A-I), Malda (A-M)-II, Midnapore (A-I), Midnapore (A-M), Raiganj (A-I), Raiganj (A-M).

Irrigation potential created was significantly underutilised. The overall utilisation of irrigation potential was only 19 per cent.

(Paragraph 4.14.7.1)

Inefficient running of diesel operated schemes compared to electrically operated schemes resulted in extra expenditure of Rs 20 lakh during 1996-97. Had the pump been replaced Government could have saved Rs 36.50 lakh in three years.

(Paragraph 4.14.7.2)

In 5 divisions 75 Medium duty and Heavy duty tubewell schemes remained inoperative for want of repair and maintenance and 6000 hectares of land could not be irrigated per year.

(Paragraph 4.14.8)

Water rates realised from the beneficiaries ranged between 5 and 6 per cent of the operation and maintenance cost of the schemes.

(Paragraph 4.14.9.2(b))

Unplanned and unnecessary procurement of materials resulted in blocking of capital of Rs 3.15 crore.

(Paragraph 4.14.10.1)

Materials worth Rs 15 lakh issued to 3 contractors for drilling tubewells were not recovered though they left the site leaving the works undone.

(Paragraph 4.14.10.2)

Non-replacement of transformer and high tension line resulted in unproductive expenditure of Rs 1.54 crore on pay and allowances of the staff attached to the schemes.

((Paragraph 4.14.11.2(a))

The mechanical workshops at Berhampore and Raiganj were not functioning and Rs 20.19 lakh were spent on pay and allowances of the staff who had no work.

((Paragraph 4.14.11.2(b))

Unauthorised retention of 21 hired vehicles resulted in unauthorised expenditure of Rs 33.88 lakh.

(Paragraph 4.14.12)

Delays in payment of electricity bills of Minor Irrigation Schemes by the Divisional Officers entailed payment of additional surcharge of Rs 13.35 lakh.

(Paragraph 4.14.13.1)

Materials (mainly diesel) valuing Rs 81.41 crore procured through DGS&D rate contract remained unaccounted for.

(Paragraph 4.14.13.2)

Important control registers like Plant and Machinery Register, Allotment Register, Scheme Register in proper format, etc. were not maintained by working divisions.

(Paragraph 4.14.13.3)

Evaluation studies assessing the performance of the scheme and its impact on agricultural productivity was not made.

(Paragraph 4.14.14)

4.14.5 Financial management and control

4.14.5.1 Budgetary performance

The details of budget provision vis-a-vis expenditure during the years 1995-96 to 1997-98 were as follows :

Year	Budget Provision				Actual expenditure				Savings(-)/Excess(+)			
	Plan			Non Plan	Plan			Non Plan	Plan			Non Plan
	State	RIDF -I	RIDF -II		State	RIDF -I	RIDF -II		State	RIDF -I	RIDF- II	
	(Rupees in crore)											
1995-96	9.28	12.34	--	88.90	4.73	12.34	--	90.92	(-) 4.55	--	--	(+)2.02
1996-97	0.46	59.00	--	104.41	1.82	48.01	--	102.56	(+) 1.36	(-) 10.99	--	(-)1.85
1997-98	6.55	7.43	64.34	127.02	7.89	5.85	2.25	154.49	(+) 1.34	(-) 1.58	(-) 62.09	(+)27.47
Total	16.29	78.77	64.34	320.33	14.44	66.20	2.25	347.97	-	-	-	

Under RIDF-I*, there was a savings of Rs 10.99 crore during 1996-97 on account of slow progress of work mainly due to non-energisation of schemes. Under non-plan, the excess expenditure of Rs 27.47 crore during the year 1997-98 was attributed by the department to recruitment of different categories of staff in 1997-98. Government did not inform how fresh recruitment was undertaken in the extended

1. Rural Infrastructure Development Fund.
2. National Bank for Agriculture and Rural Development (NABARD) sanctioned loan assistance for completion of incomplete work of West Bengal Minor Irrigation Project and completion of incomplete work of State Plan under RIDF - I from 1995-96 and RIDF - II for taking up new schemes from 1997-98

period of RIDF-I towards the closure time of the scheme and how excess expenditure was incurred beyond budget provision. Under RIDF-II, no work was taken up in 1997-98 against the budget provision of Rs 64.34 crore except advance procurement of materials for a value of Rs 2.25 crore due to non-finalisation of modalities of realisation and adjustment of beneficiaries' contribution of 15 per cent of the project cost by the Finance Department.

4.14.5.2 *Incorrect booking of expenditure*

(a) Calcutta (AM) Resource Division made advance payment of Rs 27.42 crore during August 1996 to March 1998 to WBSEB* without keeping any details of the schemes against which advance payments were made and debited the same to the final head of the relevant work. Consequently, the books of accounts did not reflect the true state of affairs.

The Chief Engineer stated (October 1998) that advance was deemed to have been adjusted as and when the installations were energised and for this, joint monitoring with WBSEB had been done regularly. Reply of the Chief Engineer was not tenable as the actual amount was to be recorded on the basis of adjustment vouchers and with reference to execution of specific schemes. Details of the schemes against which the advances were made and actual energisation thereagainst could not be furnished by the Directorate to Audit. The efficacy of joint monitoring stated to have been conducted with WBSEB was questionable.

(b) During 1995-96 to 1997-98, the Directorate procured materials valued at Rs 30.38 crore and booked the same against final head of work/schemes. Further, materials worth Rs 9.25 crore (including those procured earlier under World Bank Project) were lying in stock as of March 1998 in 5 divisional[†] stores resulting in overstatement of expenditure by Rs 9.25 crore.

Chief Engineer stated (October 1998) that since cost of materials were not booked by the field executing divisions, no overstatement of expenditure had occurred. The reply was not tenable since the materials were booked to final head of works immediately on purchase by both the resources divisions[‡] and remained unused. Hence expenditure on works was overstated to the extent of Rs 9.25 crore.

As the expenditure was booked against final head of account, the executing divisions were required to maintain site accounts indicating receipts, issue and balance of materials.

* West Bengal State Electricity Board

[†] Calcutta (AM) Resources, Malda (AM) Resources, Malda (AM) II, Malda (AI) and Midnapore (AM).

[‡] Calcutta (AM) Resources and Malda (AM) Resources.

Site accounts for materials worth Rs 16.06 crore not maintained leaving scope for pilferage, theft, etc

Test-check of 14 divisions¹¹ revealed that materials worth Rs 16.06 crore were received by them during 1995-96 to 1997-98 but no site accounts of the same were maintained. As a result, the whereabouts of the materials could not be traced in records and consequently, the possibility of pilferage, theft and loss of material could not be ruled out.

The Chief Engineer stated (October 1998) that Executive Engineers were being pursued to maintain proper site accounts.

4.14.5.3 Control over expenditure

(a) Rush of expenditure in March and payments made to avoid lapse of budget

On the basis of monthly release of fund by the Finance Department, the Directorate issues LOC^{*} each month for meeting the works expenditure. Records of test checked divisions revealed that, there was rush of expenditure in the last quarter and particularly in the month of March as shown below :

Year	LOC during the whole year		LOC during the last quarter		LOC released during March		Amount drawn and kept in departmental chest	LOC remaining unutilised	Percentage of expenditure in March with reference to total expenditure
	(R u p e e s i n c r o r e)								
	Released	Expenditure	Released	Expenditure	Released	Expenditure			
1995-96	25.99	35.54	12.38	18.64	8.07	16.53	0.35	0.87	47
1996-97	63.44	63.60	25.09	35.67	8.24	13.99	0.22	5.90	22
1997-98	38.33	39.11	15.83	26.41	12.36	21.02	0.18	3.43	54
Total	127.76	138.25	53.30	80.72	28.67	51.54	0.75	10.20	

Out of Rs 53.30 crore of LOC received in the last quarter, Rs 28.67 crore (54 *per cent*) were issued in March. Similarly, against the total expenditure of Rs 80.72 crore in the last quarter, expenditure of Rs 51.54 crore (64 *per cent*) was incurred in the month of March.

Excess expenditure of Rs 27.42 crore over the LOC received in the last quarter was possible *inter alia* because of revalidation of unspent LOC by the Finance department.

Calcutta (A-M) Division (Central Stores Division) made advance payment of Rs 4.62 crore in March 1998 to WBSEB towards energisation of different minor irrigation schemes. Though the Central Stores Division was not an executing division, it had borne the

¹¹ Balurghat (A-M), Barasat (A-I), Barasat (A-M), Berhampore (A-I)-II, Berhampore (A-M)-I, Burdwan (A-I), Chinsurah (A-I), Chinsurah (A-M), Malda (A-I), Malda (A-M)-II, Midnapore (A-M), Midnapore (A-I), Raiganj (A-M) and Raiganj (A-I).

* Letter of Credit

energisation cost of schemes on behalf of executing divisions only with a view to avoid lapse of LOC.

The division also procured materials valued at Rs 2.25 crore in March 1998 for execution of schemes under RIDF-II even though the schemes under RIDF-II had not yet been finalised (March 1998). This was done to avoid lapse of budget grant.

In both the cases the expenditure was debited to the final head of respective schemes, thereby vitiating budgetary control by the Legislature.

(b) Diversion of fund

Plan funds amounting to Rs 59.65 lakh diverted for other purposes

(i) Calcutta (A-M) Resources Division paid Rs 40.50 lakh during 1995-96 and 1996-97 from State Plan fund to West Bengal State Minor Irrigation Corporation Limited to discharge their own liability.

(ii) Malda (A-I) Division incurred an expenditure of Rs 19.15 lakh during 1997-98 from State Plan fund to discharge liability on account of flood damage repair to be met from non-plan fund.

(c) Contingency expenditure

Nine⁶ divisions incurred office expenses by drawing cheques from works budget as shown below:

Year	Allotment	Actual expenditure	Excess over allotment through diversion of fund
	(Rupees in lakh)		
1995-96	8.73	9.57	0.84
1996-97	11.09	14.82	3.73
1997-98	8.58	12.8	4.23

(d) Avoidable interest liability

Delayed processing of bills led to extra liability of Rs 8.28 lakh

As per terms of the loan agreement with NABARD[†], the Chief Engineer was liable to pay an additional interest at the rate of 13 *per cent* per annum for delayed payment of stipulated interest on the loan amount. As it failed to pay stipulated interest of Rs 7.53 crore on due date on account of delay on processing bills at different stages an additional interest liability of Rs 8.28 lakh had to be borne.

The Chief Engineer stated (October 1998) that the Finance Department was responsible for delay in making payment of the interest.

Balurghat (A-M), Burasat (A-I), Berhampore (A-M)-I, Calcutta (A-M) Resources, Chinsurah (A-M), Midnapore (A-I), Midnapore (A-M), Raiganj (A-M) and Raiganj (A-I).

[†] National Bank for Agriculture and Rural Development

4.14.6 Programme implementation

4.14.6.1 Target vis-a-vis achievement

(a) A Minor Irrigation Scheme has 4 different components- (i) construction of pump house (ii) pipeline (iii) internal wiring and (iv) energisation. Componentwise targets and achievements in respect of the above sub-components executed during the period 1995-96 to 1997-98 under RIDF-I were as under:

Nature of structure	Target				Achievement				Shortfall			
	PH	PL	IW	EN	PH	PL	IW	EN	PH	PL	IW	EN
Agri-Irrign												
HDTW	71	298	208	248	71	292	203	218	--	6	5	30
MDTW	29	110	79	125	29	108	78	119	--	2	1	6
LDTW	395	--	1067	1252	395	--	904	972	--	--	163	280
STW	2084	--	3245	3489	1890	--	2893	1443	194	--	352	2046
Agri-Mech												
RLI	127	167	316	325	125	155	292	190	2	12	24	135
Total ::	2706	575	4915	5439	2510	555	4370	2942	196	20	545	2497
Percentage shortfall componentwise									7	3	11	46

PH Pump House
PL Pipe Line
IW Internal Wiring
EN Energisation

HDTW-Heavy Duty Tube well
MDTW-Medium Duty Tube well
LDTW-Light Duty Tube well
STW-Shallow Tube well
RLI-River Lift Irrigation

b) Component-wise achievements as indicated above, however, do not reflect the correct picture of achievement, since a scheme is treated as completed only after execution of different components including its energisation. The position of schemes targeted and completed with relation to their energisation during 1995-96 to 1997-98 under RIDF-I was as follows:

Name of structure	Target	Achievement	Percentage of Shortfall
Agri-Irrigation			
HDTW	248	218	12
MDTW	125	119	5
LDTW	1252	972	22
STW	3489	1443	49
Agri-Mechanical			
RLI	325	190	42
Total	5439	2942	46

The table indicates that there was considerable mismatch between energisation of the schemes *vis-à-vis* completion of other components. As a result, no benefit of the completed irrigation facilities was actually available.

Department attributed (October 1998) the huge shortfall (46 *per cent*) in energisation/completion of the schemes to the slow pace of work by the WBSEB.

However, audit scrutiny revealed total absence of any monitoring mechanism at Chief Engineer's level to be one of the main contributory factors. Chief Engineer stated (October 1998) that monthly meetings were held between Superintending Engineers and Chief Engineers to review the progress and performance appraisal of schemes. However, such discussion failed to produce any tangible effect.

4.14.6.2 Extra expenditure

The Directorate constructed conventional brick built small pump houses till 1991 to house pump sets connected to shallow and low capacity tubewells. The Chief Engineer instructed (April 1992) the executing divisions to construct prefabricated RCC pump houses as the RCC structures were more economical, durable and could be erected, dismantled and transported easily.

Adoption of costlier method of construction of pumphouse had resulted in extra-expenditure of Rs 51.75 lakh

Test check of records revealed that 4 Agri-Irrigation divisions (Raiganj, Malda, Chinsurah and Barasat) constructed 928 brick-built pump houses (1992-93 to 1996-97) at a total cost of Rs 1.60 crore. Cost of construction of each brick-built pump house varied between Rs 15 thousand and Rs 19 thousand whereas that of prefabricated pump house varied between Rs 11 thousand and Rs 13 thousand each. Non-implementation of departmental instructions by these divisions resulted in extra expenditure of Rs 51.75 lakh in construction of 928 brick built pump houses.

4.14.7 Irrigation

4.14.7.1 Shortfall in irrigation

The command area of each HDTW and RLI Scheme is fixed on the basis of installed capacity of pumpsets. The command area of HDTW and RLI Scheme was fixed at 80 hectares and 160 hectares respectively based on the double cropping pattern.

Utilisation of irrigation potential created ranged between 13 and 37 *per cent* only

Test-check of 1355, 1216 and 906 schemes during 1995-96, 1996-97 and 1997-98 respectively in six districts indicated that irrigation potential created for double cropping in a year was grossly underutilised and ranged between 13 and 37 *per cent* and total overall irrigation potential to the extent of 19 *per cent* only was utilised (Appendix 16).

Irrigation potential fixed for even a single crop could not be achieved.

Two divisions (Malda and Burdwan) attributed the failure to achieve the target to scarcity of rainfall, frequent breakdown and theft of

machinery and non-interest of cultivators. Barasat (A-M) Division admitted that poor and inefficient water management were responsible for such failure.

Chief Engineer admitted (October 1998) the lower efficiency of the Minor Irrigation Schemes run by the Directorate and stated that the concept of Participatory Irrigation Management (PIM) had been introduced.

4.14.7.2 *Extra expenditure on diesel operated schemes*

Excess expenditure of Rs 20 lakh incurred for operation of old and low efficiency diesel pumpsets

Test-check of Machine Log Books, Irrigation Log Books and other connected records for the year 1996-97 in respect of 82 electrically operated and 87 diesel operated R.I.I schemes in 5 divisions⁷ revealed that electrically operated pumpsets irrigated 2075 hectares of land in 89 thousand hours whereas the diesel pump sets irrigated 2075 hectares of land in 1.5 lakh hours. Thus, even though the installed capacity of the diesel and electrical pump sets were identical, diesel pump sets were operated 66.4 thousand extra hours for achieving the same output. An extra expenditure of Rs 20 lakh therefore was incurred on excess consumption of fuel in 87 schemes in one year.

Chief Engineer stated (October 1998) that diesel engines were mostly old and running with poor efficiency.

Chief Engineer, however, did not furnish any reasons for non-replacement of old pumpsets. As the replacement cost of these 87 pumpsets was approximately Rs 23.50 lakh only, the Directorate could have easily saved Rs 36.50 lakh over the 3 year period.

4.14.8 *Maintenance/repair of minor irrigation installation*

Directorate incurred an expenditure of Rs 101.75 crore during 1995-96 to 1997-98 on repair/maintenance of pump sets, machineries, surging of tube wells and also for mending of pipe lines. Test check of 5 divisions revealed that in spite of above expenditure huge minor irrigation schemes remained inoperative in the absence of proper repair/maintenance as per details shown below :

Name of Division	No. of DTW/ HDTW remained inoperative	Year since inoperative (Between)	Reasons
1. Burdwan (A-I)	29	1991-1996	Chocked tube wells
2. Malda (A-I)	27	1989-1996	2 - Chocked. 25 - Theft of transformer/motors.
3. Raiganj (A-I)	11	1997	9 - Motor burnt starter defect. 2 - Theft of transformer and electrical wiring.
4. Midnapore (A-I)	7	1996	Chocked of tube wells.
5. Chinsurah (A-M)	1	1990	Theft of spare parts.
	75		

⁷ Balurghat (A-M), Barasat (A-M), Midnapore (A-M), Malda (A-M)-II and Raiganj (A-M).

It would be evident from the above that 75 schemes remained inoperative since 1990 to 1997 in the absence of repair/maintenance. Non-operation of these schemes resulted in loss of irrigation of 6000 hectares of land per year

4.14.9 Water rates-imposition and collection

4.14.9.1 Non-imposition of development levy

Development levy was to be collected from all beneficiaries within the command area of the scheme, but no such collection was being done. The Water Investigation and Development Department did not issue any notification for demarcating the command area under each scheme.

Chief Engineer stated (October 1998) that in the absence of rules such levy could not be imposed. This was not tenable as the State Tubewells and Lift Irrigation Act, 1974, provided such collection.

4.14.9.2 Collection of water rates

(a) Water rates as fixed by the Government was last revised in 1984. Till July 1998, no revision of the same was made and accordingly water rates fixed 14 years ago were still in vogue.

(b) Revenue vis-a-vis operation cost

Test check of records of 7 divisions⁸ revealed that water rates actually realised was far below the operating cost of the schemes, details of which were as under:

Year	Revenue (Water rates)	Operation and maintenance (O&M) cost	Percentage of water rates realised over O&M cost
	(Rupees in crore)		
1995-96	1.08	20.38	5
1996-97	1.12	17.97	6
1997-98	0.79	14.01	6

Underutilisation of potential created and non-revision of rates since 1984 were important reasons for low revenue.

(c) Unrealised water rates

The beneficiaries/cultivators were to deposit water rates for availing irrigation facilities, in advance to the Block Development Officer according to the nature of crop to be cultivated. But Directorate continued to supply water to the beneficiaries without levy and collection of water rates and as a result water levy of Rs 85.24 lakh remained unrealised as of March 1998 in 10 test checked divisions⁹.

⁸ Balurghat (A-M), Chinsurah (A-M), Malda (A-M), Malda (A-I), Midnapore (A-I), Raiganj (A-I), and Raiganj (A-M).

⁹ Barasat (A-M), Barasat (A-I), Berhampore (A-M), Burdwan (A-I), Chinsurah (A-M), Midnapore (A-M), Midnapore (A-I), Malda (A-M)-II, Raiganj (A-I) and Raiganj (A-M).

Water rates realised was only 6 per cent of operation and maintenance cost

4.14.10 *Material management*

4.14.10.1 *Blocking of capital*

Excess procurement of materials resulted in blocking up of fund of Rs 3.15 crore

Test-check of records of Resources Divisions disclosed that ERW* pipes of 37844 metres valued at Rs 2.69 crore and other materials e.g. CI pipes, pumps, spares, PVC accessories worth Rs 45.58 lakh procured between 1989 to 1995 for execution of work under World Bank Minor Irrigation Project (WBMP), remained unutilised at the end of March 1998. These pipes were required to be utilised in boring/sinking of tubewells. As no fresh boring work was undertaken by the Directorate since 1995-96 due to completion of tenure period (1985-86 to 1993-94) of World Bank Project, the pipes and spares became surplus. Unplanned procurement without co-relating with work programme, thus, resulted in blocking of capital of Rs 3.15 crore.

Chief Engineer stated (October 1998) that the materials could not be utilised in view of non-achievement of target under WBMP during its tenure. These materials could be used in redrilling of tubewells. The reply was not tenable since utilisation of these materials in redrilling works had not been assessed.

4.14.10.2 *Non-return of materials*

Materials worth Rs 14.92 lakh had not been returned by contractors

Two divisions (Barasat and Burdwan A-1) issued 16410.69 metres of ERW pipes to 3 contractors for execution of 136 IDTWs and 53 MIDTWs in 3 districts¹² during 1986-87 to 1989-90. The contractors left the site, without returning the unutilised materials valued at Rs 14.92 lakh. The Chief Engineer did not initiate any action against them.

4.14.11 *Human resources management*

4.14.11.1 *High Administrative Cost*

During 1995-96 to 1997-98, the administrative costs of the Directorate were substantial as shown below :

Year	Administrative cost ¹³	Works cost	Total cost	Percentage of administrative cost to total cost	Percentage of administrative cost to works cost
	(Rupees in crore)				
1995-96	61.20	46.79	107.99	57	131
1996-97	73.55	78.84	152.39	48	93
1997-98	115.32	55.17	170.49	68	209

* Electrically Rolled and Welded

¹² Birbhum, Burdwan and North 24-Parganas.

¹³ Administrative cost consists of staff salary and office contingencies

The overhead cost increased from 48 *per cent* during 1996-97 to 68 *per cent* during 1997-98. The high administrative cost was attributable to less works undertaken by the Directorate during 1997-98. Chief Engineer stated (October 1998) that fresh recruitment of 160 Sub-Assistant Engineers, 29 Assistant Engineers and other category of staff was made during 1997-98. As a result, establishment cost increased substantially.

4.14.11.2 *Idle manpower*

(a) Fifty four deep tubewell schemes in 5 districts (Burdwan-13, Hooghly-10, Malda-15, Midnapore-9, North 24 Parganas-7) test checked, remained inoperative for 2 to 18 years due to theft of transformer, high tension line, etc. The divisions had not restored those schemes after replacement of stolen materials.

Wasteful expenditure of Rs 1.54 crore was incurred for retention of 81 Idle staff

In view of non-operation of those schemes, 44 Operators and 37 Assistant Operators (Barasat AI-5 Operators, 4 Assistant Operators, Burdwan AI-10 Operators, 7 Assistant Operators, Chinsurah AI-8 Operators, 10 Assistant Operators, Malda AI-12 Operators, 8 Assistant Operators, Midnapore AI-9 Operators, 8 Assistant Operators) attached to these schemes remained idle and an expenditure of Rs 1.54 crore towards their pay and allowances became totally unproductive.

(b) Two district workshops, one at Berhampore and another at Raiganj remained non-functional since inception, or had a negligible work load.

Non-utilisation of two workshops had led to idle expenditure of Rs 20.19 lakh on pay and allowances

However, the staff in these two workshops were not re-deployed or transferred. Thus, retention of 15 staff in district workshops without work resulted in unproductive expenditure of Rs 20.19 lakh during the year 1995-96 to 1997-98 towards pay and allowances of staff.

4.14.12 *Utilisation of vehicles*

There were 95 departmental and 37 hired vehicles in the Directorate. Records of the divisions test checked revealed the following irregularities:

(i) Approval of the Government for hiring of 21 vehicles by Executive Engineers of 8 divisions¹⁴ during the period from 1995-96 to 1997-98 was not obtained which resulted in unauthorised expenditure of Rs 33.88 lakh.

(ii) Raiganj (A-1) Division incurred an unauthorised expenditure of Rs 3.24 lakh towards hired vehicle of Superintending Engineer (A-1), Raiganj (A-1) Circle. The expenditure was booked to repair/maintenance of Minor Irrigation scheme which was irregular.

Balurghat (A-M), Burdwan (A-I), Malda (A-I), Malda (A-M) Resources, Malda (A-M)-II, Midnapore (A-M) Raiganj (A-I) and Raiganj (A-M).

4.14.13 Other points of interest

4.14.13.1 Avoidable payment of electricity charges

Extra expenditure of Rs 13.35 lakh due to delay in payment of electricity bill

Six divisions defaulted in payment of electricity bills within due dates. As a result, they did not avail of the benefit of rebate for timely payment and were liable to pay delayed payment surcharge. This resulted in an extra expenditure of Rs 13.35 lakh.

4.14.13.2 Non adjustment of purchases made through DGS&D

Non-adjustment of AG's advice memos resulted in short accounting of Rs 81.41 crore

As per records maintained in the office of the Principal Accountant General (A&I), AG's Memo to the extent of Rs 81.41 crore for materials (mainly diesel) purchased through [†]DGS&D's rate contract prior to 1995-96 remained outstanding till March 1998 against different divisions. Test-check of 16 divisions disclosed that AG's Memos for Rs 35.69 crore were lying unadjusted as of March 1998. Further, in 4 divisions[‡] there was difference of Rs 6.79 crore between the figures booked in AG's office and that shown in the divisional records in respect of outstanding AG's Memo.

Chief Engineer stated (October 1998) that Government had been moved for special provision of fund in the budget for adjustment.

4.14.13.3 Non-maintenance of accounts records

The following records were not maintained in the divisional offices:

- (i) Scheme register in proper format indicating details of scheme (14 divisions)
- (ii) Plant and machinery register (14 divisions)
- (iii) Theft case register (8 divisions)
- (iv) Register of scraps (14 divisions)
- (v) Allotment register (14 divisions)

The Chief Engineer stated (October 1998) that the Executive Engineers had been instructed to maintain the registers.

4.14.13.4 Non-reconciliation of issue of cheques/remittances

In terms of paragraph 22.3 of Central Public Works Accounts Code, soon after the expiry of the month a monthly settlement should be effected with all treasuries in respect of transactions made by the division and a Certificate of Treasury Issues and Consolidated Treasury Receipts obtained from the Treasury Officer in respect of

[†] Director General of Supplies and Disposal

[‡] Barasat (A-M), Chinsurah (A-M), Malda (A-M), Raiganj (A-I)

cheques drawn by that division and for payment made into treasuries respectively.

Scrutiny of records of the test-checked division revealed that Certificate of Treasury Issues and Consolidated Treasury Receipts were in arrears since 1971-72 for want of effective steps by the Divisional Officers. In the absence thereof, the possibility of serious irregularities like fraud, misappropriation, etc. could not be ruled out.

Chief Engineer stated (October 1998) that the Executive Engineers were regularly pursued to get the Certificate of Treasury Issues and Consolidated Treasury Receipts updated. Reply is not tenable as there is no evidence of improvement in the outstanding position.

4.14.13.5 *Response to Audit*

The position of outstanding audit IRs[†] and Paragraphs at the end of 31 March 1997, 31 March 1998 and 30 September 1998 was as follows:

		Position as on		
		31 March 1997	31 March 1998	30 September 1998
(a)	Number of IRs	298	329	296
(b)	Number of Paragraphs	755	887	725

No meeting of the Audit Committee was held during the year 1995-96 to 1997-98.

Further, replies to 8 paragraphs of the Audit Report for the years 1987-88 to 1996-97 selected for discussion were not received from Government for which the same could not be discussed by the Public Accounts Committee.

Chief Engineer stated (October 1998) that action was being taken for early disposal of Broad Sheet reply and settlement of outstanding objections through regular pursuance with Superintending Engineers who had been asked to look personally in the matter.

4.14.14 *Performance appraisal*

Performance reports of the schemes were periodically submitted to the Chief Engineer by the field offices. The Additional Chief Engineer (Research and Development) was required to assess the efficiency of the schemes and its impact in increasing agricultural productivity. No such assessment was carried out. Consequently, performance of the Chief Engineer in fulfillment of its objectives of increasing agricultural production by utilising irrigation potential created through minor irrigation schemes could not be assessed.

The matter was referred to Government in August 1998; reply had not been received (November 1998).

[†] Inspection Reports

4.15 Avoidable expenditure on transportation of PVC pipes

Delivery of PVC pipes and accessories taken first at Central Store and issued thereafter to executing divisions instead of taking direct delivery to executing divisions nearer to manufacturing units led to avoidable expenditure of Rs 11.18 lakh on their transportation

Superintending Engineer, Calcutta Agri-Mechanical Resources Circle procured PVC pipes and accessories in 1995-96 and 1996-97 for issue to different executing divisions from two manufacturing firms of Siliguri and Dankuni. Though the executing divisions were located nearer to the manufacturing units (Jalpaiguri and Raiganj to Siliguri unit and Berhampore and Krishnanagar to Dankuni unit), materials were taken delivery first at Malda store and thereafter sent to the different divisions at Jalpaiguri, Raiganj, Berhampore and Krishnanagar.

Audit scrutiny revealed that 305628 metres of different sizes of PVC pipes and fittings received in Malda store between March and September 1996 were transported to Jalpaiguri (56418 metres), Raiganj (213114 metres), Berhampore (29922 metres) and Krishnanagar (6174 metres) involving additional expenditure of Rs 11.18 lakh on transportation of these materials between October and December 1996.

Had the suppliers been instructed to supply the materials directly to the executing divisions, an extra expenditure of Rs 11.18 lakh on their transportation could have been avoided.

The matter was referred to Government in March 1998; reply had not been received (November 1998).

4.16 Extra expenditure due to delay in finalisation of tenders

Failure to finalise tenders within the validity period resulted in an extra expenditure of Rs 10.34 lakh

Burdwan Agri-Irrigation Division invited tenders (October 1993 and March 1994) for laying underground PVC pipeline (to be supplied by the Department) in Burdwan and Birbhum districts. However, indenting of material was done in February 1994 only.

Due to delay in receipt of pipes, the tenders were ultimately accepted and work orders issued in May 1995 (after expiry of validity period), but the contractors refused to execute the work on the ground of escalation of cost in the meantime. All the tenders were cancelled in June 1996.

Based on current SOR[↓] (1996-97), fresh tenders were invited in December 1996 and the works were awarded at the aggregated tendered cost of Rs 59.67 lakh. The works were completed between March and September 1997 at the total cost of Rs 52.78 lakh.

[↓] Schedule of rates

Had the materials been procured timely the works could have been completed at a cost of Rs 42.44 lakh by the original contractors at old rates. Delay in placement of order and supply of materials thus resulted in extra expenditure of Rs 10.34 lakh.

The matter was referred to Government in June 1998; reply had not been received (November 1998).

CHAPTER V-STORES AND STOCK

HOME (POLICE) DEPARTMENT

5.1 Procurement of rationed and non-rationed articles supplied to police personnel

5.1.1 Acceptance of tender for purchase of mustard oil on extraneous grounds

Acceptance of tender in violation of conditions of notice inviting tenders

During 1995-96 and 1996-97, Commissioner of Police, Calcutta purchased 9059.40 quintals of mustard oil (Sudham brand) valued at Rs 3.72 crore from CPFWC⁺.

Scrutiny revealed that the CPFWC did not submit Food Licence Certificate and up to date Income Tax Clearance Certificate during these years as was required under the Notice Inviting Tender. Further, a fixed deposit receipt of Rs 3 lakh in support of earnest money, submitted with tender was not pledged in favour of the Commissioner of Police, Calcutta. Thus, the tender submitted by the supplier was *ab-initio* defective and incomplete and was not to be considered.

A contract of Rs 3.72 crore was awarded to CPFWC though the Tender Selection Committee did not recommend them

The tenders for the years 1995-96 and 1996-97 of CPFWC were finalised by a Tender Selection Committee comprising three Deputy Commissioners of Police. The Tender Selection Committee did not recommend 'Sudham brand' offered by CPFWC as the rate was the highest and they being the sole tenderer for this brand, comparison with market rate was not possible. It recommended two other brands for 1996-97. However, the Joint Commissioner of Police (O) emphasised (January 1997) that they were bound to accept 'Sudham brand' and proposed that CPFWC being the sole tenderer, there was no basis for rejection of the offer as this brand had been accepted at a higher rate in the previous year also. The Commissioner of Police, Calcutta accepted this recommendation in January 1997. The above contentions were not tenable for the following reasons:

- (i) Allowing higher rate in the previous year could not be a ground of acceptance of high rates as tender was invited to obtain competitive rate.
- (ii) Acceptance of a particular brand i.e. 'Sudham brand' on the basis of single tender ignoring other brands on grounds of its earlier acceptance was against the principle of competitive bidding.
- (iii) The cost of 'Sudham brand' being supplied from Jaipur, Rajasthan would involve transportation charges, which was an avoidable element of cost.

⁺ Calcutta Police Family Welfare Centre

Thus, the tenders of CPFWC for Rs 3.72 crore during 1995-96 and 1996-97 were accepted on extraneous grounds and involved unjustified excess expenditure of Rs 25.52 lakh.

5.1.2 Extra Expenditure of Rs 59.23 lakh due to purchase of sugar from open market

Rs 59.23 lakh was spent extra on purchase of sugar from open market

Sugar at the rate of 300 gms per head per week was to be supplied to police personnel through Police Ration Stores. As per Government order of 1966, procurement of ration commodities like rice, wheat and sugar was to be made through Food and Supplies Department from FCI^{*}. Instead, a portion of sugar was purchased by most offices from open market as a matter of routine by inviting open tenders without ascertaining if FCI was in a position to supply the same. As such, an extra expenditure of Rs 59.23 lakh during 1994-97 was incurred due to purchase of sugar from open market, as detailed below :

Name of the office	Period of purchase	Quantity purchased in quintal	FCI Rate (Rupees per quintal)	Extra expenditure (Rupees in lakh)
1. SP, 24 pgs (N)				
Barrackpore store	4/94 to 6/95	1210.00	905.00	5.15
Barasat store	4/94 to 6/95	1197.00	905.00	5.36
2. Commandant SAP	1/96 to 12/96	312.00	891.70	1.68
Barrackpore 2nd Bn.,	1/97 to 3/97		1036.70	
1st Bn.	4/96 to 12/96	978.00	891.70	5.99
3rd Bn.	4/96 to 12/96			
6th Bn.	4/96 to 12/96			
8th Bn.	4/96 to 12/96			
Police Training School	4/96 to 12/96			
3. SP, Howrah	4/96 to 3/97	1156.48	905.00	5.25
4. SP, Jalpaiguri	7/92 to 12/92	99.50	690.00	1.43
	1/93 to 12/93	250.91	830.00	0.90
	2/94 to 9/96	666.73	905.00	3.35
5. Calcutta Police	4/96 to 3/97	2085.92	905.00	30.12
		7956.54		59.23

It was noticed that SP[†] Burdwan was able to save an amount of Rs 33.39 lakh during the period from October 1994 to March 1997, by procuring the full requirement of sugar i.e. 6300 quintals from FCI at Government rate since October 1994.

DG and IG[‡] of police, West Bengal and Commissioner of Police, Calcutta stated (March 1998) that as per Government orders, FCI was supposed to supply rationed sugar only and non-rationed sugar was to be purchased from open market. However, no such Government orders were furnished to Audit and the Government order 1966 did not mention such a condition.

* Food Corporation of India

† Superintendent of Police

‡ Director General and Inspector General

5.1.3 Drawal of ration against fake ration cards

Government sustained a loss of Rs 76.18 lakh due to supply of ration against fake ration cards during 1980-97

For procurement, distribution and storage of rationed and non-rationed articles, the department maintained Ration Stores headed by the Store Manager under the overall control of Deputy Commissioner of Police in case of Calcutta Police and Superintendents of Police/Commandants of SAP¹ in case of district police. Out of 55 Ration Stores (20 in Calcutta and 35 in districts), records of 7 Ration Stores (3 in Calcutta and 4 in districts) were test-checked during January 1998 to April 1998.

Scrutiny revealed that Government sustained a loss of Rs 76.18 lakh due to supply of ration against fake ration cards during January 1980 to March 1997 in 3443 units, details of which are given in Appendix 17. Out of seven cases listed in the Appendix, three cases involving 764 cards were detected in audit between May and December 1997 as discussed below. For Barrackpore Ration Store the number of Ration Cards was not available.

- (1) Ration Store, Birbhum Scrutiny of quarterly statements (A to G) furnished by the SP, Birbhum to the Police Directorate for the period October 1995 to March 1997 along with the actual strength of police personnel i.e. men-in-position, revealed that the number of ration cards of the district force (from constable to sub-inspector) other than the wireless force was more than men-in-position by 308 members resulting in issue of excess quantity of rationed and non-rationed articles valued at Rs 5.34 lakh to 308 fake card holders.
- (2) Ration Store, Barrackpore In November 1994, the Rationing Inspector of Food and Supplies Department detected that 26 units of ration, which were to be cancelled long before, were not recorded in the Non-Drawal Register as required. Rationed and non-rationed articles were issued against these fake units for 254 weeks. Scrutiny of records of the Ration Store by Audit revealed excess drawal of ration against 52 units for 254 weeks and 996 units for 38 weeks. The loss to the Government on account of excess drawal was Rs 10.74 lakh.
- (3) Ration Store, Calcutta Police The Inspector of the Food and Supplies Department cancelled (April 1995) 210 ration cards but reasons for such cancellation and the names of the concerned police personnel were not recorded in his Inspection Note. Scrutiny of the Non-Drawal Register (December 1997) showed that out of 210 ration cards, 146 cards were cancelled without assigning any reason while in the remaining cases reasons were recorded as "due to retirement, remarriage or promotion". Obviously, these 146 cards were fake as no renewal/revalidation was

¹ State Armed Police

made against these. Due to issue of rationed and non-rationed articles to these 146 fake card holders, Government suffered a loss of Rs 2.47 lakh per year.

An investigation taken up by the EB^{*} of Calcutta Police revealed that out of 204 ration cards cancelled during 1994 in Ration Store No ES 29(P), 187 cards were detected as fake cards while in case of Ration Store No ES 63(P), all the 123 numbers of ration cards seized by EB were detected as fake cards. The names of fake police personnel who had drawn ration from these two stores could also not be traced from the database of police personnel (April 1998). The value of rationed and non-rationed articles drawn against the fake ration cards worked out to Rs 32.39 lakh and Rs 24.28 lakh in respect of Ration Store No ES 29(P) and ES 63(P) respectively.

The matter was referred to Government in July 1998; reply had not been received (November 1998).

^{*} Enforcement Branch

PUBLIC HEALTH ENGINEERING DEPARTMENT

5.2 ACCOUNTING AND MANAGEMENT OF INVENTORY

5.2.1 Introduction

For implementation of water supply schemes, the PHED⁺ procures large quantities of steel, cement, pipes, strainers, etc. for issue to working divisions. During 1993-94 to 1997-98, the Resources Division, PHED spent Rs 97.17 crore for procurement of these materials.

5.2.2 Organisational set up

Management of stores is vested in the Chief Engineer (Mechanical and Electrical) who is assisted by Superintending Engineer, Mechanical Circle-II and the Executive Engineer, Resources Division.

5.2.3 Audit coverage

Out of the 36 working divisions, the stores and stock accounts of 8^{*} working divisions and the Resources Division were test checked between April and June 1998, for 1993-94 to 1997-98.

Important points noticed are indicated in the succeeding paragraphs.

5.2.4 Highlights

In absence of budget estimate for procurement of materials, department made unplanned procurement and retained huge unspent amount of funds at the end of each year.

(Paragraph 5.2.5)

Closing stock in the Resources Division exceeded the Reserve Stock Limit by 92 to 206 per cent during 1993-97.

(Paragraph 5.2.6)

Stores valuing Rs 15 crore received through Director General of Supplies and Disposal, were not adjusted by the Divisions as they had no budget provision.

(Paragraph 5.2.7(i))

Materials worth Rs 3.37 crore issued from the Resources Division were not acknowledged by the recipient divisions and there was possibility of mis-appropriation of these stores.

(Paragraph 5.2.7(iii))

The abbreviations used in this review have been listed in the Glossary in Appendix 23 (Page 212)

⁺ Public Health Engineering Department

^{*} Resources Division, Alipore Division, Barasat Division, Midnapore Division, Bankura Mechanical Division, Purulia Mechanical Division, Raniganj Coalfield Area Division (RCFA) I, RCFA Division II, Jalpaiguri Division.

Physical verification of store was not conducted by six divisions for the last 6 to 10 years. The Resources Division did not maintain the bin cards or conducted physical verification of stores.

(Paragraphs 5.2.8(i) and 5.2.9)

Unplanned procurement of materials and advance procurement of pump sets and machinery resulted in blocking of Rs 76.60 lakh.

(Paragraph 5.2.10)

Purchase of pipes and cement at higher rates without placing requisition caused extra expenditure of Rs 16.24 lakh.

(Paragraphs 5.2.11 and 5.2.13)

5.2.5 Unplanned procurement and irregular retention of LOC

Separate budget estimate was to be prepared for procurement of stores and operating stock account. In violation of the rules, the department did not prepare any separate budget for procurement of materials. But framed its budget according to schemes. Working divisions would make advance payment to the Resources Division for cost of materials. The Resources Division in turn was to operate the head 'PW Deposit' for obtaining LOC* from the Chief Engineer. The position of amount of advances vis-a-vis expenditure on procurement of materials was as follows:

Year	Budget provision on schemes	Actual expenditure on schemes	Advance amount paid by working divisions to Resources Division		LOC issued by Chief Engineer	LOC received from Chief Engineer and procurement made by the Resources Division	Balance LOC in hand with Chief Engineer at the end of each year
			As per records of Chief Engineer	As per records of the Resources Division	As per records of Chief Engineer	As per records of Resources Division	
1	2	3	4	5	6	7	8
(Rupees in crore)							
1994-95	128.91	154.19	16.25	16.26	4.55	19.72	11.70
1995-96	149.51	146.30	18.76	16.07	19.61	17.21	10.85
1996-97	166.65	170.92	15.86	18.55	20.36	20.60	6.35
1997-98	270.63	232.76	43.74	46.11	23.00	23.33	27.09
	Total :		94.61	96.99	67.52	80.86*	

It may be seen from the table above, that the Chief Engineer was retaining huge funds, at the end of every year and at the end of 1997-98 there was Rs 27.09 crore as unspent amount. This was mainly due to the reasons that the working divisions placed funds with the Resources Division far in excess of their actual requirement of materials to avoid lapse of budgetary allocation. Excess amounts were available with the working divisions as there was no monitoring of funds through a separate budget for procurement of materials.

* Letter of credit.

* Expenditure on procurement during 1993-94 was Rs 16.31 crore.

Further, while the Chief Engineer intimated (October 1998) that the total advance paid by the working divisions and LOC issued thereagainst by him were Rs 94.61 crore and Rs 67.52 crore respectively, the amount recorded in the books of the Resources Division were Rs 96.99 crore and Rs 80.86 crore respectively. No reconciliation was made as of November 1998.

Absence of a separate budget for materials facilitated local purchase of materials by the working divisions at higher cost.

5.2.6 Reserve stock limit

RSL[†] indicating the value of store that would be procured for stock purpose only was required to be fixed by the Chief Engineer periodically to avoid overstocking. Other than the Resources Division, the department had no other stock holding division.

During 1993-94 to 1997-98, the balance of stock held by the Resources Division at the end of the financial year was the following :

Year	RSL fixed	Value of stock held	Excess	Percentage excess over RSL
	(Rupees in lakh)			
1993-94	75.00	144.00	69.00	92
1994-95	75.00	52.60	--	--
1995-96	75.00	229.75	154.75	206
1996-97	75.00	158.63	83.63	112
1997-98	75.00	44.38	---	---

No periodical review of RSL was done as of June 1998. Stock held for the years 1993-94, 1995-96 and 1996-97 exceeded the RSL by 92 to 206 per cent indicating substantial overstocking and avoidable purchase of stores.

5.2.7 Unadjusted stores

(i) [†] Unadjusted debit advice from AG

Up to September 1996, materials, mainly pipes procured through DGS&D[‡] rate contract were to be adjusted by the Divisional Officers on the basis of debit advices received from the Principal Accountant General (A&E)[↓]. Scrutiny in audit revealed that debit advices amounting to Rs 14.98 crore received from the Accountant General between 1980-81 and 1997-98 were pending for adjustment in the divisional accounts as detailed below:

Name of Division	Outstanding amount at the end of March 1998	Debit advice lying unadjusted since
	(Rupees in crore)	
Barasat Division	2.21	1980-81
Bankura Mechanical Division	2.20	1980-81
Purulia Mechanical Division	0.65	1980-81
RCFA [♦] Division-I	7.53	1980-81
RCFA Division-II	2.39	1984-85

[†] Reserve Stock Limit

[‡] Director General of Supplies and Disposal

[↓] Accounts and Entitlement

[♦] Raniganj Coalfield Area Division

The Divisional Officers had not taken any initiative for timely adjustment of debit advices. No record was maintained in the divisions to monitor the adjustment of these AG memos.

(ii) Unadjusted Cash Settlement Suspense Account

Materials supplied by the Resources Division to various working divisions were required to be settled through CSSA* within 10 days till March 1993. Thereafter, the system was changed and advance payment was to be made to the Resources Division for supply of materials. It was seen that till March 1993, Rs 1.42 crore were remaining unadjusted under the earlier system as detailed below :

Name of Division		Outstanding balance as on 31 March 1998 (R u p e e s i n l a k h)
1	Alipur Division	00.04
2	Barasat Division	30.50
3	Midnapore Division	48.00
4	Bankura Mechanical Division	02.38
5	RCFA Division-I	27.93
6	RCFA Division-II	32.65
Total		141.50

The balances in the CSSA were required to be liquidated through payments to the Resources Division. However, no provision was made for the same in the departmental budget during 1993-94 to 1997-98. Neglect of this adjustment for long period could facilitate non-detection of short supply, etc. of materials in the divisions.

(iii) Non-receipt of materials - suspected mis-appropriation of stores

Materials issued by the Resources Division against advance payment were to be incorporated in the site accounts of the schemes in the Divisions. During April 1993 to March 1998, the Resources Division supplied materials valuing Rs 3.94 crore to five divisions (Alipore : Rs 1.77 crore, Barasat : Rs 1.85 crore, RCFA-I : Rs 0.19 crore, RCFA-II : Rs 0.07 crore and Jalpaiguri : Rs 0.06 crore). However, materials worth Rs 0.57 crore only were accounted for and acknowledged by those divisions. The possibility of misappropriation of materials and fraud in the cases could not be ruled out.

Test-check revealed instances of materials (issued by the Resources Division) being acknowledged by the recipient division but not incorporated in the site accounts of the working divisions (Appendix 18).

As a result, the whereabouts of the materials was not traceable as of September 1998. Neither the Resources Division nor the working divisions took action for verification of the missing materials valued at Rs 3.37 crore. No FIR** was also lodged with the Police or loss report sent to the Accountant General.

* Cash Settlement Suspense Account

** First Information Report

5.2.8 Inventory control-Non-maintenance of Bin Card and Priced Store Ledger and non-closing of Annual Stock Account

(i) Bin Card

Bin Cards were to be posted from GRS^{*} and store indents showing the record of receipts, issues and running balances of each articles of stock. The divisional officer was required to verify the Bin Cards periodically with reference to Priced Store Ledger before conducting physical verification, as the Bin Cards reflected the quantity record of stock transactions. The Resources Division neither maintained the Bin Cards nor conducted any physical verification of stores during the period from 1993-94 to 1997-98.

(ii) Priced Stores Ledger

The PSL[†] containing the record of day to day transactions relating to each item of stock was to be posted from GRS and store indents and balance of each item required to be worked out in respect of quantities as well as values. The PSL should be closed for both quantity and value at the end of each month. Resources Division did not maintain PSL and thus important information regarding rate, value and quantity of materials, etc. were not easily verifiable.

(iii) Annual closing of stock

As per codal provision, annual closing of stock account with adjustment of profit and loss was to be made to determine the issue rate of material for the next year. But the Resources Division did not close its stock account since inception. As a result, incorrect rates were charged against issue of materials.

5.2.9 Physical verification

Test check of records of 9 divisions revealed that 6 divisions (Alipore, Barasat, Midnapore, RCFA-II, Jalpaiguri and Resources) did not conduct physical verification during last 6 to 10 years. Though this was to be done annually. The SE[‡] failed to ensure annual physical verification of stores of the divisions under his control. Stores in the Central Stores Division which handled materials valued at Rs 97.17 crore during 1993-94 to 1997-98 were not subjected to physical verification. The Chief Engineer did not inform the reasons for not conducting physical verification of stores in the divisions and how he satisfied himself about the actual amount of stock held by them. Two divisions (Bankura and Purulia Mechanical) conducted physical verification of stock during 1997-98 by simply counting materials available in the store without tallying with the book balance of the same.

* Goods Receipt Sheet

† Priced Stores Ledger

‡ Superintending Engineer

Issue of steel materials to the contractor by tape measurement instead of weighment resulted in shortage of steel valued at Rs 8.86 lakh

RCFA Division-I which conducted physical verification during 1993-94 disclosed a shortage of 110.818 tonne of steel material valued at Rs 8.86 lakh. The Divisional Officer stated (June 1998) that the shortage occurred due to issue of steel by tape measurement in place of weighing the same. The reply is not tenable as the divisional store was well equipped with a weighing machine and there was no reasons why steel should have been issued by measurement when the weighment was possible. Neither any departmental enquiry was conducted for this lapse nor any responsibility fixed for the loss.

5.2.10 Blocking of funds

Test check of records of two divisions revealed that material worth Rs 76.60 lakh remained unutilised even after two to four years of their procurement as shown in the table below :

Serial Number	Name of the Division	Item	Quantity	Month of procurement	Materials utilised	Materials lying till November 1998	Value (Rupees in lakh)
1	*Alipore Kachuberia Water Supply Scheme	AC Pipes (in metre)	30912	December 1966	8476	22436	28.52
		b) Df Joints (in sets)	9950	December 1996	1100	8850	
		Strainer (in metre)	61	March 1995	18	43	
		FRW Pipe (in metre)	486	March 1995	407	79	
2	Mandirtala Water Supply Scheme	AC Pipes (in metre)	14140	December 1996	Nil	14140	133.88
		b) Df Joints (in sets)	3520	December 196	Nil	3520	
3	Poali Water Supply Scheme	AC Pipes (in metre)	30122	July 1966	Nil	30122	23.4
		b) Df Joints (in sets)	5250	July 1996	Nil	5250	
4	**Purulia Mechanical Division	Submersible Pumping Machinery	2 Nos	December 1991 to December 1994		2	10.26
		Centrifugal Pumping Machinery	3 Nos		Nil	3	
5	Water Supply Schemes at Ranipur and adjoining villages	Transformer	1 No			1	
		IT Motor	2 Nos			2	
		Submersible Cable	2 Nos			2	
						Total	76.60

* Alipore Division procured materials for Kachuberia, Mandirtala and Poali Water Supply Scheme but the work could not be executed due to land problem.

** Entire quantity of material procured by Purulia Mechanical Division prior to execution of civil work i.e., construction of pump house and reservoir remained unutilised due to land problem.

Purchase of spare parts despite huge stock in hand resulted in blockage of Rs 13.60 lakh

(b) Jalpaiguri division unnecessarily procured in March 1998 spare parts of pipeline and pump sets for Rs 13.60 lakh without assessing their requirement. Details of a few cases are given below:

Item	Balance as in February 1998	Total consumption during last 8 years (1990-98)	Purchase in March 1998	Value of each item (Rupees)
1. Cast Iron Tee (100x100x100mm)	231	2	26	681.00
2. Cast Iron reducer (150x100mm)	157	19	12	778.00
3. Cast Iron reducer (150x80mm)	160	2	10	285.00
4. Cast Iron reducer (100x80mm)	61	8	13	412.00

Unnecessary purchase of spare parts thus resulted in blockage of fund.

5.2.11 Extra expenditure

Local purchase of steel pipes at higher rates resulted in extra expenditure of Rs 8.37 lakh

As per Government directions (January 1984/November 1992) cement, steel, pipes, strainers, etc. required for different water supply schemes was to be procured centrally by the Resources Division for issue to different working divisions. The working divisions could directly purchase materials if the Resources Division was unable to supply the same.

Test-check of records revealed that between 1993-94 and 1995-96 Midnapore Division procured 2329 metre ERW pipes (300mm dia :419 metre, 200mm dia :1700 metre, 150mm dia:70 metre and 100mm dia:140 metre) and 508 metre of strainer (200mm dia:478 metre and 100mm dia:30 metre) from local market in piecemeal manner without placing any requisition to the Resources Division.

The rates in the local market were much higher (ranging between Rs 139 and Rs 315 per metre of ERW pipe and Rs 621 and Rs 908 per metre of strainer) than the rates paid by the Resources Division resulting in extra expenditure of Rs 8.37 lakh.

The Divisional Officer justified the same on the ground of delay on the part of the Resources Division in supplying materials. The reply was not tenable as no requisition was placed for materials on the Resources Division.

5.2.12 Avoidable transportation of pipes and extra expenditure

Extra expenditure of Rs 8.25 lakh due to retransportation of AC pipes

Resources Division procured 13.3 thousand metre different dia AC pressure pipes for issue to executing divisions during February 1996 to August 1997. The pipes were purchased from a manufacturing firm located near Jalpaiguri town but their delivery were unnecessarily taken first at Calcutta store (South Bengal) and thereafter parts of these were retransported to the working divisions at Jalpaiguri, Cooch Behar and Malda in North Bengal involving an additional expenditure of Rs 8.25 lakh.

Had the manufacturing firm been instructed to supply pipes directly to the executing divisions Rs 8.25 lakh on retransportation could have been avoided.

5.2.13 Procurement of cement at higher cost

Direct procurement of cement by working divisions at higher rates resulted in extra expenditure of Rs 7.87 lakh

Test-check of records revealed that Midnapore, RCFA-I and Jalpaiguri Division directly procured 2205 tonnes of cement between 1992-93 and 1997-98 at higher rates involving extra expenditure of Rs 7.87 lakh.

5.2.14 Purchase without tender/quotation

Purchase of spare parts valued at Rs 32.15 lakh without inviting tender/quotation

Spare parts of rigs and pumping machinery valued at Rs 32.15 lakh were procured by Purulia Mechanical Division without inviting tender/quotation.

The Divisional Officer stated (May 1998) that these materials were procured from the local agents of the manufacturers and hence no tender/quotation was invited. The reply was not tenable as competitive rates could be obtained only by tender/quotation.

5.2.15 Loss due to clodding of cement

Loss of Rs 4.57 lakh due to clodding of cement for improper store management

Test-check of records revealed that between April 1990 and May 1996, 216.80 tonnes of cement (166 tonnes in the Resources Division, 41.55 tonnes in the RCFA Division-I and 9.25 tonnes in the Alipore Division) valued at Rs 4.57 lakh was clodded due to improper storing.

5.2.16 Non-identification of slow/non-moving stores

Procurement without identifying slow/non-moving stores resulted in blockage of Rs 7.61 lakh

Eight out of 9 divisions test-checked, had not identified their slow/ non-moving stores at all. Only Jalpaiguri Division stated to have identified their requirement of materials in such manner.

These divisions went on procuring spare parts such as CIS Reducer, CIS Bend, CIS Tee at regular intervals between 1990 and 1998 in spite of having sufficient stock at their disposal. Accumulation of huge stock of 33 slow moving spare parts during the last 8 years (1990-98) resulted in blockage of Rs 7.61 lakh.

In addition, the division procured 10 items of non-moving stores such as CIAS Tee, POLY Flange and Butterfly Valve at a cost of Rs 2.10 lakh. None of these items was utilised since 1990.

5.2.17 Theft of materials

Theft of materials valued at Rs 29.58 lakh in two divisions despite security arrangement

Materials such as pipes, pumping machinery, dynamo, cables and gear boxes, etc. costing Rs 29.58 lakh were reportedly stolen from various sites under two divisions (RCFA-I and Bankura Mechanical divisions) during December 1991 to November 1995 in 35 theft cases. No departmental inquiry was conducted to fix up responsibility though FIR was lodged with the police in all cases. Their reports had not been received (June 1998).

The matter was referred to Government in July 1998; reply had not been received (November 1998).

CHAPTER VI-COMMERCIAL ACTIVITIES

6.1 General

This Chapter deals with the results of working of 28 departmentally managed Government undertakings (undertakings) of which 19 were in operation as on 31 March 1998. Seven undertakings were vested in Government Companies under the Companies Act, 1956 and 2 undertakings were wound up. The status of these undertakings are given in Appendix 19. These undertakings were required to maintain *pro forma* accounts to show their financial position on commercial accounting basis.

6.2 Delay in preparation of *pro forma* accounts

As on 31 March 1998, 11 out of 28 undertakings did not prepare any *pro forma* accounts since their inception. The detailed position are given in Appendix 20. Of the remaining 17, none had completed *pro forma* accounts up to 1996-97. *Proforma* accounts of the undertakings were in arrears for periods varying from less than 3 years (6 undertakings) to between 3 and 9 years (6 undertakings) and 10 years or more (5 undertakings).

A Task Force, set up by Government of West Bengal to prepare *pro forma* accounts of the undertakings finalised the accounts of Integrated Wood Industries Schemes, Durgapur and Kalyani from 1965-66 to 1995-96 during the year.

Reasons for non-preparation of arrear accounts are awaited from 4 undertakings (details are given in Appendix 19).

A statement showing the summarised financial results of 17 of the 28 undertakings based on their latest accounts available as on 31 July 1998 is given in Appendix 21. While two of the 17 undertakings earned profit of Rs 8.86 crore against the investment of Rs 10.48 crore, the remaining 15 suffered losses and failed to generate any return on the capital of Rs 466.60 crore invested in these undertakings as at the end of the years for which their accounts were completed. The cumulative net loss in respect of 14 of the 15 undertakings which incurred continuous losses aggregated Rs 399.38 crore against the total capital of Rs 428.22 crore. Cumulative loss in respect of one undertaking was not available (July 1998).

The matter was referred to Government and Management in June 1998; replies had not been received (November 1998).

ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

6.3 BURDWAN MILK SUPPLY SCHEME

6.3.1 Introduction

The Government of West Bengal established a dairy plant at Burdwan in November 1982 at a cost of Rs 1.76 crore with a capacity to process 20 thousand litres of milk per day under the Burdwan Milk Supply Scheme.

The objectives of the Scheme were to procure milk from the farmers at remunerative prices and to process and pasteurise it for supply of standardised milk and milk products in Burdwan and in the sub-divisional towns of Katwa and Kalna.

6.3.2 Organisational set-up

The dairy was run as a departmentally managed commercial undertaking with three milk CPs^{*} under the Directorate of Dairy Development headed by the Milk Commissioner.

6.3.3 Audit coverage

A review on the working of the Scheme was included in the Report of the Comptroller and Auditor General of India (Civil), Government of West Bengal for the year 1989-90. The review is yet to be discussed by the Public Accounts Committee (August 1998). The present review covers the workings of the Scheme during the period 1993-94 to 1997-98.

6.3.4 Highlights

The State Dairy, Burdwan was set up (November 1982) at a cost of Rs 1.76 crore with a capacity to process 20 thousand litres of milk per day. Capacity utilisation of the dairy ranged between 17 and 26 per cent during the five years up to 1997-98.

(Paragraphs 6.3.1 and 6.3.8)

The dairy made an excess expenditure of Rs 4.07 crore over the budget provision during 1993-97.

(Paragraph 6.3.5)

The accumulated loss worked out on the basis of budget and related documents (accounts not prepared after 1993-94) was Rs 17.10 crore as of March 1998.

(Paragraph 6.3.6)

^{*} collection-cum-chilling plants

The abbreviations used in the review have been listed in the Glossary in Appendix 23 (Page 212)

The dairy could not procure even one *per cent* of the total milk produced in the district while the national norm was 12 *per cent*. This was mainly due to delayed and inadequate prices paid by the Milk Union to the producers.

(Paragraph 6.3.7(b) and (i))

Capacity utilisation of chilling plants declined from 88 *per cent* in 1993-94 to 54 *per cent* in 1997-98 due to inadequate procurement of milk and use of old machinery.

(Paragraph 6.3.7(c))

The dairy despatched 76 to 86 *per cent* of its collection of raw milk to its sister dairies during 1993-98 while its own processing capacity remained under-utilised.

(Paragraph 6.3.8)

Ill planned purchase of equipment costing Rs 36.83 lakh resulted in failure to install a chilling plant at Kusumgram since 1992.

(Paragraph 6.3.8(i))

The dairy suffered a loss of Rs 28.38 lakh due to processing loss in excess of norms. It also had to drain out curdled milk valued at Rs 16.85 lakh due to non-installation of salvaging equipment.

(Paragraph 6.3.8(iii))

The quality of double toned milk supplied to consumers was below the standard prescribed under the Prevention of Food and Adulteration Act, 1954.

(Paragraph 6.3.8(iv))

The average daily production of double toned milk ranged from 3489 to 5130 litres against the installed capacity of 20 thousand litres per day.

The dairy sold 73.60 lakh litres of double toned milk for Rs 4.03 crore during 1993-98 while the cost of production was Rs 6.69 crore which resulted in a loss of Rs 2.66 crore. Government did not revise the sale price till March 1997. By selling milk to sister dairies at the procurement rate without recovering processing, storing and handling charges, a loss of Rs 2.93 crore was incurred.

(Paragraphs 6.3.9(a), (b) and (c))

The Milk Commissioner did not investigate the reasons for unusually high loss of milk (value:Rs 23.94 lakh) during transportation from chilling plants to the dairy and from there to sister dairies.

(Paragraph 6.3.10)

No physical verification of stores and stock and of fixed assets was conducted during 1994-98.

(Paragraph 6.3.12)

6.3.5 Excess expenditure over budget provisions

Analysis of the budget provisions vis-à-vis actual expenditure and receipts during 1993-94 to 1996-97, as indicated below, showed that there was excess expenditure of Rs 4.07 crore (34 *per cent* of the provision) during these years:

Year	Revenue expenditure			Revenue receipts			Net deficit recouped by the Govt.
	Budget provision	Actuals	Excess (+) Shortage (-) (Percentage)	Budget estimate	Actuals	Excess (+) Shortage (-) (Percentage)	
	(Rupees in crore)						
1993-94	2.38	5.45	(+) 3.07 (129)	1.94	1.98	(+) 0.04 (2)	3.47
1994-95	2.92	2.43	(-) 0.49 (17)	2.25	0.85	(-) 1.40 (62)	1.58
1995-96	3.01	3.33	(+) 0.32 (11)	1.45	0.92	(-) 0.53 (37)	2.41
1996-97	3.72	4.89	(+) 1.17 (31)	1.80	1.58	(-) 0.22 (12)	3.31
Total	12.03	16.10	(+) 4.07 (34)	7.44	5.33	(-) 2.11 (28)	10.77

Source : Budget Books – Grant No.50.

Expenditure of Rs 4.07 crore was incurred in excess of budget provision during 1993-97

The expenditure exceeded the budget provision by 11 to 129 *per cent* while revenue on sale of milk and milk products was short recovered by 12 to 62 *per cent* of the budget estimate.

The reasons for these variations were not furnished by the department (August 1998).

Scrutiny of budget proposals and related records also revealed the following deficiencies.

- (i) The budget estimates were based only on the expenditure of immediately preceding financial year instead of three years.
- (ii) *Pro forma* accounts were not prepared in time and budget estimates were based on adhoc lumpsum addition of 3 to 31 *per cent* to the budget provisions of immediately preceding year.
- (iii) The department forwarded budget estimates to the Finance Department after a delay of 22 to 48 days during 1993-98.
- (iv) Failure to assess the requirement of fund for projected production and meeting unliquidated liabilities resulted in excess expenditure of Rs 4.65 crore towards materials supply during 1993-97.

* The dairy remained closed for four months during 1994-95.

- (v) The department made adhoc provision of Rs 13.09 lakh for capital works but utilised only Rs 8.96 lakh during 1993-97.

6.3.6 Working results

Pro forma accounts were not prepared since 1994-95. The estimated cumulative loss for the scheme up to 1997-98 was Rs 17.10 crore

The proforma accounts were not finalised since 1994-95 and the cumulative loss till 1993-94 was Rs 10.49 crore. As per the annual budget and the related documents, the accumulated loss worked out to Rs 17.10 crore as of 31 March 1998.

The table below summarises the working results of the Scheme for the five years up to 31 March 1998.

		1993-94	1994-95	1995-96	1996-97	1997-98
A	Income	(Rupees in lakh)				
i)	Sales (including stock transfer)	126.59	134.34	296.03	355.03	388.56
ii)	Increase (+) / Decrease (-) of stock	(+) 6.50	(-) 1.20	(+) 1.00	(+) 0.50	(+) 1.00
iii)	Other income	1.88	-	-	-	-
iv)	Total : [(i) + (ii) + (iii)]	134.97	133.14	297.03	355.53	389.56
B	Expenses					
I	Variable Expenses					
i)	Consumption of raw material	152.53	141.51	348.27	393.79	400.98
ii)	Other manufacturing expenses	40.78	24.79	42.65	42.21	41.37
iii)	Employees' remuneration & benefits	59.05	64.08	69.53	76.96	79.58
II	Fixed Expenses					
i)	Administrative, selling and other expenses	7.64	7.00	9.99	9.87	10.95
ii)	Interest	4.70	10.81	10.95	10.97	12.32
C	Total : (I + II)	264.70	248.19	481.39	533.80	545.20
D	Cash loss [A(iv) - C]	129.73	115.05	184.36	178.27	155.64
E	Depreciation	8.51	7.29	6.66	5.85	8.12
F	Net loss	138.24	122.34	191.02	184.12	163.76

(Source : Proforma accounts/Budget documents)

The dairy was incurring losses since inception.

6.3.7 Procurement of raw milk

- (a) The Operation Flood (Phase III) programme (1987-1996) of the Government of India aimed at strengthening a milk grid in line with the 'Anand Pattern' to link up rural producers with urban consumers by forming village-level DCS* and also at formation of a district-level co-operative union which would help the DCS in the procurement and distribution of raw milk.

The Government, therefore, decided (September 1994) to procure raw milk through the Burdwan Co-operative Milk Producers' Union (Milk Union), which procures milk from its member DCS for supply at dairy plant and to its three milk collection-cum-chilling plants in the district.

* dairy co-operative societies

The Dairy procured less than 1 per cent of milk produced in the district as against the national average of 12 per cent

(b) An analysis of annual production and procurement of raw milk in the district between 1993-98 showed that the dairy procured even less than 1 per cent of the total milk production in the district (vide table below). The all India norm is 12 per cent.

		1993-94	1994-95	1995-96	1996-97	1997-98
		(in lakh kilogram)				
i)	Annual milk production in the district	3980	4140	3810	4536	4574
ii)	Total milk procured by Milk Union	-	9.96 (0.24)	44.31 (1.16)	53.11 (1.17)	57.63 (1.26)
iii)	Milk procured by the dairy :					
	(a) Direct	34.93	9.54	-	-	-
	(b) Through Milk Union	-	9.96	37.57	44.10	39.78
	(c) Total procurement	34.93	19.50	37.57	44.10	39.78
iv)	Percentage of procurement to production	0.88	0.47	0.99	0.97	0.87

(Figures in brackets are percentage of procurement by Milk Union to total production).

(Source : Statistics of milk production supplied by Directorate of Animal Resources, Government of West Bengal; Milk procurement Report of Milk Federation and whole milk Register of Burdwan dairy)

During three years (1994-97), 222 DCSs were organised out of which 115 became defunct as elaborated below.

(i) Unauthorised retention of procurement prices by the Milk Union

Till December 1994, the State Government had two different procurement rates for the DCS/Milk Union and the individual milk producers. The rates fixed for the former were higher than that for the latter. From January 1995, the procurement rate was regularly revised only for the DCS / Milk Union.

Rates paid by the Milk Union to DCS/individual producers, were below those fixed by the Government. Part of Government price (ranging between Rs 0.20 and Rs 1.22 per kilogram) was retained by the Milk Union resulting in individual producers being paid less than the total cost of production and defeating the objective of ensuring remunerative price to producers as indicated below :

Year	Rates at which payment made for procurement of milk		Amount retained by Milk Union from Government price	Production cost of milk producers
	Government to Milk Union	Milk Union to DCS/producers		
	(Rupees per kilogram)			
1994-95	5.54 7.00 8.04	5.34 6.24	0.20 0.76 1.80	7.80
1995-96	8.25 9.01	NA 8.09	- 0.92	8.47
1996-97	9.01	8.09	0.92	9.19
1997-98	9.96	8.74	1.22	9.67

(Source : Milk procurement report (M) of Milk Federation)

The objective of ensuring remunerative prices to producers was not achieved

(ii) Revised system failed to minimise delay in payment to producers

Up to March 1995, the dairy was drawing advances against abstract contingency bills for paying the producers for supply of raw milk. However, payment was delayed ranging from 11 to 35 days in 1994-95 due to late allotment of fund by the department and delay in disposal of bills by the Treasury. In April 1995, the department switched over to the centralised system of payment. Under this, a lumpsum monthly advance would be paid by the Milk Commissioner to the West Bengal Co-operative Milk Producers' Federation (Federation) which in turn would make payment to the Milk Union. The Federation would be paid service charges by the Government at the rate of Re 0.05 per kg of milk supplied.

Scrutiny revealed that the revision of procedure did not yield any benefit but an extra expenditure of Rs 6.09 lakh during 1995-98 towards service charges was incurred as shown below:

Mode of payment	Period	Number of stages involved in processing of bills	Period of delay (in days)	Number of Bills drawn		Number of advance bills drawn	
				Number	Amount (Rupees in crore)	Number	Amount (Rupees in crore)
Decentralised	1994-95	2	11 to 46	31	1.09	10	0.58
Centralised	1995-96	7	41 to 326	26	2.60	1	0.23
	1996-97	7	25 to 224	24	3.01	2	0.46
	1997-98	7	37 to 95	27	3.40	2	0.45

(c) Performance of Chilling Plants

The table below indicates the installed capacity of the three CP^s of the dairy vis-à-vis the average daily procurement of raw milk for four years up to 1996-97 :

	Name of the Chilling Plant	Storage/Chilling capacity per annum	Actual Annual Collection				
			1993-94	1994-95	1995-96	1996-97	1997-98
			in lakh kilogram				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Katwa	15.04	6.45	2.41	6.73	10.07	9.53
2.	Kusumgram	15.04	23.16	14.75	9.92	10.34	8.08
3.	Shaktigarh	7.52	3.29	1.54	3.81	2.41	2.84
A	Total collection at CPs	37.60	32.90	18.70	20.46	22.82	20.45
	Capacity utilisation (in per cent)		88	50	54	61	54
B.	Milk made available by Milk Unions at CPs		-	9.16	27.20	31.83	38.30
C.	Shortfall in collection (B - A)		-	-	6.74	9.01	17.85
D.	Difference between installed capacity and actual collection [A(2) - A(3) to A(7)]		4.70	18.90	17.04	14.78	17.50

(Source : Milk receipt sheet and collection Register of Burdwan dairy)

* chilling plants

Capacity utilisation of the chilling plants declined from 88 per cent in 1993-94 to 54 per cent in 1997-98

It would be seen from above that the capacity utilisation of CPs declined from 88 per cent in 1993-94 to 54 per cent in 1997-98. 33.60 lakh kilogram of milk was not procured during 1995-96 to 1997-98 despite unutilised capacity of 49.32 lakh kg. The reasons for under-utilisation were attributable to:

- (i) inadequate procurement of milk;
- (ii) failure to commission additional capacity at CPs though Burdwan district had shown a growth of 26 per cent in milk production over the Eighth Five year plan period (1992-97); and
- (iii) failure to renovate the old machineries of CPs which were commissioned prior to 1978.

6.3.8 Production performance

The dairy despatched 76 to 86 per cent of milk collected to the sister dairies during 1993-98 while its own processing capacity remained underutilised

The dairy had an installed capacity to produce 20 thousand litres of toned milk per day having 3 per cent fat content and 8.5 per cent SNF[†]. Since inception, it produced only DTM^{*} having 1.5 per cent fat and 9 per cent SNF. 76 to 86 per cent of total collection was despatched during 1993-98 to sister dairies on instant sale basis. The capacity utilisation ranged between 17 and 26 per cent during the period as detailed at Appendix 22.

(i) Chilling plant machinery not installed at Kusumgram

A purchase order was placed on Saffaire India, Bombay in March 1992 for supply and installation of a chilling plant with a capacity of 4000 litres per day, scheduled to be completed by May 1992 at a cost of Rs 10.73 lakh. The Directorate paid (March 1992) an advance of Rs 3.22 lakh to the supplier but since the decision regarding the plant layout drawing and place of installation was delayed, the firm supplied part of the equipment valued at Rs 5.50 lakh up to January 1994. The machines were not unpacked and inspected till date (August 1998). The bank guarantee furnished by the supplier also expired. The Directorate neither cancelled the order nor took any legal step to enforce the contract.

The Government fund of Rs 36.83 lakh spent on purchase of two chilling plants remained locked up

The Milk Commissioner issued another purchase order (November 1994) on Alfa Laval (India) Limited, Calcutta for supply and installation of a chilling plant at a cost of Rs 33.61 lakh. Though the dairy hired premises in April 1994 for installation of the same, on delivery of the equipment (April 1995 to July 1995), the owner of the hired premises refused to undertake the civil work for installation of the equipment. The equipment was not installed so far (August 1998).

Thus, Government fund of Rs 36.83 lakh spent on purchase of two chilling plants remained locked up (August 1998) while the Scheme spent Rs 3.18 lakh for mixing of ice in the milk for chilling.

[†] solid not fat

^{*} double toned milk

(ii) Storage capacity of processed milk did not match the installed capacity of processing

Inadequate storage capacity of processed milk adversely affected the processing capacity

Scrutiny of records revealed that while the capacity of the Burdwan dairy was to produce 20 thousand litres of DTM per day, it could store only 15 thousand litres of packets in cold storage room. Pasteuriser machine and storage tank had the capacity to sterilise and handle 56 thousand and 45 thousand litres of milk/ day respectively. Thus, due to lack of matching capacity of storage tank and cold storage room, the plant capacity could not be fully utilised. The dairy was also compelled to use the tanks continuously in flush* season without any sterilisation, resulting in curdling of 14,964 kgs of milk valued at Rs 1.31 lakh during 1997-98.

(iii) Processing loss

Process loss of fat and SNF in excess of norms resulted in loss of Rs 28.38 lakh to the dairy during 1993-98

The dairy had no system to record processing loss of fat and SNF. Directorate also, did not fix norms for such loss. The quantity of such loss of fat and SNF in excess of norms as fixed by National Dairy Research Institute, Karnal (0.792 *per cent* fat and 0.725 *per cent* SNF) worked out to 13221 kgs and 36439 kgs respectively valued at Rs 28.38 lakh calculated at average procurement rate. The Directorate did not analyse the reasons for this loss (August 1998).

The Directorate also did not fix any norms towards loss due to curdling. The dairy also drained out 3.19 lakh kgs of curdled milk (after partially salvaging 4490 kgs fat) containing 6637 kgs fat and 24476 kgs SNF worth Rs 16.85 lakh. The curdling loss ranged between 1 *per cent* to 3.2 *per cent* between 1993-94 and 1997-98. Incidentally, the permissible curdling loss fixed by other Governments like Maharashtra was 0.1 *per cent*.

According to the project report, curdled milk after separation of fat was to be utilised for production of industrial grade casein. But no steps for this were taken (August 1998).

(iv) Lack of quality control—supply of sub-standard milk

According to the provisions of Prevention of Food Adulteration Act, 1954 and Preservation of Food Rules, 1955, DTM should contain 1.5 *per cent* fat and 9 *per cent* SNF. Against these norms, the content of fat and SNF in the DTM produced by the dairy during the last five years up to March 1998 ranged between 1.31 *per cent* to 1.49 *per cent* (fat) and 9.16 *per cent* to 9.37 *per cent* (SNF) respectively.

An analysis revealed the following lacunae in quality control :

- (a) As against the minimum solubility of 98.5 *per cent*, the SMP[†] used by the dairy had a solubility level ranging between 89 and 95 *per cent*.

* Flush season denotes the period when milk is available in plenty after summer.

† Skimmed Milk Powder

(b) Incomplete homogenisation of reconstituted milk with whole milk led to sedimentation of SMP in the DTM.

(c) Absence of milk clarifiers, compound microscopes, electronic milk testers, etc., resulted in inaccurate test results in addition to the possibility of human error.

6.3.9 *Selling and distribution*

Local distribution and bulk sales of milk, ghee and cream to sister dairies are the main channels of distribution.

(a) *Inter dairy sale*

The dairy sustained a loss of Rs 2.93 crore on inter-dairy sale of milk

(i) Seventy six to 86 *per cent* of milk collected by the dairy was sold to Haringhata dairy, Central dairy and Durgapur dairy after it was chilled and pasteurised. During April 1993 to March 1998, the dairy sold 149.39 lakh kgs of milk to other dairies at its procurement rate of raw milk, without recovering processing (chilling and pasteurising) and handling costs from the indenting dairies. Although the Government fixed periodically procurement price of raw milk for the private producers, no such price was fixed for inter-dairy sale of milk. As a result, the dairy sustained a loss of Rs 2.93 crore on inter-dairy sale of milk during 1993-94 to 1997-98.

The order of Milk Commissioner to explain and fix responsibility for loss of fat and SNF was not acted upon

(ii) The Milk Commissioner issued (June 1992) an order to the Dairy Manager to explain the reasons and fix responsibility for shortages of fat and SNF on inter-dairy sale which was not acted upon (August 1998).

The percentage of loss of fat and SNF ranged between 4 and 10 and 1 and 5 *per cent* respectively between 1993-98. The total shortage during 1993-98 was equivalent to 28,752 kgs of fat and 35,340 kgs of SNF valued at Rs 42.20 lakh. No steps were taken to curb this loss of fat and SNF on inter-dairy sale of milk (August 1998).

Scrutiny of records further revealed that the dairy raised bills on sister dairies for the quantity of milk actually received by them instead of on that despatched.

(iii) No bill was raised for supply of 38,993 kgs of cream valued at Rs 22.57 lakh to Haringhata dairy during 1993-94 to 1997-98, as the price on inter-dairy sale of cream was not fixed by the Government.

(b) *Sale of Double Toned Milk*

(i) The dairy depended on two co-operative societies for distribution of DTM at Burdwan town only. Although the dairy was also to supply milk in the distant towns of Kalna, Katwa, Memari etc., no steps were taken for this purpose till December 1997. Due to inadequate transportation arrangements the average daily off-take of milk by the agents decreased from 5130 litres to 3489 litres as of March 1998.

(ii) In order to supplement the nutritional gap of protein and vitamins among the poor people, the Government introduced (September 1997) the scheme of supplying protein rich "Janta Milk" fortified with vitamin "A" at a

price of Rs 7.50 per litre. The scheme failed to take-off due to lack of public awareness in the absence of any systematic promotional campaign.

(iii) Against the total sale proceeds of Rs 4.03 crore for 73.60 lakh litres of DTM during 1993-98, the cost of production was Rs 6.69 crore resulting in a loss of Rs 2.66 crore. The main reasons for loss was delay in revision of prices in keeping with the cost of production.

(c) Cost of production was higher than the sale price

Sale of DTM below cost of production resulted in a loss of Rs 2.66 crore during 1993-98

Between 1993-98, the average cost of production per litre ranged between Rs 6.52 and Rs 10.62 while sale price ranged between Rs 4.80 to Rs 8.70 as indicated below:

		1993-94	1994-95	1995-96	1996-97	1997-98
(i)	Production of DTM (in lakh litre)	15.32	10.84	15.99	18.73	12.72
(ii)	Cost of material per litre (Rupees)	5.55	6.28	9.24	8.76	9.05
(iii)	Conversion cost (salaries / wages) per litre (Rupees)	0.97	1.70	1.05	1.04	1.57
(iv)	Cost of production per litre (ii + iii)	6.52	7.98	10.29	9.80	10.62
(v)	Net sales realisation per litre (excluding commission)	4.80	4.80	4.80	4.80	8.70
(vi)	Loss per litre (Rupees)	1.72	3.18	5.49	5.00	1.91
(vii)	Total loss (Rupees in lakh)	26.35	34.47	87.79	93.65	24.30
(viii)	Prevailing market price (Rupees)	6.00	8.00	8.50/ 9.50	10.50	10.50

(Source : Working results of Burdwan dairy)

Government did not revise the sale price of DTM till March 1997 and sustained a loss of Rs 2.66 crore during 1993-98.

6.3.10 Transportation of milk

The dairy engaged a contractor for transportation of milk in cans from procurement centres to its plant. Milk was transported mainly through departmental tankers to other dairies. During 1993-98, there was a loss of Rs 23.94 lakh towards transit loss as tabulated below:

	1993-94	1994-95	1995-96	1996-97	1997-98
	(i n l a k h k g s)				
i) Milk received at CPs	32.90	18.70	20.46	22.82	20.45
ii) Milk sold to sister dairies	29.69	16.68	31.41	35.90	35.72
iii) Transit loss between					
a) CPs to dairy plant	Nil (-)	Nil (-)	0.40 (1.96)	0.08 (0.35)	Nil (-)
b) Dairy to sister dairies	0.42 (1.27)	0.22 (1.17)	1.24 (3.95)	1.02 (2.84)	0.40 (1.12)
c) Total transit loss	0.42	0.22	1.64	1.10	0.40
Value of loss (Rupees in lakh)	1.73	1.03	11.11	6.96	3.11

(Figures in brackets indicate percentage of transit loss)

(Source : Whole Milk Register, Chilling Plant Register, variance report and production register of Burdwan dairy)

Despite such huge transit loss, the Milk Commissioner did not investigate the reasons though called for by Audit in April 1998. As such, the possibility of theft, pilferage etc. during transit could not be ruled out.

In addition, the dairy did not raise claims on the contractor towards curdling of 2.06 lakh kgs milk (value: Rs 9.65 lakh) due to delay in transportation of milk from C/Ps to the dairy.

6.3.11 Manpower and productivity

The table below shows the comparative position of employees' cost vis-à-vis productivity over five years up to 1997-98.

		1993-94	1994-95	1995-96	1996-97	1997-98
(i)	Sanctioned strength	211	211	211	211	211
(ii)	Men in position	143	145	142	143	144
(iii)	Value of production at cost (Rupees in lakh)	133.09	133.14	297.03	355.53	389.56
(iv)	Less: Consumption of raw materials, stores, power, fuel etc. (Rupees in lakh)	193.31	166.30	390.92	436.00	442.35
(v)	Value added (Rupees in lakh)	(-) 60.22	(-) 33.16	(-) 93.89	(-) 80.47	(-) 52.79
(vi)	Employees cost (Rupees in lakh)	59.05	64.08	69.53	76.96	79.58
(vii)	Value added per employee (Rupees in lakh)	(-) 0.42	(-) 0.23	(-) 0.66	(-) 0.56	(-) 0.36
(viii)	Salaries/wages per employee (Rupees in lakh)	0.41	0.44	0.49	0.54	0.55

(Source : Working results of Burdwan dairy)

Thus, the value of production at cost could not meet the material cost and other manufacturing expenses in these years (1993-98) resulting in negative value addition while during the same period employees' cost increased by 35 per cent.

Productivity per employee was negative in the five years. Overtime of Rs 15.35 lakh paid on routine basis

(a) Despite continuous low utilisation of capacity, the dairy paid overtime allowance of Rs 15.35 lakh during 1993-98 as a matter of routine.

(b) ¹ Undue benefit to the employees due to non-installation of separate electricity meter.

The West Bengal State Electricity Board was supplying electricity to Burdwan dairy as well as its adjacent residential campus through a single meter since inception (November 1982) and raised a single monthly energy bill for electricity consumed by both the dairy and its residential campus at rates applicable to bulk consumers.

Although the dairy management was paying energy charges at a higher rate applicable to bulk consumers, it was realising electricity charges from the occupants of its 45 staff quarters only at domestic rates. Due to this, the dairy incurred an extra expenditure of Rs 6.66 lakh for electricity charges at enhanced rate up to January 1998.

The dairy management requested the West Bengal State Electricity Board for installation of separate meters for its staff quarters only in September 1994 at the instance of Audit. The meters were not installed as of August 1998.

6.3.12 Deficiency in internal control and maintenance of financial records

- (a) The department did not have any Internal Audit wing to exercise effective control over the transactions of the scheme.
- (b) Fixed Asset register showing detailed particulars regarding original cost, location, depreciation, written down value etc. was not maintained. No physical verification of fixed assets was conducted.
- (c) Half-yearly physical verification of stores and stock was not conducted as required under Rule 108 of West Bengal Financial Rules. No physical verification of stores and stock was conducted since 1994-95.

6.3.13 Conclusion

The State Dairy Burdwan operated with a very low capacity utilisation and has so far accumulated a loss of Rs 17 crore. It failed to procure even one per cent of the milk produced in the district as it did not pay remunerative price to the producers. It was engaged mainly in supplying milk to sister dairies while its own processing plants were idling. There was huge loss of milk during transportation from chilling plant to the dairy and this was not investigated. Equipment were procured but not installed and huge amounts were lost in processing of milk. As the dairy failed to achieve the objectives to help the farmers with remunerative price and supply milk etc. to the consumers, and incurred recurring losses of huge amounts causing undue drain of State Government funds, the grossly mis-managed dairy was in such dire straits that its continuation in the present shape was hardly justified and Government needed to review whether it would be more prudent to close it.

The matter was referred to Government in June 1998; reply had not been received (November 1998).

GREATER CALCUTTA MILK SUPPLY SCHEME

6.4 Unplanned procurement of equipment

The GCMSS[→] submitted (November 1993) a proposal to Animal Resources Development Department for installation of SWHS[←] at Central Dairy, Belgachia and Haringhata Dairy, Mohanpur to reduce fuel consumption by Rs 2.10 lakh per annum. Animal Resources Development Department accorded (3 March 1994) approval and GCMSS placed (15 March 1994) an order on BHEL[†] for supply, installation and commissioning of two SWHSs of 15,000 litre per day capacity each at a net cost of Rs 32.69 lakh. BHEL agreed (October 1993) in their offer to commission the system within five months from the date of site clearance or acceptance of order whichever was later.

[→] Greater Calcutta Milk Supply Scheme

[←] Solar Water Heater System

[†] Bharat Heavy Electricals Limited

BIHEL supplied (March 1994) the SWHSs and received Rs 28.42 lakh in March 1994 in terms of the order but was unable to install them as the roofs of the buildings where SWHSs were to be installed needed reinforcement and water tank foundation was not constructed. Funds were sanctioned by the Government for completion of requisite civil works by Public Works Department for Rs 10.98 lakh between September 1995 and March 1997.

The civil works for installation at Haringhata Dairy was completed in February 1998 and SWHS was commissioned in June 1998. The SWHS at Central Dairy was not, however, installed so far (August 1998) due to non-completion of civil works by Public Works Department.

Thus, delay in installation resulted in loss of interest of Rs 13.07 lakh (at the rate of 12 *per cent per annum*) from September 1994 to June 1998 besides liability towards escalation (Rs 1.52 lakh) and cost of repairs (Rs 0.70 lakh) payable to BIHEL. Further, anticipated savings of Rs 8.05 lakh towards cost of fuel for this period could not be availed.

The matter was referred to Government in July 1998; reply had not been received (November 1998).

CALCUTTA

The

27 FEB 1999



(H. S. NARAYANAN)

Accountant General (Audit)-I, West Bengal

Countersigned

NEW DELHI

The

16 APR 1999



(V. K. SHUNGLU)

Comptroller and Auditor General of India

APPENDICES

Appendix – 1

(Refer paragraph 1.11.2, page 21)

List of indices/ratios and method of calculation

	Indices/ratios	Basis for calculation	
Sustainability	Balance from the current revenues Primary Deficit Interest ratio Capital outlay vs. Capital receipts Total tax receipts vs. GSDP State tax receipts vs. GSDP	BCR Capital Outlays Capital receipts	Revenue Receipts minus all Plan grants (under Major Head 1601-02, 03, 04 and 05) and Non-Plan revenue expenditure Capital expenditure as per Paragraph No 1.6.1 of Audit Report Additions under Major Heads 6003 and 6004 plus net receipts under I-Small Savings, Provident Funds, etc. and Miscellaneous Capital receipts minus additions on account of Ways and Means advances/overdraft under Major Heads 6003 and 6004
Flexibility	Balance from current revenues Capital repayments vs. capital borrowings Incomplete projects Total tax receipts vs. GSDP State tax receipts vs. GSDP	Capital repayments Capital Borrowings	Disbursements under Major Heads 6003 and 6004 minus repayments on account of Ways and Means advances/ overdraft under both the Major Heads Additions under Major Heads 6003 and 6004 minus additions on account of Ways and Means advances/ overdraft under both the Major Heads
Vulnerability	Revenue Deficit Fiscal Deficit Primary Deficit vs. Fiscal Deficit Total outstanding guarantees, including letters of comfort vs. Total revenue receipts of the Government Assets vs. Liabilities	Revenue Deficit Fiscal Deficit Primary Deficit Outstanding guarantees Revenue Receipts Assets and Liabilities	Paragraph No 1.7.2 of Audit Reports Paragraph No 1.7.1 of Audit Reports Fiscal Deficit minus interest payments Paragraph No 1.8.4 of Audit Report Paragraph No 1.4.1 of Audit Report Paragraph No 1.3 of Audit Report

Appendix 2

(Refer Paragraph 2.2.3, Page 32)

Cases where supplementary provisions proved unnecessary

Description of the grant/appropriation	Section	Original grant/ appropriation	Supplementary grant/ appropriation	Actual expenditure
		Rupees		
A - Voted				
1 - State Legislature	Revenue	9,08,55,000	46,35,000	8,04,82,869
2 - Governor	Revenue	1,53,02,000	23,69,000	1,40,42,977
4 - Administration of Justice	Revenue	58,60,70,000	6,52,85,000	51,63,01,287
6 - Collection of Taxes on income and expenditure	Revenue	3,99,25,000	53,50,000	3,92,31,974
7 - Land Revenue	Revenue	175,48,15,000	1,56,04,000	152,80,67,938
8 - Stamps and Registration	Revenue	28,01,50,000	1,25,70,000	22,51,74,073
10 - State Excise	Revenue	25,80,00,000	1,89,00,000	20,00,72,347
11 - Sales Tax	Revenue	43,07,50,000	3,42,90,000	40,42,46,074
12 - Taxes on Vehicles	Revenue	5,59,45,000	38,15,000	5,14,48,182
14 - Other Fiscal Services	Revenue	8,08,00,000	23,00,000	6,80,37,582
16 - Interest Payments	Revenue	40,00,000	2,00,000	5,90,760
18 - Secretariat General	Revenue	38,65,00,000	2,97,00,000	35,04,33,263
19 - District Administration	Revenue	38,08,60,000	63,40,000	36,12,15,678
20 - Treasury and Accounts Administration	Revenue	28,74,79,000	11,27,88,000	27,71,83,304
21 - Police	Revenue	662,35,00,000	70,38,36,000	644,74,54,890
22 - Jails	Revenue	43,57,00,000	2,57,00,000	33,48,24,285
24 - Stationery and Printing	Revenue	12,07,98,000	92,81,000	9,65,25,195
26 - Other Administrative Services (Fire Protection and Control)	Revenue	46,42,20,000	1,39,50,000	40,18,94,418
27 - Other Administrative Services (Excluding Fire Protection and Control)	Revenue	107,97,90,000	3,60,51,000	100,97,41,788
30 - Education, Art and Culture	Revenue	2729,76,40,000	179,14,97,000	2496,04,79,535
31 - Sports and Youth Services	Revenue	32,18,28,000	72,32,000	29,92,39,250
33 - Medical and Public Health (Public Health)	Revenue	97,61,58,000	12,28,78,000	88,92,18,188
35 - Water Supply and Sanitation (Excluding Prevention of Air and Water Pollution)	Revenue	261,48,50,000	9,14,60,000	232,75,68,475
36 - Housing	Revenue	29,11,71,000	33,53,000	21,33,24,000
37 - Urban Development	Revenue	455,37,00,000	51,69,00,000	381,31,76,466
39 - Labour and Employment	Revenue	48,12,25,000	4,19,40,000	39,48,95,850
40 - Social Security and Welfare (Rehabilitation)	Revenue	37,54,30,000	1,79,01,000	22,30,70,681
41 - Social Security and Welfare (Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes)	Capital	15,59,33,000	27,68,000	8,54,74,051
42 - Social Security and Welfare (Social Welfare)	Revenue	160,12,94,000	30,87,86,000	158,95,55,222
43 - Nutrition	Revenue	14,87,75,000	5,21,000	10,37,27,549

Description of the grant/appropriation	Section	Original grant/ appropriation	Supplementary grant/ appropriation	Actual expenditure
		Rs	Rs	Rs
44 - Relief on account of Natural Calamities	Revenue	123,44,00,000	10,00,000	55,12,76,967
45 - Secretariat - Social Services	Revenue	15,00,30,000	1,17,50,000	12,91,36,635
47 - Crop Husbandry	Revenue	108,91,64,000	21,29,000	95,72,18,217
49 - Animal Husbandry	Revenue	83,02,16,000	3,14,50,000	69,22,59,798
50 - Dairy Development	Revenue	112,81,38,000	7,20,12,000	111,14,47,128
52 - Forestry and Wild Life	Revenue	91,61,75,000	1,75,20,000	90,92,52,733
53 - Plantations	Capital	2,35,00,000	40,00,000	2,19,00,000
54 - Food, Storage and Warehousing	Revenue	56,95,50,000	6,38,75,000	51,00,24,028
58 - Other Agricultural Programmes	Revenue	13,27,90,000	1,70,000	3,91,70,303
59 - Special Programmes for Rural Development	Revenue	47,22,25,000	1,19,38,000	18,98,22,961
62 - Other Rural Development Programmes	Revenue	212,31,92,000	7,68,60,000	178,06,35,754
63 - Other Rural Development Programmes (Community Development)	Revenue	60,99,95,000	2,62,55,000	52,88,15,136
64 - Hill Areas	Capital	3,45,00,000	10,00,000	3,11,00,000
67 - Minor Irrigation and Command Area Development	Capital	24,31,81,000	1,05,90,000	11,32,06,406
73 - Village and Small Industries (Excluding Public Undertakings)	Revenue	82,83,47,000	2,14,10,000	65,34,00,915
75 - Industries (Excluding Public Undertakings and Closed and Sick Industries)	Revenue	57,03,00,000	1,78,57,000	34,96,34,190
76 - Non-Ferrous Mining and Metallurgical Industries	Revenue	2,03,10,000	16,90,000	1,62,27,671
77 - Ports and Light Houses	Revenue	1,55,00,000	18,53,000	1,14,19,110
78 - Civil Aviation	Revenue	42,70,000	1,30,000	19,99,183
80 - Road Transport	Capital	70,47,00,000	1,72,80,000	61,51,58,312
81 - Other Transport Services	Capital	24,47,00,000	2,53,00,000	12,45,00,000
82 - Other Scientific Research	Revenue	5,27,000	2,31,000	3,31,241
83 - Secretariat - Economic Services	Revenue	24,70,65,000	4,15,05,000	20,92,05,595
86 - Civil Supplies	Revenue	4,94,40,000	54,20,000	3,72,11,065
89 - Water Supply and Sanitation (Prevention of Air and Water Pollution)	Revenue	26,54,00,000	1,43,00,000	13,68,74,175
95 - Consumer Industries (Excluding Public Undertakings and Closed and Sick Industries)	Capital	20,85,00,000	5,00,000	16,83,09,757
Total : A - Voted		6490,95,78,000	448,62,25,000	5719,62,35,431

Description of the grant/appropriation	Section	Original grant/ appropriation	Supplementary grant/ appropriation	Actual expenditure
		Rs	Rs	Rs
B - Charged				
4 - Administration and Justice	Revenue	18,42,65,000	2,25,09,000	15,61,59,842
6 - Collection of Taxes on Income and Expenditure	Revenue	-	5,000	-
7 - Land Revenue	Revenue	1,00,000	10,850	10,850
22 - Jails	Revenue	-	25,000	-
25 - Public Works	Capital	8,00,000	25,89,166	7,33,325
52 - Forestry and Wild Life	Revenue	40,00,000	9,50,000	39,47,156
Total : B - Charged		18,91,65,000	2,60,89,016	16,08,51,173
Total : A + B		6509,87,43,000	451,23,14,016	5735,70,86,604

Appendix 3

(Refer Paragraph 2.2.3, Page 32)

Cases where supplementary provision obtained proved excessive
(Saving in each case being more than Rs 10 lakh)

Description of the grant/ appropriation	Section	Original grant/ appropriation	Supplementary provision	Actual expenditure	Saving
		Rupees			
A - Voted					
5 - Elections	Revenue	16.64.00.000	43.39.98.000	55.37.44.957	4.66.53.043
13 - Other Taxes on Commodities and Services	Revenue	4.44.35.000	10.48.86.000	10.82.28.725	4.10.92.275
29 - Miscellaneous General Services	Revenue	12.02.00.000	73.84.000	12.33.48.775	42.35.225
37 - Urban Development	Capital	24.43.00.000	1.50.00.000	24.57.65.000	1.35.35.000
51 - Fisheries	Capital	9.71.60.000	15.40.000	9.76.52.100	10.47.900
54 - Food, Storage and Warehousing	Capital	11.70.50.000	13.91.60.000	21.62.73.280	3.99.36.720
57 - Co-operation	Capital	11.83.16.000	1.54.11.000	12.83.26.601	54.00.399
60 - Rural Employment	Revenue	290.64.80.000	155.62.00.000	332.06.68.163	114.20.11.837
66 - Major and Medium Irrigation	Revenue	94.96.03.000	23.30.54.000	116.84.64.786	1.41.92.214
68 - Flood Control and Drainage	Revenue	51.44.26.000	4.95.20.000	52.29.52.479	4.09.93.521
74 - Industries (Closed and Sick Industries)	Revenue	81.80.000	5.97.40.000	3.04.07.221	3.75.12.779
79 - Roads and Bridges	Capital	185.51.00.000	49.47.87.000	223.02.71.108	11.96.15.892
80 - Road Transport	Revenue	111.06.69.000	9.18.08.000	120.04.15.957	20.61.043
Total : A - Voted		825.23.19.000	320.24.88.000	994.65.19.152	150.82.87.848
B - Charged					
16 Interest Payments	Revenue	2395.89.50.000	38.04.57.000	2409.96.45.833	23.97.61.167
17 Public Service Commission	Revenue	3.41.45.000	40.25.000	3.49.58.852	32.11.148
40 Social Security and Welfare (Rehabilitation)	Revenue	2.00.00.000	7.99.99.124	6.38.63.459	3.61.35.665
Total : B - Charged		2401.30.95.000	46.44.81.124	2419.84.68.144	27.91.07.980
Total : A + B		3226.54.14.000	366.69.69.124	3414.49.87.296	178.73.95.828

Appendix 4

(Refer Paragraph 2.2.3, Page 32)

Cases where supplementary provision was insufficient by more than Rs 10 lakh

Description of the grant/ appropriation	Section	Original grant/ appropriation	Supplementary provision	Actual expenditure	Final excess
		Rupees			
A - Voted					
3 - Council of Ministers	Revenue	2,07,50,000	47,50,000	2,83,49,588	28,49,588
25 - Public Works	Revenue	192,62,00,000	8,86,70,000	228,54,09,551	27,05,39,551
28 - Pensions and Other Retirement Benefits	Revenue	655,59,50,000	31,70,80,000	791,28,97,452	103,98,67,452
34 - Family Welfare	Revenue	85,02,37,000	4,90,52,000	94,44,75,848	4,51,86,848
46 - Other Social Services	Revenue	19,08,04,000	19,60,92,000	38,95,60,311	26,64,311
73 - Village and Small Industries (Excluding Public Undertakings)	Capital	22,76,78,000	75,20,000	24,32,29,205	80,31,205
79 - Roads and Bridges	Revenue	111,72,52,000	15,88,000	120,92,61,586	9,04,21,586
92 - Industries (Public Undertakings)	Capital	30,66,00,000	1,64,00,000	34,32,99,614	2,02,99,614
93 - Petro-Chemical and Consumer Industries (Excluding Public Undertakings)	Capital	104,95,00,000	50,00,000	106,74,01,157	1,29,01,157
Total : A - Voted		1224,49,71,000	68,61,52,000	1442,38,84,312	149,27,61,312

Appendix 5

(Refer Paragraph 2.2.3. Page 33)

Cases where expenditure exceeded the Budget Provision but no supplementary grant was obtained

Description of the grant/appropriation		Section	Original grant/ appropriation	Actual expenditure	Excess over provision
			Rs	Rs	Rs
A - Voted					
42	Social Security and Welfare (Social Welfare)	Capital	2,50,00,000	2,81,00,000	31,00,000
84	Tourism	Capital	40,00,000	1,25,26,129	85,26,129
Total : A - Voted			2,90,00,000	4,06,26,129	1,16,26,129
B - Charged					
1	State Legislature	Revenue	11,10,000	12,45,517	1,35,517
98	Public Debt	Capital	1992,61,95,000	3284,34,07,023	1291,72,12,023
Total : B - Charged			1992,73,05,000	3284,46,52,540	1291,73,47,540
Total : A + B			1995,63,05,000	3288,52,78,669	1292,89,73,669

Appendix 6

(Refer Paragraph 2.2.4, Page 33)

**Cases where saving was more than Rs 1 crore and
was also in excess of 10 per cent of the total provision in each case**

Serial number	Description of the grant/appropriation	Amount of Savings (Rupees in crore)	Reasons for savings
Revenue Voted			
1	- State Legislature	1.50 (16)	Saving (Rs 1.44 crore) was due to non-submission of Travelling allowance bills, non-passing of telephone bills for technical difficulties of Hon'ble Members of WBLA and non-recruitment against vacant posts. Reasons for final savings not intimated (September 1998).
4	- Administration of Justice	13.50 (21)	Not intimated (September, 1998)
7	- Land Revenue	24.23 (14)	Not intimated (September, 1998)
8	- Stamps and Registration	6.75 (23)	Not intimated (September, 1998)
10	- State Excise	7.68 (28)	Not intimated (September, 1998)
11	- Sales Tax	6.08 (13)	Not intimated (September, 1998)
13	- Other Taxes and Duties on Commodities and Services	4.11 (28)	Not intimated (September, 1998)
14	- Other Fiscal Services	1.51 (18)	Not intimated (September, 1998)
18	- Secretariat General	6.58 (16)	Saving (Rs 1.53 crore) was stated to be due to non-filling up of some vacant posts, less expenditure towards travelling expenses, office expenses, and economy measures adopted by the department. Reasons for saving of balance fund not intimated (September 1998).
20	- Treasury and Accounts Administration	12.31 (31)	Saving (Rs 5.55 crore) was stated to be due to non-submissions of bills in time. Reasons for saving of balance fund not intimated (September 1998).
21	- Police	87.99 (12)	Not intimated (September, 1998)
22	- Jails	12.66 (27)	Not intimated (September, 1998)
24	- Stationery and Printing	3.36 (26)	Not intimated (September, 1998)
26	Other Administrative Services (Fire Protection and Control)	7.63 (16)	Saving (Rs 3.70 crore) was due to non-materialisation of purchases. Reasons for saving of balance fund not intimated (September 1998).
30	- Education, Art and Culture	412.87 (14)	Not intimated (September, 1998)
32	- Medical and Public Health (Excluding Public Health)	127.72 (18)	Not intimated (September 1998)

Description of the grant/appropriation		Amount of Savings (Rupees in crore)	Reasons for savings
33	- Medical and Public Health (Public Health)	20.98 (19)	Not intimated (September, 1998)
35	- Water Supply and Sanitation (Excluding Prevention of Air and Water Pollution)	37.87 (14)	Not intimated (September, 1998)
36	- Housing	8.12 (28)	Not intimated (September, 1998)
37	- Urban Development	125.74 (25)	Not intimated (September, 1998)
38	- Information and Publicity	5.88 (23)	Not intimated (September, 1998)
39	- Labour and Employment	12.83 (25)	Not intimated (September, 1998)
40	- Social Security and Welfare (Rehabilitation)	17.03 (43)	Not intimated (September, 1998)
41	- Social Security and Welfare (Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes)	60.31 (30)	Not intimated (September, 1998)
42	- Social Security and Welfare (Welfare)	32.05 (17)	Not intimated (September, 1998)
43	- Nutrition	4.56 (31)	Not intimated (September, 1998)
44	- Relief on account of Natural Calamities	68.41 (55)	Not intimated (September, 1998)
45	- Secretariat - Social Services	3.26 (20)	Saving (Rs 0.30 crore) was due to non-completion of the infrastructure of new department. Reasons for saving of balance fund not intimated (September, 1998).
47	- Crop Husbandry	13.41 (12)	Not intimated (September, 1998)
48	- Soil and Water Conservation	11.33 (58)	Not intimated (September, 1998)
49	- Animal Husbandry	16.94 (20)	Not intimated (September, 1998)
51	- Fisheries	37.29 (63)	Not intimated (September, 1998)
54	- Food, Storage and Warehousing	12.34 (19)	Saving (Rs 3.50 crore) was stated to be due to non-filling of vacant posts, adoption of economy measures, inability of processing of payment in time, non-receipt of concrete proposal for subsidies from District Magistrates/ District Controllers, non-realistic budget formulation, etc. Reasons for saving of balance fund not intimated (September, 1998).
55	- Agricultural Research and Education	5.75 (15)	Not intimated (September, 1998)
56	- Crop Husbandry (Horticulture and Vegetable Crops)	14.52 (83)	Not intimated (September, 1998)

Description of the grant/appropriation		Amount of Savings (Rupees in crore)	Reasons for savings
57	- Co-operation	11.32 (31)	Saving (Rs 9.40 crore) was stated to be due to non-filling of vacant posts, non-appointment of extra temporary staff, economy on tour programmes, non-payment of rent of a Range Office, non-acceptance of bills preferred to Cal. PAO, non-receipt of qualified proposals, non-approval of the schemes by Government of India, non-sanctioning of more fund by the Government. Reasons for saving of balance fund not intimated (September 1998).
58	- Other Agricultural Programmes	9.38 (71)	Not intimated (September, 1998)
59	- Special Programmes for Rural Development	29.43 (61)	Not intimated (September, 1998)
60	- Rural Employment	114.20 (26)	Not intimated (September, 1998)
61	- Land Reforms	13.79 (67)	Not intimated (September, 1998)
62	- Other Rural Development Programmes (Panchayati Raj)	41.94 (19)	Saving (Rs 22.36 crore) was stated to be due to non-acceptance of proposals by the Finance Department, non-receipt of proposals from the Districts, non-release of fund by the Government of India. Reasons for saving of balance fund not intimated (September 1998).
63	- Other Rural Development Programmes (Community Development)	10.74 (17)	Not intimated (September, 1998)
64	- Hill Areas	44.74 (31)	Not intimated (September, 1998)
65	- Other Special Areas Programmes	16.53 (29)	Saving (Rs 11.01 crore) was stated to be due to non-receipt of bills and vouchers from Contractors and Supplying Agencies, non-release of fund by the Government of India during the financial year. Reasons for saving of balance fund not intimated (September 1998).
67	- Minor Irrigation and Command Area Development	31.14 (16)	Not intimated (September, 1998)
73	- Village and Small Industries (Excluding Public Undertakings)	19.64 (23)	Not intimated (September, 1998)
74	- Industries (Closed and Sick Industries)	3.75 (55)	Not intimated (September, 1998)
75	- Industries (Excluding Public Undertakings and Closed and Sick Industries)	23.85 (41)	Not intimated (September, 1998)
83	- Secretariat - Economic Services	7.94 (27)	Not intimated (September, 1998)
84	- Tourism	2.48 (32)	Not intimated (September, 1998)

Description of the grant/appropriation		Amount of Savings (Rupees in crore)	Reasons for savings
86	- Civil Supplies	1.76 (32)	Not intimated (September, 1998)
89	- Water Supply and Sanitation (Prevention of Air and Water Pollution)	14.28 (51)	Not intimated (September, 1998)
Capital Voted			
25	- Public Works	123.05 (64)	Not intimated (September, 1998)
36	- Housing	10.50 (26)	Not intimated (September, 1998)
41	- Social Security and Welfare (Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes)	7.32 (46)	Not intimated (September, 1998)
46	- Other Social Services	3.53 (66)	Not intimated (September, 1998)
49	- Animal Husbandry	6.08 (97)	Not intimated (September, 1998)
50	- Dairy Development	6.15 (88)	Not intimated (September, 1998)
54	- Food, Storage and Warehousing	3.99 (16)	Saving (Rs 3.92 crore) was stated to be due to non-receipt of any proposal from the implementing agency, non-utilisation of fund for want of detail particulars. Reasons for saving of balance fund not intimated (September 1998).
65	- Other Special Areas Programmes	14.66 (43)	Not intimated (September, 1998)
66	- Major and Medium Irrigation	156.38 (51)	Not intimated (September, 1998)
67	- Minor Irrigation and Command Area Development	14.06 (55)	Not intimated (September, 1998)
68	- Flood Control and Drainage	14.38 (19)	Not intimated (September, 1998)
69	- Power	314.94 (26)	Not intimated (September, 1998)
74	- Industries (Closed and Sick Industries)	12.14 (28)	Saving (Rs 1 crore) was due to non-finalisation of arrear sales tax dues in respect of few BIFR approved cases. Reasons for saving of balance fund not intimated (September 1998).
80	- Road Transport	10.68 (15)	Not intimated (September, 1998)
81	- Other Transport Services	14.55 (54)	Not intimated (September, 1998)
95	- Consumer Industries (Excluding Public Undertakings and Closed and Sick Industries)	4.07 (19)	Not intimated (September, 1998)

Description of the grant/appropriation		Amount of Savings (Rupees in crore)	Reasons for savings
96	- Loans for Other Industries (Excluding Closed and Sick Industries and Public Undertakings)	8.53 (56)	Not intimated (September, 1998)
99	- Loans and Advances	27.09 (44)	Not intimated (September, 1998)
Revenue Charged			
4	- Administration of Justice	5.06 (24)	Not intimated (September, 1998)
40	- Social Security and Welfare (Rehabilitation)	3.61 (36)	Not intimated (September, 1998)

Appendix 7

(Refer Paragraph 2.2.5, Page 33)

Cases where substantial savings occurred on account of either non-implementation or slow-implementation of Plan Schemes

Grant/ Appropriation	Name of the Scheme	Amount of savings (Rupees in crore)	Percentage of savings
25 - Public Works	State Plan (Annual Plan and Ninth Plan)- Administration of Justice - High Court, Civil and Sessions Courts	8.87	80
	Centrally Sponsored (New Schemes) Infrastructural facilities of Judiciary - Construction of Court Buildings at different places in West Bengal	2.00	80
	Technical Education - Engineering Technical Colleges and Institutes - State Plan (Annual Plan and Ninth Plan)- Establishment of a new Engineering College at Kalyani (Higher)	2.43	97
	Urban Health Services-110-Hospitals and Dispensaries - State Plan (Annual Plan and Ninth Plan)- State Health System Development Project- II (Externally Aided Project)	56.68	99
	Medical Education, Training and Research- 105-Allopathy - State Plan (Annual Plan and Ninth Plan)- 09-Setting up of a Post-Graduate Medical College at Kalyani	9.30	100
	State Plan (Annual Plan and Ninth Plan)- 15-Police Housing under the Programme for Upgradation of standards of Administration recommended by the Tenth Finance Commission - Construction of new residential buildings	11.59	94
26 - Other Administrative Services (Fire Protection and Control)	State Plan (Annual Plan and Ninth Plan)- 01-Upgradation of standards of Administration for development of Fire Services as recommended by the Tenth Finance Commission	2.00	100
30 - Education, Art and Culture	State Plan (Annual Plan and Ninth Plan)-1- Free and compulsory Primary Education (Universal) - Improvement of Buildings of existing Primary Schools	9.21	53
	Scholarships and Incentives - State Plan (Annual Plan and Ninth Plan)-1- Provision for Incentive to the Development of Elementary Education (Minimum Needs Programme)	6.49	97
	State Plan (Annual Plan and Ninth Plan)-1- Free and Compulsory Primary Education (Universal, Minimum Needs Programme) - Establishment of Primary School Teacher and Non-Teacher cost	8.35	88

Grant/ Appropriation		Name of the Scheme	Amount of savings (Rupees in crore)	Percentage of savings
30	- Education, Art and Culture	State Plan (Annual Plan and Ninth Plan)-7-Mid-day Meals for Children	7.75	65
		State Plan (Annual Plan and Ninth Plan)-16-Establishment of Child Education Centre	10.99	100
		State Plan (Annual Plan and Ninth Plan)-17-Assistance for upgradation of Education as Recommended by the Tenth Finance Commission	8.82	100
		State Plan (Annual Plan and Ninth Plan)-6-Assistance to Non-Government Higher Secondary Institution	2.19	47
		Special Component Plan for Scheduled Castes-8-Expansion of Teaching and Educational facilities for Children of age group (14-16)	4.10	100
		State Plan (Annual Plan and Ninth Plan)-3-Development of West Bengal Board of Secondary Education	2.00	80
		State Plan (Annual Plan and Ninth Plan)-8-Expansion of Teaching and Educational facilities for Children of age group (11-14) (Minimum Needs Programme)	8.54	78
		State Plan (Annual Plan and Ninth Plan)-1-Development of Universities	2.10	48
32	- Medical and Public Health (Excluding Public Health)	State Plan (Annual Plan and Ninth Plan)-02-Hospital cost for the Insured Workers and their families	2.89	93
		State Plan (Annual Plan and Ninth Plan)-17-State Health System Development Project-II Externally Aided Project	77.38	94
		State Plan (Annual Plan and Ninth Plan)-21-Reproductive Child Health Programme (Externally Aided Project)	3.49	87
		State Plan (Annual Plan and Ninth Plan)-04-Improvement of Primary Health Centre	30.00	100
		State Plan (Annual Plan and Ninth Plan)-05-Basic Minimum Services	8.98	100
		State Plan (Annual Plan and Ninth Plan)-06-Special Component Plan for Scheduled Castes (Minimum Needs Programme)	3.59	100
33	- Medical and Public Health (Public Health)	Centrally Sponsored (New Schemes)-(i)- Leprosy-03-National AIDS Control Programme	4.19	86
34	- Family Welfare	Centrally Sponsored (New Schemes) Compensation for Tubectomy	4.48	71

Grant/ Appropriation		Name of the Scheme	Amount of savings (Rupees in crore)	Percentage of savings
35	Water Supply and Sanitation (Excluding Prevention of Air and Water Pollution)	Rural Water Supply - Centrally Sponsored (New Schemes)-01-Accelerated Rural Water Supply Programme	12.63	26
		Rural Water Supply-Centrally Sponsored (New Schemes)-06-Malda Arsenic Project	40.99	75
		State Plan (Annual Plan and Ninth Plan)-05-Externally Aided Water Supply Project (Minimum Needs Programme) (State's Share)	14.17	55
		Special Component Plan for Scheduled Castes in Rural Areas (Minimum Needs Programme) (State's Share)		
		(b) Piped Water Supply Scheme	3.80	63
		(e) Externally Aided Water Supply Projects	8.23	78
37	Urban Development	State Plan (Annual Plan and Ninth Plan)-01-Integrated Development of Small and Medium Towns (State's Share)	2.61	75
		Centrally Sponsored (New Schemes) - Integrated Development of Small and Medium Towns (Central Share)	2.65	88
		Special Component Plan for Scheduled Castes - Programme for Liberation of Scavengers by conversion of service privies into sanitary latrines in Municipal Towns (State's Share)	3.98	99
		State Plan (Annual Plan and Ninth Plan)-14-Prime Minister's Integrated Urban Poverty Eradication Programme (IUPEP)	4.00	100
		Scheme of Special Employment Programme for the Urban and Semi Urban Areas (SEPUSUA)	14.99	100
		State Plan (Annual Plan and Ninth Plan)-20-Externally Aided Project-		
		(i) Slum Improvement Programme for six North Bengal Districts of West Bengal in 21 Towns	5.00	100
		(ii) Infrastructural Development in four Major Towns of West Bengal viz. Howrah, Kharagpur, Siliguri and Asansol	2.00	100
		(iii) Community Based Child and Mother Health Services (EAP)	3.00	100
		State Plan (Annual Plan and Ninth Plan)-23-Grants to CMDA for construction of a slip road from Nazrul Islam Sarani (VIP Road) with a bridge over Kestopur Canal near Ultadanga Connecting EM Bye-pass (SCA)	2.60	100

Grant/ Appropriation	Name of the Scheme	Amount of savings (Rupees in crore)	Percentage of savings
37 - Urban Development	State Plan (Annual Plan and Ninth Plan)- Grants to Urban Local Bodies for meeting their primary obligations as recommended by the Tenth Finance Commission (74th Amendment of the Constitution)	30.08	100
	Centrally Sponsored (New Schemes) Loans for Integrated Development of Small and Medium Towns	2.52	72
39 - Labour and Employment	State Plan (Annual Plan and Ninth Plan)- 01-Self Employment Scheme for the Registered Unemployed in West Bengal	2.14	99
40 - Social Security and Welfare (Rehabilitation)	Central Sector (New Schemes) - Other rehabilitation schemes-Basic Infrastructural Facilities in the displaced person's colonies in West Bengal	8.31	46
41 - Social Security and Welfare (Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes)	Water Supply - Tribal Areas Sub-Plan State Plan (Annual Plan and Ninth Plan)- 5-Externally Aided Water Supply Project	2.79	77
	Centrally Sponsored (New Schemes)- 0112(a)-Scholarship to students (Stipend and Scholarship)	2.07	69
	Special Central Assistance for Tribal Areas Sub-Plan-State Plan (Supplement Plan)-Integrated Tribal Area Development Project	11.44	59
	State Plan (Supplement Plan) - State Plan Schemes under proviso to Article 275 of the Constitution of India-3900- Community Project for Tribal Development	2.78	67
	Capital Outlay on Roads and Bridges- 796-Tribal Areas Sub-Plan-State Plan (Annual Plan and Ninth Plan)-0100- Development of State Roads	5.08	78
42 - Social Security and Welfare (Social Welfare)	State Plan (Annual Plan and Ninth Plan) New Provident Fund Scheme for landless Agricultural Labourers	4.98	99
48 - Soil and Water Conservation	Minor Works-Centrally Sponsored (New Schemes)-01-Soil conservation works in the upper catchment area of the Kangsabati River	2.73	94
	Minor Works-Centrally Sponsored (New Schemes)-1200-National Watershed Development Project in Rainfed Areas (NWDPA)	5.34	89
49 - Animal Husbandry	State Plan (Annual Plan and Ninth Plan)- 01-Strengthening of A. I. Services	4.00	100
50 - Dairy Development	Central Sector (New Schemes)-02- Implementation of the Integrated Dairy Development Project	2.50	100

Grant/ Appropriation	Name of the Scheme	Amount of savings (Rupees in crore)	Percentage of savings
51 - Fisheries	State Plan (Annual Plan and Ninth Plan)-(k)-Shrimp and Fish Culture Project under World Bank Assistance (Negotiates)	27.00	90
	State Plan (Annual Plan and Ninth Plan)-(p)-Minor Fishing Harbour and Fish Landing Centres (RIDF)	2.50	100
55 - Agricultural Research and Education	State Plan (Annual Plan and Ninth Plan)-01-Development of Agricultural Education at Bidhan Chandra Krishi Viswavidyalaya and Other Universities	2.46	71
56 - Horticulture and Vegetable Crops	State Plan (Annual Plan and Ninth Plan)-15-Rural Integrated Development (RIDF)	4.89	98
	Foods and Beverages - Central Sector (New Schemes)-01-Other Assistance for Promotion of Food Processing Industries	2.25	100
59 - Special Programmes for Rural Development	Subsidy to District Rural Development Agencies - State Plan (Annual Plan and Ninth Plan)-01-Intensive and Integrated Rural Development Programme under other blocks	16.50	72
	State Plan (Annual Plan and Ninth Plan)-02-Special Component Plan for Scheduled Castes - Intensive and Integrated Rural Development Programme under other blocks	15.98	100
60 - Rural Employment	State Plan (Supplement Plan) - Jawahar Rozgar Yojana Scheme (1st stream)-02-Million Wells Scheme (MWS)-03-Indira Awas Yojana (IAY)	67.51	42
	State Plan (Annual Plan and Ninth Plan)-02-Employment Assurance Scheme	16.55	49
62 - Other Rural Development Programmes (Panchayati Raj)	State Plan (Annual Plan and Ninth Plan)-0200-Assistance to Panchayat Bodies as recommended by the Tenth Finance Commission (73rd Amendment of the Constitution)-(b)-Creation of Remunerative Assets and Other Development Programmes in Panchayat Bodies	20.55	99
	State Plan (Annual Plan and Ninth Plan)-01-Incentive Schemes for Decentralised Resource Mobilisation in the District	3.20	98
65 - Other Special Areas Programmes	Area Development - State Plan (Annual Plan and Ninth Plan)-04- Development of Sundarban Areas out of RIDF	5.00	100
	State Plan (Supplement Plan) Border Area Development Programme-07-Road Sector	14.84	100

Grant/ Appropriation		Name of the Scheme	Amount of savings (Rupees in crore)	Percentage of savings
67	- Minor Irrigation and Command Area Development	State Plan (Annual Plan and Ninth Plan)-02-Lump provision for work under RIDF Project - NABARD Loan	45.00	100
		Other Expenditure - State Plan (Annual Plan and Ninth Plan)-12-Special Component Plan for Scheduled Castes - Lump provision for works under RIDF Project - NABARD Loan	5.00	100
		State Plan (Annual Plan and Ninth Plan)-28-Lump Provision for RIDF Project II of NABARD Schemes	8.00	100
		State Plan (Annual Plan and Ninth Plan)-29-Special Component Plan for Scheduled Castes - Lump provision of RIDF Project II of NABARD Schemes	2.00	100
68	- Flood Control and Drainage	Flood Control - Civil Works - State Plan (Annual Plan and Ninth Plan)-481-Recommendation of the Tenth Finance Commission - Anti-erosion Programme (Special Problems)- (b)-Anti-erosion Schemes on river Ganga down stream in the district of Murshidabad	2.00	100
69	- Power	Loans for Consumer Industries - State Plan (Annual Plan and Ninth Plan)-55-Loans to Durgapur Project Ltd.	2.50	100
73	- Village and Small Industries (Excluding Public Undertakings)	Small Scale Industries - State Plan (Annual Plan and Ninth Plan)-09-Scheme for Development of SSI	3.11	49
		Sericulture Industries - State Plan (Annual Plan and Ninth Plan)-3-Other Developmental Schemes for Sericulture Industries	3.55	88
75	- Industries (Excluding Public Undertakings and Closed and Sick Industries)	Other Expenditure - State Plan (Annual Plan and Ninth Plan)-01-State Government grants to WBIDC for development in infrastructure facilities in the "No Industry District"	3.00	100
		Other Engineering Industries - Centrally Sponsored (New Schemes)- 01-Setting up of Export Promotional Industrial Park at Durgapur	4.25	100
		Consumer Industries - Leather - State Plan (Annual Plan and Ninth Plan)-01-Setting up of Leather Complex	2.45	99
		State Plan (Annual Plan and Ninth Plan)-01-Improvement and Expansion of mechanised Brick Factory at Palta	3.00	100

Grant/ Appropriation	Name of the Scheme	Amount of savings (Rupees in crore)	Percentage of savings
79 - Roads and Bridges	Other Expenditure - State Plan (Annual Plan and Ninth Plan)-0100-Development of State Roads	3.48	70
	State Plan (Annual Plan and Ninth Plan)- (Other than Minimum Needs Programme)-01(a)-Development of State Roads-	2.14	74
	i) 00(b) Rural Roads	50.37	99
	ii) Scheme under RIDFPW (Roads) Department	20.20	100
	iii) Scheme under RIDFPW Department		
	State Plan (Annual Plan and Ninth Plan)- 0300-Special Component Plan for Scheduled Castes-		
	i) Construction	4.41	48
	ii) Improvement of Panagarh Mourigram Road (EAP)	14.00	100
	General - Other Expenditure - State Plan (Annual Plan and Ninth Plan)- 01-Development of State Roads-(a)-Establishment for Development of State Roads (Other than Special Roads)	4.93	99
89 - Water Supply and Sanitation (Prevention of Air and Water Pollution)	Prevention of Air and Water Pollution- State Plan (Annual Plan and Ninth Plan)- 13-Industrial Pollution Control Project (OECP)	5.20	52
93 - Petro-Chemical and Consumer Industries (Excluding Public Undertakings)	Loans to Industrial Financial Institution- Loans to Public Sector and Other Undertakings - State Plan (Annual Plan and Ninth Plan)-55-Loans to West Bengal Industrial Development Corporation Limited in lieu of market borrowing	4.60	100
96 - Other Industries (Excluding Closed and Sick Industries)	Other Loans - State Plan (Annual Plan and Ninth Plan)- 55-Loans and Advances - Loans to West Bengal Industrial Infrastructure Development Corporation	3.80	54
	State Plan (Annual Plan and Ninth Plan)- 55-Loans and Advances - Loans under Incentive Scheme for Industrial Growth in West Bengal	4.25	85

Appendix 8

(Refer Paragraph 2.3, Page 37)

Cases which satisfied the criteria laid down for treatment as New Service/New Instrument of Service

Name of the Department	Grant number	Head	Actual expenditure (Rupees in lakh)	Remarks/Criteria number (As per G.O.No.3229(47) -FB dt.26.05.1981)
Health and Family Welfare	32	2210-Medical and Public Health (Excluding Public Health) - 01 - Urban Health Service (Allopathy) 110-Hospitals and Dispensaries-13 National Illness Fund	100.00	5
Irrigation and Waterways	67	2702-Minor Irrigation-01 Deep Tube-wells-Special Plan (Annual Plan and 9th Plan) 24-Development of Diesel Operated Shallow Tube-wells-RIDF Project-II of NABARD on Development of Minor Irrigation-NABARD Loan	48.65	5
Transport	81	5075-Capital Outlay on Other Transport Services-800-Other Expenditure, State Plan (Annual Plan and 9th Plan) - Land Acquisition for Howrah-Amta and Howrah-Champadanga Broad Gauge Railway Line	70.00	2
Census	85	3454-Census, Surveys and Statistics-01-Census-800-Other Expenditure-Non-Plan-02-Centrally Sponsored (New Scheme) Conduct of fourth Economic Census	15.67	16

Appendix – 9

(Refer paragraph 3.2.5 page 43)

Statement showing amount released by Government of India to WBCSTDFC

Year	Amount released by GOI (including revalidated amount of previous year) (Rupees in lakh)		Month and year in which fund sanctioned by the GOI	Month and year in which fund credited to State Government account by the RBI	Month in which amount transferred to the deposit Account of the WBCSTDFC by the State Government (Rupees in Lakh)	Amount released to the WBCSTDFC and executing agencies directly (Rupees in lakh)	Total amount drawn by the State Government (Rupees in lakh)	Excess (+) Less (-)
1	2		3	4	5	6	7	8
1992-93	1 st Inst.	467.16	May 1992	June 1992	1540.03	106.30	1646.33	(+) 5.52
	2nd Inst	350.37	August 1992	September 1992	(March 1993)			
	3rd inst.							
	4th Inst	314.14	January 1993	March 1993				
	5th Inst.	40.00	February 1993	March 1993				
	Revalidated (June 1992) amount of previous year	469.14	March 1992*	March 1992				
		1640.81						
1993-94	1 st Inst.	180.00	April 1993	May 1993	938.23	2.14	940.37	(-) 5.38
	2 nd Inst(PTI)	226.55	July 1993	July 1993	(March 1994)			
	2 nd Inst(PTII)	226.56	July 1993	July 1993				
	3 rd Inst.	312.64	Sept 1993	September 1993				
	4 th Inst.	373.31	March 1994	March 1994	Not drawn by the State Government			
		945.75						
1994-95	1 st Inst.	659.53	May 1994	July 1994	1335.83 (March 1995)	Nil	1335.83	-
	2 nd Inst.	586.23	December 1994	February 1995				
	3 rd Inst.	90.07	March 1995	March 1995				
		1335.83						
1995-96	1 st Inst(PTI)	541.86	April 1995	June 1995	1090.59 (March 1996)	400.00	1490.59	-
	1 st Inst(PTII)	209.17	June 1995	August 1995				
	2 nd Inst	739.56	December 1995	March 1996	Not drawn by the State Government			
	3 rd Inst	272.62	March 1996	March 1996				
		1490.59						
1996-97	1 st Inst	705.03	May 1996	July 1996	1381.42 (March 1997)	-	1654.04	-
	2 nd Inst	676.39	February 1997	March 1997				
	Revalidated (April 1996) amount of previous year	272.62	March 1996*	March 1996	272.62 (August '96)			
		1654.04						
1997-98	1 st Inst.	780.00	June 1997	July 1997	780.00 (March 1998)	-	780.00	-
Grand Total		7847.02			7338.72	508.44	7847.16	

* Rupees 469.14 lakh (1992-93) and Rs 272.62 lakh (1996-97) though revalidated by Government of India, both the fund were credited in March of the previous years in Government account by the RBI.

Appendix 10
(Refer paragraph 3.2.5 page 43)
Statement showing amount kept in deposit account of the WBSCSTDFC

Year	Total amount kept in Deposit Account of the WBSCSTDFC (Rupees in lakh)	Amount sanctioned by the Deptt. for release (Rupees. in lakh)	Month of issue of sanction	Activity	To whom sanctioned	Fund released by the corpn. (Rupees. in lakh)	Unspent amount lying with the corporation (Rupees. in lakh)
1992-93	1540.03	40.00 1269.03 77.00 <u>154.00</u> 1540.03	March 1993 December 1993 to March 1994 July 1993 and February 1994 May 1994 to November 1995	FO Scheme FO Scheme Managerial Subsidy CD Scheme	MD. WBSCSTDFC MD. WBSCSTDFC MD. WBTDCCCLTD MD. WBSCSTDFC	607.84 77.00 <u>154.00</u> 838.84	(+) 701.19
1993-94	938.23	606.91 236.43 <u>94.89</u> 938.23	September 1994 October 1994 to March 1996 August 1994 and September 1994	FO Scheme C.D. Scheme Managerial Subsidy	MD. WBSCSTDFC MD. WBSCSTDFC MD. WBTDCCCLTD	900.01 236.43 <u>94.89</u> 1231.33	(-) 293.10
1994-95	1335.83	969.40 334.00 <u>32.43</u> 1335.83	September 1995, January 1996 and September 1997 December 1995 and August 1997 September 1995	FO Schemes FO Schemes C.D. Scheme Managerial subsidy	MD. WBSCSTDFC MD. WBTDCCCLTD MD. WBSCSTDFC MD. WBSCSTDFC	656.14 181.60 48.47 334.00 <u>32.43</u> 1252.64	(+) 83.19
1995-96	1090.59	245.16 272.65 0.75 <u>572.03</u> 1090.59	March 1997 May 1997 to March 1998 April 1997 March 1997	FO Scheme C.D. Scheme Financial assistance to LAMPS Transferred to SCA to SCP fund	MD. WBSCSTDFC MD. WBSCSTDFC MD. WBTDCCCLTD MD. WBTDCCCLTD	245.16 181.42 0.75 <u>572.03</u> 999.36	(+) 91.23
1996-97	1654.04	811.34 318.15 <u>143.13</u> 1272.62	March 1997 to December 1997 March 1997 to December 1997 March 1997	FO Scheme C.D. Scheme Transferred to SCA to SCP	MD. WBSCSTDFC MD. WBSCSTDFC 	726.63 Nil <u>143.13</u> 869.76	(+) 784.28
1997-98	780.00	200.00	March 1998	FO Scheme	MD. WBSCSTDFC	589.53	(+) 190.47

N.B Though department sanctioned Rs 200.00 lakh during 1997-98 the Corporation released Rs 589.53 lakh out of its own fund

APPENDIX 11

(Refer Paragraph 3.2.6.3(i), Page 49)

Statement showing sanction/release of funds, number of schemes to be executed vis-à-vis expenditure incurred

Year	Name of the district	Fund sanctioned (Rupees in lakh)	Fund placed with the Project Officer (Rupees in lakh)	Number of scheme to be executed	Expenditure incurred (Rupees in lakh)	Number of schemes executed	Fund suballotted to executing agencies (Rupees in lakh)	Number of schemes to be executed	Number of schemes completed and amount for which UCs received (Rupees in lakh)	Fund not released by the WB SC ST DFC
1992-93	Burdwan	16.00	16.00	4	16.00	4	-	-	-	-
	Jalpaiguri	38.28	22.13	4	5.35	3	16.15	10	NIL	-
	Midnapore	28.34	-	-	-	-	27.37	17	NIL	0.97
	Purulia	24.88	-	-	-	-	24.88	19	17.30(13)	-
		107.50	38.13	8	21.35	7	68.40	46	17.28(12)	0.97
1993-94	Burdwan	11.36	11.36	3	11.36	3	-	-	-	-
	Jalpaiguri	57.68	21.88	15	21.88	15	12.80	6	NIL	23.00
	Midnapore	16.89	-	-	-	-	16.89	61	1.22(1)	-
	Purulia	23.79	-	-	-	-	23.79	43	12.59(21)	-
		109.72	33.24	18	33.24	18	53.48	110	13.81(22)	23.00
1994-95	Burdwan	7.00	7.00	2	7.00	2	-	-	-	-
	Jalpaiguri	41.19	5.00	1	NIL	-	28.40	9	NIL	7.79
	Midnapore	16.88	-	-	-	-	16.08	57	NIL	0.79
	Purulia	31.71	-	-	-	-	8.71	3	NIL	23.00
		103.28	12.00	3	7.00	2	59.29	69	-	31.99
1995-96	Burdwan	10.47	10.47	4	8.55	2	-	-	-	-
	Jalpaiguri	84.91	-	-	-	-	5.99	3	NIL	78.92
	Midnapore	5.19	3.59	2	NA	-	1.60	1	NIL	-
	Purulia	63.30	-	-	-	-	63.30	81	5.54(1)	-
		163.87	14.06	6	8.55	2	70.89	85	5.54(1)	78.92
		484.37	97.43	35	70.14	29	252.06	310	36.65(36)	134.88

APPENDIX 12

(Refer Paragraph 3.11, Page 81)

Period of delay in submission of adjustment in respect of TA advances

Serial number	Name and designation	Amount of TA advance and date of drawal (Rupees)	Place of visit and period	Delay in months from the date of tour (July 1998)
1	Shri Pratim Chatterjee, Minister of State, Fire Services, Department of Municipal Affairs	140000 (28.8.96)	Manchester, UK 01-09-96 to 07-09-96	22
2	Smt. Bilasi Bala Sahis, Minister of State, Forest Department	227300 (16.7.97)	Havana, Cuba 28-07-97 to 05-08-97	11
3	Shri Srikumar Mukherjee, Minister of State, Home (Civil Defence) Department	227500 (10.7.97)	Havana, Cuba 28-07-97 to 05-08-97	11
4	Shri Rabindra Nath Mondal, Chief Government Whip, West Bengal	178735 (12.5.97)	Accra, Ghana, 09-05-97 to 26-05-97	14
5	Shri S R Chattopadhyay, Secretary, West Bengal Legislative Assembly	86243 (Date not available)	Bangkok, 15-08-96 to 16-08-96, Kualalumpur, 17-08-96 to 25-08-96, Tokyo, 27-08-96 to 28.8.96, Hong Kong 29.8.96 to 30.8.96	23
6	Shri Anil Mukherjee, Dy. Speaker, West Bengal Legislative Assembly	140573 (Date not available)	Kualalumpur, Beijing, Tokyo, Hanoi 17-08-96 to 06-09-96	22
7	Shri Ambika Banerjee, MLA	250000 (12.6.97)	USA for medical treatment. Period of journey not available	*13
Total		1250351		

* From the date of drawal

Appendix 13
(Refer paragraph 3.13. Page 92)

Statement showing details of misappropriation and misutilisation of Government money

Serial Number	Name of the office	Date of verification by DDO	Closing balance as per cash book on that date	Cash actually found on verification	Total shortage	Nature of shortage		
						(in Rupees)		
						Unauthorised advance from undischursed cash	Unadjusted vouchers (Rupees)	Unexplained cash shortage/suspected mis-appropriation
1.	Principal Superintendent, Chittaranjan Seva Sadan, Calcutta	07/01/98	1357182.82	598947.03	758235.79			758235.79
2.	Surgeon, Superintendent, Gandhi Memorial Hospital, Kalyani, Nadia	28/11/97	752818.00	731523.00	21295.00		21295.00	
3.	Block Medical Officer of Health, Haldibari. CM.O.H Coochbehar	07/03/98	88861.65	70621.24	18240.41	18240.41	-	
4.	Superintendent, P.G. Polyclinic Suburban Hospital Road. Calcutta-20	20/01/98	150584.70	126573.95	24010.75	24010.75		
5.	Superintendent, I.D & B.G. Hospital, Beliaghata, Calcutta	19/01/98	665247.60	647008.00	18239.60	-		18239.60
6.	Superintendent, National Medical College Hospital, Calcutta	03/07/97	2859719.64	2807373.50	52346.14	52346.14		
7.	Superintendent, Dum Dum Central Jail	13/10/97	512113.60	278666.00	233447.60		233447.60	
8.	S.A.O. Krishnanagar, Nadia	18/03/97	1510375.05	1490721.00	19654.05		19654.05	

Serial Number	Name of the office	Date of verification by DDO	Closing balance as per cash book on that date	Cash actually found on verification	Total shortage	Nature of shortage		
						(in Rupees)		
						Unauthorised advance from undischursed cash	Unadjusted vouchers (Rupees)	Unexplained cash shortage suspected mis-appropriation
9.	Director of Industrial Training, Writers' Buildings	02/07/97	3874713.02	3021081.75	853631.27	-		853631.27
10	Superintendent, Bhatpara State General Hospital, Bhatpara, North 24 parganas	20/07/97	202950.25	56385.50	146564.75		1,46,564.75	
11.	Principal, Burdwan Medical College, Burdwan	17/11/97	1099329.00	1084976.00	14353.00	-	14,353.00	
12.	Superintendent, Netaji Subhas sanitorium. Kalyani	15/05/97	116095.00	110146.10	5948.90	975.00	4,973.90	
13.	Superintendent, Presidency Jail, Calcutta	06/04/98	3178327.35	3061689.37	116637.98	92363.93	24,274.05	
14.	Principal Calcutta Medical College, Calcutta	18/03/98	1542292.30	1097330.37	444961.93	444961.93		
15.	Superintendent, Vidyasagar General Hospital, Behala, Calcutta-34	10/02/98	200357.34	179561.82	20795.52		20,795.52	
16.	Superintendent, K.S. Roy T.B. Hoapital, Jadavpur	29/04/98	232615.10	231414.10	1201.00		1,201.00	
17.	Superintendent, Kandi S.D. Hospital, Murshidabad	05/03/98	40657.00	28181.70	12475.30		12,475.30	
18.	Superintendent. Nabadwip State General Hospital, Nadia	23/02/98	716210.00	694881.65	21328.35	3650.00	17,678.35	
19.	S.P. South 24 parganas	02/01/98	8040527.65	7845945.65	194582.00	194582.00		
20.	State Mass Education & Information Officer, Joint Director of Health Services	23/07/97	145409.39	139309.15	6100.24	-		6100.24
Total			27286386.46	24302336.88	2984049.58	831130.16	516712.52	1636206.90

Appendix 14
(Refer paragraph 3.14, Page 97)

Statement showing details of serious irregularities like theft, defalcation, non-recovery of dues, loss of revenue, decretal certificate cases, expenditure without sanction, etc.

		Health and Family Welfare	Rural Development	Social Welfare	Public Works	Water Investigation and Development	Total paras	Money value
		(N u m b e r o f p a r a g r a p h s)						(Rs. in crore)
1	Non-adjustment of advances drawn by departmental officers and non-recovery of dues from contractors/ suppliers	292	594	11	114	83	1094	84.19
2	Theft/ defalcation/ misappropriation of Government money/ stores	178	77	7	--	--	262	1.44
3	Loss of revenue	70	29	--	96	115	310	12.91
4	Expenditure incurred without sanction of Government/ administrative approval	5	47	1	116	36	205	23.77
5	Miscellaneous irregularities	2513	2470	748	528	224	6483	130.44
Total		3058	3217	767	854	458	8354	252.75

Appendix 15

(Refer Paragraph 3.15 Page 97)

Year-wise and department-wise analysis of cases of misappropriation, losses, etc., awaiting final action at the end of March 1998

Serial Number	Name of the Department	Reported up to 1996		Reported in 1996-97		Reported in 1997-98		Total	
		Number	Amount (Rupees)	Number	Amount (Rupees)	Number	Amount (Rupees)	Number	Amount (Rupees)
1.	Agriculture	62	14,09,648	3	3,21,304	1	63,614	66	17,94,566
2.	Animal Resources Development	16	12,12,778	-	-	1	4,851	17	12,17,629
3.	Board of Revenue	357	84,95,853	-	-	3	7,68,636	360	92,64,489
4.	Commerce and Industries	2	3,31,311	-	-	-	-	2	3,31,311
5.	Cottage and Small Scale Industries	4	2,72,556	-	-	3	10,31,379	7	13,03,935
6.	Finance	10	13,86,489	-	-	1	3,23,731	11	17,10,220
7.	Fisheries	1	9,12,384	-	-	1	1,51,132	2	10,63,516
8.	Food and Supplies	5	1,17,332	-	-	-	-	5	1,17,332
9.	Forest	2	2,30,393	-	-	-	-	2	2,30,393
10.	Health and Family Welfare	65	38,67,136	1	4,58,000	17	32,92,621	83	76,17,757
11.	Higher Education	2	32,240	-	-	-	-	2	32,240
12.	Home (Civil Defence)	1	1,90,892	-	-	-	-	1	1,90,892
13.	Home (Jail)	-	-	-	-	1	8,556	1	8,556
14.	Home (Police)	14	15,53,104	-	-	-	-	14	15,53,104
15.	Home (Political)	1	1,21,372	-	-	-	-	1	1,21,372
16.	Irrigation and Waterways	19	2,79,549	-	-	-	-	19	2,79,549
17.	Judicial	3	1,02,994	-	-	-	-	3	1,02,994
18.	Labour	12	3,59,500	-	-	-	-	12	3,59,500
19.	Land and Land Reforms	12	1,54,268	-	-	-	-	12	1,54,268
20.	Mass Education Extension	1	1,250	-	-	-	-	1	1,250
21.	Municipal Affairs	-	-	-	-	1	1,87,000	1	1,87,000
22.	Public Health Engineering	1	59,711	-	-	-	-	1	59,711
23.	Public Works	4	1,54,839	-	-	-	-	4	1,54,839
24.	Public Works (Roads)	3	4,26,978	-	-	1	26,710	4	4,53,688

Serial Number	Name of the Department	Reported up to 1996		Reported in 1996-97		Reported in 1997-98		Total	
		Number	Amount (Rupees)	Number	Amount (Rupees)	Number	Amount (Rupees)	Number	Amount (Rupees)
25.	Refugee, Relief and Rehabilitation	2	2,50,352	-	-	-	-	2	2,50,352
26.	Relief	3	15,54,971	1	38,39,000	-	-	4	53,93,971
27.	Rural Development	49	35,63,187	5	5,55,338	3	2,66,840	57	43,85,365
28.	Scheduled Castes and Tribes Welfare	3	2,07,621	-	-	2	36,670	5	2,44,291
29.	School Education	28	12,26,282	-	-	1	80,787	29	13,07,069
30.	Social Welfare	3	22,27,976	2	1,021	-	-	5	22,28,997
31.	Technical Education and Training	9	9,49,977	1	44,574	-	-	10	9,94,551
32.	Tourism	1	1,15,628	-	-	-	-	1	1,15,628
33.	Urban Development	2	1,49,920	-	-	-	-	2	1,49,920
34.	Water investigation and Development	23	1,42,450	-	-	-	-	23	1,42,450
	Total	720	3,20,60,941	13	52,19,237	36	62,42,527	769	4,35,22,705
	Total amount (in lakh of rupees)		320.61		52.19		62.43		435.23

Appendix 16

(Refer Paragraph 4.14.7.1, Page 134)

Statement showing irrigation potential created

Name of District	Year	Number of schemes	Command area	Command area as per intensity of 200 per cent	Area actually irrigated	Percentage of coverage (intensity achieved)
			(in hectares)			
North 24 Parganas	1995-96	248	16040	32080	6623	21
	1996-97	168	12920	25840	4814	19
	1997-98	240	15960	31920	5858	18
Midnapore	1995-96	365	25000	50000	8376	17
	1996-97	260	20800	41600	7507	18
	1997-98	-	-	-	-	-
Burdwan	1995-96	169	6760	13520	3373	25
	1996-97	169	6760	13520	4630	34
	1997-98	169	6760	13520	5043	37
Malda	1995-96	253	16640	33280	5690	17
	1996-97	252	16920	32840	5681	17
	1997-98	171	13680	27360	4062	15
Dakshin Dinajpur	1995-96	240	19200	38400	6506	17
	1996-97	283	20920	41840	8630	21
	1997-98	241	19280	38560	7638	20
Uttar Dinajpur	1995-96	80	6400	12800	1686	13
	1996-97	84	6720	13440	1793	13
	1997-98	85	6800	13600	1793	13
		3477	237060	474120	89703	19

Appendix 17
(Refer paragraph 5.1.3. Page 145)

Statement showing number of fake ration cards and amount involve therein

Name of Ration Stores	Name of controlling officers		Number of fake cards/units	Period of drawal	Amount involved (Rupees in lakh)	Remarks
1.	Ration Store under SP, Birbhum	KL Meena, SP from 1.10.95 to 30.4.96 Virendra. S.P. from 1.5.96 to 31.3.97.	308 cards (1079 units)	1.10.95 to 31.3.97	5.34	Number of ration cards of district force except wireless force was higher than actual men-in position. No action taken as yet (April 1998)
2.	Ration Store under Commandant, SAP 2 nd BN, Barrackpore	Kundanlal Tamta, Commandant from 1.10.93 to 31.12.94	1074 Units	1990 to 1994	10.74	Drawal against cards already cancelled. No action taken as yet (April 1998)
3.	Ration Store under SP, Howrah	P Bhattacharya, SP from 15.2.91 to 20.1.93 S Sridhar, SP from 21.1.93 to 31.3.97	1 unit	1.5.83 to 4.8.95	0.14	Ration drawn in the name of employed son. Proceedings against concerned employee started. Result is awaited.
4.	Ration store under SP, Burdwan	AK Maliwal, SP from 1.11.93 to 4.7.94 Anil Kumar, SP from 5.7.94 to 28.9.95 NC Ghosh, SP from 29.9.95 to 31.12.95	1 card 4 units	1980 to 1995	0.82	Ration commodities drawn by furnishing false declaration about family. No action taken as yet (April 1998)
5.	Ration Store No.E.S.47(P) under DC DD (Spl), Calcutta Police	G M Chakraborty, D C from 2.3.93 to 31.8.94 S K Purakaistha, D C from 24.3.90 to 30.9.94 to 26.12.94 Nazrul Islam, DC from 1.2.95 to 1.9.95.	146 cards	1994-95	2.47	Drawal against cards already cancelled. Departmental investigation started only on 20 January 1998.

Name of Ration Stores	Name of controlling officers		Number of fake cards/units	Period of drawal	Amount involved (Rupees in lakh)	Remarks
6.	Ration Store No.E S 29(P) under D C 3 rd BN, C A P	B B Bhowmik, D C from 1.1.88 to 23.3.90 S K Bhattacharya, D C from 24.3.90 to 1.5.90 P K Sahay, D C from 2.5.90 to 29.6.91 H C Bhattacharya, D C from 30.6.91 to 20.8.91 N Mukherjee, D C from 21.8.91 to 23.3.93 M Sengupta, D C from 24.3.93 to 15.7.94 Md Nizam, D C from 15.7.94 to 31.12.94	187 cards (654 units)	1988 to 1994	32.39	Court case started on 18.4.95
7.	Ration Store No.E S 63(P) under D C 5 th BN, C A P	B Singh, D C from 1.1.88 to 30.6.89 S K Bhattacharya, D C from 16.8.89 to 11.2.91 B B Basu, D C from 30.7.91 to 1.4.92 Nazrul Islam, D C from 15.1.93 to 18.3.93 A K Gupta, D C from 11.10.93 to 6.6.94 S N Singh, D C from 6.6.94 to 31.12.94	123 cards (485 units)	1988 to 1994	24.28	Court case started on 12.5.95
			3443 units		76.18	

Appendix 18
(Refer Paragrah 5.2.7(iii), Page 150)

Statement showing materials issued by the Resources Division but not found incorporated in the site accounts of the working divisions

Date of Supply order	Issue Vr. No. of Resources Division	Materials	Quantity issued	Quantity received	Short Receipt	Value (Rupees in lakh)	Division concerned
06.01.95	cg/Feb-80 dt. 15.02.95 - 15 MT cg/Feb-81 dt. 15.02.95 - 15MT cg/Feb-90 dt. 16.02.95 - 20 MT cg/March-40 dt. 07.03.95 - 20 MT	Cement	70 Tonne	50 Tonne	20 Tonne	0.43	R.C.F.A-I
03.04.97	cg/April-91 dt. 24.04.97 - 2448 Mtr. cg/June-30 dt. 26.05.97 - 1553 Mtr.	40 mm G.I Pipe	4001 Mtrs.	3003 Mtrs.	998 Mtrs.	0.91	Do
14.07.94	cg/August-73 dt. 24.08.94 - 3000 set cg/August-79 dt. 25.08.94 - 2000 set cg/October-48 dt. 29.10.94 - 3500 set cg/April-4 dt. 03.04.95 - 2000 set	80 mm DT Joint	10500 Set	6000 Set	4500 Set	2.07	R.C.F.A-II
16.05.95	cg/July-71 dt. 12.07.95 - 4000 set cg/July-78 dt. 17.07.95 - 1000 set (RCFA 2500)	80 mm DT Joint	2500 Set	1500 Set	1000 Set	0.55	R.C.F.A-I
25.02.98	cg/April-189 dt. 23.04.98 - 1.640 MT cg/June-154 dt. 15.06.98 - 6.800 MT	25 mm Tor Steel	8.44 Tonne	1.64 Tonne	6.80 Tonne	1.03	R.C.F.A.-I
27.03.96	cg/June-181 dt. 24.06.96 - 750 mtr.	80 mm AC pipe	750 metre	607.70 metre	142.30 metre	0.11	Alipore
27.03.96	cg/June-181 dt. 24.06.96 - 925 set	80 mm DT Joint	925 set	420 set	505 set	0.28	Alipore
08.05.95	cg/June-66 dt. 14.06.95Camp/I	Cement	20 Tonne	10 Tonne	10 Tonne	0.21	Jalpaiguri

APPENDIX 19

(Refer paragraphs 6.1 and 6.2, Page 156)

Statement of Departmentally managed Government Undertakings as on 31 March 1998 and position of arrear accounts as on 31 July, 1998

Serial Number	Name of the Department / Undertakings.	Years from which accounts are due	Remarks
A.	Undertakings are in operation.		
	Cottage and Small Scale Industries.		
1.	Silk Reeling scheme under the Deputy Director of Industries (Cottage) of Directorate of Handloom and Textiles.	1956-57	Reasons for non-preparation of accounts awaited despite several reminders.
2.	Training-cum-production Centre for Wood Industries, Siliguri.	1965-66	Preparation of accounts is in progress
3.	Central Engineering Organisation, Dasnagar, Howrah.	1991-92	Preparation of accounts is in progress.
4.	Surgical Instruments Servicing Station, Baruipur.	1995-96	Preparation of accounts is in progress.
5.	Integrated Wood Industries Scheme, Durgapur.	1996-97	Task-Force completed accounts from 1965-66 to 1995-96.
6.	Integrated Wood Industries Scheme, Kalyani.	1996-97	Task force completed accounts from 1965-66 to 1995-96.
	Fisheries		
7.	Scheme for Production of Shark Liver Oil, Fish meal, etc.	1994-95	Information awaited.
	Commerce & Industries		
8.	Director of Cinchona and other medicinal plants (Cinchona, Branch)	1986-87	Preparation of accounts is in progress.
	Industrial Reconstruction		
9.	Undertaking of Darjeeling Ropeway Company Limited	1981-82	Preparation of accounts is in progress.
	Housing		
10.	Directorate of Brick Production (manual)	1987-88	Preparation of accounts is in progress.
11.	Mechanical Brick Factory, Palta	1987-88	Preparation of accounts is in progress.
	Animal Resources Development		
12.	Durgapur Milk Supply Scheme	1986-87	Preparation of accounts is in progress.
13.	Greater Calcutta Milk Supply Scheme.	1994-95	Preparation of accounts is in progress.
14.	Burdwan Milk Supply Scheme.	1994-95	Preparation of accounts is in progress.
15.	Krishnagar Milk Supply Scheme	1994-95	Preparation of accounts is in progress.
	Agriculture		
16.	Sisal Plantation Scheme	1955-56	Accounts from 1955-56 to 1994-95 submitted on 9.9.96 but returned on 20.9.96 as these were not prepared in prescribed pro forma. Reminder has been issued.

Serial Number	Name of the Department / Undertakings.	Years from which accounts are due	Remarks
	Urban Development		
17.	Kanchrapara Area Development Scheme (Kalyani Town ship)	1975-76	Information awaited
	Finance (Board of Revenue)		
18.	Consolidated <i>Proforma</i> accounts of 'Hats' under the management of Government.	1982-83	Information awaited.
	Food & Supplies		
19.	Scheme for Public Distribution System of foodgrains.	1992-93	Preparation of accounts is in progress
B	UNDERTAKINGS VESTED WITH OTHER COMPANIES.		
	Cottage and Small Scale Industries.		
20.	Government Sales Emporia in Calcutta and Howrah	1951-52 to 1962-63 and from 1969-70 to 1980-81	merged with another Govt. Company with effect from September 1980.
21.	Industrial Estate, Kalyani.	1994-95	merger with another Govt. Company with effect from 21, July 1995.
22.	Industrial Estate, Baruipur.	1995-96	The undertaking was merged with another Govt. Company with effect from 18 July, 1995.
23.	Industrial Estate, Manicktala	1983-84	The undertaking was merged with another Govt. Company from 17 July, 1995.
24.	Industrial Estate, Saktigarh.	1983-84	The undertaking was merged with another Govt. Company from 9 August 1995.
25.	Industrial Estate, Howrah.	1995-96	The undertaking was merged with another Govt. Company from 7 August, 1995.
	Commerce & Industries		
26.	Oriental Gas Company's undertakings	1960-61 to 1989-90	The undertaking was vested in the newly set-up Company, i.e. Greater Calcutta Gas Supply Corporation Ltd under Companies Act. 1956 with effect from 2 April, 1990.
C.	Undertakings Wound Off		
	Cottage and Small Scale Industries		
27.	Central Lock Factory, Bargachia, Howrah	1972-73 to 1994-95 (upto 16.2.95)	The undertaking was closed with effect from 17 February, 1995.
28.	Training-cum-Production Centre-Mechanical Toys, Hooghly.	1972-73 to 1985-86 (upto 20.6.86)	The undertaking was wound up with effect from 21 June, 1986.

Appendix 20
(Refer paragraph 6.2, Page 156)

Statement of Undertakings which had not prepared *Pro forma* Accounts since their inception

Serial Number	Name of the Department / Undertakings.	Years from which accounts are due	Remarks
	Cottage & Small Scale Industries.		
1.	Silk Reeling Scheme under the Deputy Director of Industries (Cottage) Directorate of Handloom and Textiles.	1956-57	Accounts wing is not streamlined.
2.	Training-cum-production Centre for Wood Industries, Siliguri.	1965-66	Accounts wing is not streamlined.
3.	Government Sales Emporia, Calcutta and Howrah.	1951-52 to 1962-63 and from 1969-70 to 1980-81.	merged with another Govt. Company with effect from September, 1980.
4.	Central Lock Factory	1972-73 to 1994-95 (upto 16.2.95)	The undertaking was closed with effect from 17 Feb. 1995.
5.	Training-cum-production Centre-Mechanical Toys Hooghly.	1972-73 to 1986-87 (upto 20.6.86)	closed with effect from 21 June, 1986.
6.	Industrial Estate, Manicktala	1983-84 to 1995-96 (upto 16.7.95)	merged with another Govt. Company from 17 July 1995.
7.	Industrial Estate, Saktigarh	1983-84 to 1995-96 (upto 8.8.95)	merged with another company from 9.8.1995.
	Commerce & Industries		
8.	Oriental Gas Company's undertaking	1960-61 to 1989--90	merged with another Govt. Company with effect from 2.4.90.
	Agriculture		
9.	Sisal Plantation Scheme	1955-56	Accounts from 1955-56 to 1994-95 submitted on 9.9.96 but returned on 20.9.96 as these were not prepared in prescribed <i>proforma</i> . Reminders were issued but no replies have been received.
	Urban Developments		
10.	Kanchrapara area Development scheme (Kalyani town ship)	1975-76	Accounts wing is not streamlined.
11.	Finance (Board of Revenue) consolidated <i>proforma</i> accounts of 'Hats' under the management of Government.	1982-83	Accounts wing is not streamlined.

Appendix 21
(Refer Paragraph 6.2. Page 156)

Summary of financial results of working of departmentally managed Government Commercial Undertakings as per their latest available accounts

Serial Number	Name of the Department/Undertakings-	Year of account	Capital at close	Mean capital	Free re-serve	Net Block	Depreciation	Turn over	Net Profit(+)Net Loss(-)	Interest charged/ added back	Total return (Col.10- 11)	Percentage of total return to mean capital
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(Rupees in lakhs)												
Cottage and Small Scale Industry												
1.	Kalyani Industrial Estate.											
	Kalyani	1993-94	180.02	90.19	-	26.28	0.61	9.09	(+)4.48	-	(+)4.48	4.97
2.	Central Engineering Organisa											
	tion, Dasnagar, Howrah	1990-91	267.40	208.32	-	6.68	0.31	11.77	(-)27.50	2.08	(-)25.42	Nil
3.	Surgical Instrument Servicing											
	Station, Baruipur	1994-95	122.66	116.22	-	0.37	0.03	-	(-)13.34	-	(-)13.34	Nil
4.	Industrial Estate, Baruipur	1994-95	81.89	78.39	-	5.73	0.26	1.21	(-)3.78	2.75	(-)1.03	Nil
5.	Industrial Estate, Howrah	1994-95	125.93	125.57	-	33.49	1.77	7.51	(-)1.54	4.06	(+)2.52	2.00
6.	Wood Industries Center, Durgapur	1995-96	306.36	289.89	-	4.12	0.27	7.75	(-)29.51	2.64	(-)26.87	Nil
7.	Wood Industries Centre, Kalyani	1995-96	418.69	392.56	-	3.52	0.15	-	(-)58.12	4.47	(-)53.65	Nil
Animal Resources Development												
8.	Durgapur Milk Supply Scheme	1985-86	908.73	849.15	-	69.46	5.32	101.42	(-)81.13	4.95	(-)76.18	Nil
9.	Greater Calcutta Milk Supply											
	Scheme, Calcutta and											
	Haringhata	1993-94	37539.60	35508.20	0.53	432.88	49.41	2768.874	(-)3500.59	225.13	(-)3275.46	Nil
10.	Burdwan Milk Supply Scheme	1993-94	1224.25	1089.56	-	109.59	8.51	126.59	(-)138.24	4.70	(-)133.54	Nil

Serial Number	Name of the Department/Undertakings-	Year of account	Capital at close	Mean capital	Free re-serve	Net Block	Depreciation	Turn over	Net Profit(-)Net Loss(-)	Interest charged/ added back	Total return (Col. 10+ 11)	Percentage of total return to mean capital
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
11.	Krishnanagar Milk Supply Scheme	1993-94	1111.84	1089.65	-	118.28	30.19	240.42	(-)205.49	19.97	(-)185.52	Nil
	Food and Supplies											
12.	Scheme for Public Distribution System of Foodgrains	1991-92	868.35	745.05	15.00	-	-	25854.44	(+)881.25	142.76	(+)1024.01	137.44
	Housing											
13.	Directorate of Brick Production (Manual)	1986-87	229.67	177.61	-	14.54	0.60	58.75	(-)21.13	7.03	(-)14.10	Nil
14.	Directorate of Brick Production Mechanised Brick Factory, Palta	1986-87	669.09	629.02	-	52.29	5.66	43.64	(-)83.74	7.18	(-)76.56	Nil
	Fisheries											
15.	Scheme for production of Shark Liver Oil, Fishmeal, etc.	1993-94	1.32	2.05	-	-	-	-	(-)1.46	0.08	(-)1.38	Nil
	Commerce and Industries											
16.	Directorate of Cinchona and other Medicinal Plants	1985-86	3633.02	3214.14	-	325.06	9.99	58.60	(-)501.57	142.64	(-)358.93	Nil
	Industrial Reconstruction											
17.	Undertaking of Darjeeling Ropeway Company Limited	1980-81	19.37	16.51	8.61	14.06	1.07	1.24	(-) 3.74	0.04	(-) 3.70	Nil

Appendix 22
(Refer paragraph 6.3.8, Page 163)

Statement showing details of capacity utilisation of Burdwan dairy during the period 1993-98

Serial Number		1993-94	1994-95	1995-96	1996-97	1997-98
		(in lakh kg)				
1	Milk procured	37.72	21.94	38.60	45.69	41.47
	Less :					
	a) Sold to sister dairies ¹	29.69 (79)	16.68 (76)	31.41 (81)	35.90 (79)	35.72 (86)
	b) Handling loss	0.12	0.10	0.10	0.14	0.12
	c) Rejection	1.11	Nil	0.38	0.53	0.50
	d) Total (a+b+c)	30.92	16.78	31.89	36.57	36.34
2	Milk used for DIM production	6.80	5.16	6.71	9.12	5.13
3	SMP and butter oil used	0.93	0.64	0.96	1.1	0.81
4	Fluid substance (water)	8.12	5.37	8.98	9.08	7.20
5	DIM produced (2+3+4)	15.85	11.17	16.65	19.32	13.14
	Less : Handling loss	0.07	0.01	0.18	0.03	0.05
6	Net production ²					
	a) In lakh kg	15.78	11.16	16.47	19.29	13.09
	b) In lakh litre ³	15.32	10.84	15.99	18.73	12.71
	Average daily production (in litres)	4197	4443	4466	5131	3485
	Percentage of capacity utilisation	21	22	22	26	17

(Source : Whole Milk Register and production Register of Burdwan dairy)

¹ Figures in brackets represent percentage of sales to other dairies.

² The dairy worked for 244 and 358 days in 1994-95 and 1995-96 respectively.

³ Conversion factor –One litre of milk weighs 1.03 kg.

Appendix 23

GLOSSARY OF ABBREVIATIONS

ABER	Annual Blood Examination Report
AC	Abstract Contingent
ADPI	Assistant Director of Public Instructions
AIDS	Acquired Immuno Deficiency Syndrome
API	Annual Parasite Incidence
BC&W	Backward Classes and Welfare
BDO	Block Development Officer
BDs	Bank Drafts
BHC	Benzene Hexa-Chloride
BMOH	Block Medical Officer of Health
BPHC	Block Primary Health Centre
CA	Competent Authority
CD	Community Development
CFC	Common Facility Centre
CTI	Calcutta Improvement Trust
CLASS	Computer Literacy and Studies in Schools
CMC	Calcutta Municipal Corporation
CMUHO	Calcutta Metropolitan Urban Health Organisation
CP	Commissioner of Police
CPs	Chilling Plants
CPFWC	Calcutta Police Family Welfare Centre
CRI	Cultural Research Institute
CSEA	Calcutta Stock Exchange Association
CSSMP	Child Survival and Safe Motherhood Programme
DC(EB)	Deputy Commissioner (Enforcement Branch)
DCMOH	Deputy Chief Medical Officer of Health
DCS	Dairy Co-operative Societies
DDC	Drug Distribution Centres
DDHS	Deputy Director of Health Services
DDT	Di-chloro-di-phenyl-trichloro-ethane
DG	Director General
DGET	Director General of Employment and Training
DGS&D	Director General of Supplies and Disposal
DIG(PR)	Deputy Inspector General (Presidency Range)
DIS(SE)	District Inspector of School (Secondary Education)
DLIT	District Level Inspection Team
DM	District Magistrate
DSEWB	Director of School Education, West Bengal
DSP	Deputy Superintendent of Police
D&T	Discipline and Training
DTM	Double Toned Milk
DWC	District Welfare Committee
EIL	Excel Industries Limited

EM	Eastern Metropolitan
EMW	Equipment Maintenance Workshop
EOFL	Eastern Organic Fertilisers Private Limited
FCI	Food Corporation of India
FO	Family Oriented Income Generating Scheme
FTD	Fever Treatment Depots
GTL	Gloster Telecom Limited
ICAD	Information & Cultural Affairs Department
IDA	International Development Association
IHCH	Indian Hotels Company Limited
ITDP	Integrated Tribal Development Project
IG	Inspector General
KGOS	Kanungos
LA	Land Acquisition
LAMPS	Large Sized Multipurpose Co-operative Societies
LFAC	Land and Flat Allotment Committee
LOC	Letter of Credit
MAP	Malaria Action Plan
MD	Managing Director
MI	Malaria Inspector
MMC	Machine Maintenance Cell
MPO	Modified Plan of Operation
MPW	Multipurpose Workers
NACO	National AIDS Control Organisation
NMEP	National Malaria Eradication Programme
NSP	National Sericulture Project
NVF	National Volunteer Force
PFA	Prevention of Food Adulteration Act
PHC	Primary Health Centre
PLA	Personal Ledger Accounts
PODWO	Project Officer-cum-District Welfare Officer
RIC	Related Instruction Centre
RT	Radical Treatment
SAR	Staff Appraisal Report
SCA	Special Central Assistance
SHSDP	State Health System Development Project
SI	Sub-Inspector
SMP	Skimmed Milk Powder
SNF	Solid not fat
SOE	Statements of Expenditure
SP	Superintendent of Police
SPIUS	State Project Implementing Units
SPR	Slide Positivity Rate
ST	Scheduled Tribes
STD	Sexually Transmitted Disease
STEP	Second Technician Education Project

TO	Treasury Officer
TSP	Tribal Sub-Plan
UC	Utilisation Certificate
UD	Urban Development
UL(C&R)	Urban Land (Ceiling and Regulation)
VLW	Voluntary Link Workers
VSNL	Videsh Sanchar Nigam Limited
VTP	Vocational Training Project
WBHB	West Bengal Housing Board
WBSCSTDFC	The West Bengal Scheduled Castes and Scheduled Tribes Development and Finance Corporation
WBTDCCLTD	The West Bengal Tribal Development Co-operative Corporation Limited
ZP	Zilla Parishad

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E R R A T A

<i>Page</i>	<i>Line</i>	<i>For</i>	<i>Read</i>
19	first column heading in the table under 1.8.4		As on 31 March
42	19	Cectral	Central
105	15	Cost: Rs	number:
115	12	leveling	levelling
115	20	leveling	levelling
115	24	leveling	levelling
122	second column heading of the table	Base price	Quantity
122	third column heading of the table	Quantity	Base price
140	5 (from bottom)	fulfillment	fulfilment
151	10 (from bottom)	10 years. Though	10 years, though
157	17	Comptroller and Auditor General of India (Civil), Government of West Bengal	Comptroller and Auditor General of India, Government of West Bengal (Civil)
213	3 (from bottom)	Schuduled	Scheduled

