

REPORT

OF THE

COMPTROLLER AND AUDITOR GENERAL

OF INDIA

FOR THE YEAR 1984-85

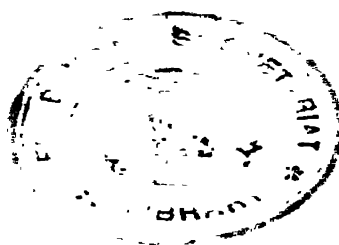
(CIVIL)

GOVERNMENT OF WEST BENGAL

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1984-85 together with other points arising from audit of financial transactions of the Government of West Bengal. It also includes :

(i) certain points of interest arising from the Finance Accounts for the year 1984-85; and

(ii) comments on Biogas Development Programme, Programme for Development of Hill Areas, Removal of Adult Illiteracy, Employment Exchanges, Public Distribution System, Afforestation, Social Forestry and Farm Forestry including Fuelwood Plantation, Major and Medium Irrigation Projects and Central Engineering Organisation, Das Nagar.

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

3. The cases mentioned in the Report are among those which came to notice of Audit in the course of test audit of the accounts during the year 1984-85 as well as those which had come to notice in the earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1984-85 have also been included wherever considered necessary.

CHAPTER I

CHAPTER I

General

1.1. The summarised position of the accounts of the Government of West Bengal emerging from the Appropriation Accounts and Finance Accounts for the year 1984-85 is indicated in the Statements following :

I—Statement of Financial position of the Government of West Bengal as on 31st March 1985

Amount as on 31st March 1984	Liabilities	Amount as on 31st March 1985	Amount as on 31st March 1984	Assets	Amount as on 31st March 1985
(Rupees in crores)					
370.57	Internal Debt including Ways and Means Advance (Market Loans, Loans from LIC and Others).	449.25	1,472.72	Gross Capital Outlay on Fixed Assets—	
				Investment in shares of Companies, Corporations etc.	161.51
2,951.01	Loans and Advances from Central Government—		1,482.64	Other Capital Outlay ..	1,410.47
	Pre—1979-80 Loans ..	1,074.60		Loans and Advances—	1,571.98
	Non-Plan Loans ..	1,443.17		Loans for Power Projects ..	596.89
	Loans for State Plan Schemes	554.27		Other Development Loans ..	729.40
	Loans for Centrally Sponsored Plan Schemes	26.04		Loans to Government Servants and Miscellaneous Loans	24.83
	Loans For Central Plan Schemes	8.23			
		3,106.31			1,351.12

18.83	Contingency Fund	—	..	19.69	15.88	Other Advances	..	..	17.80
197.45	Small Savings	..	..	220.96	274.59	Remittance Balances	..		274.45
264.53	Deposits	..	..	277.23	28.60	Suspense	..	..	38.32
62.73	Overdrafts from Reserve Bank of India			141.64	621.63	Deficit on Government Account—			
41.17	Reserve Funds	..	..	14.42		Current Year	..	..	340.07
						Add Deficit on 31st March 1984	621.63		961.70
					10.23	Cash—			
						Cash in Treasuries and Local Remittances	5.52		
						Departmental Cash Balance including Permanent Advance	8.48		3
						Cash Balance Investment	..	0.13	14.13
3,906.29				4,229.50	3,906.29				4,229.50

II—Abstract of Receipts and Disbursements for the year 1984-85

Section A—Revenue

(Rupees in crores)

Receipts				Disbursements			
I—Revenue Receipts—				I—Revenue Expenditure—			
				Sector	Non-Plan	Plan	Total
(i) Tax Revenue	966.03			(i) General Services ..	556.52	0.29	556.81
(ii) Non-Tax Revenue	143.60			(ii) Social and Community Services	869.52	193.54	1,063.06
(iii) State's share of Union Taxes	472.42			(iii) General Economic Services	13.89	5.02	18.91
(iv) Non-Plan Grants ..	53.43			(iv) Agriculture and Allied Services	139.42	108.12	247.54
(v) Grants for State Plan Schemes	21.24			(v) Industry and Minerals ..	15.22	5.43	20.65
(vi) Grants for Central and Centrally Sponsored Plan Schemes	121.88	1,778.60		(vi) Water and Power Development	53.06	1.65	54.71
				(vii) Transport and Communications.	132.22	0.77	132.99
II—Revenue Deficit carried over to Section B		371.94		(viii) Grants-in-aid and Contributions	55.87	..	55.87
				Total ..	1,835.72	314.82	2,150.54
		2,150.54					2,150.54

Section B—Others

III. Opening Cash Balance including Permanent Advance and Cash Balance Investments	10.23	III. Opening Overdraft From RBI	..	..	62.73
IV Recoveries of Loans and Advances—		IV Capital Outlay—			
		Sector	Non-Plan	Plan	Total
(i) From Government Servants ..	10.96	(i) General Services ..	2.85	2.58	5.43
(ii) From Others	292.90	(ii) Social and Community Services	2.11	17.74	19.85
V Public Debt Receipts—		(iii) General Economic Services	1.66	2.03	3.69
(i) Internal Debt other than Ways and Means Advances	115.65	(iv) Agriculture and Allied Services	0.45	6.97	7.42
(ii) Ways and Means Advance ..	56.69	(v) Industry and Minerals	10.40	7.55	17.95
(iii) Loans and Advances from the Central Government	434.24	(vi) Water and Power Development	0.60	30.44	31.04
VI Recoveries of Advance from Contingency Fund		(vii) Transport and Communications	4.00	9.88	13.88
	1.00				99.26
VII Public Account Receipts—		V Loans and Advances Disbursed—			
(i) Small Savings and Provident Funds	53.17	(i) For Power Projects ..	49.35		
(ii) Reserve Funds	5.53	(ii) To Government servants ..	13.54		
(iii) Suspense and Miscellaneous ..	1,196.17	(iii) To Others	109.45		172.34
		VI Revenue Deficit brought down			371.94
(iv) Remittances	494.83				
(v) Deposits and Advances ..	847.70				
	2,597.40				

Section B—Others—concl'd.

VIII Closing Overdraft from RBI(a)

141.64	VII Repayment of Public Debt—		
	(i) Internal Debt other than Ways and Means Advance	37.00	
	(ii) Ways and Means Advance ..	56.66	
	(iii) Repayment of Loans and Advances to Central Government	278.94	372.60
	VIII Advances from Contingency Fund	..	0.14
	LX Public Account Disbursements—		
	(i) Small Savings and Provident Funds	29.66	
	(ii) Reserve Funds	32.28	
	(iii) Suspense and Miscellaneous ..	1,174.02	
	(iv) Remittances	494.69	
	(v) Deposits and Advances ..	836.92	2,567.57
	Cash Balance at end—		
	(i) Cash in Treasuries and local remittances	5.52	
	(ii) Departmental Cash Balance including Permanent Advances.	8.48	
	(iii) Cash Balance Investment ..	0.13	14.13
3,660.71			3,660.71

(a) Total Gross Overdraft from RBI during the year—Rs. 990.44 crores.

III—Sources and Application of Funds for 1984-85

				(Rupees in crores)
I Sources—				
1. Revenue Receipts	..	..	..	1,778.60
2. Miscellaneous Receipts on Government Account	..	..	..	31.87
3. Recoveries from Loans and Advances	..	..	..	303.86
4. Net Contribution from Contingency Fund	..	..	..	0.86
5. Increase in Public Debt, Small Savings, Deposits and Advances (net) and Ways and Means Advances				268.27
6. Increase in overdrafts from RBI	..	..	..	78.91
				<hr/> 2,462.37
Adjustments—				
Suspense Balance	..	..	.. (-)	9.72
Reduction in Reserve Funds	..	..	.. (-)	26.75
Effect of Remittances	..	..	.. (+)	0.14
				<hr/> (-) 36.33
				<hr/> 2,426.04
II Application—				
1. Revenue Expenditure	..	..	..	2,150.54
2. Capital Outlay	..	..	..	99.26
3. Lending for development and other programmes			..	172.34
4. Increase in closing Cash Balance	..	..	..	3.90
				<hr/> 2,426.04

1.2. Audit Comments on the Accounts of the Government of West Bengal for 1984-85

1. Government accounts being on cash basis, the deficit on Government account as shown in the statement of Financial Position, indicates the position on cash basis, as opposed to accrual basis of Commercial accounting.

2. The abridged accounts in the foregoing statements have to be read with the comments and explanations in the Finance Accounts.

3. There was an unreconciled difference of Rs.81.32 (cr) lakhs between the figures reflected in the accounts and that intimated by the Reserve Bank under Deposits with Reserve Bank.

4. With the current year's deficit of Rs.340.07 crores added to the deficit of Rs.621.63 crores up to 1983-84, the total deficit on Government account stood at Rs.961.70 crores on 31st March 1985.

5. The recoveries from Loans and Advances (Rs.303.86 crores) together with the net amount of additional public debt (Rs.268.27 crores) as adjusted by the effect of remittances and suspense balances

and drawal from Reserve Fund (Rs.-36.33 crores) and the net accretion from the Contingency Fund (Rs.0.86 crore) during the year aggregated to Rs.536.66 crores. This fell short of the total expenditure of Rs.611.67 crores on account of Capital Outlay (Rs.99.26 crores), lending for development and other programmes (Rs.172.34 crores) and the current year's deficit (Rs.340.07 crores) by Rs.75.01 crores. This gap had in effect been bridged by additional overdraft (Rs.78.91 crores) from the Reserve Bank of India, a part of which is reflected by corresponding increase in closing cash balance (Rs.3.90 crores).

6. Tax revenue (Rs.966.03 crores) raised by the State Government during 1984-85 increased by Rs.185.28 crores over the tax revenue (Rs.780.75 crores) raised in the previous year. The increase was mainly under Land Revenue (Rs.56.89 crores) due to more receipts from management of ex-Zamindari estates and rates and cesses on land and larger collection (Rs.86.82 crores) under the State's Sales Tax Acts.

The non-tax revenue during 1984-85 was less by Rs.2.38 crores compared to that in the previous year (Rs.145.98 crores).

7. Receipts from Government of India during the year (Rs.668.97 crores) which formed 37.6 *per cent* of the total receipts of the State were more by Rs.62.57 crores than those of 1983-84 (Rs.606.40 crores). The increase was under State's share of Union Taxes and Duties (Rs.38.50 crores) and Central Grants (Rs.24.07 crores).

8. The revenue expenditure during the year was Rs.2150.54 crores (Plan : Rs.314.82 crores; Non-Plan : Rs.1835.72 crores) as against Rs.1739.30 crores (Plan : Rs.308.55 crores; Non-Plan : Rs.1430.75 crores) during 1983-84 and the budget provision of Rs.2353.20 crores (Plan : Rs.419.45 crores; Non-Plan : Rs.1933.75 crores) during 1984-85. The increase of Rs.411.24 crores in revenue expenditure over the previous year was mainly under Interest Payments (Rs.59.85 crores) due to increased interest liability on account of loans from Central Government, Education (Rs.31.90 crores) due to more assistance to non-Government schools and local bodies, Urban Development (Rs.175.01 crores) and Road Transport Services (Rs.62.83 crores) due to writting off irrecoverable loans and advances to Calcutta Metropolitan Development Authority and to Calcutta State Transport Corporation, Durgapur State Transport Corporation and Calcutta Tramways Company Ltd.

Compared to the budget provision, the shortfall in expenditure (Rs.202.66 crores) was mainly under Agriculture (Rs.15.82 crores), Social Security and Welfare (Rs.40.71 crores), Road and Water

Transport Services (Rs.11.95 crores), Education (Rs.14.85 crores), Police (Rs.13.99 crores), Co-operative (Rs.9.70 crores) and Minor Irrigation (Rs.8.12 crores).

9. Capital expenditure during the year was Rs.99.26 crores as against Rs.102.19 crores in 1983-84 and Rs.119.65 crores during 1982-83. The shortfall of Capital expenditure (Rs.2.93 crores) during 1984-85 from the preceeding year was mainly under Agriculture (Rs.3.08 crores), Irrigation, Navigation, Drainage and Flood Control Projects (Rs.4.38 crores) and Roads and Bridges (Rs.2.20 crores) partly counterbalanced by excess expenditure under other heads. Compared to the budget provision of Rs.182.84 crores during 1984-85, the shortfall in Capital expenditure (Rs.83.58 crores) during the year was mainly under Multipurpose River Projects (Rs.19.66 crores), Irrigation, Navigation, Drainage and Flood Control Projects (Rs.13.47 crores), Minor Irrigation, Soil Conservation and Area Development (Rs.12.11 crores) and Co-operation (Rs.8.27 crores).

10. Receipt during the year under Loans and Advances (Rs.303.86 crores) included adjustment of Rs.274.45 crores on account of writting off of irrecoverable loans from the Calcutta Metropolitan Development Authority (Rs.191.71 crores) and from Calcutta State Transport Corporation and Calcutta Tramways Company (Rs.82.74 crores); the balance amount (Rs.29.41 crores) represents actual recovery during the year. The shortfall in recovery during 1984-85 compared to the receipts of 1983-84, amounted to Rs.42.45 crores.

In respect of loans and advances, the detailed accounts of which are maintained by the Accountant General, the terms and conditions of repayment of 1187 number of loans involving a total amount of Rs.632.73 crores were not settled and in respect of 1092 number of loans, the terms and conditions of repayment of which were settled, the total amount overdue for recovery as on 31st March 1985 was Rs.84.75 crores (Principal : Rs.44.17 crores and Interest : Rs.40.58 crores), the main defaulters being Durgapur Chemicals Ltd. (Rs.12.82 crores), Durgapur Projects Ltd. (Rs.12.50 crores) and Kalyani Spinning Mills (Rs.10.69 crores). In the case of loans, the detailed accounts of which are maintained by the Departmental Officers, information about recoveries in arrears had not been received (March 1985).

11. The interest paid on debt and other obligations during the year was Rs.244.18 crores. Interest received during the year was Rs.30.85 crores including that from departmental commercial undertakings and others. The net interest burden was thus Rs.213.33 crores (12 per cent of revenue receipts).

12. Against the Plan provision of Rs.746.97 crores (Revenue : Rs.419.45 crores; Capital : Rs.167.31 crores and Loans : Rs.160.21 crores) the actual expenditure on Plan schemes on all accounts was Rs.499.91 crores during the year resulting in shortfall of Rs.247.06 crores (33 *per cent*).

13. With fresh investment of Rs.11.82 crores during the current year in statutory corporations (Rs.0.60 crore), Government companies (Rs.7.97 crores), Co-operative institutions (Rs.3.21 crores) and Howrah Gramin Bank (Rs.0.04 crore), the total investment of the Government in shares and debentures on 31st March 1985 was Rs.161.51 crores. Interest and dividend received during the year on such investments was Rs.44.80 lakhs only, representing 0.28 *per cent*. Information on profit earned|loss incurred by the organisations in which investments were made was not available except in 15 cases where cumulative loss was Rs.119.37 crores in 13 cases and profit in two cases up to 1984-85 was Rs.22.74 lakhs.

14. The contingent liability for guarantee given by the State Government for repayment of loans etc. by statutory corporations, companies and co-operative societies etc. on 31st March 1985 was Rs.971.59 crores (against the maximum amount of Rs.1325.14 crores guaranteed). No law under Article 293 of the Constitution has been enacted by the State Legislature laying down the limit within which the Government may give guarantee on the security of the Consolidated Fund of the State.

During 1984-85, Rs.66.54 lakhs were realised as guarantee fees (levied at half *per cent* per annum on the outstanding sums guaranteed) as against Rs.66.28 lakhs realised in 1983-84. Rupees 6.12 lakhs were due (March 1985) on account of guarantee fees in respect of guarantees given by the Food and Supplies Department (Rs.5.10 lakhs), Tourism Department (Rs.0.26 lakh) and Local Government and Urban Development Department (Rs.0.76 lakh). Information on guarantees invoked or guarantee fees due was not received (April 1986) from 16 other Departments which gave guarantees.

15. During 1984-85, the minimum balance with the Reserve Bank of India after taking ordinary and special ways and means advances was maintained for 23 days and on 2 days although there was shortfall from the agreed minimum balance no overdraft was taken on these days. Overdrafts aggregating Rs.990.44 crores were taken on 340 days. At the close of the year there was an undischarged liability of Rs.2.40 crores on account of interest on overdrafts.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. General

The summarised position of actual expenditure during 1984-85 against grants/appropriations is as follows :

	Original grant/ appropriation	Supple- mentary	Total	Actual Expen- diture	Variation Saving (—) Excess(+)
(Rupees in crores)					
I Revenue—					
Voted ..	18,08.25	3,35.46	21,43.71	19,67.29	—1,76.42
<i>Charged</i>	<i>2,44.84</i>	<i>8.18</i>	<i>2,53.02</i>	<i>2,52.12</i>	<i>—0.90</i>
II Capital—					
Voted ..	2,60.56	4.85	2,65.41	1,55.24	—1,10.17
<i>Charged</i>	(A)	<i>1.54</i>	<i>1.54</i>	<i>1.20</i>	<i>—0.34</i>
III Public Debt—					
<i>Charged</i>	<i>7,11.81</i>	<i>7,06.10</i>	<i>14,17.91</i>	<i>12,72.45</i>	<i>—1,45.46</i>
IV Loans and Advances—					
Voted ..	2,39.06	3.30	2,42.36	1,72.36	—70.00
Grand Total	32,64.52	10,59.43	43,23.95	38,20.66	—5,03.29

2.2. Important results emerging from the Appropriation Audit

2.2.1. Supplementary provision obtained during the year constituted 32.5 *per cent* of the original budget provision, as against 24.6 *per cent* of the year preceeding.

2.2.2. Supplementary provision of Rs.11.11 crores obtained in 31 cases (Appendix 2.1) during March 1985 proved unnecessary. In another 12 cases (Appendix 2.2) additional fund required was only Rs.868.29 crores against the supplementary grant of Rs.1043.33 crores, savings in each case exceeding Rs.10 lakhs.

(A) Ra. 10,000 only.

In 4 cases (Appendix 2.3) supplementary provision of Rs.1.99 crores proved insufficient by more than Rs.10 lakhs, leaving an aggregate uncovered expenditure of Rs.20 crores.

In 3 cases (Appendix 2.4) on the otherhand, expenditure of Rs.15.12 crores was incurred in excess of budget provision without obtaining any supplementary grant.

2.2.3. The overall saving was Rs.538.49 crores in 73 grants and appropriations. The overall excess (Appendix 2.5), on the other hand, was Rs.35.20 crores in 11 grants and appropriations requiring regularisation under Article 205 of the Constitution of India.

2.2.4. In the following grants/appropriations, the expenditure fell short by more than Rs.1 crore each and by more than 10 *per cent* of the total provision :

Description of the grant		Amount of savings (Rupees in crores) (Percentage of provision)	Reasons for savings
5—Election (Revenue)	..	7.01 (41)	Mainly due to non-purchase of Electronic voting machines.
7—Land Revenue (Revenue)	..	2.93 (11)	Reasons have not been intimated (May 1986).
21—Police (Revenue)	..	16.22 (12)	Due to less expenditure on purchase of foodstuff for Police personnel (Rs. 7.41 crores), non-entertainment of some bills by Calcutta Pay and Accounts Office (Rs. 1.36 crores), adoption of economy measure, less purchase of vehicles and non-adjustment of advances drawn during Election etc. (Rs. 1.95 crores). Reasons for the residual amount have not been intimated (May 1986).
25—Public Works (Capital)	---	8.84 (32)	Due to non-finalisation of land-acquisition proceedings (Rs 2 crores), non-sanction of schemes (Rs. 2.58 crores), non-finalisation of schemes (Rs. 1.20 crores) and non-acquisition of lands (Rs. 1.32 crores). Reasons for the balance amount have not been intimated (May 1986).

Description of the grant	Amount of savings (Rupees in crores) (Percentage of provision)	Reasons for savings
26—Fire Protection and Control (Revenue)	1.01 (16)	Saving of Rs. 0.32 crore was due to less purchase of machinery and equipment, adoption of economy measure and non-construction of some Fire Station buildings. Reasons for the balance amount have not been intimated (May 1986).
33—Education (Youth Welfare) (Revenue)	1.21 (22)	Saving of Rs. 0.68 crore was due to non-filling up of vacant posts, non-implementation of Plan schemes and adoption of economy measure. Reasons for the balance amount have not been intimated (May 1986).
36—Medical (Capital) ..	1.02 (81)	Reasons for saving have not been intimated (May 1986).
39—Housing (Capital) ..	3.79 (32)	Due to late receipt of letter of credit (Rs. 0.80 crore) and less requirement of fund by rural house building agency (Rs. 0.24 crore). Reasons for the balance amount have not been intimated (May 1986).
40—Urban Development (Capital)	11.51 (35)	Due to imposition of restriction on expenditure (Rs. 1.68 crores), late receipt of fund from the Government of India (Rs. 1.49 crores). Reasons for the balance amount have not been intimated (May 1986).
42—Labour and Employment (Revenue)	1.12 (13)	Reasons for the savings have not been intimated (May 1986).
44—Social Security and Welfare (Relief and Rehabilitation of Displaced Persons and Repatriates) (Revenue)	2.35 (24)	Due to irrecoverable loans not written off fully (Rs. 0.65 crore) and less expenditure on acquisition of land, medical facilities and other rehabilitation schemes (Rs. 0.81 crore). Reasons for the balance amount have not been intimated (May 1986).

Description of the grant	Amount of savings (Rupees in crores) (Percentage of provision)	Reasons for savings
45—Social Security and Welfare (Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes) (Revenue)	14.05 (26)	Saving of Rs. 1.40 crores was due to restriction imposed on expenditure. Reasons for the balance saving have not been intimated (May 1986).
45—Social Security and Welfare (Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes) (Capital)	3.22 (43)	Reasons for saving have not been intimated (May 1986).
46—Social Security and Welfare (Excluding Civil Supplies, Relief and Rehabilitation of Displaced Persons and Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes) (Revenue)	33.92 (42)	Saving of Rs. 2.30 crores in the Rural Works Programme was mainly due to non-requirement of transport and remuneration charges of storing Agents and to early onset of and prolonged monsoon. Reasons for the balance amount have not been stated (May 1986).
50—Cooperation (Revenue) ...	9.78 (45)	Mainly due to release of less fund by the Government of India and National Co-operative Development Corporation (Rs. 4.71 (crores), non-receipt of adequate number of qualified proposal for financial assistance (Rs. 1.60 crores), cut in Plan expenditure due to financial stringency (Rs. 0.69 crore), non-release of fund by the Finance Department (Rs. 0.23 crore) and non-finalisation of the scheme (Rs. 0.39 crore). Reasons for the remaining amount have not been intimated (May 1986).

Description of the grant	Amount of savings (Rupees in crores) (Percentage of provision)	Reasons for savings
50—Cooperation (Capital)	... 12.27 (44)	Mainly due to non-receipt of proposals for financial assistance (Rs. 4.72 crores), non-release of fund. by Agriculture Department (Rs. 2.55 crores), non-release of funds by National Cooperative Development Corporation (Rs. 2.13 crores), cut in Plan expenditure (Rs. 0.86 crore) and less release of funds by Government of India (Rs. 1.61 crores). Reasons for the remaining amount have not been intimated (May 1986).
52—Agriculture (Revenue)	-- 14.45 (20)	Reasons for saving have not been intimated (May 1986).
52—Agriculture (Capital)	.. 2.62 (25)	Reasons for saving have not been intimated (May 1986).
53—Minor Irrigation, Soil Conservation and Area Development (Revenue)	15.46 (20)	Due to late receipt of letter of credit (Rs. 2.10 crores) and cut in plan expenditure (Rs. 1.18 crores). Reasons for the balance amount have not been intimated (May 1986).
53—Minor Irrigation, Soil Conservation and Area Development (Capital)	11.55 (80)	Saving of Rs. 0.33 crore was due to non-receipt of letter of credit. Reasons for the balance amount have not been intimated (May 1986).
54—Food (Revenue) ..	.. 3.28 (30)	Saving of Rs. 0.89 crore was due to some posts lying vacant. Reasons for the balance amount have not been intimated (May 1986).
54—Food (Capital) ..	.. 8.26 (41)	Saving of Rs. 0.98 crore was due to non-finalisation of claims of the Food Corporation of India. Reasons for the balance amount have not been intimated (May 1986).

Description of the grant	Amount of savings (Rupees in crores) (Percentage of provision)	Reasons for savings
55—Animal Husbandry (Capital)..	1.77 (95)	Mainly due to non-finalisation of scheme and estimates of the projects.
56—Dairy Development (Excluding Public Undertakings) (Capital)	1.11 (76)	Due to imposition of restriction on expenditure (Rs. 0.46 crore) and non-investment in the share capital of the West Bengal Dairy and Poultry Development Corporation (Rs. 0.15 crore). Reasons for the balance amount have not been intimated (May 1986).
57—Fisheries (Revenue) ..	1.36 (15)	Reasons for saving have not been intimated (May 1986).
58—Forest (Revenue) ..	4.58 (22)	Mainly due to imposition of restriction on Plan expenditure (Rs. 3.22 crores) and vacant posts (Rs. 0.62 crore).
59—Community Development (Panchayat) (Revenue)	5.88 (22)	Due to non-release of fund to Zilla Parishad and Panchayati Raj Bodies for administrative reasons as well as for non-receipt of utilisation certificates (Rs. 4 crores) and non-requirement of fund for payment of additional Dearness Allowance (Rs. 1.88 crores).
60—Community Development (Excluding Panchayat) (Revenue)	4.37 (14)	Due to delay in starting 'Rural Landless Employment Guarantee Programme' owing to unprecedented rain (Rs. 1.45 crores), vacant post, non-release of fund by the Finance Department and imposition of restriction on expenditure (Rs. 1.11 crores). Reasons for the balance amount have not been intimated (May 1986).

Description of the grant	Amount of savings (Rupees in crores) (Percentage of provision)	Reasons for savings
61—Industries (Closed and Sick Industries) (Capital)	2.79 (26)	Due to less requirement of fund for equity participation (Rs. 0.91 crore), non-finalisation of formalities for payment of compensation (Rs. 0.35 crore) and non-release of fund to closed and sick industrial units (Rs. 0.74 crore). Reasons for the residual amount have not been intimated (May 1986).
62—Industries (Excluding Public Undertakings and Closed and Sick Industries) (Revenue)	6.72 (41)	Due to non-payment of bills and non-supply of gas from the Durgapur Project Limited (Rs. 1 crore), observance of economy (Rs. 0.42 crore) and non-finalisation of the mode of implementation of the Petro-chemical Project (Rs. 0.20 crore). Reasons for the balance amount have not been intimated (May 1986).
62—Industries (Excluding Public Undertakings and Closed and Sick Industries) (Capital)	2.77 (22)	Due to observance of economy by the Government.
63—Village and Small Industries (Excluding Public Undertakings) (Revenue)	1.36 (12)	Mainly due to cut in Plan expenditure.
63—Village and Small Industries (Excluding Public Undertakings) (Capital)	1.40 (52)	Saving of Rs. 0.82 crore was due to cut in Plan expenditure. Reasons for the balance amount have not been intimated (May 1986).
66—Multipurpose River Projects. Irrigation, Navigation, Drainage and Flood Control Projects (Capital)	50.46 (48)	Saving of Rs. 18.46 crores was due to cut in Plan expenditure. Reasons for the balance amount have not been intimated (May 1986).

Description of the grant	Amount of savings (Rupees in crores) (Percentage of provision)	Reasons for savings
70—Roads and Bridges (Capital) . .	25.25 (40)	Saving of Rs. 20.06 crores was due to less release of loans by the Government of India for construction of the Second Bridge over Hooghly river. Reasons for the balance amount have not been intimated (May 1986).
71—Roads and Water Transport Services (Capital)	9.41 (24)	Mainly due to non-release of fund, non-receipt of utilisation certificates (Rs. 2.62 crores), non-receipt of demand for fund from Calcutta Metropolitan Development Authority (Rs. 4.75 crores) and non-release of funds by the Finance Department (Rs. 1.84 crores).
76—Public Undertakings (Capital)	9.79 (29)	Due to imposition of restriction on expenditure by the Finance Department (Rs. 2.70 crores), release of less fund by Agriculture Department (Rs. 0.50 crore), and diversion of fund to other heads for meeting urgent requirement (Rs. 4.40 crores). Reasons for the balance amount have not been intimated (May 1986).
78—Public Health, Sanitation and Water Supply (Sewerage and Water Supply) (Capital)	1.40 (43)	Reasons for saving have not been intimated (May 1986).
82—Capital outlay on Consumer Industries (Excluding Public Undertakings and Closed and Sick Industries) (Capital)	3.47 (79)	Reasons for saving have not been intimated (May 1986).
84—Investments in Industrial Financial Institutions (Excluding Public Undertakings) (Capital)	2.30 (79)	Due to less investments in West Bengal Financial Corporation and West Bengal Industries Development Corporation Ltd. as a measure of economy.

2.2.5. In addition to the cases mentioned in paragraph 2.2.4. above, substantial savings occurred in the following cases on account of either non-implementation or slow implementation of the plan schemes :

Grant or Appropriation	Name of the scheme	Amount of savings (Rupees in lakhs)	Percentage of savings
34—Education, Art and Culture (Excluding Sports and Youth Welfare) (Revenue)	Expansion of teaching and Educational facilities for Schildren of age group 11—14 (Minimum Needs Programme)	7,23.42	86
Ditto	Expansion of teaching and educational facilities for schildren of age group 14—16	5,07.20	81
Ditto	Free education for boys reading in classes VII and VIII (M. N. P.)	2,61.16	79
Ditto	Free education for boys and girls reading in classes IX and X	1,63.55	91
Ditto	Special component plan for Scheduled Castes. Expansion of teaching and educational facilities for children of age group 11—14 (M.N.P)	1,40.76	85
37—Family Welfare (Revenue)	Establishment and maintenance of additional rural family welfare planning sub-centres	1,53.86	100
Ditto	Compensation for Tubectomy	1,99.51	38
38—Public Health, Sanitation and Water Supply (Revenue)	Malaria Eradication Programme	1,09.53	64
		
40—Urban Development (Revenue)	Grants to CMDA for development of municipalities in CMD areas outside Calcutta	6,00.00	100
66—Multipurpose River Projects, Irrigation, Navigation, Drainage and Flood Control Projects (Revenue)	Irrigation schemes	.. 2,38.01	60

Grant or appropriation	Name of the scheme	Amount of savings (Rupees in lakhs)	Percentage of savings
78—Public Health, Sanitation and Water Supply (Sewerage and Water Supply) (Revenue)	Piped Water Supply Schemes for rural areas	3,57.10	37
Ditto ..	Rural Water Supply Schemes for Special Component Plan Schemes	2,30.15	92
Ditto ..	Asansol Comprehensive Water Supply Scheme	2,00.00	100
Ditto ..	Urban Water Supply Scheme for Scheduled Castes area	1,70.00	100

2.2.6. Persistent Savings were noticed in the following grants :

Description of the grant	Percentage of savings		
	1982-83	1983-84	1984-85
39—Housing (Capital)	14	20	32
40—Urban Development (Capital)	11	42	35
44—Social Security and Welfare (Relief and Rehabilitation of Displaced Persons and Repatriates) (Revenue)	28	32	24
45—Social Security and Welfare (Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes) (Revenue)	10	19	26
Ditto — — —	28	40	43
46—Social Security and Welfare (Excluding Civil Supplies, Relief and Rehabilitation of Displaced Persons and Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes) (Revenue)	19	23	42
50—Cooperation (Revenue)	23	39	45
52—Agriculture (Revenue) — ..	8	15	20

Description of the grant	Percentage of Savings		
	1982-83	1983-84	1984-85
54—Food (Capital) —	27	58	41
59—Community Development (Panchayat) (Revenue)	36	12	22
70—Roads and Bridges (Capital)	12	18	40
76—Public Undertakings (Capital)	27	35	29

2.2.7. In the following grants the expenditure exceeded the sanctioned provision by more than Rs.25 lakhs and also by more than 10 *per cent* of the total provision :

Description of the grant	Amount of excess (Rupees in lakhs)(percentage of excess)	Reasons for excess
25—Public Works (Revenue) ...	18,44.48 (57)	Mainly due to adjustment of larger debits for acquisition of materials and more expenditure on maintenance and repairs of Government non-residential buildings.
78—Public Health, Sanitation and Water Supply (Sewerage and Water Supply) (Revenue)	12,47.94 (20)	Reasons have not been intimated (May 1986)

2.2.8. Persistent excesses were noticed in the following cases :

Description of the grant	Percentage of excess		
	1982-83	1983-84	1984-85
25—Public Works (Revenue) — —	83	82	57
66—Multipurpose River Projects, Irrigation, Navigation, Drainage and Flood Control Projects (Revenue)	24	26	5

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2.2.9. In spite of repeated recommendations of the Public Accounts Committee rush of expenditure in the month of March was noticed in the following cases :

Description of the major head and grant	Total provision	Total expenditure	Expenditure during March	Percentage of expenditure during March to		
				Total provision	Total expenditure	
(Rupees in crores)						
(i) 259—Public Works (Grant No. 25)	17.62	15.44	5.57	32	36	
(ii) 533—Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects (Grant No. 66)	26.29	12.82	3.03	12	24	
(iii) 332—Multipurpose River Projects (Grant No. 66)	13.20	18.29	14.54	110	79	
(iv) 288—Social Security and Welfare (Grant Nos. 44, 45 and 46)	1,32.21	91.39	41.18	31	45	
(v) 305—Agriculture (Grant Nos. 45 and 52)	73.28	56.92	15.79	22	28	
(vi) 505—Capital Outlay on Agriculture (Grant Nos. 45, 52 and 76)	5.62	2.74	1.59	28	58	
(vii) 298—Co-operation (Grant Nos. 45 and 50)	21.92	12.15	3.79	17	31	
(viii) 498—Capital Outlay on Co-operation (Grant No. 50)	11.43	3.75	3.30	29	88	

2.3. Irregular or inadequate reappropriation

Important instances where provision required for expenditure under individual sub-heads within a grant or appropriation was not properly regulated during the year by reappropriation or surrender of funds, are indicated in the notes and comments below the concerned grants in the Appropriation Accounts for the year.

2.4. New Service|New Instrument of Service

The rules provide that expenditure on any item attracting the limitations of 'New Service|New Instrument of Service' not included in the Budget is not incurred without obtaining the specific approval of the Legislature through the Supplementary Demand for grant. In case of urgency, such expenditure can be met from out of advance from the Contingency Fund of the State pending authorisation by the Legislature. In the cases detailed in Appendix 2.6, expenditure was incurred without obtaining supplementary grant or an advance from the Contingency Fund though they satisfied the criteria for being treated as New Service or New Instrument of Service.

2.5. Advances from the Contingency Fund

A Contingency Fund of Rs.20 crores is placed at the disposal of the Governor to meet unforeseen expenditure not covered by the Appropriation Act.

The rules provide that advances from the Fund can only be drawn to meet unforeseen expenditure of such emergent nature that postponement thereof till the enactment of the Supplementary Appropriation Act would be undesirable.

The Supplementary estimate for all expenditure met out of advances from the Contingency Fund should be presented to the State Legislature, as far as practicable, within the same financial year in which the advances are sanctioned, the recoupment being thus made within that year.

The following table shows the cases where recoupment was delayed or is still to be made (31st March 1986) :

Sl. No.	Head of account	Amount	Month of sanction/ withdrawal	Year in which recouped
		Rs.		
1.	705—Loans for Agriculture	1,00,00,000	March 1983	Recouped in 1984-85
2.	537—Roads and Bridges ..	13,32,473	March 1983	Not yet recouped
3.	506—Capital Outlay on Minor Irrigation, Soil Conservation and Area Development	33,000	September 1983	Not yet recouped
4.	259—Public Works ..	1,33,418	March 1984	Not yet recouped

Sl. No.	Head of account	Amount	Month of sanction/ withdrawal	Year in which recouped
		Rs.		
5.	280—Medical — —	57,017	March 1984	Not yet recouped
6.	505—Capital Outlay on Agriculture.	1,29,829	March 1984	Not yet recouped
7.	295—Other Social and Community Services.	5,00,000	June 1984 ..	Not yet recouped
8.	252—Secretariat-General Services	1,27,100	July 1984 ...	Not yet recouped
9.	288—Social Security and Welfare	1,15,000	July 1984 —	Ditto.
10.	505—Capital Outlay on Agriculture	41,947	August 1984	Ditto.
11.	306—Minor Irrigation —	91,345	October 1984	Ditto.
12.	509—Capital Outlay on Food	17,984	November 1984	Ditto.
12.	213—Council of Ministers —	5,000	January 1985	Ditto.
14.	255—Police .. —	82,543	February 1985	Ditto.
15.	537—Capital Outlay on Roads and Bridges.	3,37,060	March 1985	Ditto.
16.	337—Roads and Bridges ...	95,436	Drawn in March 1985	Ditto.

In the case of item No. 4, 7, 11, 12 and 13 though supplementary budget provision was obtained during 1984-85, no recoupment to the Fund was made for non-issue of order by the Finance Department.

2.6. Trend of recoveries and credits

Under the system of gross budgeting followed by the State Government, grants and appropriations authorised by the Legislature are for gross expenditure and exclude all credits/recoveries which are adjusted in the accounts in reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. During the year 1984-85, such recoveries were anticipated at Rs.127.64 crores (Revenue : Rs.43.53 crores and Capital : Rs.84.11 crores). Actual recoveries during the year, however, were Rs.126.06 crores (Revenue : Rs.68.87 crores and Capital : Rs.57.19 crores). Some of the major shortfalls/excesses in recoveries are detailed below : reasons therefor have not been intimated (May 1986).

Description of the grant			Budget estimates	Actuals	Shortfall—excess+
(Rupees in crores)					
21—Police (Revenue)	..	..	2.23	..	—2.23
24—Stationery and Printing (Revenue)	..	..	0.10	..	—0.10
25—Public Works (Revenue)	..	..	13.11	33.59	+20.48
36—Medical (Revenue)	..	..	16.59	0.22	—16.37
39—Housing (Revenue)	..	..	0.29	0.74	+0.45
39—Housing (Capital)	..	..	6.80	3.97	—2.83
45—Social Security and Welfare (Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes) (Revenue).			0.11	..	—0.11
50—Co-operation (Revenue)	..	..	0.28	..	—0.28
50—Co-operation (Capital)	..	..	..	0.54	+0.54
52—Agriculture (Revenue)	..	..	0.54	..	—0.54
53—Minor Irrigation, Soil Conservation and Area Development (Capital).			..	0.12	+0.12
54—Food (Capital)	..	..	20.01	11.77	—8.24
66—Multipurpose River Projects, Irrigation, Navigation, Drainage and Flood Control Projects (Revenue).			0.65	2.68	+2.03
66—Multipurpose River Projects, Irrigation, Navigation, Drainage and Flood Control Projects (Capital).			42.20	24.79	—17.41
70—Roads and Bridges (Capital)	..	..	15.04	15.99	+0.95
78—Public Health, Sanitation and Water Supply (Sewerage and Water Supply) (Revenue).			7.65	29.73	+22.08

2.7. Reconciliation of Departmental figures

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

During 1984-85 reconciliation was not done for all the 12 months by 110 out of 178 Controlling Officers; this was not done for varying periods of less than 12 months by 26 Controlling Officers.

The above position was brought to the notice of the Finance Department for issuing necessary instructions to all the Departments for immediate completion of the work. The total amount remaining unreconciled for the year 1984-85 was Rs.1274.18 crores (approximately).

The number of wanting reconciliation certificates for various years was 2409 as shown below :

1978-79	8
1979-80	32
1980-81	92
1981-82	116
1982-83	152
1983-84	512
1984-85	1497
Total	2409

2.8. Non-receipt of explanation for savings/excesses

The explanations for variation between grant/appropriation and corresponding expenditure were not received at all or were received in an incomplete form (March 1986) in respect of 812 heads (677 heads in 1983-84). These formed 72 *per cent* of the number of heads (1134). Non-submission or delay in submission of information required for the Appropriation Accounts results in the Audit Report remaining incomplete in certain essential respects.

CHAPTER III

CIVIL DEPARTMENTS

AGRICULTURE DEPARTMENT

3.1. Nugatory expenditure

Under a scheme for development of about 12,275 acres of agricultural land in Bagnan Block of Howrah district and recovering such development cost at the rate of Rs.300 per acre from the beneficiary farmers treating it as loan, the State Government had stood (April 1973) guarantee to the extent of Rs.30 lakhs for repayment of a loan taken by a non-Government organisation from a Nationalised Bank.

Implementation of the scheme was, however, suspended by the organisation in 1976 owing to non-participation of the farmers. The bank had advanced loans of Rs.23.96 lakhs to the organisation against the hypothecation of its equipment and machinery. The organisation failed to repay the loan to the bank although Government had extended the period of guarantee up to 31st March 1979. The bank instituted (1981) a suit against Government for recovery of the dues. After negotiation, a tripartite agreement was entered into (March 1983) between the bank, the organisation and Government whereunder Government was to pay Rs.38.07 lakhs (principal : Rs.23.96 lakhs; interest : Rs.14.11 lakhs) and to take over the securities and assets of the organisation as hypothecated to the bank. Government paid (March 1983) Rs.38.07 lakhs to the bank. In November 1983, the Agriculture Department had explored the possibility of utilising the equipment and machinery by the Irrigation and Waterways Department as the prospect of fetching price commensurate with their valuation through auction was considered minimal by them. The Government have, however, not taken over (April 1986) the securities and assets hypothecated to the bank.

The matter was reported to Government in June 1984; reply was awaited (May 1986).

COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENT

3.2. Biogas Development Programme

3.2.1. *Introductory*

The National Project on Biogas Development (NPBD) was taken up by the Government of India for implementation through the State Governments as a Centrally sponsored scheme during the Sixth Five Year Plan (1980-85) in order to provide energy in a clean non-polluting form, make available enriched fertilizers as a by-product for supplementing and optimising the use of chemical fertilizer, reduce pressure on the dwindling fuelwood supplies entailing check on indiscriminate felling of trees and consequent deforestation, assist rural woman by eliminating smoke filled cooking methods and reducing eye diseases etc., and bring improvement in rural sanitation. In 1982-83, six districts in West Bengal were selected by Government of India for intensive biogas development viz. Birbhum, Burdwan, Midnapore, Nadia, West Dinajpur and 24-Parganas. The programme was extended to three more districts i.e. Darjeeling, Jalpaiguri and Purulia from 1984-85.

3.2.2. *Organisation|implementing agency*

The Cottage and Small Scale Industries Department is in overall charge of the project. The Director, Cottage and Small Scale Industries, West Bengal (CSSI) at the State level, and the General Manager, District Industries Centre (GMDIC) at the district level have been implementing the project.

3.2.3. *Pattern of financial assistance*

Pattern of financial assistance from Central Government for each component of the project is as below :

Name of the component	Pattern of financial assistance
(i) Central subsidy to beneficiaries for setting up of biogas plants, towards their capital cost	Fixed amount of subsidy for different sizes of plants.
(ii) Organisational support to State Government	100 per cent grants-in-aid to State Government.
(iii) Organisation of training at different levels	100 per cent grants-in-aid to State Government.

- (iv) support to corporate bodies recognised registered societies/trained workers for plants set up on turn-key basis. Rupees 200 per plant revised to Rs. 300 from 1984-85.
- (v) Purchase of equipment and tools for setting up repairing unit. Rupees 30,000 per unit.
- (vi) Repair of plants Rupees 1 lakh for every 1,000 plants not covered by the warranty period ; cost per plant not to exceed Rs. 500.
- (vii) Promotional incentive to village functionaries. Rupees 30 per plant.

3.2.4. Capital cost of each plant is partly subsidised by Central Government at fixed rates and the residual amount is borne either by financial institutions in the shape of loan or by the beneficiary himself.

3.2.5. *Administration of Central subsidy*

Fifty *per cent* of the subsidy (on the basis of the plants approved to be set up) would be released to the State Government in advance at the beginning of the financial year and the remaining 50 *per cent* would be released depending on the progress of work, expenditure already incurred on subsidy and completion of 50 *per cent* of the target. For the plants to be set up with the assistance of institutional finance, the subsidy would be released in advance to the participating institutions on the basis of applications processed and sent to them; while the subsidy for plants constructed by the beneficiaries with their own funds would be released after receiving the completion certificates from the concerned Block Development Officer (BDO) or his nominee. The important points noticed during test-check (March-May 1985) of the records maintained in the Department, Directorate and field offices in Birbhum, Burdwan, Midnapore, Nadia, West Dinajpur and 24-Parganas districts are enumerated below :

3.2.6. Overall progress

Overall financial and physical progress of implementation of the project between 1982-83 and 1984-85 was as below :

		1982-83	1983-84	1984-85	Total
			(Rupees in lakhs)		
(i) Central assistance released	..	19.63	38.24	80.77	138.64
(ii) Funds drawn by the implementing agencies		18.67 0.40+	22.60	64.95	106.62
(iii) Balance left undrawn	..	0.96	15.64	15.82	32.42
(iv) Percentage of undrawn balance		5	41	20	23
(v) Expenditure incurred out of (ii) above—					
Subsidy	.. ..	17.72	21.54	45.54	84.80
Training	.. ..	1.03	0.46	1.79	3.28
Staff support and contingencies		0.18	0.49	1.35	2.02
Total	..	18.93	22.49	48.68*	90.10
(vi) Unspent balance remaining with implementing agencies		0.14	0.11	16.27	16.52
(vii) Percentage of unspent balance—		0.73	0.49	25.05	15.49
(viii) Number of biogas plants—					
Target	.. ..	1,800	2,000	3,500	7,300
Achievement	.. ..	1,102	1,360	2,639	5,101
Shortfall	.. ..	698	640	861	2,199
(ix) Percentage of shortfall	..	39	32	25	30

Joint Director of Industries (Bio-gas), West Bengal, stated (May 1985) that owing to delay in flow of funds from Government of India, delay had occurred in payment of advance subsidy for bank loan cases resulting in setback to the project.

(i) Shortfall in release of funds : Out of Rs.202.30 lakhs of subsidy required for construction of 7,300 plants between 1982-83 and 1984-85, Rs.131.71 lakhs were released by the Central Government, leaving a shortfall of Rs.70.59 lakhs; reasons for which were not available on record (May 1985).

+ Rupees 0.40 lakh included in Rs. 19.07 lakhs were drawn from the State Funds.

*Includes Rs. 3.36 lakhs drawn in 3 districts, for which details of expenditure were not furnished (May 1985).

(ii) Delay in release of funds : The first instalment of Central assistance was generally released in July of each year, contrary to the guidelines. Further, release of funds to the field offices by the State Government was not evenly phased out as detailed below :

Year	Month of receipt of Central assistance		Central subsidy received (Rupees in lakhs)	Month of release of Central subsidy to field offices by State Government		Amount released to field offices (Rupees in lakhs)
1982-83	July 1982	..	7.80	October 1982	..	1.00
	January 1983	..	10.00	January 1983 to March 1983.		16.80
1983-84	July 1983	..	11.00	August 1983	..	5.00
	July 1983	..	5.00	} October 1983 to December 1983.		17.49
	September 1983	..	6.49			
	March 1984	..	15.00	June 1984	..	15.00
1984-85	July 1984	..	31.42	September 1984	..	21.42
	January 1985	..	15.00	October 1984 to December 1984.		4.00
	March 1985	..	30.00	January 1985 to March 1985.		21.00
Total		..	131.71			101.71

Thus, release of funds did not pick up before lapse of six months leading to rush of expenditure during the later part of the year. In 3 districts, 208 plants were reportedly completed (24 in 1983-84 and 184 in 1984-85), but subsidy of Rs.7.29 lakhs for those plants was not paid to the beneficiaries (May 1985) despite availability of funds. Government stated (August 1985) that the delay in receipt of funds was caused by the delay in receipt of confirmation regarding credit of allotment of Central assistance to the account of the State Government.

(iii) Central assistance kept out of Government account : Although Government of India did not agree (January 1985) to the retention of funds with an agency not connected with the implementation of the project, Director, Cottage and Small Scale Industries, West Bengal, had drawn Rs.15 lakhs (March 1984) and Rs.30 lakhs (March 1985) and credited the amounts to the Deposit Account of the West Bengal Small Industries Corporation Limited (WBSICL)—a State Government undertaking. Rupees 15 lakhs were withdrawn and made over to four GMDICs in June 1984 while Rs.30 lakhs were withdrawn and made over to nine GMDICs, in May and June 1985. It was apparent that funds were drawn in advance of requirement.

(iv) Subsidy retained by financial institutions : In 5 of the 6 districts test-checked, subsidy of Rs.21.70 lakhs was advanced to different financial institutions between 1982-83 and 1984-85 for construction of 795 plants. Neither the completion reports of these plants were obtained nor were the amounts got refunded (May 1985).

(v) Of the Central assistance of Rs.131.71 lakhs received on account of subsidy, utilisation certificates (Bio-gas) for Rs.86.52 lakhs (66 *per cent*) were reported (May 1985) by the Joint Director of Industries to have been sent to the Government of India by the Director. In the 6 districts test checked, no records were maintained to watch the receipt of utilisation certificates either from the bank authorities or from the beneficiaries. Thus, the basis of the utilisation certificates sent to Government of India could not be ascertained (May 1985).

3.2.7. Implementation of the project

3.2.7.1. Setting up of plants : Although the target of setting up plants for the State between 1982-83 and 1984-85 was fixed by Government of India at 7,300, the State Government reduced it to 5,800 in view of the pre-NPBD experience in construction of plants, available potential and infrastructure and availability of funds. Against 5,101 plants reported (March-May 1985), by the concerned GMIDCs to have been constructed by trained masons and workers and completed as per the progress reports, the number of plants actually completed as per the completion reports available was 3,264 as detailed below :

Name of the district	Number of plants				Amount of subsidy advanced (Rupees in lakhs)
	Shown as completed in the progress reports	For which completion reports are available and shown to audit	For which completion certificates were not available	Out of (iv) for which subsidy was advanced to bank authorities	
(i)	(ii)	(iii)	(iv)	(v)	(vi)
Birbhum ...	2718	1756	962	281	9.39
Burdwan ...	751	327	424	229	5.13
Midnapore ..	726	482	244	167	5.50
Nadia ..	286	286	Nil	..	..
West Dinajpur	115	52	63	63	0.76
24 Parganas	270	126	144	144	1.92
Darjeeling ..	8	8	Nil	..	..
Jalpaiguri ..	166	166	Nil	...	...
Purulia ..	61	61	Nil	..	...
Total ...	5101	3264	1837	884	22.70

Thus, the actual shortfall was 4036 (55 *per cent*) as against 7300 plants targeted by Government of India. Government, however, stated (August 1985) that it was not always possible to collect completion certificates after going through prescribed formalities owing to shortage of manpower. Against 1,002 plants (included in 2,718) shown as completed in 1983-84 by the GMDIC, Birbhum, on the basis of preliminary information, the plant register indicated completion of 744 plants only. The discrepancy was, however, not reported to the Directorate (May 1985). Seven plants set up in Burdwan (4) and Midnapore (3) districts prior to undertaking of NPBD were shown as achievement in 1982-83 and subsidy of Rs.0.14 lakh was paid from the fund of this project.

The following defects in the completion reports were noticed :

- (i) 453 certificates (Burdwan and 24-Parganas) were countersigned by officers not trained in bio-gas technology.
- (ii) 3,029 certificates (all the 6 districts covered by test check) were countersigned without the prescribed random checks.
- (iii) 37 certificates (Midnapore, West Dinajpur and Burdwan) did not indicate the dates of completion.
- (iv) 3 certificates (Burdwan) were issued before commissioning of the plants.

Shortfall in construction of plants was attributed (March-May 1985), by the concerned GMDICs to non-availability of required finance, paucity of trained workers and masons, paucity of staff at district level, decrease in the rate of subsidy during national project and inadequate performance of the financial institutions.

3.2.7.2. *Inadequate performance of the financial institutions*

In 6 districts test-checked, out of 10,751 applications processed and sent by the concerned GMDICs to the different financial institutions between 1982-83 and 1984-85, loans were sanctioned in 3,413 cases (32 *per cent*) and actually disbursed in 2,049 cases (19 *per cent*). The following points were also noticed :

- (i) The sanction and disbursement of loans in 74 cases in West Dinajpur district was generally delayed for periods ranging between 3 and 6 months against the Reserve Bank of India (RBI) orders (April 1984) for disposal of the cases within 15 days from the date of receipt of the applications.

- (ii) Of 237 cases sent by the GMDIC, 24-Parganas, to a bank in November 1982, loans were sanctioned (1982-83 and 1983-84) in 62 cases only and the remaining 175 cases were returned in November 1984 as the bank stopped participating in the scheme.
- (iii) Of 2,966 cases sent in 1984-85 to different banks by GMDIC, Birbhum, loans were sanctioned in 863 cases, 348 cases were rejected and returned and the disposal of 1,755 cases was not intimated (May 1985).
- (iv) Out of 492 cases sanctioned in Burdwan and West Dinajpur districts, loans were actually disbursed in 156 cases after hypothecation of land of the beneficiaries and the remaining 236 cases were rejected on the ground that no land could be hypothecated by the beneficiaries in spite of specific instruction of the RBI that no such hypothecation was necessary.

The inadequate performance of the banks was attributed (March-May 1985) by the GMDICs to (i) delay in payment of subsidy to banks, (ii) subsequent lack of interest on the part of beneficiaries due to delay in sanction of loans by banks, (iii) applicants being defaulters in respect of other loans, (iv) shortage of staff at bank level, (v) failure to produce required documents by the beneficiaries, etc. Government stated (August 1985) that they had been actively pursuing the matter.

3.2.7.3. *Setting up of plants in the last quarter of the financial year*

Out of 3,264 completed plants, 2,878 plants were not set up in conformity with the pattern of phasing prescribed by Government of India as below :

Period of setting up plants	Percentage prescribed	Number of plants to be set up	Number of plants actually set up	Percentage achieved
April to June	-- 25	720	212	7
July to September	.. 10	288	105	4
October to December	.. 30	863	399	14
January to March	.. 35	1,007	2,162	75
Total	.. 100	2,878	2,878	100

Thus, the plants were set up mostly in the last quarter of the financial year. The deviation from the prescribed norm was ascribed (March to May 1985) to non-availability of funds, adverse climatic conditions and intervening harvesting period.

3.2.8. *Organisational support*

Nine posts of Manager (Bio-gas) sanctioned, as per the prescribed pattern, remained unfilled and out of 13 posts of Supervisors sanctioned, 7 were filled up (May 1985). Of 7 supervisors, 4 were posted in Birbhum and 24-Parganas districts and one each in Midnapore, Nadia and West Dinajpore districts while 4 other districts had no supervisors. Thus, requisite staff support was not provided particularly to the district level implementing offices. According to the GMDICs (March-May 1985), this proved a handicap to the smooth and satisfactory implementation of the programme. Government stated (August 1985) that attempts were being made to fill up the vacancies.

3.2.9. *Organisation of training*

Of the 5 types of training programmes prescribed by the Government of India, only 4 viz. (i) construction and maintenance of plants for training of masons, (ii) refresher course for detection of defect in the plants, (iii) training of trainers, (iv) users' training (Women's Education Programme) were to be organised by the State Government and the Orientation Programme at Regional level was to be organised by Ministry of Agriculture, Government of India. No information about the number of persons trained in Orientation Course was furnished (May 1985) by the Director. Details of implementation of the 4 types of programme are given below :

Type of training	Number of courses held	Number of trainees		Funds drawn	Expenditure	Unspent balance
		Target	Achievement			
(Rupees in lakhs)						
(i) Construction and maintenance of plants for training of masons.	17	340	335	3.96	2.80	1.16
(ii) Refresher Course for detection of defects in the plants.	Nil	20	Nil	0.18	Nil	0.18
(iii) Users' training programme.	16	800	230	0.56	0.09	0.47
(iv) Training of workers ..	4	80	74	0.40	0.37	0.03
Total ..	37	1,240	639	5.10	3.26	1.84

Of the 60 masons trained in Birbhum district, services of 18 could not be utilised for construction of plants and of the recruits for training as workers, services of 40 workers were not available for construction of plants as they left the scheme after completion of training.

Thus, the progress of training in 2 types (users' training and workers' training) was 29 and 93 *per cent* respectively while training in refresher course was not taken up at all (May 1985). Shortfall in achievement in training courses led to Rs.1.84 lakhs (36 *per cent*) remaining unspent (March 1985). Government stated (August 1985) that steps were being taken to utilise the unspent balance fruitfully.

3.2.10. *Support to trained workers for setting up of plants on turn-key basis*

For providing support to the trained workers undertaking construction of plants on turn-key basis, turn-key fee at the rate of Rs.200 per plant up to 1983-84 and Rs.300 per plant for 1984-85 was to be paid; in lieu, the workers were to furnish guarantee about satisfactory working of the plants and render free services for repair thereof for 1 year up to 1983-84 and 2 years from 1984-85. Out of Rs.4.27 lakhs payable as turn-key fees for construction of 2,136 plants during 1982-84, Rs.2.99 lakhs were paid to the trained workers. The amount of turn-key fee payable for construction of 1,128 plants in 1984-85 was Rs.3.38 lakhs; information on the amount actually paid was not furnished (May 1985). GMDICs concerned stated (May 1985) that payments could not be made owing to paucity of fund. Thus, support to the workers could not be ensured owing to delay in payment of turn-key fees. Government stated (August 1985) that there was always a gap between demand for funds and allotment of the same by the Government of India. In Nadia and 24-Parganas districts, turn-key fees of Rs.0.76 lakh were paid to the masons without obtaining the prescribed guarantees.

3.2.11. *Repairing unit*

No unit for detection of defects developing in the plants and repair thereof was set up till May 1985 for want of funds required for purchase of equipment. Rupees 0.30 lakh of Central assistance drawn by the GMDIC, Bardwan in March 1985 for purchase of equipment, however, remained unutilised (May 1985).

3.2.12. *Repair of defective plants*

As per the administrative approval accorded (June 1981) by Government of India, provision was made for repair of defective plants beyond warranty period at a cost not exceeding Rs.500 per plant. The State Government, however, issued instructions for making lists of defective plants only in November 1984. Such lists had been prepared in 2 out of 9 districts where 15 plants constructed during 1982-84 had gone out of order. Funds for repair of these plants were, however, not allotted (May 1985).

3.2.13. *Promotional incentive*

Government did not receive any Central assistance for payment of incentives to village level functionaries during 1982-85. As a result, the scheme could not be implemented.

3.2.14. *Monitoring and evaluation*

GMDICs sent monthly progress reports to the Director regularly. On the basis of these reports, Director had compiled progress reports for the State and sent these to Government of India. Five and one meetings were held by the District level Bio-gas Project Committees in West Dinajpur and 24-Parganas districts and the State Level Review and Monitoring Committee respectively for monitoring the progress of the project. In four other districts, no meeting was held by the District Level Committees. The copies of the resolutions of the meetings held were not, however, available (May 1985). No steps were taken to assess the quantity of bio-gas energy and fertiliser produced by the plants set up and utilised by the beneficiaries and to evaluate the impact of the project on the rural people. Government stated (August 1985) that there was no such guideline from Government of India and there was no positive way of measuring the impact of the Project on the rural people. Government also stated that the Government of India was considering setting up of a Regional Institute for going into such matters under the auspices of the Indian Institute of Technology, Kharagpur.

3.2.15. *Summing up*

—Of Rs.138.64 lakhs of Central assistance received between 1982-83 and 1984-85. Rs.32.42 lakhs (23 *per cent*) remained unutilised with State Government and Rs.16.52 lakhs (15.49 *per cent*) remained unspent with the GMDICs.

—Of Rs.202.30 lakhs required for setting up 7,300 plants (reduced to 5,800 by the State Government) Rs.131.71 lakhs were released by Government of India, shortfall being Rs.70.59 lakhs (35 *per cent*).

—Owing to non-availability and delay in availability of funds, subsidy of Rs.7.29 lakhs could not be paid to the beneficiaries for construction of 208 plants completed in 1983-84 and 1984-85.

—Central assistance of Rs.45 lakhs was kept out of Government account with a State Government undertaking for about 3 to 4 months.

—Rupees 21.70 lakhs were advanced for construction of 795 plants to different financial institutions but the completion reports of these plants were not obtained nor was the amount refunded.

—Of the total subsidy of Rs.131.71 lakhs received, utilisation certificates for Rs.86.52 lakhs (66 *per cent*) were reportedly sent to Government of India. In the absence of any records in the districts, the basis of sending such certificates could not be ascertained.

—Against 5,101 plants shown as set up in the progress reports, the plants actually set up as per the completion certificates were found to be 3,264. Thus, the shortfall was 4,036 (55 *per cent*).

—Of 10,751 applications processed and sent to different bank authorities, loans were sanctioned in 3,413 cases (32 *per cent*) and actually disbursed in 2,049 cases (19 *per cent*), indicating inadequate performance by the financial institutions.

—Field offices at the district level were not manned as per the approved pattern. This proved a handicap to the smooth and satisfactory implementation of the programme.

—Out of 5 types of training programmes prescribed, information regarding one type was not furnished, programme regarding refresher course was not taken up, achievement in users' training and training of workers was 29 and 93 *per cent* respectively. As a result, Rs.1.84 lakhs (of Rs.5.10 lakhs) remained unspent in May 1985.

—Prescribed support to trained workers could not be ensured owing to non-payment of turn-key fees in time.

—No unit for detection of defects in the plants and repairs was set up for want of equipment.

—No steps were taken to assess the quantity of bio-gas and fertiliser produced and utilised by the beneficiaries. Impact of implementation of the project on the rural people was also not assessed.

EDUCATION DEPARTMENT

3.3. Removal of adult illiteracy

3.3.1. *Introductory*

The National Adult Education Programme (NAEP) was launched in India in October 1978, with the aim of providing adult education to illiterate population of the age group 15-35. To supplement the NAEP, the State Adult Education Programme (SAEP) under the Minimum Needs Programme (MNP) mostly on the pattern of NAEP, was taken up simultaneously. In West Bengal, several schemes, which were in operation since 1974 for eradication of adult illiteracy, were merged with SAEP after the introduction of the NAEP in the State from 1979-80.

The programme envisaged (i) imparting of basic literacy skills to the targeted illiterate population, (ii) functional development of illiterates in order to enable them to actively participate in various development programmes and (iii) creation of awareness of laws and policies of Government among them. Special emphasis was to be laid on removal of illiteracy of women, scheduled castes, scheduled tribes and other weaker sections of the society.

The NAEP was visualised as joint-collaborative effort of the Central and State Governments. Voluntary agencies and Youth Centres like Yubak Kendras, were also expected to be involved.

The total population and literacy rate in West Bengal according to 1971 and 1981 census were as follows :

Census	Total Population (In crores)	Male	Female	Literacy rate			Rural	Urban
				Total				
				(Per cent)				
1971	—	—	4.43	42.8	22.4	33.2	25.7	55.9
1981	—	—	5.44	50.5	30.3	40.9	33.00	62.8

Though the population of the State increased by 22.8 *per cent* from 1971 to 1981, the rate of literacy increased by only 7.7 *per cent*. The percentage of illiterates in the State was 59.1 in 1981. The rate of female illiteracy was 69.7 and the rate of rural illiteracy was 67.00 according to the 1981 census.

Again according to 1971 census the total population in West Bengal in the age-group 15-35 was 138 lakhs of which 72.89 lakh persons were illiterate constituting 52.81 *per cent*. The data for 1981 census were awaited (July 1985).

In West Bengal, in all, 9 schemes as detailed below, were implemented during the period from 1978-79 to 1984-85 under NAEP and SAEP :

NAEP	SAEP
	(Under Minimum Needs Programme)
1. 30 Rural Functional Literacy Project (RFLP) State Sponsored.	1. Consolidated Pilot Project Schemes-on going programme.
2. 16 Rural Functional Literacy Project (RFLP) in 15 districts and one in Calcutta-Centrally Sponsored on <i>cent per cent</i> basis.	2. Farmers Functional Literacy Programme (FFLP) on going programme.
3. Grants to Comprehensive Area Development Corporations (CADC) and State Resources Centres.	3. Non-Formal Education Scheme.
4. Shramik Vidyapith	4. Adult High Schools
	5. Provision of book and materials for new literates.

No separate budget provisions for the State-Sponsored RFLP, Grants to CADC Consolidated Pilot Project Scheme, FFLP and Adult High Schools were made in the State Budget under the State Sector Schemes and all these were shown together under one head 'Literacy Programme'. As a result, the budget provision under the respective heads and the expenditure thereagainst for the State as a whole could neither be found from the books of accounts nor was furnished by the Department/Directorate of Adult Education for non-maintenance of such records.

3.3.2. *Organisational set up*

NAEP and SAEP are implemented in the State through the State Adult Education Directorate set up in 1979-80. Prior to 1979-80, the programme was implemented through the Social Education Wing of the Education Directorate.

At the district level, District Social Education Officers (DSEOs) were in charge of implementation of the programme. For each project of RFLP, one Project Officer under DSEO was entrusted with the execution of the programme in the respective project areas. Under each Project Officer, amongst other staff, ten Supervisors were to be appointed at a consolidated pay of Rs.500 per month to look after the work of 300 adult education centres. For each centre there was one instructor, who was not a Government servant receiving an honorarium of Rs.50 per month. In the matter of selection of instructors, sites for Adult Education Centres (AECs) and learners, Panchayat Samities were also involved.

At the State level, a State Board of Adult Education was set up in 1978. District Adult Education Committees set up under the programme also started functioning from 1979 with the respective Sabhadhipatis of Zilla Parishads. No block or panchayat level committees exclusively for looking after the implementation of the Adult Education was set up. However, there was a permanent committee, namely, Siksha Sthayee Samity at Panchayat level, which looked after the adult education programmes in the respective Panchayat areas in addition to other educational programmes.

3.3.3. Budget provision and expenditure

The details of budget provision and expenditure incurred on the programme as a whole are given below for the period from 1978-79 to 1984-85 separately for Central and State sector schemes :

Year				Central Sector Schemes			
				Budget provision	Central assistance received	Expenditure	Unutilised balance
	(Rupees in lakhs)						
1978-79	--	--	--	7.74	8.89	3.70	5.19
1979-80	--	--	--	29.00	62.06	23.15	38.91
1980-81	--	--	--	78.00	74.49	41.48	33.01
1981-82	--	--	--	157.50	60.62	63.67	(-)3.05
1982-83	--	--	--	66.20	165.87	88.21	77.66
1983-84	--	--	--	86.24	15.00	83.17	(-)68.17
1984-85	--	--	--	156.28	82.81	93.30	(-)10.49
		Total	--	580.96	469.74	396.65	73.06

Year	State Sector Schemes						
					Budget provision	Expenditure	Shortfall in expenditure over the budget provision
	(Rupees in lakhs)						
1978-79	—	—	29.86	19.20	10.66
1979-80	—	224.00	66.68	157.32
1980-81	—	100.00	97.21	2.79
1981-82	—	125.00	67.44	57.56
1982-83	—	100.00	95.64	4.36
1983-84	—	—	106.99	95.89	11.10
1984-85	—	—	194.80	131.89	62.91
			Total	..	880.65	573.95	306.70

Government stated (January 1986) that they did not consider appropriate to permit substantially higher expenditure in a Central Project in comparison to the State Projects as both the Central and State Projects operated side by side in every district and hence the central assistance remained unutilised.

3.3.4. *Targets and achievements*

Sixth Plan documents envisaged coverage of entire population of illiterates in the age group 15-35 by 1990.

In West Bengal, against the estimated number of 85.59 lakh illiterates to be covered up to 1984-85, 25.14 lakhs were targeted to be enrolled between 1979-80 and 1984-85. But 18.94 lakhs were actually enrolled in Adult Education Centres (AECs) as may be seen from the details of centres functioning and enrolment given below :

Year			Number of centres sanctioned	Number of centres functioning	Shortfall	Percentage of shortfall	Target of enrolment (In lakhs)
1979-80	..	..	5,066	4,381	685	13	1.52
1980-81	..	..	13,766	12,227	1,539	11	4.13
1981-82	..	..	13,766	13,176	590	4	4.13
1982-83	..	..	14,066	12,554	1,512	11	4.22
1983-84	..	..	18,566	16,448	2,118	11	5.57
1984-85	..	..	18,566	15,653	2,913	16	5.57

Enrolment		Total	Shortfall in enrolment	Scheduled castes (Percentage of total enrolment)	Scheduled Tribes (Percentage of total enrolment)
Male	Female				
(In lakhs)					
0.51	0.34	0.85	0.67	0.21 (24.7)	0.07 (8.2)
1.92	1.06	2.98	1.15	1.55 (52.0)	0.59 (19.8)
1.95	1.18	3.13	1.00	1.52 (48.6)	0.61 (19.4)
2.17	1.20	3.37	0.85	1.14 (33.8)	0.34 (10.0)
2.87	1.62	4.49	1.08	1.77 (39.4)	0.54 (12.0)
2.54	1.58	4.12	1.45	1.72 (41.7)	0.57 (13.8)
Total	..	18.94	6.20		

No records on the basis of which the above figures were compiled could be shown by the Directorate to audit. The Directorate stated (August 1985) that the reason for shortfall in opening the Centres was not assessed. Projectwise enrolment was not maintained (August 1985) by the Directorate. There was also nothing on record

to indicate the reason for shortfall in enrolment over the target. Government, however, stated (January 1986) that attempts were being made to make good the shortfall in enrolment in subsequent years.

3.3.5. Coverage

The accounts and other records of six districts, namely, Jalpaiguri, Cooch Behar, Malda, Murshidabad, Midnapore and Purulia as well as those of the Directorate of Adult Education pertaining to the period from October 1978 to March 1985 were test checked in audit. The points noticed are mentioned in the succeeding paragraphs.

3.3.6. Rural Functional Literacy Programme (RFLP)

3.3.6.1. Between 1980-81 and 1983-84, one fully financed Central sector project and two State sector projects were set up in each of the 15 districts of West Bengal. One contemplated Central project in Calcutta was not established, the reason for which was not furnished (January 1986) by the Directorate. According to the Government of India guidelines, of the three projects in each district, every project was to be set up in compact areas of two contiguous blocks and should contain 300 Adult Education Centres (AECs) having 30 learners of age group 15-35 in each centre.

3.3.6.2. The budget provision and expenditure incurred on the Central project from 1979-80 to 1984-85 are given below :

Year	Central Project		
	Budget provision	Expenditure	Shortfall in expenditure over the budget provision
	(Rupees in lakhs)		
1979-80	27.50	18.63	8.87
1980-81	72.00	32.13	39.87
1981-82	150.00	41.36	108.64
1982-83	60.00	63.93	(-) 3.93
1983-84	67.22	57.77	9.45
1984-85	136.77	72.01	64.76
Total	513.49	285.83	227.66

As to the reasons for shortfall in expenditure over the budget provisions Government stated (January 1986) that Central assistance was receivable at the rate of Rs.9.78 lakhs per RFLP whereas the State Government provided, on an average, about Rs.4 lakhs per RFLP. As both Central and State Projects operated side by side in

every district, the State Government had not considered it appropriate to incur substantially higher expenditure in a Central Project. Budget provision and actual expenditure under State sponsored RFLPs were not also furnished (January 1986) by the Directorate|Government.

In the six districts test-checked, the total allotment and expenditure under both Central and State projects during the period from 1979-80 to 1984-85 are given below :

Districts	Allotment		Expenditure		Shortfall in expenditure over the allotment	
	Central projects	State projects	Central projects	State projects	Central projects	State projects
(Rupees in lakhs)						
Jalpaiguri ..	9.84	27.93	8.09	24.53	1.75	3.40
Cooch Behar ..	21.24	26.46	16.06	18.41	5.18	8.05
Malda ..	22.00	28.22	17.79	19.79	4.21	8.43
Murshidabad ..	26.36	55.98	21.32	46.52	5.04	9.46
Midnapore ..	18.69	26.47	18.12	27.24	0.57	(-)0.77
Purulia ..	23.62	25.91	17.93	15.10	5.69	10.81
Total	121.75	190.97	99.31	151.59	22.44	39.38

The shortfall in expenditure in the Central and State projects over the allotment in the six districts test-checked was attributed (between April and July 1985) by the respective District Social Education Officers and Project Officers to non-opening the prescribed and sanctioned number of Centres and premature abandonment of centres due to resignation of the instructors.

3.3.6.3. The total number of centres which completed the course, number of centres abandoned and expenditure incurred on such abandoned centres during the period from 1980-81 to 1984-85 in respect of the 15 districts were not furnished (January 1986) by the Directorate as those records were not maintained in the Directorate.

Test-check revealed (March-May 1985) that Rs.2.56 lakhs were incurred on 686 AECs abandoned midway in the six districts between 1980-81 and 1983-84. The centres were, as reported (April-May 1985) by the Project Officers, abandoned due to resignation of the instructors midway. Government stated (January 1986) that the instructors who were engaged as volunteers on honoraria of Rs.50 per month gave up their work when they found more remunerative jobs. It was not always possible to find substitutes immediately on

the amount of honoraria payable to them. Government further observed that the phenomenon of abandonment of a few centres in course of a learning session was inevitable in the scheme. Nevertheless the total expenditure of Rs.2.56 lakhs incurred on the abandoned centres in six districts proved unfruitful.

3.3.6.4. The total number of learners who appeared in the assessment test after completion of the course *vis a vis* the number of successful learners and those who dropped out before completion of the course during the period from 1980-81 to 1983-84 in the six districts test-checked revealed that about 41.15 *per cent* learners in six districts dropped out.

Although overdue, assessment tests for 1984-85 were not completed (June 1985) in most of the centres. In one project in Midnapore consisting of 266 AECs, the result of the assessment test was withheld in view of alleged mass copying and impersonation. The percentage of failure of the learners in the six districts taken together worked out to 26.48. The Directorate stated (August 1985) that the drop out figures in respect of the 15 districts were not readily available with the Directorate.

The failure and high percentage of drop outs in the six districts, according to the Project Officers were due to the following reasons :

- (i) wrong selection of potential learners, (ii) improper approach of the instructors as social workers, (iii) lack of proper motivation of the learners, (iv) unattractive teaching materials, (v) lack of sufficient interest on the part of learners, (vi) irregular supervision of centres by the supervisors, (vii) lack of comfortable sitting arrangements and (viii) exodus of learners during sowing and harvesting seasons, etc.

3.3.6.5. The average attendance of learners per centre with reference to the number of centres which completed the course during the period from 1980-81 to 1983-84 in respect of 5 districts test-checked is indicated below :

District	Number of centres which completed the course	Average attendance of learners			
		below 10	above 10 but below 20	above 20 but below 30	30 and above
Jalpaiguri ...	1664	171	971	506	16
Cooch Behar ...	1696	80	959	642	35
Malda ...	2927	..	612	2027	288
Murshidabad ...	2306	453	669	947	237
Midnapore ...	3236	140	2383	697	16
Total	11,829	824	5,594	4,810	598

Information regarding average attendance per centre in respect of Purulia district as also in respect of 1984-85 in other 5 districts was not made available. According to the Project Officers (May-June 1985), the poor attendance was due to the fact that the learners, who were mostly agricultural and daily labourers, could not attend the centres regularly.

3.3.6.6. According to Government of India guidelines, instructors were to be imparted training for 21 days. But in the six districts test checked, training to instructors was not imparted for the prescribed number of days. The number of days for which the instructors were given training in the six districts was between 2 and 15.

In Jalpaiguri, 336 instructors out of 588 in two projects in 1984-85, in Malda all the 282 instructors in 1982-83 and in Murshidabad all the 272 instructors in 1984-85 were not trained at all. Want of suitable venues and well equipped personnel for imparting training to instructors were stated (May-June 1985) by the Project Officers as the reasons for non-imparting of training to the instructors for the prescribed number of days. Records relating to the training of personnel engaged in educating illiterates in the State as a whole were stated (August 1985) to be not available in the Directorate.

3.3.6.7. The responsibility for supervision of the AECs rests mainly with the supervisors. Against the sanctioned 30 posts of supervisors, men in position in five districts at the end of 1984-85 varied between 20 and 27. The inadequate number of supervisors constituted a problem to extend supervision to all the centres. Many AECs in remote localities remained unsupervised from the inception.

The position in respect of one district (Purulia) was not made available to audit. Action taken to fill up the vacant posts was not stated (May-June 1985) by the Project Officers.

3.3.7. *Grants to Comprehensive Area Development Corporation (CADC)*

The West Bengal Comprehensive Area Development Corporation (CADC) was working in the field of adult education programme in West Bengal since 1978-79. Each district unit of the Corporation was to open 30 centres under each project and run these in the pattern of RFLPs from the grants received from the State Government.

3.3.7.1. Grants received from State Government and expenditure incurred during the period from 1979-80 to 1984-85 by the units of CADCs in the five districts are given below :

District		Year	Number of projects	Grants received	Expenditure incurred	Unspent balance	
(Rupees in lakhs)							
Jalpaiguri	--	--	1979-80 to 1984-85	1	1.46	1.34	0.12
Cooch Behar	--	--	1980-81 to 1984-85	1	0.47	0.45	0.02
Malda	--	--	1980-81 to 1984-85	1	1.36	1.31	0.05
Midnapore	1979-80 to 1984-85	2	2.50	1.52	0.98
Purulia	1982-83 to 1984-85	1	0.72	0.68	0.04

The reasons for non-utilisation of grants in full were not furnished (May-June 1985) by the respective CADC project authorities.

3.3.7.2. In the AECs opened and run by the CADC authorities in the six districts the percentage of drop outs varied between 47.9 and 69.3.

The high percentage of drop-outs was attributed (May-June 1985) by the CADC authorities to (i) exodus of learners during sowing and harvesting seasons and (ii) lack of interest on the part of the learners and villagers because of their acute poverty. Steps taken to encourage the learners/villagers to take part in the scheme were, however, not stated (May-June 1985).

3.3.8. *Shramik Vidyapith*

The Shramik Vidyapith, Calcutta, which was sanctioned in 1978 started functioning from September 1980. The reason for delay in opening the Vidyapith was not explained (July 1985) by the Principal of the Vidyapith.

3.3.8.1. The budget estimates and expenditure of running the Vidyapith during the years from 1980-81 to 1984-85 are given below :

Year	Budget estimate	Expenditure	Shortfall in expenditure over the budget estimate
(Rupees in lakhs)			
1980-81	1.50	0.01	1.49
1981-82	1.50	1.20	0.30
1982-83	0.10	1.14	(-) 1.04
1983-84	3.00	2.29	0.71
1984-85	2.92	1.73	1.19

The reasons for shortfall in expenditure of Rs.2.65 lakhs over the budget estimates during the years from 1980-81 to 1984-85 were not furnished (July 1985).

3.3.8.2. As per Government of India guidelines, Shramik Vidyapith was required to be a registered body with a Board of Directors. One of the Directors was to act as the head of the Institution. But the Shramik Vidyapith, Calcutta, was functioning as a Centrally aided educational institution directly under the Education Directorate of the State Government since September 1980. One part time Principal appointed by the State Government, was looking after the affairs of the institution. In June 1985, as against 14 sanctioned posts including 9 posts of Stenographers, Assistant Clerks, etc., there were only 6 men in position including 5 Stenographers, Assistant Clerk, etc.

3.3.8.3. The main objective of the Scheme was to provide educational training facilities for enabling workers and their families to improve their functional capabilities and at the same time, enabling them to enrich their personal lives. The additional functions of Sramik Vidyapith were to identify and ascertain through surveys different educational needs of different categories of labour population and to provide consultation services to agencies and enterprises planning to organise programmes for training and education of workers.

The Shramik Vidyapith, Calcutta, functioned so far merely as a vocational institution mainly for unemployed youth. It organised in all 59 training courses on 10 subjects such as armature winding for electric motors and fans, maintenance of electric motors and starters, cycle repairing, radio repairing etc., during the period from December 1982 to April 1985. The duration of the courses varied from 5 to 40 days. Out of 1215 trainees enrolled, 1003 trainees completed the course and 212 trainees dropped out. The reasons for dropping out of the trainees were not stated (January 1986). According to Government (January 1986), unemployed persons and members belonging to their families were preferred for studentship of the Shramik Vidyapith. No survey as contemplated was conducted to identify and ascertain the educational needs of different categories of labour population and reason therefor was not stated (July 1985) by the Principal. Thus, in running the Vidyapith neither the guidelines were followed nor was the purpose for which the Vidyapith was opened served.

3.3.9. Consolidated Pilot Project

The Consolidated Pilot Project was taken up by the State Government from 1974 with the object of imparting non-formal education to adult illiterates. With the introduction of National Adult Education Programme, the Project became a part of SAEP.

3.3.9.1. The allotment received, expenditure incurred and the unutilised balance in the six districts test-checked in respect of the Consolidated Pilot Projects from 1978-79 to 1984-85 are given below :

District					Allotment including previous balance	Expenditure incurred	Unutilised balance
					(Rupees in lakhs) a		
Jalpaiguri	--	--	..	..	11.65	10.85	0.80
Cooch Behar	--	--	--	--	12.88	7.63	5.25
Mejda	--	--	--	--	10.78	8.31	2.47
Murshidabad	--	--	--	--	12.64	11.11	1.53
Midnapore	..	--	--	..	22.75	19.20	3.55
Purulia	--	--	--	--	10.83	9.66	1.17
Total					81.53	68.76	14.77

The reasons for non-utilisation of Rs.14.77 lakhs were not furnished (June 1985) by any of the districts.

3.3.9.2. In each district there were a number of units of the Project, each unit comprising 2 AECs—one for males and the other for females. The figures of enrolment, drop-outs, etc., furnished (May-June 1985) by the District Social Education Officers (DSEOs) indicated that the percentage of the drop-outs in Cooch Behar, Purulia and Murshidabad was 23.62, 34.44 and 26.92 respectively.

The high percentage of drop-outs was attributed (May-June 1985) by the DSEOs to poverty of learners.

3.3.9.3. According to the Government of West Bengal guidelines, each centre would cover a period of 6 months and there would be two sessions (2 for male and 2 for female) in a year. Each centre was to cover the entire village or area in about 2 years. Thereafter the centre was to be shifted to a new village or area. The teachers and accommodation of the old centres were to be utilised for running a rural library as a follow-up measure. However, not a single library was set-up in any of the six districts test-checked.

3.3.10. *Farmers Functional Literacy Scheme*

The scheme was taken up by the State Government in the year 1974 as a Centrally sponsored one. With the introduction of NAEP, this scheme was converted into a State Sector Scheme under SAEP from 1978-79. It envisaged imparting of non-formal education to landless farmers, marginal farmers and craftsmen with a view to improving their skills in agriculture and craftsmanship. Out of the six districts test-checked, this scheme was found to have been taken up in 3 districts, namely Cooch Behar, Murshidabad and Midnapore.

3.3.10.1. Total allotment received, expenditure incurred and the balance left unutilised in the three districts during the period from 1978-79 to 1984-85 were as under :

District					Allotment	Expenditure	Unutilised balance
(Rupees in lakhs)							
Cooch Behar	..	..	..	..	3.48	2.63	0.85
Murshidabad	..	..	..	..	2.17	2.02	0.15
Midnapore	..	..	..	..	3.69	2.90	0.79

The reasons for non-utilisation of the total allotment were not furnished (May-June 1985) by the DSEOs of the respective districts.

3.3.10.2. Against the target of 60 centres to be opened each year, the number of centres, which functioned during the period from 1978-79 to 1984-85 varied between 52 and 60 in Cooch Behar, 49 and 59 in Murshidabad and 44 and 60 in Midnapore. During the same period, 23 centres in Cooch Behar and 13 centres in Midnapore were closed due to resignation of instructors and non-availability of voluntary accommodation for holding classes. Again, out of 8,130 and 6,209 learners enrolled during the period from 1978-79 to 1984-85 in Cooch Behar and 1980-81 to 1983-84 in Murshidabad, 1828 (22.48 per cent) and 1974 (31.79 per cent) learners dropped out respectively. The reason for large percentage of drop-outs in Cooch Behar and Murshidabad was not stated (May-June 1985). DSEO, Cooch Behar stated (May-June 1985) that local gram panchayat would be moved to check the cases of drop outs.

3.3.11. *Adult High Schools*

Adult High Schools were opened with a view to providing educational facilities up to the secondary stage to the adults of the following categories :

- (i) adults who have attained literacy and want to have further education up to a recognised standard, (ii) adults who in their younger days had been to school but could not

complete their courses due to social or economic reasons and now desire to get further education up to recognised standard and (iii) adults working in factories, firms or workshops and desirous of having further education for improving their qualification, but could not attend schools during the usual hours.

3.3.11.1. The State sponsored programme in this regard was in operation prior to the launching of NAEP in 1978. Funds allotted, expenditure incurred and shortfall in expenditure over the allotments in the five out of six districts test-checked during the period from 1978-79 to 1984-85 are given below :

District				Allotment	Expenditure incurred	Shortfall in expenditure over allotment
				(Rupees in lakhs)		
Jalpaiguri	..	..	..	1.38	1.26	0.12
Cooch Behar	..	..	..	1.36	0.92	0.44
Malda	..	..	..	1.15	1.02	0.13
Murshidabad	..	..	..	0.88	0.58	0.30
Midnapore	..	..	..	1.92	0.75	1.17

The reasons for non-utilisation of the allotted amounts were not furnished (June 1985) by the respective DSEOs.

3.3.11.2. The programme envisaged sanction of grants-in-aid to recognised schools desirous of running the adult high schools in their school premises. At the end of 1984-85, in all 17 such adult high schools were functioning in the six districts test-checked, 3 each in Jalpaiguri, Cooch Behar, Malda, Murshidabad, Purulia and 2 in Midnapore.

3.3.11.3. Comprehensive records were not maintained in the offices of the DSEOs to show the total number of students of different categories enrolled, average attendance of students in each school each year. No reports/returns indicating particulars of each school and their performance were sent to the appropriate authorities viz., Director of Adult Education. Performance of the students of such schools in the qualifying examinations was not reported to the DSEO. The schools were not supervised by any responsible officer under the DSEO.

3.3.12. *Post-Literacy and follow-up programme*

With a view to preventing learners who had acquired basic literacy skills in the AECs from lapsing into illiteracy and to make themselves self reliant post-literacy and follow-up programme was introduced in the central projects of the State with effect from February 1983.

3.3.12.1. According to the programme, 173 centres per project were to be set up. Total number of such centres in the State and enrolment in those centres during the years 1983-84 and 1984-85 as furnished (August 1985) by the Directorate, are given below :

Year	Number of centres			Enrolment		
	Men	Women	Total	Men	Women	Total
1983-84 ..	688	368	1,056	16,620	8,601	25,221
1984-85 ..	1,477	709	2,186	25,908	8,977	34,885

3.3.12.2. Test-check, however, revealed that the programme was not implemented in Jalpaiguri and Murshidabad districts. Government stated (January 1986) that such programme could not be arranged in the State Sector Projects in those districts due to lack of funds. In the districts of Cooch Behar, Malda, Midnapore and Purulia 147, 158, 154, 159 centres against sanctioned 173 centres in each district were in operation and 28,012 learners were enrolled during 1983-84 and 1984-85.

In all the four districts, specific courses and syllabi were not prepared for the programme.

3.3.12.3. In Cooch Behar and Purulia, although Rs. 0.20 lakh was sanctioned to each of them for setting up of a library for the learners who have acquired basic literacy skills, no library was set up in any of the districts.

3.3.13. *Nehru Jubak Kendra*

Nehru Jubak Kendras of the three districts, namely Jalpaiguri, Midnapore and Murshidabad out of six districts test-checked, took part in the Adult Education Programme.

3.3.13.1. Grants received by the Kendras between 1979-80 and 1984-85 and the expenditure incurred are given below :

District					Grants received from Government of India	Expenditure	Balance
					(Rupees in lakhs)		
Jalpaiguri	..	..	..	..	1.23	0.82	0.41
Midnapore	..	..	..	..	1.48	1.28	0.20
Murshidabad	..	..	..	..	1.90	1.45	0.55

The balance amounts were either refunded to the Government of India or were not drawn.

3.3.13.2. (i) In Jalpaiguri in all 160 centres were opened between 1979-80 and 1984-85 and 4,230 learners were enrolled against the target of 5,100. The shortfall in enrolment was attributed (June 1985) by the Kendra to lack of interest on the part of the concerned people.

(ii) In Murshidabad, the Co-ordinator of the Kendra did not furnish (June 1985) any details regarding centres opened, learners enrolled, etc, during 1978-79 and 1979-80. From the annual reports of 1980-81 and 1981-82, it was, however, found that 189 centres were opened during the years and 4,242 learners were enrolled. No assessment test was conducted during the years.

(iii) In Midnapore, against the targated number of 150 centres, 148 centres were opened between 1978-79 and 1984-85 out of which one centre was abandoned in 1981-82. Information regarding enrolment of learners in each year and the number who completed the course were not furnished (June 1985) by the Kendra.

3.3.14. *Voluntary organisations*

The scheme of assistance to voluntary agencies engaged in the adult education was a Central Government scheme. The State Government was merely the recommending authority and the grant was sanctioned by the Central Government direct to the organisations. In West Bengal in all 9 voluntary agencies were in the field of adult education.

3.3.14.1. Test-check of the accounts and other records of one Voluntary organisation, viz, Jhargram Jana Siksha Prasara Samity revealed the following :

- (a) The Samity received Rs. 1.79 lakhs as grants from the Government of India during 1983-84 and 1984-85 and the entire amount was spent by the Samity,

- (b) During 1983-84 and 1984-85, the number of adult education centres run by the Samity were 52 and 45 respectively.
- (c) During 1983-84 and 1984-85, in all 2,540 learners were enrolled in the AECs conducted by the Samity and 1,514 completed the course. The number of drop-outs was 1,026. Reasons for drop-out of learners were attributed (July 1985) by the Samity to "the reluctance on the part of learners owing to hard labour undergone by them for earning their livelihood".

3.3.15. *Books and learning materials*

No stock accounts of the books and learning materials worth Rs. 21.88 lakhs purchased between 1979-80 and 1984-85 in the six districts test-checked were maintained at the project level or at the district level. No records in support of the distribution of those to the Project Officers and Extension Officers, Social Education could also be shown (June 1985) to audit. In January 1986, Government, however, indicated that the concerned Project Officers were being advised to maintain stock accounts properly.

3.3.16. *Other points of interest*

(a) The Officer holding the charge of DSEO, Murshidabad from September 1979 to April 1981, on being transferred, did not hand over charge to the next incumbent. However, under the orders (May 1981) of the Director of Public Instruction, West Bengal the cash chest etc. was broken open and cash of Rs. 0.17 lakh was found against the book balance of Rs. 0.25 lakh. Thus, there was a shortage of Rs. 0.08 lakh, which remained unrecovered (May 1985).

(b) Government of India sanctioned (March 1984) Rs. 7 lakhs for incentive award to female AECs of the State. As the amount could not be utilised by the Director of Adult Education, West Bengal in 1983-84, it was drawn by him in February 1985 with the approval (February 1985) of the Government of India. Out of this, Rs. 3.75 lakhs were disbursed (February 1985) to the DSEOs of the 15 districts at the rate of Rs. 0.25 lakh per district and Rs. 3.25 lakhs remained undisbursed (August 1985). The amount was to be utilised for 75 female AECs of 15 districts at the rate of Rs. 5,000 per centre for purchase of looms, sewing machines, knitting machines, etc. The acknowledgement in receipt of the money by the DSEOs of the districts as well as the utilisation certificates thereof were not received (August 1985) by the Director. None of the districts test-checked, namely, Jalpaiguri, Cooch Behar, Malda, Murshidabad, Midnapore and Purulia had received (June 1985) the bank drafts worth Rs. 1.50 lakhs stated to have been sent by the Director.

3.3.17. *Publicity*

The main means of publicity envisaged were meetings, seminars, group discussions with villagers, educated youths and influential and respected people of the locality of the project areas. According to the Project Officers of RFLPs and CADCs (June 1985), these methods of publicity were not adequate to attract illiterates to the adult education programme and they suggested (June 1985) that emphasis needs to be given on publicity through attractive posters, hoardings, festoons and more arrangements of audio-visual and cultural programmes on education centres. Action taken by the Directorate to extend the publicity work was not furnished (January 1986).

3.3.18. *Monitoring and Evaluation*

According to the Government of India guidelines, all instructors of adult education centres were to send initial reports and returns and monthly reports to the Project Officer who was to consolidate those and send quarterly progress reports to the concerned DAEOs. Annual Project report was required to be sent to the State Government which was to prepare Annual State Report and send to the Government of India.

Though there was a sanctioned post of Deputy Director (Monitoring) in the Directorate, the post remained vacant since inception and the monitoring work in the Directorate was stated (June 1985) to have been done by the existing staff. Test-check in six districts revealed that no reports and returns were furnished by the instructors nor did the DSEOs send the quarterly reports to the State Adult Education Directorate for consolidation. In the absence of any reports and returns from the project/district level, the manner of preparation of the Annual State Report for submission to the Government of India was not explained (August 1985) by the Directorate. Further, how the correctness of the figures shown in the Annual State Report was ensured was also not stated (January 1986) by the Directorate. No evaluation to assess the impact of the scheme was also done (January 1986) by the Directorate. In January 1986, Government stated the both the Project Offices and the Directorate were being strengthened for effective and continuous monitoring in the near future.

3.3.19. *Summing up*

Central assistance of Rs.73.06 lakhs remained unutilised at the end of 1983-84.

—Against the estimated number of 85.59 lakh illiterate persons to be covered up to 1984-85, 25.14 lakhs were targeted to be enrolled while 18.94 lakhs were actually enrolled in the Adult Education Centres up to 1984-85.

—Against the sanctioned number of 18,566 centres in 1984-85, 15,653 centres were opened.

—In the Central Rural Functional Literacy Project (RFLP), the shortfall in expenditure over the budget estimates of Rs.513.49 lakhs during the years from 1979-80 to 1984-85 was Rs.227.66 lakhs (45 *per cent*).

—In six districts test-checked, viz., Jalpaiguri Cooch Behar, Malda, Murshidaba, Midnapore and Purulia, 686 Centres under RFLP were abandoned during the years from 1980-81 to 1984-85 and Rs.2.56 lakhs had been incurred on the abandoned centres.

—In six districts test-checked 41.15 *per cent* learners under RFLP dropped out during the period from 1980-81 to 1983-84.

—In 11,237 centres out of 11,829 centres under RFLP the average attendance of learners was below 30.

—Training of instructors under RFLP in six districts test-checked varied between 2 to 15 days against 21 days. None of the 282 and 272 instructors in Malda and Midnapore in 1982-83 and 1984-85 respectively was trained.

—In Adult Education Programme undertaken by Comprehensive Area Development Corporation, the percentage of drop-outs during the period from 1979-80 to 1984-85 in six districts test-checked varied between 47.9 and 69.3.

—The percentage of drop-outs in Consolidated Pilot Projects in Cooch Behar, Murshidabad and Purulia during the period from 1978-79 to 1984-85 varied between 23.62 and 34.44.

—No post literacy programme was organised in Jalpaiguri and Murshidabad districts.

—Stock accounts of books and materials worth Rs.21.88 lakhs in six districts test-checked were not maintained.

—No proper monitoring was done at project as well as at Directorate level. No evaluation of the scheme was also made.

3.4. Defunct technical sections of Government schools

With the introduction of the new 10 year and 2 year courses by Government at Secondary and Higher Secondary levels from January 1974 and January 1975 respectively, the technical sections attached

to 13 Government schools imparting education under erstwhile Higher Secondary Courses ceased to function with effect from April 1976. As a result, the staff appointed and the machinery and equipment purchased (value of which was not furnished by the Department) for the technical sections became surplus. Test-check (between February 1983 and November 1984) of the records of 7 schools revealed that machinery and equipment valuing Rs.3.53 lakhs procured for imparting technical education were also lying undisposed of (December 1985), while the services of 57 surplus members of staff including one lecturer-in-engineering, two teachers-in-engineering and two|three instructors in each school could not be utilised fruitfully since April 1976. According to the Headmasters of the schools (August 1984-November 1984), the services of the staff were utilised in the maintenance of the existing machinery and in teaching the lower classes (with no regular work load) as well as in administrative and office work. The Headmaster of Bankura Zilla school further added (November 1984) that the technical staff did not have the requisite academic teaching qualifications for imparting lessons to the students of new Madhyamik and Higher Secondary courses. Between April 1976 and March 1984, about Rs.33.08 lakhs were spent on the pay and allowances of those staff in respect of 7 schools test-checked out of 13 involved. Government stated (October 1985) that no step was taken at the time of introduction of new syllabus to utilize the services of the teaching and non-teaching staff and the idle machinery of the defunct technical sections of Government schools and that a joint inspection would be held by the Director, School Education and Director, Technical Education to dispose of the idle machinery within a reasonable time.

Government did not, however, spell out the manner in which the services of the surplus staff were proposed to be utilised to avoid the recurring expenditure on their pay and allowances.

DEVELOPMENT AND PLANNING DEPARTMENT

3.5. Programme for development of hill areas

3.5.1. Introduction

The programme for development of hill areas was launched in 1974-75 for direct economic development of the weaker sections of the community and for building up a minimum necessary infrastructure in the hill areas (2417.30 square kilometres) in Darjeeling district, having a population of 5.46 lakhs. The expenditure on schemes for direct economic development, etc., was to be met from the special Central assistance (50 per cent grant and 50 per cent loan up to 1980-81 and 90 per cent grant and 10 per cent loan thereafter) while that on infrastructural development from the State Plan resources. The schemes comprised : construction of roads, buildings, etc., minor irrigation schemes, social forestry schemes, agricultural production schemes and setting up agricultural farms, establishment of Central Semen Collection Centres, artificial insemination Centres, pig breeding centres, training schemes under agriculture, cottage and small scale industries departments, etc. The Hill Affairs Branch Secretariat (HABS) under the control of the Development and Planning Department was in overall charge of implementation of the programme through the field offices of different departments and 5 State Government undertakings.

3.5.2. Expenditure

Total Central assistance on the programme in the form of loans and grants received during the period from 1974-75 to 1984-85 amounted to Rs.4395.83 lakhs against which expenditure incurred was Rs.4287.27 lakhs leaving an unutilised Central assistance of Rs.108.56 lakhs. During the same period, expenditure on the programme from the State resources was Rs.421.86 lakhs. A table indicating the Central assistance received, expenditure incurred there against *vis-a-vis* the expenditure from the State resources during the period from 1974-75 to 1984-85 is given below :

Year		Central assistance received in the form of Grant and Loans	Expenditure	Utilisation of Central Assistance Excess(+) Shortfall(-)	Expenditure from State resources
(Rupees in lakhs)					
From 1974-75 to 1979-80	..	13,36.60	18,87.76	(+)551.16	162.09
1980-81	—	557.31	417.68	(-)139.63	43.24
1981-82	..	600.03	446.67	(-)153.36	44.26
1982-83	..	601.17	463.34	(-)137.83	45.06
1983-84	..	629.34	487.70	(-)141.64	61.03
1984-85	..	671.38	584.12	(-)87.26	66.18
	Total	43,95.83	42,87.27	(-)108.56	421.86

The Central assistance of Rs.108.56 lakhs remained unutilised (September 1985); the reasons for which were not furnished by the Department.

3.5.3. The records maintained by the HABS and other field offices implementing the programme for the period from 1974-75 to 1984-85 were test-checked (April 1984 to August 1984 and September/October 1985) in audit. The points which came to notice during test-check are mentioned in the succeeding paragraph.

3.5.4.1. *Planning*

(i) Against the instructions of the Planning Commission issued in 1975-76 for taking up schemes on pivotal development projects instead of a large number of projects, the number of projects for which allocations were made, increased from 100 in 1974-75 to 271 in 1982-83. The Planning Commission observed (June 1982) that the Central assistance was spread over a very large number of isolated and unco-ordinated schemes with the result that the investments made were not able to make an effective impact on the development.

(ii) Although better water and land use, control of soil erosion through watershed management, afforestation, replacement of annual crops with perennial shrubs, trees and plantation crops in slopes of hills, etc., were to be given priority during the Sixth Plan for ecological restoration and conservation, only a "Co-ordinated action Research Programme on Eco-Development" of Mirik-Sukna region in the Balason Mahananda catchment area was taken up in 1982-83. Out of Rs.55.89 lakhs required for the scheme, Rs.19.85 lakhs were released (August 1982) to the North Bengal University and Rs.13.65 lakhs were spent up to September 1985. The work started in September 1983 was stated to be in progress (September 1985).

(iii) No Master Plan necessary for integrated development in harmony with ecological balance was, however, prepared at any stage. As a result, watersupply schemes were identified on the basis of public applications duly recommended by the Gram Pradhan/Zilla Parishad without having any fixed norm for testing their viability. Identification of individual schemes for development of roads and buildings was not made according to the programme or priority; the alignment of roads was decided on the basis of probability of traffic to be generated in future and not on the basis of any scientific traffic survey; soil conservation and afforestation works were taken up without survey and investigation of slip prone areas.

3.5.4.2. *Non-utilisation of fund*

Out of sums aggregating Rs.2282.34 lakhs drawn by the Deputy Commissioner (DC), Darjeeling and other field officers in the district

between 1974-75 and 1984-85, Rs.372.22 lakhs (16 per cent) remained unspent (March 1985) for about 1 to 10 years. Of Rs.372.22 lakhs, Rs.195.54 lakhs were kept in savings bank accounts (Rs.162.60 lakhs) and term-deposits (Rs.32.94 lakhs) with different bank, Rs.3.79 lakhs were retained in cash, Rs.111.84 lakhs were left with the field officers of the Public Works Department, Rs.3.14 lakhs were kept in Deposit-at-call Receipts with different banks and Rs.57.91 lakhs were left with a State Government undertaking. Of Rs.42.52 lakhs received as interest (savings account : Rs.30.29 lakhs and term-deposit : Rs.12.23 lakhs), Rs.6.79 lakhs were re-invested on which Rs.0.95 lakh were earned as interest (August 1984). Of the remaining Rs.36.68 lakhs, Rs.4.87 lakhs were spent on improvement of huts under Darjeeling Improvement Fund and Rs.0.05 lakh were paid to the District Sports Association, Darjeeling which were beyond the scope of the Scheme and the remaining Rs.31.76 lakhs were retained with the savings bank account (September 1985).

None of the Executive Engineers issued utilisation certificates or submitted any periodical statement of accounts of the expenditure (Rs.1,070.53 lakhs) incurred during 1974-75 to 1983-84 by them, out of Rs.1,238.10 lakhs drawn (1974-75 to 1983-84) by the DC, Darjeeling and advanced to them during that period. The department stated (February 1986) that submission of utilisation certificates had always been insisted upon but in the absence of such certificates monthly progress reports indicating physical and financial achievement submitted by the executing agencies were relied upon.

3.5.4.2.1. *Diversion of funds*

Out of Rs.185.78 lakhs drawn between 1975-76 and 1984-85 by four drawing officers, Rs.158.79 lakhs (85 per cent) were diverted to works other than those sanctioned by Government under this programme as detailed below :

Name of the drawing and disbursing officer	Name of the scheme sanctioned	Amount sanctioned	Amount spent	Name of the scheme, works on which expenditure was incurred
(Rupees in lakhs)				
General Manager, District Industries Centre, Darjeeling	Establishment and modernisation of a design Centre at Darjeeling	9.71	1.42	Payment of rent of a Sales Emporium opened on a hired building.
Sabbadhipati, Zilla Parishad, Darjeeling	Construction of roads belonging to Zilla Parishad	129.83	129.83	Construction of 87 roads not belonging to the Zilla Parishad
Municipal Authorities,— Kalinpong — Kurseong .. —	Works on properties of municipal authorities	1.41 44.83	1.41 26.13	Two and 23 schemes not belonging to the respective municipal authorities were executed
Total	—	185.78	158.79	

Further, out of the unspent balance of Rs.25.39 lakhs (out of Rs.372.22 lakhs) remaining with the GM, DIC on 31st March 1985, Rs.17.10 lakhs were diverted on 5 schemes which were not approved by the HABS (August 1985).

3.5.4.3. *Construction, upgradation, improvement, etc., of roads*

Different authorities in the district had implemented road schemes. The position of road schemes executed between 1974-75 and 1984-85 by two Public Works Divisions is as below :

Sanctioned	Lengths of roads					Total estimated cost	Total allot- ment of fund	Total expen- diture
	Now complet- ed	In pro- gress	Upgradation Sanction- ed	In pro- gress Com- pleted				
	(In Kilometres)				(Rupees in lakhs)			
62.265	25.615	36.650	94.400	54.900	39.500	582.08	500.87	472.43

Thus, works on 59 *per cent* of the new roads and 42 *per cent* of the upgradation and improvement of roads remained incomplete for about 1 to 10 years. The delay in completion was attributed (October 1984) to procedural delay in land acquisition and want of sufficient number of approved quarries for collection of stone metal.

3.5.4.3.1. *Delay in completion of roads*

Schemes sanctioned for implementation were generally required to be completed within the financial year during which those were sanctioned. In a number of schemes, the implementation dragged on

for 3 to 12 years and the schemes remained incomplete, instances of which are given below :

Name of the executing authorities	Names of the road/ length	Estimated cost	Funds received/ period of receipt	Expenditure incurred/ period	Date of issue of work order	Scheduled date of completion as per work order	Present position of the work
(Rupees in lakhs)							
Executive Engineer, Public Works (Roads) Division (EEPWRD) Darjeeling	Garibas to Sandakphu (7 km)	60.79	44.00 (1974-75 to 1984-85)	41.54 (1974-75 to 1984-85)	March 1975	March 1980	6.5km up to soling stage only. Technical sanction to the scheme was also awaited (February 1986).
West Bengal Forest Development Corporation Limited (WBFDCCL)	Dhodre Pathak to Selimbong (23 km)	2.39	2.39 (1981-82 to 1983-84)	0.14 (1982-83 to 1983-84)	May 1982	March 1983	Reasons for delay not stated. HABS observed (June 1984) that the Divisional Manager should put greater emphasis on utilisation of the amount.
EEPWRD, Darjeeling	.. Upgrading and Improvement of Ranjit Road from Lebong Cart Road junction to Manjitar Bridge at Darjeeling (16.5 km)	32.15	19.00 (1980-81 to 1984-85)	7.45 (1980-81 to 1984-85)	July 1981	March 1983	Boulder soling, edging and V-drain completed in a stretch between 12.5km and 16.5km (October 1984). Technical sanction was awaited (February 1986). Scheme scheduled to be started in 1980-81 actually commenced in 1983-84 : the delay was due to delay in preparation of estimates and invitation of tenders.
WBFDCCL	.. Singlabazar to Goke Bazar (NA)	2.26	3.17 (1978-79 to 1981-82)	2.30 (1982-83 to 1983-84)	March 1982	June 1982	Reasons for slow progress were not stated.

WBFDCL	..	.. Goke to Majtar (NA) ..	0.70	0.70 (1978-79)	0.29 (1982-83 to 1983-84)	February 1979	May 1979	Reasons for slow progress were not stated.
WBFDCL	..	.. Teesta Bridge to Sambong (NA)	4.41	4.92 (1982-83)	1.50 (1983-84)	August 1983	November 1983 extend- ed up to Feb- ruary 1984	Divisional Manager, Darjeeling (General) Division decided (February 1984) to terminate the contract and take up the work departmentally, as one of the projects (out of 5) was not done by the contractor as per specifications.

3.5.4.3.2. *Defective construction of roads*

(i) Against an estimated cost of Rs. 0.83 lakh for improvement of Chunabhati-Lava Forest Road, Rs. 1.15 lakhs were paid (1981-82) to the West Bengal Forest Development Corporation Limited (WBFDCCL) ; reasons for disbursement of excess fund (Rs. 0.32 lakh) were not on record. Although scheduled to be completed by February 1982, the works remained incomplete (August 1984) and the works (value : Rs. 0.66 lakh) so far done by the contractor were found to be defective by the WBFDCCL. Further development in the matter was awaited (April 1985).

(ii) Construction of 10.14 km road of the total length of 21 km road from Mirik to Simanabastee (estimated cost : Rs. 46.27 lakhs) taken up in January 1974 prior to sanction (February 1975) by the Executive Engineer, Public Works (Roads), Darjeeling Division, Darjeeling was completed in 1982 at a cost of Rs. 103.40 lakhs. The works executed between 9.6 km and 20 km of the road were found by the Division to be below the specifications as the execution had not been finished as per profile, boulder soling was not made compact by rough dressing and poor quality boulders were used in soling. These defects led to pavement failure after the road was opened to traffic in early part of 1982, which necessitated emergency repair works from 1981-82 to 1983-84 at a cost of Rs. 18.29 lakhs. Thus, defective execution of work led to additional expenditure and also contributed to a recurring liability of high maintenance cost by Government. A thorough renovation of the road was stated to be under contemplation (November 1984).

3.5.4.3.3. *Improvement of roads abandoned*

Works on two road schemes undertaken during 1981-82 and 1982-83 by a contractor were suspended (November 1982) after spending Rs. 0.56 lakh (of Rs. 1.13 lakhs received in 1981-82) as those were found to be of sub-standard quality by the Kurseong Municipal authorities. No steps were taken to resume the works nor were any penal measures taken against the contractor (September 1985).

3.5.4.4. *Agriculture*

3.5.4.4.1. *Agricultural Farms running in losses*

Between 1974-75 and 1984-85, Rs. 26.09 lakhs were drawn and spent by the three Subdivisional Agricultural Officers (SAOs) for strengthening of infrastructure of 4 Agricultural Farms in the district

and improvement of working thereof. However, the farms continued to sustain losses as detailed below :

Name of the Farm	Period	Total recurring expenditure	Total receipts	Losses sustained
(Rupees in lakhs)				
Block Seed Farm, Salbani	1979-80 to 1984-85	3.99	1.27	2.72
Block Seed Farm, Gurubathan	.. Do	3.16	0.55	2.61
Block Seed Farm, Poolbazar	.. Do	4.16	3.49	0.67
Block Seed Farm, Plungdong	.. Do	2.44	0.36	2.08
	Total	13.75	5.67	8.08

Reasons for the losses of Rs. 8.08 lakhs were not analysed (September 1985).

3.5.4.4.2. *Unsuccessful horticultural scheme*

(i) Out of 2.16 lakhs saplings to be distributed between 1974-75 and 1984-85 from a nursery at Sonada, only 0.17 lakh (8 per cent) saplings were distributed among the beneficiaries in 1983-84 ; although Rs. 6.71 lakhs (the entire amount sanctioned) were spent by the Horticulturist, Darjeeling throughout the period. No reasons were forthcoming (September 1985) to indicate how the entire available amount was spend despite the low percentage of sapling actually distributed.

(ii) For producing good quality of orange saplings required for distribution among the targeted group of beneficiaries, a nursery was set up (1975-76) at Dalapchand at a cost of Rs. 2.29 lakhs. The orchard was maintained by the Horticulturist during the entire period at a cost of Rs.2.47 lakhs (March 1985). Number of saplings actually produced and distributed against the targeted 1.40 lakh beneficiaries could not be furnished (September 1985).

(iii) Out of 0.70 lakh persons to be benefited from the demonstrations on nutritional orchard to be held by the District Rural Development Agency (DRDA), Darjeeling between 1980-81 and 1984-85 at a cost of Rs.23.38 lakhs, only 0.20 lakh persons (29 per cent) were actually benefited at a cost of Rs.25.29 lakhs (108 per cent of the amount). The shortfall was attributed to non-availability of technical experts and defects in the system of distribution of seedlings. The exorbitant cost of demonstration was, however, not explained (September 1985) by the DRDA authority.

3.5.4.5. *Minor Irrigation Schemes*

Twenty-nine minor irrigation schemes, as detailed below were executed between 1974-75 and 1984-85 by the Darjeeling Agriculture Irrigation Division and Siliguri Irrigation Division.

Number of Schemes			Irrigation potential			Esti- mated cost	Funds allotted	Expen- diture incurred	Remarks
Taken up	Comple- ted	In pro- gress	To be created	Actually created	Utilised				
			(In hectares)			(Rupees in lakhs)			
29	21	7	2581.18	2232.73	1110.90	178.74	204.47	136.94	One scheme abandoned

Shortfall (1,121.83 hectares) in utilisation of irrigation potential was attributed to the damages caused by landslides. Out of 21 completed schemes, 12 schemes remained either completely or partly inoperative (January 1986). One scheme sanctioned in December 1976 for creation of irrigation potential of 22 hectares, after executing works worth Rs.0.32 lakh, had to be abandoned (September 1978) as the works executed were completely destroyed by landslide. According to the Executive Engineer, Siliguri Irrigation Division (October 1984), the damage caused to the schemes remained unattended for long periods as funds provided were too meagre to meet the expenditure on work-charged establishment.

3.5.4.6. *Soil conservation*

Unfruitful expenditure : Soil conservation works (estimated cost : Rs.0.88 lakh) in the Teesta Valley Area damaged by landslides awarded (July 1982) to a contractor by the WBFDCI at a tendered value of Rs.0.57 lakh were to be completed by September 1982. The works including some supplementary items were completed in July 1983 at a cost of Rs.0.84 lakh but the masonry walls valuing Rs.0.28 lakh collapsed within the period of validity of the agreement. Rupees 5.720, being the security deposited by the contractor were forfeited. However, as the work on the collapsed portion was not taken up (August 1984), the entire expenditure proved unfruitful.

3.5.4.7. *Forest infrastructure*

For facilitating collection of forest produce and linking villages with markets, construction of 3 roads (17.9 km), of 7 road schemes (63.8 km), taken up between 1973-74 and 1983-84 at an estimated cost of Rs.109.19 lakhs without technical survey and investigation of road alignment, was completed and others were at different stages of

construction. Total expenditure of these schemes was Rs.98.15 lakhs (October 1984). An instance of infructuous expenditure on road scheme is given below :

Construction of a new road (13 km) from Mahaldiram to Majua at an estimated cost of Rs.22.75 lakhs was undertaken by obtaining year to year piecemeal sanctions for short stretches instead of on the basis of a financial sanction for the total estimated cost. Against Rs.17 lakhs released up to 1984-85, Rs.16.70 lakhs were spent on the road. After earth-cutting on the initial 5 km stretch of the alignment in all parts at different locations and soling of initial 2 km, the execution was suspended (1982-83) due to innumerable slips occurring in the road alignment. The DFO observed (August 1984) that due to the existence of steep slopes on the alignment, the cost of construction would be prohibitive and such work should not have been taken up without thorough technical survey and investigation. The work was, however, not resumed pending inspection by technical experts (November 1984). Thus, the expenditure (Rs.16.70 lakhs) has been of no avail so far.

3.5.4.8. *Animal Husbandry and Veterinary Services*

3.5.4.8.1. *Central Semen Collection Stations (CSCS)*

For ensuring the supply of semen through Artificial Insemination Centres (AICS) in different areas and for prevention of deterioration of the quality of semen, two CSCSs were to be set up at Kurseong and Garubathan in 1975-76 and 1978-79 respectively while the CSCS, Kalimpong was to be strengthened (1979-80). The CSCS, Kurseong was set up (1975-76) at a cost of Rs.2.31 lakhs while that in Garubathan could not be set up as the land (2.80 acres), on which this was to be set up and for the acquisition of which Rs.0.57 lakh were paid as advance to the Land Acquisition Officer (1978-79) by the Deputy Director of Animal Husbandry (DDAH), Darjeeling was not acquired up to September 1985. Out of 20 bulls purchased (6 in 1976-77 for CSCS, Kurseong, 8 in 1978-79 for CSCS, Garubathan and 6 in 1979-80 for CSCS, Kalimpong) by the DDAH at a cost of Rs.1.19 lakhs and all accommodated in the CSCS, Kurseong, 7 died between 1979-80 and 1983-84, 3 were never used for collection of semen, 2 each were sent to the Superintendents of Livestock, West Dinajpur and Jalpaiguri in August 1979 and April 1982 respectively. Records in support of collection of semen, distribution thereof and actual coverage of breedable cows (target : 7,000 per year) were not maintained in any station (September 1985).

3.5.4.8.2. *Artificial Insemination Centres and Sub-Centres thereunder*

Out of 6 AICs and 64 Sub-Centres thereof to be set up at a cost of Rs.22.32 lakhs for rendering insemination services to the cows in the hill areas, 6 AICs and 31 Sub-Centres were set up at a cost of Rs.14.90 lakhs (67 *per cent*) between 1974-75 and 1984-85. Out of the targeted 1.02 lakh cows to be inseminated during that period, 0.15 lakh cows (15 *per cent*) were actually inseminated. Equipment worth Rs.0.41 lakh purchased for Sub-Centres remained unutilised (September 1985). Non-opening of the remaining 33 Sub-Centres leading to non-utilisation of Rs.7.42 lakhs for about 5 to 10 years and low performance of the Centres set up was attributed (September 1985), by the DDAH, Darjeeling to non-availability of staff.

3.5.4.8.3. *Scheme not implemented/completed*

(i) Two Poultry and Dairy Farms for which Rs.3.47 lakhs were drawn (1974-75) by the Deputy Director, Animal Husbandry (DDAH), Darjeeling were not established for want of suitable lands but the fund was retained for more than 10 years.

(ii) Of Rs.20.38 lakhs drawn by the DDAH between 1980-81 and 1984-85 for establishment of 2 pig breeding farms, Rs.17.34 lakhs were advanced (1981-82 to 1984-85) to the Executive Engineer, Construction Board (EECB) for construction of breeding houses which were not completed (September 1985).

(iii) For setting up a farm for development of grassland, the DDAH had drawn an amount of Rs.16.04 lakhs and advanced to EECB (1983-84), Darjeeling. Although the development work was stated (February 1985) to have been completed, the farm was not handed over to the DDAH for want of water supply (September 1985).

(iv) Of Rs.3.58 lakhs drawn (1980-81 to 1984-85) by the DDAH for construction of training Centres at Kurseong and Kalimpong, Rs.1.61 lakhs were advanced (1983-84) to EECB. The completion of construction works was awaited (September 1985).

3.5.4.9 Cottage and small-scale industries

3.5.4.9.1 Delay in completion of schemes : Schemes required to be completed within the year of sanction, could not be completed as detailed below :

Name of the Schemes	Name of the implementing Officer	Year of operation	Physical		Financial		Remarks
			Target	Achievement	Target	Achievement	
(Rupees in lakhs)							
(i) Training and extension programme in Bee-keeping industry.	DRDA, Darjeeling	1977-78 to 1984-85	Managers—60 Members—2400	30 450	2.86	2.74	Training of members by the trained managers were never supervised by DRDA authorities.
(ii) Marginal Subsidy Bee-keepers Societies (BS).	Do	1980-81 to 1984-85	101 B.S.	71 BS	4.78	4.35	
(iii) Setting up of Bee Colonies (B.C.)	Do	1980-81 to 1983-84	3500 B.C.	367 B.C.	4.71	1.22	Shortfall in achievement and non-completion of these schemes leading to non-utilisation of sums aggregating to Rs. 7.14 lakhs were attributed (September 1985) to shortage of staff.
(iv) Establishment of nucleus Bee-Nurseries (B.N.)	Do	1980-81 to 1984-85	30 B.N.	18 B.N.	1.38	0.42	
(v) Equipment grant to Primary Bee-Keeper's Societies (B.S.)	Do	Do	60 B.S.	20 B.S.	3.50	1.36	
					17.23	10.09	

Name of the Schemes	Name of the implementing Officer	Year of operation	Physical		Financial		Remarks
			Target	Achievement	Target	Achievement	
(Rupees in lakhs)							
(vi) Establishment of a Sericulture Demonstration Farm.	Superintendent of Sericulture Kalimpong	1981-82 to 1984-85	150 Sericulturist	5 Sericulturist	19.61	18.06	Shortfall in achievement was ascribed (August 1985) to delayed construction of Farm-house and non-availability of staff.
(vii) Establishment of a reeling unit at Kalimpong	Do	1982-83	1	Nil	2.58	2.58	Though a shed for reeling of Cocoons was constructed (1982-83) at a cost of Rs. 2.58 lakhs, reeling operation could not be started for want of reeling machine for which Rs. 0.30 lakh was advanced (1981-82) to Central Engineering Organisation (a State Government Undertaking). D.D. stated that arrangement for taking delivery of the machine is being made during current financial year.
(viii) Construction of Shed for rural artisan.	GM, DIC	1974-75 to 1981-82	1	Nil	7.16	Nil	Construction works were not taken up for want of suitable land.
			Total	..	46.58	30.73	

3.5.4.9.2. *Unfruitful expenditure*

(i) Out of Rs.21.32 lakhs drawn by the GMDIC between 1974-75 and 1982-83 for training of artisans in tailoring, carpentry, wool-knitting, etc., trades, Rs.10.23 lakhs were spent (1975-76) for training of 1,200 artisans. The reasons for discontinuation of training and non-utilisation of fund (Rs.11.09 lakhs) were not furnished (August 1985). No steps were taken to ascertain that artisans trained under these schemes (1,200) were gainfully employed in their respective trade. Rupees 4.20 lakhs drawn for providing incentives to such trained artisans remained unutilised (September 1985) as the scheme awaited finalisation and the unspent balance of Rs.11.09 lakhs was diverted to other schemes without approval of Government.

(ii) For large-scale knitting of woollen garments in the knitting centres of the West Bengal Handicrafts Development Corporation Limited, 40 "Semac" knitting machines were purchased (May 1980) by the Corporation at a cost of Rs.1.55 lakhs. These machines were distributed to 4 centres without assessing their production capacity. The records in support of performance of these centres were not made available. Consequent upon discontinuance (April 1982) of the scheme owing to the inability of the management to procure bulk orders for the products, 15 machines were given (1982-83) to the DRDA for one year on loan-basis, 15 were sold to three co-operative societies at a cost of Rs.0.48 lakh, and 9 machines were left idle. One remaining machine was stated to have been lost (November 1980) due to theft. Woollen jerseys (3,600) valued at Rs.2.27 lakhs produced during 1980-81 and 1981-82 and remaining unsold were damaged due to prolonged storage.

3.5.4.9.3. *Unsuccessful scheme*

(i) Out of the estimated cost of Rs.19.92 lakhs required for setting up a wool knitting-cum-umbrella making centre at Lebong in Darjeeling, Rs.10 lakhs were paid (1982-83) by the DC, Darjeeling as loan, to the West Bengal Small Industries Corporation Limited (WBSICL), repayable in 15 equal annual instalments with interest of $5\frac{1}{2}$ per cent per annum and rebate of $\frac{1}{4}$ per cent for timely repayment. Work order for construction of the building issued in April 1980 required that the work be completed by December 1980. The exact position of the work was not stated but the value of work so far done was reported to be Rs.18.39 lakhs. The Hill Area Development Commission observed (June 1984) that the centre had been lying unused as the accommodation for small industrial units did not appear to be viable in view of the floor space. The WBSICL had not repaid any instalment of loan and an amount of Rs.0.59 lakh had also become due as penal interest,

(ii) For setting up a plantation and extraction plant at Gairibas in Darjeeling district for extraction of diosgenin from yams of dioscorea plant, expenditure aggregating Rs.73.90 lakhs (for plantation of dioscorea in 208.22 acres Rs.41.98 lakhs and for construction of factory Rs.31.92 lakhs) was incurred against Rs.74.05 lakhs drawn by the Director, Cinchona and other Medicinal Plants, West Bengal between 1975-76 and 1983-84.

The Council of Scientific and Industrial Research was appointed (November 1976) as the technical consultants for supply and erection of the plant (cost : Rs.7.20 lakhs) at a fee of Rs.0.30 lakh. The construction of the factory, office building, boiler foundation, etc., (value Rs.7.59 lakhs) entrusted to EEPWD (May 1979) was completed in September 1982. A sum of Rs.1.02 lakhs was deposited (December 1977) with the West Bengal State Electricity Board as service connection charges but supply of power was effected in July 1982 only. On taking delivery of the boiler from a firm of Ahmedabad, it was kept in a godown at Siliguri and Rs.0.25 lakh were spent towards rent till May 1982. In April 1983, the Project Authority noticed that some of the boiler components were damaged in transit and a further sum of Rs.0.17 lakh had to be spent for replacement of damaged components. After completion (April 1984) of installation work of the boiler against the scheduled date of November 1983, it was put to trial (10 hours), but could not be commissioned (October 1984), because of non-issue of the requisite certificate by the Chief Inspector of Boilers, Government of West Bengal under the Indian Boilers Act as some items of works relating to installation of the boilers were not found to be up to the standard. As a result, the factory could not be commissioned even after 8 years.

3.5.4.10. *Health Schemes*

3.5.4.10.1. *Supply of drinking water*

Out of 234 schemes (estimated cost : Rs.369.71 lakhs) for piped supply of drinking water sanctioned between 1974-75 and 1984-85 for completion within the year of sanction, 22 schemes were not taken up at all, 27 schemes taken up in 1982-83 (9) and 1983-84 (15) and 1984-85 (3), were reported to be in progress (March 1985). Delay in completion of works resulted in non-utilisation of Rs.75.02 lakhs (of Rs.325.27 lakhs drawn) unspent for about 1 to 3 years. The following points were also noticed in this connection :

- (i) Construction of a Garage-cum-ward-master's office and two temporary structures in Sub-divisional Hospital at Kalimpong (estimated cost : Rs.4.91 lakhs) were

approved (March 1981) by Government. However, in 1982 the work was taken up after changing the designs without approval. Only some segments of the work were completed by December 1983 at a cost of Rs.5.65 lakhs. The remaining portion of the works were left suspended for want of funds (March 1985). A revised estimate for Rs.13.90 lakhs submitted (August 1984) to Government was awaiting approval (November 1985).

- (ii) Implementation of a piped water supply scheme (estimated cost : Rs.3.30 lakhs) for supply of 40 litres of water per head per day to 390 people in Upperdong under Kalimpong-1 block was started without any pre-work investigation to be completed by October 1983. Work was suspended (January 1984) after execution of 40 per cent of the work at a cost of Rs.2.21 lakhs as the length of the pipeline to be installed was found to be 11,665 metres instead of 7,900 metres originally estimated. Procurement of materials for the additional length was awaited (October 1984).

3.5.4.10.2. *Non-utilisation of X-ray machines*

Chief Medical Officer of Health, Darjeeling purchased (February to April 1980 and April 1984) 8X-ray machines (5 for installation in Primary Health Centres and 3 for mobile units) at a cost of Rs.1.96 lakhs and three Jeeps with trailers (cost Rs.2.71 lakhs) in April 1983 for establishment of 3 mobile X-ray units. The machines remained unutilised (September 1985) for want of technicians and non-construction of dark-room in 4 Primary Health Centres while the three mobile units could not be used (September 1985) owing to non-purchase of auto-transformers required for their operation.

3.5.4.11. *Construction of buildings*

Out of 40 buildings (hospitals, schools, office buildings, etc.) construction of which was sanctioned at an estimated cost of Rs.279.28 lakhs between 1974-75 and 1983-84, construction of only 18 buildings was completed. Of Rs.165.53 lakhs drawn by the EEPWD during that period Rs.120.39 lakhs (73 per cent) were spent (October 1984). The delay in completion was attributed to non-availability of required quantity of cement and steel. The following points were also noticed in this connection :

- (i) The Project for construction of the Rabindra Sadan and the Bhanu Bhakta Hall at Darjeeling (estimated cost : Rs.12.86 lakhs) sanctioned (December 1976) was awarded to a contractor by EEPWD, Darjeeling in February 1975 for completion within a year. A decision

to give effect to several changes in the designs of roofing, stair-case and green room was taken in March 1977 and the estimates were revised to Rs.21.19 lakhs. As a result the work carried on to September 1978 when the contractor refused to execute further work at the contracted rate due to escalation in prices. An expenditure of Rs.9.55 lakhs had been incurred till then (September 1978). The contract was rescinded in February 1979 with penalty. The contractor sought arbitration (April 1980) and was awarded (July 1980) compensation of Rs.3.30 lakhs which along with interest of 0.25 lakh was paid to the contractor in November 1984. Further development on progress of the work was awaited (November 1985).

- (ii) Construction of a bus stand at Lebong (estimated cost : Rs.15.92 lakhs) proposed in July 1976 for avoiding traffic congestion in Darjeeling town was sanctioned in March 1981. Owing to delay of about 4 years in selection of site, the proposal for acquisition of land for the purpose was not processed and therefore the work could not be started (February 1986) in spite of the availability of Budget Provision of Rs.4 lakhs (April 1981).

3.5.4.12. Delay in implementation of schemes by local bodies

Thirty-eight schemes (estimated cost Rs.127.73 lakhs) taken up for implementation between 1980-81 and 1984-85 could not be completed after incurring expenditure of Rs.78.63 lakhs (61.56 per cent) as detailed below :

Name of implementing authority	Name of the schemes	Number of schemes	Estimated cost	Expenditure incurred/period	Remarks/reasons
(Rupees in lakhs)					
Zilla Parishad, Darjeeling	Construction of roads, drains, water sources,	27	118.66	74.19 (1980-81 to 1984-85)	Non-completion was due to non approval of the revised estimates and some legal disputes.
Municipal Authority—					
Kurseong	.. Ditto	7	6.02	3.02	{ Non-completion was due to non availability of materials, adverse climatic condition and diversion of fund for other purposes.
Darjeeling	.. Ditto	4	3.05	1.42 (1980-81 to 1984-85)	
Total		38	127.73	78.63	

Thus, no benefits accrued from these schemes on which Rs.78.63 lakhs had been spent, for period ranging from 6 months to 5 years owing to delay in their execution.

3.5.4.12.1. *Road scheme abandoned*

One 18 km long road scheme (estimated cost Rs.30.05 lakhs) taken up by the Zilla Parishad authorities, Darjeeling in May 1979 was abandoned in August 1982 after completion of works in 3.3 km stretch at a cost of Rs.25.90 lakhs, as, according to the Zilla Parishad authorities (September 1985) the alignment of the road being between slip-prone areas went beyond control during subsequent years. The residual amount of Rs.4.15 lakhs was diverted to other works without approval of the HABS (September 1985).

3.5.4.12.2. *Escalation of cost of implementation*

Out of the estimated cost of Rs.69 lakhs for construction of 2 road-cum-bridge schemes to be executed by the Zilla Parishad authorities, Rs.46 lakhs sanctioned (1970-80 to 1983-84) by the HABS were drawn by the DC, Darjeeling. The Zilla Parishad authorities, however, received Rs.20 lakhs (of Rs.46 lakhs) in April 1985 when the work was taken up. Reasons for delay in availability of funds were not available. The cost of the scheme, according to the revised estimates approved by the HABS (April 1985), escalated to Rs.264.09 lakhs.

3.5.4.12.3. *Non-maintenance of assets*

Assets viz., buildings, roads, bridges, culverts, etc. created and developed at a cost of Rs.3783.38 lakhs between 1974-75 and 1983-84 were not maintained during these years as funds were not made available by the State Government for the purpose, no reasons were furnished (September 1985).

3.5.5. *Monitoring and evaluation*

Progress Reports received by the Directorate of Evaluation up to 1980-81 generally indicated the progressive financial outlay only. Such reports received by the HABS from 1981-82 were not compiled and collated to assess shortcomings, if any, in implementation, so that corrective measures could be suggested. Although employment oriented schemes were taken up and implemented from year to year, mandays of employment actually generated were never ascertained. The impact of the programme on the socio-economic development of the hill areas was also not evaluated (June 1984).

The Planning Commission observed (June 1984) during the discussion of the Sub-Plan for 1983-84 that the Programme could not bring about the desired impact.

The Project Officer, DRDA Darjeeling, stated in the Annual Report for 1982-83 that in spite of execution of the Programme, reports coming from the rural areas and information received at various forums did not indicate any satisfactory change in the lot of the poor.

3.5.6. *Summing up*

—Central assistance of Rs.108.56 lakhs remained unutilised (September 1985).

—Of Rs.22,82.34 lakhs, drawn between 1974-75 and 1984-85 by the DC, Darjeeling, Rs.372.22 lakhs (16 *per cent*) remained unutilised for about 1 to 10 years. Out of Rs.372.22 lakhs, Rs.256.59 lakhs (69 *per cent*) were kept out of Government account in Savings bank account, term-deposit, deposit at call receipts and Darjeeling Improvement Fund.

—Rupees 175.89 lakhs were diverted on works other than those sanctioned by Government.

—Six road schemes could not be completed even after 3 to 12 years of commencement; progress of expenditure (Rs.53.22 lakhs) being 72 *per cent* of the funds (Rs.74.18 lakhs) received.

—Works (value : Rs.0.66 lakh) on a road scheme executed by a contractor were found to be defective while works on another road scheme (cost : Rs.103.40 lakhs) were found to have not been done according to specifications.

—Works on two road schemes were suspended after spending Rs.0.56 lakh because of substandard quality of the work done.

—Four agricultural farms on which Rs.26.09 lakhs were spent for strengthening of infrastructure sustained losses of Rs.8.08 lakhs between 1979-80 and 1984-85.

—The work on a road scheme (cost : Rs.16.70 lakhs) was suspended and not taken up pending inspection by technical experts.

—Records in support of achievement (against annual target of 7,000 cows) of artificial insemination by three Central Semens Collection Stations set up at a cost of Rs.2.31 lakhs and maintained at a cost Rs.1.19 lakhs were not maintained.

—Two Poultry and Dairy farms could not be set up for want of suitable land inspite of availability of Rs.3.47 lakhs from 1974-75 while two pigbreeding farms and one grassland farm could not be set up due to delay in construction of breeding houses and development of farm land by the EECB, Darjeeling to whom Rs.36.42 lakhs were advanced by the DDAH.

—Eight schemes on Cottage and Small-scale Industries could not be completed for about 1 to 6 years after incurring expenditure totalling Rs.30.73 lakhs (of Rs.46.58 lakhs).

—Of Rs.21.32 lakhs drawn by GMDIC for training schemes, Rs.11.09 lakhs were diverted on schemes not sanctioned by Government.

—A Wool knitting-cum-umbrella making centre set up at a cost of Rs.18.39 lakhs had remained unused as the accommodation for small industries units was not viable.

—A plant set up at a cost of Rs.73.90 lakhs for extraction of diosgenin from Yams of dioscorea plant could not be commissioned for want of inspection from the Boiler Inspection Directorate.

—Eight X-ray machines (value : Rs.1.96 lakhs) and three Jeeps with trailers for 3 mobile X-ray units (value : Rs.2.71 lakhs) remained unutilised for about 1 to 6 years for want of technicians and darkrooms and non-purchase of auto-transformers.

—Construction of the Rabindra Sadan and the Bhanu Bhakta Hall was suspended (February 1979) after incurring expenditure of Rs.13.10 lakhs as the contractor refused to continue the works and his contract was rescinded. The Government lost Rs.3.55 lakhs as a result of arbitration awarded in this case.

—Implementation of 38 schemes could not be completed by the local bodies after 1 to 5 years although Rs.78.63 lakhs were spent on those schemes against an estimated total cost of Rs.127.73 lakhs.

—One road scheme was abandoned by the Zilla Parishad authorities after spending Rs.25.90 lakhs, as the alignment of the road, being in a slip-prone area, went beyond control.

—Assets created at a cost of Rs.3783.38 lakhs were not maintained by an authority for want of funds for the purpose.

—The impact of the programme, implemented for more than 10 years, on socio-economic development of hill areas was not evaluated.

The matter was reported to Government (February 1985 and December 1985); reply was awaited (May 1986).

FINANCE DEPARTMENT|HEALTH AND FAMILY WELFARE DEPARTMENT

3.6. Retention of undisbursed pay and allowances

(A) FINANCE DEPARTMENT

According to the existing rules, undisbursed pay and allowances should not be retained in hand for more than 90 days from the date of their drawal. The Accounts Officer, West Bengal Secretariat, however, retained large amounts of undisbursed pay and allowances for long periods without refunding the amounts to the Reserve Bank of India. In order to keep a watch over the disposal within the prescribed period, bill-wise and date-wise analysis of the closing cash balances was required to be prepared and kept on record as per rules. But, according to the Accounts Officer, no such analysis was also made (September 1985) due to shortage of manpower. Although being pointed out since January 1981, such irregular retention of huge cash balance was not discontinued (December 1985). During the period from 1st April 1984 to 31st March 1985, the minimum of such cash balances in hand was Rs.18.04 lakhs (as on 16th October 1984). Of the total cash balance of Rs.18.04 lakhs, Rs.5.62 lakhs were shown as "old balance" accumulated up to November 1980 and Rs.2.06 lakhs were shown as "suspense balance" accumulated since December 1980. The suspense balance remained uncleared due to non-receipt of accounts of payments made from time to time to different administrative departments for disbursement to the staff.

The Department stated (September 1985) that as the amount of permanent advance was meagre, the undisbursed cash was utilised to meet the cost of stationery, office equipment, petrol and expenditure in connection with VIP's visits, exhibitions, etc. and for allowing advances in connection with the tour of high officials. The Department also stated that Government had been moved for augmentation of permanent advance and also for according permission to refund the "old balance" in lump.

The reply is not convincing as formal permission of Government is not necessary to refund the balance nor is the amount of undisbursed pay and allowances to be utilised in lieu of permanent advance..

(B) HEALTH AND FAMILY WELFARE DEPARTMENT

The Accounts Officers of the three Medical College Hospitals in Calcutta also retained in hand large amounts of undisbursed money including pay and allowances year after year. In the absence of bill-wise analysis, the period over which these amounts accumulated could not be ascertained. However, payments were made to the members of the staff to the extent of Rs.24.31 lakhs on various accounts from this balance on different occasions as detailed below :

Name of the Hospital	Balance as on	Closing cash balance of undisbursed pay and allowances	Amounts of payments made	Remarks
(Rupees in lakhs)				
Calcutta National Medical College and Hospital	31st March 1984	30.27	1.91	
Calcutta Medical College and Hospital	31st July 1984	24.50	9.11	There was a shortage of cash to the extent of Rs. 2,570.89 ; the action taken was not on record.
R.G. Kar Medical College and Hospital	31st October 1983	25.00	13.29	
	Total ..	79.77	24.31	

Out of Rs.24.31 lakhs, Rs.1.59 lakhs were paid as arrears of pay in May 1971, Rs.18.48 lakhs were paid as pay and allowances, arrears of pay, advances from General Provident Fund, festival advances, etc. between September 1980 and July 1984 and Rs.4.24 lakhs were paid (between September 1980 and July 1984) for purchase of stores and making miscellaneous advances of which Rs.0.72 lakh related to the period from 1968 to 1979.

The payments were not routed through the cash book and were shown as "advances" to the members of the staff in the break-up of the closing cash balances. Pending drawal of the funds in the respective bills, the Superintendent|Accounts Officer of the two hospitals stated (December 1983-September 1984) that such payments were made due to late receipt of cheques from treasury on account of delay in submission of bills. In two instances it was, however, noticed in audit (April 1975) that payments of Rs.1.59 lakhs were made to the staff in May 1971 from such available cash balances on account of arrears of pay and allowances but the respective bills to draw the fund were not presented to the Treasury (August 1985) and Rs.0.43 lakh were paid in August|September 1981 on account of pay and allowances for the month of August 1981 but the respective bills to draw the fund were not settled (August 1985). The details of adjustments made for such advance

payments against encashed bills were also not furnished (August 1985). Although the irregularities were pointed out through inspection reports as early as in April 1975, November 1980 and November 1982, no steps were taken to regularise the payments already made and refund the balances.

Payment of arrears of pay, advances from General Provident Fund, festival advances, stipends etc. from undisbursed pay and allowances in the manner indicated above, apart from infringing the financial rules, led to defalcation of Government money to the extent of Rs.0.41 lakh as noticed in audit (April 1984) mainly in connection with payments of stipends to the members of the house staff of the Calcutta National Medical College and Hospital during the period from April 1983 to October 1983.

The matter was reported to Government in November 1979-July 1985; reply was awaited (May 1986).

HOME (POLICE) DEPARTMENT

3.7. Shortage of cash

On physical verification of cash in chest on the 12th March 1984 in the office of the Deputy Commissioner of Police, 2nd Battalion, Calcutta Armed Police, the Deputy Commissioner found a shortage of cash to the extent of Rs.70,344.91. Between March 1984 and May 1985, the Deputy Commissioner further detected that (i) cheques for Rs.1,701.84 dated 16th July 1981 and for Rs.12,004.95 dated 28th September 1982 lying in the chest as on the 12th March 1984, and (ii) a sum of Rs.25,365.45 representing undisbursed pay and allowances of the staff relating to the period between October 1982 and January 1984 were not accounted for in the Cash Book and hence were not included in the book balance. The Deputy Commissioner reported (March-May 1985) to the Commissioner of Police, Calcutta that the total shortage of cash stood at Rs.1,09,417.20 (Rs.70,344.96 plus Rs.1,701.84 plus Rs.12,004.95 plus Rs.25,365.45). The concerned Head Clerk, who also acted as cashier, was placed under suspension from 13th March 1984. He was taken into custody and several records were also seized by the police.

On a test-check (November 1984) of the records in audit, the following irregularities were noticed :

- (i) The cash was not physically verified every month as required under the rules. Although such verification was conducted on 31st October 1983, 30th November 1983 and 26th December 1983 by the Deputy Commissioner, the availability of aforesaid two unaccounted cheques in the cash chest was not kept on record and the cash balance was certified to have been found correct. The details of cheques, notes and coin stated (December 1984) to have been recorded in a separate register during physical verification on those dates, could not be produced (November 1984) to audit.
- (ii) A sum of Rs.1,71,900 representing undisbursed money accumulated from April 1979 to September 1984 instead of being refunded to the treasury within three months from the date of drawal was retained in cash although cases of retention of heavy cash balances were pointed out by audit in June 1981 and June 1983. Non-observance of the existing financial rules thus enabled defalcation of the amount.

- (iii) The prescribed security in cash and fidelity bond was not obtained from the Head Clerk-cum-Cashier. Mention of a case of defalcation of Rs.2,054 in the same battalion was made in the Report of the Comptroller and Auditor General of India for the year 1975-76 (Civil) on which the Public Accounts Committee recommended in its Report (1980-82) presented to the Assembly on the 16th September 1981 that the Department should ensure appropriate supervisory control over the persons responsible for handling cash. Obviously, lack of effective supervisory control resulted in the recurrence of defalcation of funds in the same office.

The matter was reported to Government in July 1985; reply was awaited (May 1986).

3.8. Extra expenditure

Superintendent of Stationery, Government of West Bengal meets the needs of stationery articles of various Government departments to the extent of funds placed with him by the Finance Department from time to time. Between November 1983 and March 1985, the Commissioner of Police, Calcutta lifted stationery worth Rs.1.81 lakhs from the Stationery Office as against the allotment of Rs.2.22 lakhs made during 1983-84 (Rs 1.02 lakhs) and 1984-85 (Rs.1.20 lakhs) having the balance allotment unutilised for reasons not explained. The Commissioner also purchased stationery worth Rs.23.02 lakhs and Rs.17.03 lakhs during the years 1983-84 and 1984-85 respectively from the funds meant for expenditure under the head "Office expenses" from the open market after inviting quotations. The purchases were justified (December 1984) on the ground that the supplies made by the Stationery Office were not only irregular but also insufficient and that most of the articles supplied being of very poor quality were not suitable for use in the Police Department. There was, however, no evidence on record to show that the matter regarding supply of sub-standard articles unsuitable for use in Police Department was ever taken up (August 1985) with the Superintendent of Stationery or the Government. A comparison

of the rates of 7 items purchased by the Commissioner locally during 1983-84 and 1984-85 with the rates at which supplies obtained from the Stationery Office is given below :

Sl. No. and Name of the article	Rate as per Superintendent of Stationery	Rate as per tenderers	Difference of rate	Quantity supplied by the tenderers	Amount of extra expenditure
	Rs.	Rs.	Rs.		Rs.
1. (i) Type paper (8.5" x 13.5")	14.70 per ream	21.45 per ream	6.75 per ream	3781 reams	25,521.75
(ii) Ditto	Do.	26.95 per ream	12.25 per ream	4522 reams	55,394.00
2. Stencil paper	538.50 per ream	750.00 per ream	211.50 per ream	135 reams	28,552.50
3. Typewriter carbon	77.60 per ream	232.00 per ream	154.40 per ream	850.5 reams	1,31,317.20
4. (i) Typewriter Ribbon	92.10 per dozen	150.00 per dozen	57.90 per dozen	1138 dozen	65,890.20
(ii) Ditto	73.85 per dozen	125.00 per dozen	51.15 per dozen	720 dozen	36,828.00
5. Double Foolscap paper (43" x 69")	76.00 per ream	84.70 per ream	8.70 per ream	6037 reams	52,521.90
6. (i) Duplicating paper	27.60 per ream	41.00 per ream	13.40 per ream	6308 reams	84,527.20
(ii) Ditto (8.5" x 13.5")	Do.	43.10 per ream	15.50 per ream	6809 reams	1,05,539.50
7. (i) Pencil Carbon	74.55 per ream	196.00 per ream	121.45 per ream	648 reams	78,699.60
(ii) Ditto	6.10 per box	46.25 per box	40.15 per box	990 boxes	39,748.50
Total	...				7,04,540.35

Thus, the local purchases resulted in an extra expenditure of Rs.7.04 lakhs.

Home (Police) Department stated (January 1986) that Finance Department was not moved to increase the allotment of funds for supply of stationery articles by the Superintendent of Stationery in order to avoid extra expenditure for local purchase of stationery articles by the Commissioner of Police and the matter was yet to be examined.

FOOD AND SUPPLIES DEPARTMENT

3.9. Public Distribution System

3.9.1. *Introductory*

The Public Distribution System (PDS) was introduced to ensure supplies of essential commodities of mass consumption to people at reasonable prices, particularly to the weaker sections of the community, to control prices, and attain an equitable distribution of essential consumer goods. Under the new 20-Point Programme, much emphasis has been laid on expansion of public distribution system.

In West Bengal, the distribution of some selected essential consumer commodities through a rationing system was in existence since 1946 and the system was expanded with the programme of distribution of more commodities from 1955 onwards.

3.9.2. *Organisation*

The organisation and functioning of Public Distribution System are the responsibility of the State Governments within their respective territories. The State Governments have to ensure that the commodities supplied to different outlets, viz. fair price shops, ration shops, consumers' Co-operatives, etc., are distributed to consumers at fixed prices. Central Government supplies various essential commodities at subsidised and/or controlled rates and the State Government adds to these issue prices incidental charges so as to determine the consumers prices.

The commodities recommended for distribution by the Central Government are rice, wheat, sugar, controlled cloth, kerosene oil, edible oil and soft coke. These commodities are being procured and supplied to the State by the public sector and Co-operative agencies such as Food Corporation of India (FCI), National Consumers Co-operative Federation (NCCF), State Trading Corporation of India (STC), Coal India Limited and various oil corporations.

Apart from the commodities supplied through Central agencies, the State Government have the option to include in the Public Distribution System, any other commodities considered essential for mass consumption by arranging its procurement through agencies nominated by them.

3.9.2.1. In West Bengal, for distribution of rice, wheat and levy sugar to the consumers, the entire State is covered by a rationing system. Rations are issued to the people at prescribed scales against individual or family ration cards. Rationing is made statutory in respect of Greater Calcutta, industrial complex and Asansol-Durgapur belt which are called Statutory Rationing (SR) areas. The rest of the State is covered by a system which is described as Modified Rationing (MR). The scales of distribution of commodities to the people of SR and MR areas are different.

3.9.2.2. The following 18 essential commodities are distributed under the Public Distribution System in West Bengal :

- (1) Rice, (2) Wheat, (3) Levy sugar, (4) Imported edible oil, (5) Exercise books, (6) Pulses, (7) Match boxes, (8) Toilet soap, (9) Laundry soap, (10) Spices like Turmeric and black pepper powder, (11) Candles, (12) Wheat products, (13) Kerosene, (14) High speed diesel oil, (15) Soft coke, (16) Controlled and janata cloth, (17) Cement and (18) Salt.

In the SR areas, the first eleven of the above 18 commodities are supplied to the consumers through Ration shops at prescribed scales on weekly basis. In addition to rice, wheat, levy sugar and edible oils. commodities, such as, wheat product (atta), Janata cloth, toilet and laundry soap, exercise books, turmeric powder and black pepper powder are distributed through Ration Shops in MR areas. Controlled cloth and also exercise books are supplied in both these areas through Co-operatives.

3.9.3. *Infrastructure*

3.9.3.1. For effective functioning of the system there are 10 Directorates and 2 Controller offices at head-quarters level under the Department of Food and Supplies, West Bengal. Each district is under the charge of a District Controller of Food and Supply, while the system is controlled in each Subdivision by a Subdivisional Controller. Both the District and Subdivisional Controllers are aided by Inspectors and Sub-Inspectors to ensure the smooth functioning and efficient management of the system.

3.9.3.2. In West Bengal, a Central agency, viz., FCI is acting as the agent of the State Government for procurement and bulk distribution of rice, wheat and levy sugar since 1966. Procurement

and bulk distribution of imported oil, cement and pulses are being done by West Bengal Essential Commodities Supply Corporation (WBECS) Limited, a State Government Undertaking. West Bengal State Federation of Wholesale Consumer Co-operative Societies known as CONFED is entrusted with the distribution of exercise books and controlled cloth. Distribution of candles is made through West Bengal Small Industries Corporation Limited, a State Government Undertaking. Match boxes, soap and spices are supplied to the Ration shops by private business Companies, appointed by the State Government.

3.9.3.3. Central Government allots rice, wheat and levy sugar to the State through FCI. Rice and Wheat are reallocated by the Director of Rationing, West Bengal (for SR areas) and Director, District Distribution, Procurement of Supply (for MR areas), while levy sugar is reallocated by the Controller of Sugar, West Bengal to Deputy Controllers of Rationing (for SR areas) and the District Controllers (for MR areas) who sub-allot those to the Rationing Officers (for SR areas) and Subdivisional Controllers (for MR areas) according to the requirements. The Wholesalers|Distributors, appointed by the Directorates|District Magistrates, lift rice, wheat and levy sugar from FCI on the basis of the indents placed with the FCI by Deputy Controllers of Rationing and Subdivisional Controllers. On the basis of the allotments made by the Rationing Officers and Subdivisional Controllers, the Retailers (Ration shop owners) appointed by the Directorate|District Magistrate lift rice, wheat and levy sugar from the Appointed Wholesalers (AW)|Distributors. In Calcutta, Howrah and Asansol areas (a portion of SR areas), however, Appointed Retailers (AR) lift the commodities directly from FCI.

3.9.3.4. Kerosene, High Speed Diesel, Soft coke and Cement allotted to the State by the Central Government are distributed to the Consumers through the Fair Price shops (Kerosene and soft coke) and Dealers (Levy Cement and High Speed Diesel) on the basis of the allotments made by the Director of Consumer Goods, West Bengal to the District Magistrates.

3.9.4. *Finance*

3.9.4.1. The budget provision and expenditure, both revenue and capital for implementation of the Public Distribution System in

the State for the period up to 1979-80 and from 1980-81 to 1984-85 are given below :

Year					Revenue expenditure		Shortfall/ excess of expenditure over the budget provision	
					Budget provision	Expenditure		
(Rupees in lakhs)								
1973-74 to 1979-80	..	..	--	--	3350.05	4184.09	+ 834.04
1980-81	..	..	--	--	732.89	707.48	- 25.41
1981-82	..	..	..	--	767.44	780.63	+ 13.19
1982-83	..	..	--	--	959.31	879.07	- 80.24
1983-84	..	..	..	--	1010.90	941.75	- 69.15
1984-85	..	..	..	--	971.87	772.49	- 199.38
Total					..	7792.46	8265.51	- 473.05
Capital expenditure								
1973-74 to 1979-80	..	..	--	--	12611.24	6073.49	- 6537.75
1980-81	..	--	--	--	4851.29	907.05	- 3944.24	
1981-82	..	--	--	--	2001.47	1353.97	- 647.50	
1982-83	..	--	--	--	2149.10	1561.10	- 588.00	
1983-84	..	--	..	..	2157.00	945.54	- 1211.46
1984-85	..	--	..	--	1904.83	1180.04	- 724.79	
Total					..	25674.93	12021.19	- 13653.74

According to the Department (November 1985), the revenue expenditure was mainly for salary of staff and officers of the Food and Supplies Department and maintenance of the buildings, godowns, etc. The expenditure also included payments for professional and special services in respect of enforcement activities. The reasons for excess expenditure of Rs.473.05 lakhs up to 1984-85 over the budget estimates under Revenue head were not stated (November 1985) by the Department. The capital expenditure included investment in the WBECSE and payment of subsidies to FCI on account of supply of Bengal rice through Public Distribution System at subsidised rates. The reasons for shortfall in capital expenditure to the extent of Rs.13,653.74 lakhs up to 1984-85 were not stated (November 1985) by the Department.

3.9.4.2. The State Government has no financial involvement in the matter of distribution of rice, wheat and sugar as well as in the case of cement edible oil, pulses, kerosene oil, soft coke, high speed

diesel oil, controlled cloth, janata cloth, etc. as the wholesalers/distributors and retailers (Ration shop and Fair price shop owners) appointed by the State Government under Public Distribution System take delivery of the commodities from FCI (in case of rice, wheat and sugar), WBECSC, other Central/State agencies (in case of other articles) on prepayment basis.

3.9.4.3. In case of production-cum-distribution scheme under which soap, match boxes, exercise books, candles, controlled dhoti and other items are manufactured and distributed, the retailers or the Co-operatives get the supply of the commodities from manufacturers or their agents on prepayment of price fixed in consultation with the State Government.

3.9.5 Test-check in audit

The records in connection with the Public Distribution System in respect of six districts, namely, Birbhum, Burdwan, Darjeeling, Hooghly, 24-Parganas, and West Dinajpur along with those of all the Directorates, Controllers and FCI were test-checked in audit (May-August 1985). The points noticed are given in the succeeding paragraphs.

3.9.6. Coverage

3.9.6.1. The population of West Bengal is 5.44 crores according to 1981 Census. The entire State is covered by the rationing system. Rations at prescribed scales are distributed against Individual Ration Cards (IRC) in SR areas covering a population of 0.97 crore while against Family Ration Cards (FRC) in MR areas covering the remaining population of 4.47 crores.

3.9.6.2. Test check revealed that although issue of IRCs were not completed (March 1985), IRCs were issued in excess of the population in 4 districts (out of 6 districts test checked) as may be seen from below :

District	Population as per 1981 Census	Increase in population during the three years from 1982 to 1984*	Population as on 31st March 1985	Number of IRCs issued up to 31st March 1985	Excess of IRCs over population as in column 4	Percentage of excess
1	2	3	4 (In lakhs)	5	6	7
Burdwan ..	48.10	3.31	51.41	56.00	4.59	8.93
Birbhum ..	20.9	1.44	22.34	24.72	2.38	10.65
Darjeeling ..	10.1	0.69	10.70	14.68	3.98	37.20
West Dinajpur	24.04	1.66	25.70	26.60	0.90	3.50

*Taking the Decennial Growth Rate of the State as 22.96 per cent.

The reasons for issuing Ration Cards in excess of the population were not furnished (May-October, 1985) either by the Rationing Officer/Subdivisional Controllers or by the Directorate. The action taken to detect the bogus ration cards was not stated (October, 1985) by the Directorate.

3.9.7. Cancellation of ration cards

Ration cards were cancelled due to non-drawal, surrender, damage/loss and also by detection of bogus ration cards during sudden checking by the Inspectors. Total number of ration cards cancelled in the above process in the State during the 5 years ending 1984-85 was not furnished (October 1985) by the Directorates. The number of cards cancelled in 5 districts (out of 6 districts test-checked) for various reasons, as furnished (May-August 1985) by the Subdivisional Controllers is given below :

District	Number of ration cards cancelled due to				Total	Remarks
	Non-drawn	Surrender	Damage/ loss	Sudden checking		
24-Parganas	2,09,023	1,17,161	2,11,055	2,83,422	8,20,661	Up to March 1985 excluding two subdivisions.
Burdwan	1,932	3,123	1,060	2,42,980	2,49,095	Up to 1983-84
Hooghly	—	3,98,340	458	23,296	4,12,094	During 5 years ending 1984-85.
Darjeeling	—	—	..	6,000	6,000	During 1984-85
West Dinajpur	NA	NA	NA	NA	30,585	During 5 years ending 1984-85.
Birbhum	NA	NA	NA	46,024	46,024	
Total				6,01,722	15,64,459	

Drawal of minimum of one week's rations against 6,01,722 bogus ration cards detected in 5 districts during sudden checking resulted in excess distribution of 240.7 MT of rice, 601.7 MT of wheat and 30.1 MT of sugar at the scale of 400 gm of rice, 1,000 gm of wheat and 50 gm of sugar per unit in MR areas.

3.9.8. Procurement and Off-take

3.9.8.1. The Central Government allots different commodities to the State Government every month. In addition to the Central allotment, paddy and rice are procured internally from the producers and rice mills through FCI, the State Government's agent and deposited in the storage of FCI in the Central pool. From 1978-79 internal procurement of paddy was discontinued and only rice was procured from the rice mills. The Central allotment, internal

procurement of rice and distribution in respect of rice, wheat and levy sugar from 1975-76 to 1984-85 are given below :

Year	Procurement				Distribution			Shortfall in distribution over the central allotment (percentage of shortfall within bracket)			
	Allotment by Central Government			Local procurement of paddy (in terms of rice) and rice	Rice	Wheat	Sugar				
	Rice	Wheat	Sugar					Rice	Wheat	Sugar	
(In lakh MT)											
1975-76 to 1979-80	46.40	92.66	NA	13.01	31.76	39.80	NA	14.64 (31.55)	52.86 (57.05)	--	
1980-81	--	20.10	11.30	2.64	1.43	9.53	6.63	1.88	10.47 (52.09)	4.67 (41.32)	0.78 (28.78)
1981-82	--	19.20	6.65	2.80	0.45	9.80	5.98	2.40	9.40 (48.96)	0.67 (10.07)	0.41 (14.64)
1982-83	--	15.90	9.15	2.71	0.14	15.77	7.68	2.40	0.13 (0.81)	1.67 (18.25)	0.31 (11.44)
1983-84	--	13.20	13.23	2.85	0.80	13.15	9.67	2.85	0.05 (0.38)	3.56 (26.91)	--
1984-85	--	13.20	15.12	2.91	0.96	9.16	7.08	2.91	4.04 (30.61)	8.04 (53.17)	--

The short in distribution over the Central allotment vary between 0.38 per cent and 52.09 per cent, 10.07 per cent and 57.05 per cent, and Zero per cent and 28.78 per cent in respect of rice, wheat and sugar respectively between 1980-81 and 1984-85. The reasons for shortfall were not furnished (October 1985) by the Directorate.

3.9.8.2. In 6 districts test-checked, distribution of commodities was also less than the allotments during the five years ending 1984-85 as given below :

District		Allotment during 5 years ending 1984-85			Distribution during 5 years ending 1984-85			Shortfall in distribution over the allotment (Percentage within bracket)		
		Rice	Wheat	Sugar	Rice	Wheat	Sugar	Rice	Wheat	Sugar
(In lakh MT:)										
MR areas										
24-Parganas	..	10.93	5.16	1.73	8.08	4.18	1.46	2.85 (26.07)	0.98 (19.00)	0.27 (15.61)
Burdwan	..	3.92	2.47	0.98	2.14	1.55	0.98	1.78 (45.41)	0.92 (37.24)	..
Birbhum	..	1.42	1.12	0.48	0.97	0.37	0.39	0.45 (31.69)	0.75 (66.96)	0.09 (18.75)
Hugbly	..	2.29	1.87	0.69	2.03	1.53	0.61	0.26 (11.35)	0.34 (18.18)	0.08 (11.59)
West Dinajpur	..	1.70	0.97	0.53	0.77	0.29	0.45	0.93 (54.70)	0.68 (70.10)	0.08 (15.09)
Darjeeling	..	2.48	2.06	0.23	1.76	1.04	0.23	0.72 (29.03)	1.02 (49.51)	..
SR areas										
Barrackpore	..	11.29	6.96	0.83	7.05	4.96	0.57	4.24 (37.55)	2.00 (28.73)	0.26 (31.32)
Serampore	..	3.79	2.68	0.35	2.09	1.86	0.35	1.70 (44.85)	0.82 (30.60)	..
Asansol-Durgapur belt	..	1.92	1.05	0.21	1.44	1.00	0.20	0.48 (25.00)	0.05 (4.76)	0.01 (4.76)

The shortfall in distribution over the allotment vary between 54.70 per cent and 11.35 per cent in respect of rice, 4.76 per cent and 70.10 per cent in respect of wheat and 4.76 per cent and 31.32 per cent in respect of sugar during the five years ending 1984-85. The reasons for shortfall were attributed (May-August, 1985) by the Sub-divisional Controllers to the non-drawal of commodities by the consumers due to bad quality of the commodities.

3.9.8.3. The districtwise target of local procurement is based mainly on the milling capacity of the functioning rice mills in each districts, available marketable surplus of production and the population. Between 1980-81 and 1982-83 the procurement of rice from rice mills was made by imposing levy at different percentages of the total rice production of each rice mill and thereafter on contract basis. The target of procurements, actual procurement and the shortfall in procurement during the five years from 1980-81 to 1984-85 in 4 out of the 6 districts test-checked are given in the following table.

District		1980-81	1981-82	1982-83	1983-84	1984-85
		(In MT)				
Burdwan						
Target ..	..	NA	110,000	40,000	40,000	41,000
Procurement	..	23,000	22,000	9,000	35,000	41,000
Shortfall	..	..	88,000	31,000	5,000	..
Birbhum						
Target ..	...	100,000	100,000	27,000	32,000	21,000
Procurement	...	40,000	20,000	2,000	19,000	19,000
Shortfall	...	60,000	80,000	25,000	13,000	2,000
West Dinajpur						
Target ..	...	16,000	9,000	5,000	15,000	7,000
Procurement	..	17,000	9,000	2,000	6,000	4,000
Shortfall	...	..	...	3,000	9,000	3,000
Darjeeling						
Target ..	..	500	500	500	500	500
Procurement	..	64	108	71	130	49
Shortfall	..	436	392	429	370	451

The shortfall in procurement in different districts was attributed (May-August 1985) by the Subdivisional Controllers to court cases filed by the Rice Millers.

3.9.8.4. The distribution of other articles under public distribution system in the State during the five years ending 1984-85 are given in the following table :

		Kerosene oil (in lakh kilolitre)	Controlled cloth (in lakh bales)	Janata cloth (in lakh pieces)	Exercise Book (In lakh pieces)	Match Box (In lakh pieces)	Toilet soap (In lakh pieces)	Laundry soap (In lakh pieces)	Candles (for SR area of Calcutta and Howrah)	Turmeric powder (In lakh kilogramme)	Black pepper
Date of introduction				1980-81	1-7-1979	4-7-1979	17-12-1979	6-10-1980	1-4-1981	14-12-1981	14-12-1981
Year											
1980-81	—	5.27	0.30	2.05	162.76	110.53	12.16	8.17	..	..	—
1981-82	—	5.70	0.19	1.77	116.94	81.25	6.45	112.75	18.52	0.85	0.05
1982-83	—	6.12	0.14	0.67	92.27	27.85	18.37	115.93	1.15	4.47	0.31
1983-84	—	6.80	0.14	0.37	21.89	21.28	32.15	112.34	14.02	4.54	0.12
1984-85	..	NA	0.13	0.25	69.47	7.10	45.11	132.83	6.37	4.71	0.01

The adequacy of distribution of the commodities could not be ascertained as the number of units, viz. 'card holders of the age group 5 years to 25 years' in case of exercise books and 'family' in case of other commodities, according to the scale of distribution were not made available (October 1985) by the Directorates owing to non-maintenance of any such records.

3.9.8.5. Test-check, however, revealed (May-August 1985) the following shortcoming in the distribution :

- (i) In Darjeeling district, no exercise books were distributed since February, 1980 in Kalimpong subdivision, while in Darjeeling, Kurseong and Siliguri subdivisions exercise books were distributed once in each year in 1981-82, 1982-83 and 1984-85. Toilet soap was distributed only once in two years of 1980-81 and 1982-83 in Darjeeling Sadar subdivision.
- (ii) In Hooghly district no match boxes were supplied in MR areas since 1981-82. Exercise books were supplied to none of the subdivisions of Hooghly during 1982-83 and 1984-85 excepting Serampore subdivision. Toilet soap and laundry soap were not supplied in Arambag Subdivision in any year while during 1980-81 and 1981-82 no toilet soap was distributed in Hooghly district MR areas.
- (iii) In Birbhum district, exercise books were not supplied during 1980-81 and 1983-84. Match boxes were not distributed in any year excepting 1981-82. Toilet soap was supplied only in 1982-83.
- (iv) In West Dinajpur district, exercise books were not supplied in any year excepting 1984-85.

3.9.8.6. (a) Central Government imposes a levy on certain paper mills and a portion of the paper so collected is made available to the State Education Department for printing of text books, conducting university examinations and for exercise books. West Bengal State Federation of Wholesale Consumer Cooperative Societies (CONFED) is the authorised agent of the State Education Department. It obtains paper from the State Education Department and converts it into bound exercise books of different sizes with the help of enlisted binders. The Rationing Officers/Subdivisional Controllers pass indents (for paper) of ration shops which collect exercise books from CONFED and distribute the same to the ration-card holders according to the prescribed scale. The quantities of paper at concessional rate received from the Government of India

during the years from 1980-81 to 1984-85 (up to June 1984) and distributed by CONFED to different binders for making exercise books are detailed below :

Year					Quantity received and distributed to binders (in MT)
1980-81	..	..	..	..	4,443.520
1981-82	..	..	..	..	3,006.000
1982-83	..	..	..	..	---
1983-84	..	..	..	..	2,569.800
1984-85 (up to June, 1984)	..	..	..	..	1,096.600
Total					11,115.920

The scale of exercise books per MT of paper approved by the 'State Level Committee for distribution of paper' formed by the State Government for the years from 1980-81 to 1984-85 were as follows :

Denomination of exercise books				Number
52 pages	..	..	..	7800
100 pages	..	..	..	2450
196 pages	..	..	..	1800
Total				12,050

According to the above scale, the number of exercise books of the three denominations that could be manufactured (and the number of pages involved) out of 11,115.920 MT of paper were as follows :

Denomination				Number of exercise books	Number of pages involved
52 pages	..	..	..	8,67,04,176	4,50,86,17,152
100 pages	..	..	..	2,72,34,004	2,72,34,00,400
196 pages	..	..	..	2,00,08,656	3,92,16,96,576
Total				13,39,46,836	11,15,37,14,128

The exercise books manufactured according to the prescribed scales by the binders out of 11,115,920 MT of paper were required to be delivered to CONFED for distribution to the ration shops and Co-operatives. A scrutiny of the stock ledger maintained by CONFED indicated (November 1985) that 10,51,18,753 exercise books of different denominations were received (June 1985) from the binders by CONFED as per details given below :

Denomination				Number of exercise book	Number of pages involved
52 pages	--	--	--	6,63,72,309	3,45,13,60,068
100 pages	..	--	--	2,02,16,494	2,02,16,49,400
196 pages	..	...	...	1,65,98,605	3,25,33,26,580
76 pages	...	..	--	12,35,617	9,39,06,512
112 pages	..	..	...	6,95,733	7,79,22,096
Total				10,51,18,753	8,89,81,64,656

No instruction for manufacturing exercise books containing 76 pages and 112 pages were issued by the State Level Committee during the period from 1980-81 to 1984-85. Reasons for manufacturing exercise books of denominations 76 and 112 pages by the binders and acceptance of those were not furnished (November 1985) by CONFED. Moreover, the reasons for non-receipt of exercise books out of the remaining number of 225,55,49,472 pages the value of which as per issue prices works out to Rs.238.73 lakhs, and action taken to obtain these from the binders was not intimated (November 1985) by CONFED.

(b) From the stock ledgers of two godowns of CONFED it was noticed (November 1985) that 1,06,88,380 exercise books of different denominations were lying undistributed (June 1985) as detailed below :

Denomination			Number of exercise books lying undistri- buted in good condition	Number of exercise books declared damaged	Total undistri- buted
52 pages	..	..	90,14,146	3,900	90,18,046
100 pages	..	..	9,34,971	800	9,35,771
196 pages	..	...	5,88,639	10,639	5,99,278
76 pages	..	...	1,34,375	30	1,34,405
112 pages	..	..	...	550	550
Total			1,06,72,131	15,919	1,06,88,050

Neither the reasons for which 15,919 exercise books were damaged nor the action taken to distribute the other exercise books to ration shops were stated (November 1985) by CONFED. Stock ledgers of the godowns did not show any record to indicate that the stocks were ever physically verified during the period from 1980-81 to 1984-85 to ascertain as to whether the undistributed stock of 1,06,72,131 exercise books existed in good condition.

3.9.9. *Outlets for distribution*

3.9.9.1. Foodgrains are distributed to the consumers of SR and MR areas through ration shops appointed by the Directorate and the District Magistrates respectively. As the entire State is covered by the rationing system, no target is fixed for opening of new ration shops which are opened as and when required. The number of ration shops functioning in the State up to 1979-80 and from 1980-81 to 1984-85 is given below :

Year	Number of ration shops functioning		
	MR areas	SR areas	Total
Up to			
1979-80
1980-81
1981-82
1982-83
1983-84
1984-85

As the total number of consumers served by the ration shops during each of the years were not furnished (October 1985) by the respective Directorates, the adequacy of the number of ration shops in the State could not be ascertained.

3.9.9.2. The number of ration shops in the six districts and the SR areas test checked is given below :

District	Number of ration shops functioning				
	1980-81	1981-82	1982-83	1983-84	1984-85
MR areas					
24-Parganas ..	2,304	2,345	2,365	2,433	2,476
Burdwan ..	1,639	1,674	1,687	1,695	1,718
Birbhum ..	754	793	823	845	792
Hooghly ..	860	878	897	910	925
West Dinajpur ..	701	711	721	744	757
Darjeeling ..	497	504	503	522	519
SR areas					
Barrackpore ..	675	675	676	677	678
Asansol-Durgapur Industrial belt	166	166	166	164	166
Serampore ..	222	222	222	222	256

According to norms fixed by the State Government, one ration shop is to be opened for about 2,000|2,500 units in rural areas and 2,500|3,000 units in urban areas. A minor up to age of 8 years is considered as 0.5 unit. As the total number of units served by the ration shops in each district during the years could not be furnished (May-August 1985) by the Rationing Officers/Subdivisional Controllers, the adequacy of the number of ration shops in districts and the SR areas could not be ascertained (October 1985). However, test check revealed (May-August 1985) that in 4 districts and in two SR areas there were 1,070 shops which served a larger number of units than the norm fixed, as given below :

District/SR areas			Number of ration shops in which number of units served between			Total
			2,501-3,500	3,501-5,000	above 5,000	
Burdwan ..	..	..	200	216	89	505
Hooghly ..	..	..	106	72	22	200
West Dinajpur ..	..	..	1	6	1	8
Darjeeling ..	..	..	34	67	31	132
Serampore ..	..	..	NA	66	10	76
Asansol-Durgapur Industrial belt (SR area)			46	64	39	149
Total	..	..	387	491	192	1,070

Reasons for allotting more than the prescribed units to the 1,070 ration shops and action taken to redistribute the units according to the norm by opening more ration shops were not furnished (May-August 1985) by the Rationing Officers|Subdivisional Controllers.

3.9.9.3. In SR areas of the State 398 co-operatives as against 2,737 ration shops, were functioning at the end of 1984-85. The total number of co-operatives functioning as ration shops in MR areas was not furnished (October 1985) by the Directorates. In six districts test checked, the number of co-operatives appointed as ration shop dealers are given below :

District	Total number of co-operatives functioning as ration shop dealers					Total number of ration shops at the end of 1984-1985	Percentage of co-operative at the end of 1984-85 compared to number of ration shops at the end of 1984-85
	1980-81	1981-82	1982-83	1983-84	1984-85		
24-Parganas ..	75	74	71	74	73	2,476	2.9
Burdwan ..	59	65	71	77	84	1,718	4.8
Birbhum ..	26	30	31	30	29	792	3.7
Hooghly ..	78	71	72	70	41	925	4.4
West Dinajpur ..	4	Nil	Nil	Nil	7	757	—
Darjeeling ..	17	17	17	17	17	519	3.2

Though according to guidelines issued (September 1985) by the State Government, priority should be given to appointment of the co-operatives as ration shop dealers, the percentages of co-operatives functioning as ration shop dealers in the six districts test checked at the end of 1984-85 varied between 2.9 and 4.8. Steps taken by the district authorities in encouraging and appointing more co-operatives as ration shop dealers were not stated (May-August 1985).

3.9.9.4. The inaccessible and far flung areas are mostly in Darjeeling district with a population of 0.32 lakh. According to the Subdivisional Controller of Darjeeling Subdivision (July 1985) the hilly inaccessible and remote areas could not be fully covered (July 1985) by the retail outlets according to the prescribed norms and there were no mobile ration shops.

3.9.10. Storage

3.9.10.1. Before the functions of procurement, storage and distribution were handed over to FCI in December 1966, the State Government owned 313 godowns with storage capacity of 201.150 MT as in February 1985.

The storage capacity utilised by FCI for the public distribution system in West Bengal could not be ascertained (October 1985) as all the godowns together were utilised for both central stock and stock held under the public distribution system in West Bengal. According to the Department (October 1985) addition to the storage capacity to the extent of 41,260 MT was made by FCI up to July 1985 in West Bengal. In addition FCI hired (up to May 1985) 16 Government agency owned godowns (capacity—183,000 MT) and 110 privately owned godowns (capacity—214,100 MT) in West Bengal for storage of rice, wheat and levy sugar instead of setting up new godowns either by State Government or FCI themselves for minimising the issue prices of the commodities. For the hired godowns, FCI had to pay Rs.552.38 lakhs to different agencies and private parties as rent during the five years ending 1984-85.

3.9.10.2. According to Government of India guidelines, the issue of cereals and levy sugar for public distribution system ought to be made from the nearest supply point and normally the supply point should not be located beyond 20 km. Test check revealed (May-August 1985) that FCI could not follow the said norm as may be seen from the details given below :

District		Total number of godowns	Location of the FCI godown/hired godowns from the wholesalers/distributors points			
			up to 8 kms	8-15 kms	15-25 kms	above 25 kms
Hooghly	..	75	17	24	17	17
Birbhum	..	21	17	2	2	..
West Dinajpur	..	23	11	4	4	4
Burdwan	..	49	32	7	7	3

The details of location of godowns from whole-salers/distributors point in respect of 24-Parganas district were not furnished (May-June 1985) by the Subdivisional Controllers. In three districts 24 FCI godowns/hired godowns were more than 25 km away from wholesalers/distributors points resulting in higher transport cost and consequent increase in issue prices, apart from their easy accessibility.

3.9.10.3. The distances of the ration shops from the wholesalers|distributors godowns in the six districts test checked on 31st March 1985 are given below :

District	Distance of ration shops from the wholesalers/ distributors godowns			
	Up to 8 kms	between 8 kms and 15 kms	between 15 kms and 25 kms	above 25 kms
24-Parganas	1,624	425	265	155
Burdwan	1,363	205	135	15
Birbhum	826	910	422	67
Hooghly	872	55	..	..
West Dinajpur	154	177	90	33
Darjeeling	303	89	62	83

In five districts 353 ration shops were 25 km away from the wholesalers|distributors godowns resulting in increase in the cost of distribution. Action taken to reduce the cost of distribution by encouraging the wholesalers|distributors to increase the number of godowns was not intimated (October 1985) by the Directorates.

3.9.11. *Quality control*

In order to ensure that rice and wheat supplied by the FCI are within the specifications, an inspection squad comprising officers of the Directorate of Inspection and Quality Control, West Bengal and FCI has been formed for inspection of stocks lying in FCI godown in and around Calcutta before such stocks are issued to ration shops within the SR areas. In MR area the work of quality control is being looked after by FCI themselves. The number of samples of rice and wheat tested in the laboratory and the quantities of rice and wheat declared by the Directorate as unfit for human consumption during the year from 1982-83 to 1984-85 are given below :

Year	Number of samples tested		Quantities~declared as unfit for human con- sumption	
	Rice	Wheat	Rice (In MT)	Wheat
1982-83	2,743	2,132	6,299	3,592
1983-84	571	686	5,264	1,565
1984-85	642	517	1,916	196

No norm for the number of samples to be drawn in a year was fixed. The total number of samples drawn in 1983-84 (1,257) and 1984-85 (1,159) were, however, 26 and 24 *per cent* of the numbers drawn in 1982-83. Reasons for drawing less number of samples during 1983-84 and 1984-85 were not intimated (November 1985) by the Directorate.

The relevant figures in respect of MR areas were not made available by FCI (November 1985) as the samples analysed included Central stock also.

3.9.12. *Enforcement activities*

3.9.12.1. Action against economic offenders is taken by the Enforcement wing of the State Government under the ordinary laws and different control orders promulgated under Essential Commodities Act (EACT) and Special Provisions Act. The number of cases started, number of persons arrested, value of essential commodities seized during the three years 1982, 1983 and 1984 are given below :

Year	Number of cases started	Number of persons arrested	Value of essential commodities seized (Rupees in lakhs)
1982.. .. .	6,490	7,496	3,01.00
1983.. .. .	4,731	4,296	2,89.00
1984 (up to 31st July 1984)	590	726	85.00

3.9.12.2. Government has set up 24 special courts in the districts to try cases under EC (special provision) Act, 1981. State Government in the Food and Supplies Department is the Appellate Authority in respect of confiscation orders passed by the District Controllers.

Apart from institution of cases, departmental action is taken against owners of ration and fair price shops for their lapses. The

departmental proceedings instituted by the Directorate of Rationing during the three years 1982, 1983 and 1984 are given below :

Year				Number of proceedings	Number of shops suspended	Number of shops cancelled
1982	..	..	..	119	39	5
1983	..	..	..	126	27	Nil
1984 (Up to 15th August 1984)	..			54	10	Nil

3.9.12.3. Although it was stated (May-August 1985) by the Subdivisional Controllers|District Controllers|Rationing Officers of all the 6 districts test checked that cases of existence of sub-standard rice in the stocks of wholesalers|distributors and ration shop owners were detected during inspection, no records showing quantities of sub-standard rice detected and action taken for their replacement were maintained by Subdivisional Controllers|District Controllers. All such cases were stated to have been settled verbally with the local FCI authorities.

3.9.13. *Inspection and training*

For keeping a watch on the proper functioning of the Public Distribution System, Chief Inspectors, Inspectors and Sub-Inspectors are attached to the Offices of Rationing Officers|District Controllers|Subdivisional Controllers. The Chief Inspectors, Inspectors and Sub-Inspectors, according to the State Government guidelines, are required to visit the ration shops and fair price shops at least once in a week in their respective allotted areas and attend sales, ascertain consumer's grievances and examine the quality of rice in particular, in addition to other routine checks, and to report about the irregularities noticed during inspection to the appropriate authority for taking remedial measures. According to the District Controllers|Subdivisional Controllers|Rationing Officers of the 6 districts test checked (May-August 1984), the number of Chief Inspectors, Inspectors and Sub-Inspectors attached to their offices was not adequate enough to supervise the work of the public distribution system as per State Government guidelines. The number of

Inspectors|Sub-Inspectors sanctioned and in position in the six districts as on 31st March 1985 as noticed during test check is given below :

District	Chief Inspectors			Inspectors			Sub-Inspectors		
	Sanctioned strength	Men-in position	Shortage	Sanctioned strength	Men-in position	Shortage	Sanctioned strength	Men-in position	Shortage
24-Parganas ..	33	16	17	94	75	19	287	256	31
Burdwan ..	24	10	14	94	50	44	107	96	11
Hooghly	19	13	6	73	53	20	125	113	12
Birbhum	8	2	6	50	34	16	66	40	26
West Dinajpur..	15	6	9	39	19	20	49	35	14
Darjeeling ..	15	4	11	25	23	2	37	34	3
Total ..	114	51	63	375	254	121	671	574	97

Action taken to fill in the vacant posts was not stated (November 1985) by the Directorates|Departments.

For proper supervision and inspection of the working of the public distribution system and for protection of consumers' interest no special training was imparted to the District Controllers|Subdivisional Controllers and the Inspectorate staff.

3.9.14. *Distribution of essential commodities through WBECSC*

3.9.14.1. The WBECSC Limited, a wholly owned State Government Company incorporated in March 1974, procures essential commodities, viz., pulses, rice, edible oil, cement and salt from other States and/or from other agencies and distribute the same to consumers through the Public Distribution System at rates approved by the State Government. The Corporation participated in the Public Distribution System in respect of pulses (1978-79 to 1983-84), rice (1982-83 and 1983-84) and edible oil (1980-81 to 1983-84).

3.9.14.2. The WBECSC arranged distribution of 36,788.45 tonnes of pulses during the four years ending 1983-84 and 40,879 tonnes of rice in 1982-83 and 1983-84. During 1982-83, 82.93 quintals of rice were damaged due to prolonged storage and could not be distributed to consumers. In 1982-83, 210 tonnes of rice were also lost and could not be distributed for reasons not kept on record. The WBECSC received (October 1982) permission from the Government of India for purchase of 15,000 tonnes of levy free rice from Punjab and Haryana during the year 1982-83 for distribution through the Public Distribution System in West Bengal. It contacted Punjab State Civil Supply Corporation (PUNSUP) for supply of the rice by February 1983. As per the agreement (December 1982) with PUNSUP, the WBECSC opened (January 1983) a letter of credit for Rs.60 lakhs through a nationalised bank for purchase of 15,000 tonnes of rice at the rate of Rs.3,000 per tonne. The letter of credit was valid up to 28th February 1983. Although the WBECSC did not receive the said rice by February 1983, it did not extend the validity of the letter of credit. As the WBECSC did not furnish despatch schedules necessary for placing indents for rates by the PUNSUP as per the agreement, it came to know in July 1983 that PUNSUP had meanwhile disposed of the said rice elsewhere. PUNSUP, however, offered the rice at a rate of Rs.3440 per tonne during 1983-84. Meanwhile the validity of the permission of the Government of India had also expired. Thus, owing to non-renewal of the letter of credit, the WBECSC could not procure 15,000 tonnes of rice for distribution. No responsibility was fixed (September 1985) for this lapse.

3.9.14.3. The WBECSC received edible oil (rapeseed oil and palm oil) from the Government of India from time to time through the agency of State Trading Corporation of India and distributed the same in the State through ration shops. The allotment made by the Government of India and off-take by the WBECSC during the four years up to 1983-84 were as shown below :

Year				Allotment	Off-take (in tonnes)	Shortfall
1980-81	..	..	..	77,300	60,700	16,600
1981-82	..	..	..	73,189	71,632	1,557
1982-83	..	..	..	81,655	64,140	17,515
1983-84	..	..	..	1,32,500	96,018	36,482
			Total	3,64,644	2,92,490	72,154

The reasons for the shortfall in off-take were attributed (July 1985) by the Management to the non-supply of the full quantity of oil by the State Trading Corporation. However, action taken by the Company for recoupment of the shortfall was not on record (December 1985). The purchases and distribution of edible oil during the four years up to 1983-84 were as under :

Year			Purchase (In lakh	Distribution tonnes)
1980-81	..	..	0.61	0.60
1981-82	..	..	0.72	0.69
1982-83	..	..	0.64	0.65
1983-84	..	..	0.96	0.95
1984-85	..	..	..	..
		Total	2.93	2.89

Excluding the permissible handling loss and other losses, a total quantity of 1,385.82 tonnes of edible oil valued at Rs.118.08 lakhs remained undistributed at the end of 1983-84. The reasons for non-distribution of the same were not found on record (September 1985). During the year 1983-84, 994 quintals of palm oil became unsuitable for human consumption. Out of 994 quintals, 435 quintals were received by the WBECSC without testing the edibility of the same and the balance quantity of 559 quintals were damaged during storage. No investigation was made to ascertain the reasons for damage and fixation of responsibility, if any (December 1985).

3.9.14.4. The godowns hired and utilised by the WBECSC during the four years from 1980-81 to 1983-84 were located in 5 districts. Constraints in having the storage godowns in remaining 11 districts for easier movement of essential commodities were not indicated (December 1985).

3.9.15. *Monitoring and evaluation*

3.9.15.1. As per the State Government guidelines issued in June 1971, the Inspectors and Sub-Inspectors were to inspect regularly all the ration shops, fair price shops, etc. within their jurisdiction to find out the defects and irregularities in the working of the shops and submit their inspection reports to the Subdivisional Controllers every week. On receipt of the weekly report from the Inspectorate staff, the Subdivisional Controllers were to submit a fortnightly report in prescribed form covering the entire subdivision to the District Controllers. The Subdivisional Controller would indicate in his report about the action taken by him to remedy the defects and irregularities pointed out by the inspecting staff. Similarly, the District Controllers were to prepare a monthly report in the prescribed form for the entire district on the basis of the fortnightly reports received from the Subdivisional Controllers and submit the same in prescribed form to the Directorate.

Test check of 6 districts revealed (May-August 1985) that inadequacy of the Inspectorate staff in the Subdivision|District was the main handicap for the inspection of the ration|fair price shops in the subdivisions periodically and as a result the working of all the shops in the subdivision remained unascertained. In fortnightly and monthly reports in the prescribed form indicating the remedial action taken against the defects and irregularities in the working of the shops noticed by the Inspectorate staff were found to have not been submitted by the Subdivisional and District Controllers. The Directorate also did not insist on submission of the reports in the prescribed form by the Subdivisional|District Controllers as a result of which the Directorate could not monitor the scheme.

3.9.15.2. Although the Public distribution system was in existence in the State for more than 3 decades no evaluation of the working of the system was ever made by the Department or any agency for ascertaining the shortcomings and lacunae in the system for taking remedial measure.

3.9.16. *Other points of interest*

(i) With a view to giving relief to poorer sections of the people who find it difficult to lift the full supplies for all the members of their family at a time, Government decided (February 1978) to introduce

Individual Ration Cards (IRC) in place of Family Ration Cards (FRC) in MR areas where FRCs were in vogue. To avoid circulation of spurious ration cards, Government printed 3.62 crores IRCs in Bi-coloured Duplex Board at a cost of Rs.20.23 lakhs and supplied these cards to different district authorities between November 1979 and November 1980. But the scheme of replacement of FRCs by IRCs could not be implemented till April 1983 due to an injunction order of the Calcutta High Court in October 1980 on the basis of a prayer by ration shop owners. The injunction order was finally vacated in April 1983 when Government decided to implement the scheme. On the basis of population census, 1981, it was assessed (May 1983) by Government that 4.94 crores of IRCs would be required for the purpose. But against 3.62 crores of IRCs supplied to different district authorities between November 1979 and November 1980, accounts of 2.73 crores were available in May 1983 from the respective district authorities. The accounts of the remaining 0.89 crores (3.62 crores minus 2.73 crores) IRCs valuing Rs.4.97 lakhs remained unascertained (November 1985). Apart from monetary loss, the shortage of 0.89 crores of IRCs was not investigated (November 1985) to ensure that the missing cards were not otherwise utilised for spurious use.

(ii) From January 1983, a scheme to replace the FRCs in MR areas by IRCs was taken up by the Government. According to the Director, District Distribution, Procurement and Supply (DDDPS), West Bengal (October 1985) all the FRCs in MR areas could not be replaced (March 1985) by IRCs and up to March 1985, 4,68,93,626 IRCs could be issued in MR areas against FRCs. As already mentioned a test check revealed an excess issue of IRCs in exchange of FRCs.

(iii) Government decided (May 1983) to print 2.25 crores new IRCs (4.98 crores minus 2.73 crores) to make good the deficit. Against the targeted 2.25 crores, 2.02 crores new IRCs were printed and supplied to the district authorities between May 1983 and July 1983. The district authorities arranged distribution of the IRCs against the existing FRCs through municipalities and panchayat bodies according to the enumeration lists to be prepared by these bodies. Test check of the records of 6 districts, however, revealed (May-August 1985) that no enumeration lists were obtained from these bodies before supplying the IRCs to them and the IRCs were supplied to them from time to time on the basis of their requisitions. No stock accounts of cancelled FRCs were maintained (May-August 1985) by the District/Subdivisional authorities in order to guard against excess issue of IRCs.

3.9.17. *Summing up*

—Revenue expenditure up to 1984-85 exceeded the budget estimates by Rs.473.05 lakhs while there was a shortfall in capital expenditure to the extent of Rs.13,653.74 lakhs up to 1984-85.

—Issue of ration cards in excess of population varied between 3.50 *per cent* and 37.20 *per cent* in 4 districts (Burdwan, Birbhum, Darjeeling and West Dinajpur) out of 6 districts test checked.

—In 4 districts, 6,01,722 bogus ration cards were detected during sudden checking between 1980-81 and 1984-85 and drawal of minimum of one week's ration against those ration cards resulted in excess distribution of 240.7 MT of rice, 601.7 MT of wheat and 30.1 MT of sugar.

—Percentages of shortfall in distribution in the entire State over the Central allotment during the five years ending 1984-85 varied between 0.38 and 52.09 in case of rice, 10.07 and 57.05 in case of wheat and 11.44 and 28.78 in case of sugar. Percentages of shortfall in distribution over the allotment during the five years ending 1984-85 in the six districts test checked including the SR areas varied between 11.35 and 54.70 in case of rice, 4.76 and 70.10 in case of wheat and 4.76 and 31.32 in case of sugar.

—Paper for manufacture of exercise books worth Rs.238.73 lakhs was lying with the binders. About 106.88 lakh exercise books were lying undistributed (June 1985).

—In 4 districts and 3 SR areas existence of 1,070 ration shops with more than the prescribed norm of 2,500 units per shop were detected during test check.

—Sixty-three posts of Chief Inspectors, 121 posts of Inspectors, and 97 posts of Sub-Inspectors are lying vacant in the 6 districts test checked, affecting regular inspection of wholesalers|distributors and ration shops.

—Although Government of India permitted the WBECSC to purchase 15,000 tonnes of levy free rice in 1982-83 from Punjab and Haryana for distribution through public distribution system, the rice was not procured and distributed to consumers. A total quantity of 1,385.82 tonnes of edible oil remained undistributed at the end of 1983-84,

—Whereabouts of 0.89 crores IRCs remained unascertained resulting in loss to Government to the extent of Rs.4.97 lakhs apart from their possible misuse.

—Proper monitoring of the public distribution system was not done and no evaluation of the system was ever made to find out its shortcomings.

The matter was reported to Government (January 1986); reply was awaited (May 1986).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.10. Non-establishment of an Intensive Coronary Care Unit

For providing better management and improved round-the-clock treatment of cardiac patients of Burdwan and other adjacent districts, the Superintendent, Burdwan Medical College Hospital, proposed in February 1977, the establishment of an Intensive Coronary Care Unit at an estimated cost of Rs.3.37 lakhs for the purchase of necessary equipment (monitors, defibrillator, pace-maker, alarm recorder and ventilator). In February 1981, Government sanctioned Rs.1.53 lakhs for the purchase of 4 monitors only. The monitors were purchased (April 1982) by the Superintendent from a manufacturing firm and the preliminaries for air-conditioning, fixing voltage stabiliser, etc. were completed between May 1982 and February 1983 at a cost of Rs.0.72 lakh. The monitors were installed and demonstrated by the firm in March 1983 but could not be utilised due to unstable power supply condition and want of other essential parts of the unit. The firm reported (August 1984) to the Superintendent that the monitors comprising sophisticated and delicate components were likely to deteriorate or become defective unless they were regularly used. The Superintendent proposed (December 1984) to Government the purchase of a powerful generator set for ensuring uninterrupted power supply. Government sanctioned (February 1985) hiring of a 12.5 KV generator set for the unit at a monthly rent of Rs.7,300 (including maintenance cost), on tender basis. The generator set was not hired up to November 1985, the reasons for which were not furnished.

However, the Superintendent reported (June 1984) to Government that the monitors could not have been utilised for want of one defibrillator and one mobile image intensifier, for the revised estimated cost (Rs.8.60 lakhs) of which Government sanction was awaited (November 1985).

Thus, for want of stable power supply and associated essential equipment, the monitors installed at a cost of Rs.2.25 lakhs remained unutilised for more than 2½ years defeating the purpose for which the Coronary Unit was proposed.

The matter was reported to Government in August 1985; reply was awaited (May 1986).

3.11. Non-functioning of hospital

A 30-bedded Government hospital was housed in a requisitioned building at Belur (Howrah district) since 1943 and an outpatient department was opened there from May 1983 without any approval

of Government. Although during the last four years ending 1984-85, the hospital had its full strength of staff (16) including two Medical Officers, test-check (April and November 1984) revealed that between 22nd July 1981 and 12th October 1984, twelve patients were admitted in the hospital. The occupancy rate of the beds during the period thus worked out to 6.7 *per cent* only and no indoor patient was admitted thereafter. The CMOH of the district stated (May 1984) that the beds could not be fully utilised as the condition of the building was not found safe to allow admission of patients. Thus, the expenditure of Rs.5.58 lakhs incurred on pay and allowances of the hospital staff during the period from April 1981 to March 1985 proved largely infructuous.

The matter was reported (September 1984) to Government; reply was awaited (May 1986).

3.12. Uneconomic purchase

Under Multipurpose Health Programme, Government sanctioned (March 1983) opening of 431 and 218 additional sub-centres to be attached to the existing primary/subsidiary health centres under the Chief Medical Officers of Health (CMOH), 24-Parganas and Howrah respectively and fixed the scale of expenditure for procurement of 23 items of furniture and other sundry articles for each sub-centre at Rs.2,900. The scale was revised (October 1983) by Government to Rs.3,200 per sub-centre.

In October 1983, the CMOH, 24-Parganas, invited sealed tenders for the articles. Three firms quoted (November 1983) the rates at Rs.5,639.50, Rs.4,916.50 and Rs.5,003.90 per sub-centre. As all the rates were higher than the scale fixed by Government, the CMOH, 24-Parganas, instead of inviting fresh tenders called for (November 1983) revised rates from those three participating firms after eliminating 3 items of furniture without the approval of Government. The revised rates submitted by the firms were Rs.2,315 plus 10 *per cent* delivery charges, Rs.2,700 plus 8 *per cent* delivery charges and Rs.2,900 inclusive of delivery charges respectively.

Although itemwise rates for the articles were obtained from the firms, no comparative analysis of the lowest rate of the individual items was done and without recording any reasons for rejection of the lowest offer, the CMOH, 24-Parganas, accepted the highest revised offer of Rs.2,900 for 20 articles per sub-centre and supply order was placed accordingly in January 1984. The firm supplied between March and September 1984 the articles worth Rs.11.43 lakhs to 394

sub-centres and payment was made between June and September 1984. According to a report of a team of Officers formed (April 1984) under the orders of the CMOH, 24-Parganas, the furniture supplied were "cracked and bent" and the equipment would not serve the purpose for which those were intended. The Medical Officers of the concerned centres, however, accepted the defective articles as and when supplied.

Between May and July 1984, the CMOH, Howrah, procured the same articles worth Rs.6.32 lakhs from the same firm at the same rate (Rs.2,900 for 20 articles per sub-centre) and made payment between June and August 1984 for 218 sub-centres in Howrah district without resorting to tendering.

Procurement of articles worth Rs.17.75 lakhs (24-Parganas : Rs.11.43 lakhs and Howrah : Rs.6.32 lakhs) at the rate of Rs.2,900 per sub-centre for 612 sub-centres (24-Parganas : 394 and Howrah : 218) instead of at the lowest rate of Rs.2,546.50 (Rs.2,315 plus 10 per cent delivery charges) led to extra expenditure of Rs.2.16 lakhs.

The matter was reported to Government in May 1985; reply was awaited (May 1986).

3.13. Excessive consumption of coal

(a) On a test check (March 1984 and May 1985) of the records of the Calcutta Medical College Hospital for the period from 1980-81 to 1984-85, the daily average number of indoor patients, who were on diet, was found to vary between 1658 and 1797, while the daily average consumption of coal for preparation of diet for those patients varied between 3.39 quintals and 7 quintals as detailed below :

Period	Total number of patients given diet (In lakhs)	Daily average number of patients given diet	Total consumption of coal (In quintals)	Daily average consumption of coal
April 1980 to April 1981 ..	6.55	1,658	1,340.80	3.39
May 1981 to April 1984 ..	19.70	1,797	7,642.00	7.00
May 1984 to December 1984	4.23	1,726	980.00	4.00
January 1985 to March 1985	1.60	1,780	279.00	3.10

No regular accounts of coal were maintained and although there was no significant increase in the average daily number of patients on diet during the five years, the average consumption of coal per day during the period from May 1981 to April 1984 was found to have increased approximately by 3 quintals per day. On this being pointed out (March 1984) by audit, the Superintendent of the hospital, instead of explaining the reasons for such abnormal increase in consumption of coal during the period, started recording consumption of coal arbitrarily as 4 quintals per day from May 1984. The same was further reduced to 3.10 quintals from January 1985 which would clearly indicate that at least 3,288 quintals of coal (valued at Rs.1.29 lakhs) shown as consumed in excess of 4 quintals per day during the period from May 1981 to April 1984 was doubtful.

(b) Out of 485 days from 3rd September 1982 to 31st December 1983, two boilers in the hospital laundry were operated alternately for 389 days leaving 96 days when both were idle (70 days being Sundays and 26 days for breakdown, non-supply of coal, etc.). But 96 MT of steam coal were shown as consumed in the stock register as per normal indent of 1 MT per day during the 96 idle days and the cost of Rs.0.31 lakh was recorded as paid between October 1982 and March 1984. The entries relating to indent, issue and payment for 96 MT of coal were thus fictitious.

In December 1984, the Superintendent stated that the matter was under consideration of Government and it would be injudicious to offer any comment till investigation by the Enquiry Committee formed in July 1984 was completed. The report of the Committee due for submission in August 1984 was awaited (June 1985).

The matter was reported to Government in December 1984; reply was awaited (May 1986).

3.14 Irregular drawal of house rent allowance

According to the existing Government orders, the Medical Officers of Government hospitals opting for private practice are not entitled to get house rent allowances and in addition 15 *per cent* of their basic pay is to be credited to the Government every month in lieu of the benefit of private practice extended to them. But in contravention of the above orders, Rs.0.83 lakh were drawn between February 1977 and December 1981 as house rent allowance in respect of 24 Medical Officers attached to one hospital in Birbhum district and no deduction at the rate of 15 *per cent* per month of their basic pay was also made during the said period. The Director of Health Services, West Bengal, brought the irregularity to the notice of the Chief Medical Officer of Health, Birbhum, in March 1982 on receipt of an anonymous letter,

However, a sum of Rs.0.19 lakh, being the amount of excess drawal of house rent allowance, was recovered between June 1983 and February 1984 from 7 doctors. The reasons for non-recovery of the balance amount of Rs.0.64 lakh from the remaining 17 doctors and non-deduction of 15 *per cent* of the basic pay per month as envisaged in the Government orders from all the 24 doctors involved were not furnished (December 1985) by the Superintendent of the hospital.

The matter was reported to Government in May 1983 and March 1985; reply was awaited (May 1986).

INFORMATION AND CULTURAL AFFAIRS DEPARTMENT**3.15. Non-utilisation of a theatre taken on lease along with two projectors**

Government took over in October 1978, an airconditioned theatre (capacity : 755 seats) situated in the south-eastern part of Calcutta, from the Calcutta Improvement Trust (CIT) for a period of 25 years on lease at an annual rent of Rs.1 lakh without entering into any formal agreement. The theatre was sought to be hired out to theatre-groups and other cultural institutions on a rent of Rs.600 per day. In May 1980, two projectors were purchased and installed at a total cost of Rs.1.94 lakhs in the theatre so that feature films and documentaries produced by Government could be exhibited on a commercial basis. Further, the cafeteria attached to the theatre was taken over in May 1980 by Government at an annual rent of Rs.8500.

No films could, however, be screened in the theatre for want of sanction for the posts of operator and the projectors remained idle (August 1985). According to Government (August 1985), the theatre did not become popular, owing to difficulty in transportation and communications, frequent load-shedding and its location in a disturbed area. While the total expenditure incurred on the maintenance of the hall and the cafeteria including pay and allowance of 23 members of staff was Rs.20.61 lakhs, the revenue earned between 1979-80 and 1984-85 was Rs.2.85 lakhs. Government stated (July 1985) that as the financial aspect of this venture caused deep concern to them, they had been contemplating to return the hall to the CIT.

Thus, due to lack of proper planning and want of sanction of operating staff, Government incurred a loss of Rs.19.70 (Rs.20.61+ Rs.1.94-Rs.2.85) lakhs in their venture for development of art and culture.

Further development in the matter was awaited (May 1986).

LABOUR DEPARTMENT

3.16. Employment Exchanges**3.16.1. *Introductory***

Employment Exchanges which were set up in July 1945 with a view to rehabilitating the army personnel demobilised during Second World War and subsequently entrusted with the resettlement of large number of displaced persons consequent upon partition of the country in 1947, were thrown open to all categories of job seekers in early 1948. Employment services through Employment Exchanges became the joint concern of the Central and State Governments from November 1956.

The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 (hereafter called the Act) which was enacted by the Government of India and the Rules made thereunder largely regulated the functions of the Employment Exchanges. In terms of the Act, all vacancies barring those which were filled in by Public Service Commissions and other Recruiting Agencies occurring in both public and private sectors, were to be notified to the Employment Exchanges. Defaulters who failed to notify the vacancies were to be prosecuted under the provisions of the Act, but the recruitment through Employment Exchange was not obligatory.

The main functions of the Employment Services in the State comprised (i) registration and placement of job seekers against vacancies notified, (ii) collection, compilation and dissemination of employment market information (EMI), (iii) rendering of vocational guidance (VG) to job seekers and students in the choice of suitable avocation, (iv) rendition of occupational information for the benefit of planners, employment seekers and educational authorities and (v) distribution of unemployment assistance (UA) to certain categories of unemployed persons. The services rendered by the Employment Exchanges were free.

3.16.2. *Organisational set up*

The organisation is headed by the Director of National Employment Services, who is charged with the implementation of the policies and procedures connected with Employment Exchanges. He is assisted by one Additional Director, five Deputy Directors and several other officers and staff,

The field offices comprise (June 1985) 62 Employment Exchanges (Regional Employment Exchange : 1, Sub-Regional Employment Exchange : 7 and District Employment Exchange : 54), 5 special Employment Exchanges including 1 Employment Exchange for physically handicapped and 1 Employment Exchange for professional and executive personnel and 4 University Employment Information and Guidance Bureaux (UEI & GB) in 4 Universities (Burdwan, Calcutta, Jadavpur and Rabindra Bharati) of the State, besides 54 Employment Information and Assistance Bureaux (EI & AB) to serve the rural areas of 54 Blocks. At the end of June 1985, 27 Employment Market Information (EMI) units and 35 Vocational Guidance (VG) units were in operation in 27 and 35 Employment Exchanges respectively.

3.16.3. *Staffing and training*

Of the sanctioned strength of 1,529 (Officers : 175 and Staff : 1,354) men in position (December 1984) were 1,329 (Officers : 158 and Staff : 1,171). The reasons for keeping 200 posts (Officers : 17 and Staff : 183) vacant were attributed (February 1986) by the Department to non-receipt of recommendations from Public Service Commission and police verification/medical reports.

Between 1980 and 1984, the staff training unit (manned by the officer and one assistant) of the Directorate, which was required to organise regular training courses to impart training on methodology and techniques of all branches of the Employment Services, organised 12 training courses in which 150 officers and staff were trained. During 1980 to 1984, in all 116 officers were trained by Central Institute for Research and Training in Employment Service, New Delhi. The Department intimated (February 1986) that 14 officers and 580 staff remained untrained as on December 1984 and the Directorate stated (September 1985) that all of them could not be spared for training owing to administrative constraints.

3.16.4. *Budget provisions and expenditure*

Up to March 1969, the cost of the organisation was shared by the Central and State Government in the ratio 60 : 40. From April 1969 onwards, full financial responsibility of the organisation devolved on the State Government. Activity-wise budget provision

and expenditure during the period from 1980-81 to 1984-85 are given below :

Year		Direction and Administration		Employment Market Information		Vocational Guidance		Unemployment assistance		Total	
		Budget provision	Actuals	Budget provision	Actuals	Budget provision	Actuals	Budget provision	Actuals	Budget provision	Actuals
(Rupees in lakhs)											
1980-81	..	86.93	75.65	3.34	1.08	2.01	1.21	1859.90	1675.62	1952.18	1753.56
1981-82	..	91.86	87.81	7.88	1.33	5.96	2.65	1450.05	1190.54	1555.75	1282.33
1982-83	..	83.63	107.03	0.60	1.29	1.92	2.77	1434.20	1165.36	1520.35	1276.45
1983-84	..	131.95	130.97	2.56	1.70	4.33	4.05	1700.00	1460.83	1838.84	1597.55
1984-85	..	133.31	125.72	2.81	1.85	5.29	4.88	2000.00	992.96	2141.41	1125.39
Total	..	527.68	527.18	17.19	7.23	19.51	15.56	8444.15	6485.31	9008.53	7035.28

3.16.5. The accounts records of 30 Employment Exchanges of six districts (Burdwan, Calcutta, Darjeeling, Howrah, Nadia and 24-Parganas), the Project Employment Exchange (Haldia) of Midnapore district and 2 UEI & GB (Calcutta and Jadavpur Universities) as well as those of the Department of Labour and Directorate of National Employment Service pertaining to the period from January 1980 to March 1985 were test-checked in audit between June and August 1985. The points noticed in audit are mentioned in the succeeding paragraphs.

3.16.6. *Registration, renewal, submission and placement activities*

According to the prescribed procedure, registration of job seekers with the jurisdictional Employment Exchanges and renewals of registration each year up to 1984 and thereafter, at an interval of 3 years were prerequisites for obtaining placement through Employment Exchanges. Failure to renew the registration within the prescribed time limit entailed lapsing of registration but there was provision for re-registration in such cases. The process of registration and renewals of job seekers included recording of their particulars in prescribed registers and cards simultaneously. These cards, which were maintained in the cabinet, constituted the Live Register (LR) of the registrants. The particulars of vacancies notified by each employer as per provisions of the Act, were to be recorded by the Exchange in a vacancy order register and a vacancy order card. Submission of a registrant against a notified vacancy was required to be effected strictly in order of seniority in the ratio of 1 : 10. The Employment Officers were to pursue the sponsored cases regularly till receipt of the information regarding placement|cancellation of vacancy which, when received, was to be noted in the vacancy order register and the relevant card.

The table below indicates the year-wise position of registration, renewal, vacancy notification, submission, placement and LR strength of the State during 1980-84 :

Year	Regis- tration	Renewal	Vacancy notifica- tion	Submis- sion	Place- ment	Live- Register strength	Percentage of place- ment com- pared to Live Register strength
(Figures in lakhs)							
1980	6.39	Not avail- able	0.37	2.38	0.15	25.80	0.58
1981	6.26	—do—	0.35	2.52	0.13	30.65	0.42
1982	5.76	22.35	0.31	2.22	0.14	34.97	0.40
1983	5.91	25.05	0.25	1.99	0.12	39.04	0.30
1984	5.10	29.91	0.24	2.04	0.10	41.07	0.24
Total			1.52	11.15	0.64		

During 1980 to 1984, against the inflow of 5.10 to 6.39 lakh fresh job seekers each year, the number of vacancies notified was only 0.24 to 0.37 lakh while the placements dwindled from 0.15 to 0.10 lakh (0.58 to 0.24 *per cent* of LR strength) resulting in swelling of LR strength from 25.80 to 41.07 lakhs.

Submission of 11.15 lakh registrants between 1980 and 1984 was generally made after 10 to 14 years from the dates of initial registration of the candidates; but 10.51 lakhs out of 11.15 lakhs could not be placed in any gainful employment despite prolonged waiting.

Against 1.52 lakh vacancies (public sector : 1.22 lakhs and private sector : 0.30 lakh) notified between 1980 and 1984, placement in public and private sectors was 0.61 lakh (50 *per cent*) and 0.03 lakh (10 *per cent*) respectively. The lower percentage of placement in private sector was mainly due to non-existence of any obligatory provision binding the employers to recruit the sponsored candidates of the Employment Exchanges.

Adequate follow up action was not taken by the Exchanges to ascertain whether the notified vacancies for which submissions were made, were filled up or cancelled and in the absence of the information outstanding vacancies amounted to 1.07 lakhs in the State at the end of 1984.

Due to the failure to delete lapsed registration from the Live Register and remove the corresponding cards, the figure of registered job seekers which stood at 41.07 lakhs at the end of 1984, was actually inflated by 9.16 lakhs (22.3 *per cent*). In two Exchanges (Siliguri and South Calcutta), the LR strength (66,238) was, however, under-recorded by 2,771 and no reason thereof could be furnished (June 1985) by the respective Employment Officers. The Director informed (September 1985) that computerisation of LR was not made and the proposed modernised data processing unit could not be set up.

Out of 41.07 lakh registrants (Men : 33.65 lakhs and Women : 7.42 lakhs), 3.72 lakhs, 0.21 lakh and 0.04 lakh were Scheduled Caste/Tribes, physically handicapped and exempted categories (i.e., ex-Sibir Karmachari, ex-Industrial census employees, ex-census employees and dependents of martyrs' families) respectively, besides professional and executive (including Post Graduate) candidates numbering 0.16 lakh (Medicine : 1,686, Engineering : 1,317, Science : 2,102, Arts : 3,101, Education : 2,925 and others : 4,543).

3.16.7. Test-check of the records of the Employment Exchanges of six districts and Haldia Project Employment Exchange revealed the following :

- (i) As a result of erroneous allotment of serial numbers to new registrants in the prescribed register and inclusion of re-registration figure twice, total number of registrants got inflated by 15,098 in 3 Exchanges (Alipur, Barasat and Haldia) during 1980 to 1984. Number of registration was shown inflated by 1,087 in the monthly returns by another Exchange (Alipur) during 1980 to 1984.
- (ii) During 1980 to 1984, none out of 20.06 lakh cases of renewals in 6 exchanges and 10.49 lakhs (78.34 *per cent*) out of 13.39 lakh cases in 12 exchanges were posted (June 1985) from the prescribed register to the corresponding cards mainly due to shortage of staff as stated (June 1985) by the Officers-in-charge of the Exchanges. Non-completion of the process resulted in accumulation of undetected lapsed cards in the LRs.
- (iii) No submission against 210 notified vacancies was made by 5 Exchanges during 1980 to 1984 without recording the reasons. As a result of holding pre-submission interview by 9 Exchanges delay of 7 to 120 days occurred in sponsoring the registrants against 58 vacancies during 1980 to 1984 and the concerned Employment Exchanges were not aware (June 1985) of the result of the delayed submission in the absence of follow up action. Basis of selection for submission in 507 cases having not been recorded in the vacancy order cards by 2 Exchanges (Alipur and Basirhat) during 1981 and 1982, audit could not verify (June 1985) the correctness of the selection. Against notification of vacancies by 2 employers, two fake lists of 36 candidates were submitted (1983) from the Office of the Regional Employment Exchange (REE), Calcutta and one person secured employment from the lists. The peon of the exchange was placed (July 1983) under suspension and the matter was stated (February 1986) to be under police investigation.

(iv) During 1980 to 1984, percentage of placement compared to LR strength in Exchanges test-checked varied from 0.12 to 0.47. The reasons for low percentage of persons getting jobs through Exchanges were stated (September 1985) to be—

- (a) apathy of the private employers to recruit through Employment Exchanges;
- (b) unsuitability of candidates for technical posts requiring previous experience; and
- (c) recruitment of a substantial part of the vacancies through other recruitment agencies, such as, the Staff Selection Commission, Banking Service Boards etc.

3.16.8. *Employment Market Information (EMI) Programme*

Collection of information about employment in the private and public sectors and administration of the provisions of the Act were the main functions of the EMI units of Employment Exchanges. Under the Act all establishments in public sector and private establishments employing 25 persons or more engaged in non-agricultural activities were to furnish to the concerned Employment Exchanges quarterly and biennial returns showing quarterly position about the total number of persons on the pay roll and number of vacancies occurred and notified and biennial position about occupational classification of all employees of respective establishments.

Out of 31 EMI units sanctioned in the State, only 27 were functioning (August 1985) in 27 Employment Exchanges and the remaining 4 units could not start working even after a lapse of six years from 1979 due to non-filling up of the posts. The State Government could not also open 31 more EMI units in the remaining 31 Employment Exchanges as contemplated in the Sixth Plan for want of funds.

3.16.9. *Test-check of records of 12 EMI units disclosed the following*

In 6 EMI units 6 posts (Statistical Assistant : 5, LDC : 1) were not filled in (July 1985) and in 5 EMI units the required training on EMI was not imparted to 4 Employment officers and 5 staff.

The employers' Registers, which were to contain particulars of employers from whom prescribed returns were to be collected, were not made up to date by conducting street surveys or other methods

by all the EMI units and thus, the registers did not indicate the actual number of establishments responsible for submission of the prescribed returns. During 1980 to 1984, only 235 new establishments could be identified by 10 EMI units as seen from the notification issued by them for filling up the vacancies. No peripatetic team was employed for updating the registers due to shortage of manpower as stated (January 1986) by the Director.

A review of the position of quarterly returns ending December each year from 1980 to 1984 in respect of 27 EMI units at the Directorate revealed that out of 6,730 to 7,629 public and 5,198 to 6,109 private establishments required to submit quarterly returns under the Act, 2,921 to 3,635 public and 3,615 to 4,324 private establishments were defaulters. The quarterly returns were not, however, analysed as required under the Act, to identify establishments failing to notify the vacancies as stated (August 1985) by the Officers-in-charge of 11 EMI units. According to Employment Officer, REE, Calcutta, 667 out of 1,147 defaulters as on December 1984, were habitual and incorrigible and 390 of them had been defaulting for 5 to 14 years. In the same exchange 1,602 establishments did not notify 17,076 vacancies during 1981 to 1984, the reasons for which could not be ascertained by the Exchange due to shortage of staff. In 10 EMI units, defaulting establishments were not identified. According to information furnished (September 1985) by the Directorate only 674 show cause notices (9 *per cent*) were issued against 7,487 (Public : 3,549, Private : 3,938) defaulting establishment of the State during 1980 to 1984 but no court case was instituted (December 1984) due to shortage of officers. The reasons for not issuing show cause notices in the remaining cases were awaited (January 1986). In one Exchange (Kalyani), against 224 (Private sector) and 342 (Public sector) establishments, who were asked to submit biennial returns in 1981 and 1982 respectively, 141 (Private sector) and 301 (Public sector) establishments did not respond, but no action was taken by the Exchange against the defaulting units. 11 EMI units did not carry out any inspection of establishments during 1980 to 1984 to ascertain the accuracy and reliability of the data furnished in quarterly and biennial returns though such inspection was required to be undertaken once in 2 years in cases of bigger establishments and once in 3 years in cases of smaller ones. State Employment Market Information Officer (SEMIO) did not inspect 11 EMI units during 1980 to 1984 due to occupation with other important work although such inspection was required to be conducted once in 2 years.

The deficiencies noticed in the working of the EMI units were attributed (August 1985) by the concerned Employment Officers to shortage of staff, engagement of existing staff in the implementation of Unemployment Assistance Programme and lack of EMI training.

3.16.10. *Vocational Guidance*

Vocational guidance (VG) unit of Employment Exchanges was intended to render vocational guidance to existing job seekers, fresh entrants to labour market and prospective job seekers like students by providing assistance in solving problems related to vocational planning and occupational choice. The guidance programmes were to be executed at two levels :

- (a) activities inside the premises of the Employment Exchanges which included pre-registration guidance, group discussion, individual information and review of old cases and
- (b) activities outside the Employment Exchanges which included career conference, exhibition, execution of outreach programme, supply of career literature to schools and colleges, arrangement for aptitude test and taking students for industrial visits.

The VG unit was also to sponsor applicants to employers or institutions for employment or institutional/in-plant training.

In West Bengal, 35 VG units were in operation (June 1985) in 35 Employment Exchanges. Test-check of the records of 20 VG units revealed the following :

The officers/staff of 18 VG units (one officer and one staff in each unit) were not at all trained (August 1985) in the technique and methodology of vocational guidance. The State VG officer who was stated (January 1986) to be saddled with other important work of the Directorate did not inspect any unit during 1980 to 1984 to render required guidance to the officers and staff though inspection of one VG unit per month by the State VG officer was prescribed in the National Employment Service (NES) Manual. Though required, advance quarterly plan was not drawn up in any unit and hence the guidance programme could not be undertaken (August 1985) properly. During 1980 to 1984, guidance activities (except 122 career talks in 8 units where 9,128 persons participated) required to be undertaken outside the premises of the Employment Exchanges were not carried out by 20 units mainly due to engagement of the officers/staff in the work pertaining to UA scheme as stated (July-August 1985) by the Officers-in-charge of the Employment Exchanges,

According to information furnished (September 1985) by the Directorate, certain activities viz., pre-registration guidance (8.44 lakhs), individual information (3.08 lakhs), review of old cases (1.06 lakhs) and group discussions (2.27 lakhs in 0.21 lakh groups) were undertaken by all the VG units of the State during 1980 to 1984. But a comparison of the figures of performance of 20 VG units during 1980 to 1984 furnished to audit with those reported by the Directorate to the Director General of Employment and Training, New Delhi, (DGET) as given below disclosed that the two sets of figures did not agree in any case. Besides in 10 out of 20 VG units, although prescribed basic records were not maintained and no work under VG programme was carried out during 1980 to 1984, apparently the figures of performance furnished to the Directorate for reporting to DGET and also to audit were not based upon records.

	Figure reported by the Directorate to the DGET		Figure furnished to audit	
	By 20 units	By 10 units	By 20 units	By 10 units
Pre registration guidance ..	5,11,875	2,07,741	4,60,464	2,04,880
Individual information ..	1,30,978	64,027	97,009	41,993
Review of old cases ..	80,406	42,038	35,903	15,501
Group discussion—				
(a) Participants ..	1,21,916	42,270	1,51,318	29,796
(b) No. of group ..	21,336	7,011	7,613	2,729
Submission	11,495	2,341	10,305	749
Placement	256	23	380	27

Number of cases in which individual information was given by one unit (South Calcutta) from 1980 to 1984 was 8,080 as per records while those were shown as 14,781 in the returns submitted to the Directorate for the corresponding period and as 14,992 in the reports sent by the Directorate to the DGET.

Due to paucity of accommodation no separate occupational information room ensuring adequate seating arrangements and facilities for use of visual aids could be provided by 16 units which, however, held 9,251 group discussions among 1,05,762 job-seekers without obviously classifying them according to their educational level.

About 4,000 books, pamphlets etc., on career information received by the Directorate from DGET from time to time for distribution to job seekers through VG units, remained undistributed in the Central Library of the Directorate at Calcutta during 1980 to 1984. According to the department (February 1986) supply of these career pamphlets to the VG units was meaningless as the units had no outside activities with which the distribution of pamphlets was connected.

Against advertised vacancies, 15,796 job seekers were sponsored for employment|training by 14 to 20 out of 35 units during 1980 to 1984, but only 225 job seekers (1.42 *per cent*) of 5 to 6 units were placed. Low placement figure during 1980 to 1984 and deficiency in the working of the VG units indicated that the vocational guidance that was rendered had little impact. It was admitted (March 1985) by the Director that VG wing in the State became virtually a non-entity.

A State level Co-ordination Committee on vocational guidance was reconstituted in May 1982 for monitoring the progress of work in this regard in the State; but no meeting of the reconstituted Committee could be held (August 1985) since inception owing to delay in sponsoring the nominated representatives by various bodies. No district level co-ordination committee which was to suggest measures to make the guidance programme more realistic and effective was set up (August 1985) in the State.

3.16.11. *Employment Information and Assistance Bureau (EIAB)*

Till August 1985, 54 EIABs were in operation in 54 Blocks of 15 districts (except Calcutta) of the State. The State Government could not set up additional EIABs in 281 Blocks during 1981-85 as contemplated in Sixth Plan owing to non-availability of fund. The EIABs, each of which was to be manned by one assistant, were mainly required to process preliminary work on registration of local job seekers, implement VG programme and collect EMI returns from the local employers. A test-check of the records of 20 EIABs revealed that in 18 EIABs registration of 0.33 lakh job seekers and renewals of registration of 0.80 lakh job seekers were done during 1980 to 1984 against an expenditure of Rs.7.87 lakhs on pay and allowances of the staff. No VG|EMI work was done by any EIAB due to lack of proper training of the staff and supervisory control of the concerned Employment officer. In 2 EIABs (Kalna and Katwa), no work was done although staff were in position and Rs.0.50 lakh was spent towards their pay and allowances during 1980 to 1984. Eleven

ElABs were not at all inspected during 1980 to 1984 by the concerned Employment officers of the Exchanges although half-yearly inspection was contemplated as per existing provisions for monitoring the work of the units.

3.16.12. *University Employment Information and Guidance Bureau (UEI & GB)*

Four UEI & GB, were operating (August 1985) in 4 Universities (Burdwan, Calcutta, Jadavpur and Rabindra Bharati) in the State and their activities mainly included registration/renewal of alumni of the universities with the object of placing them in gainful employment, besides rendering vocational guidance. The State Government did not open UEI & GB in Kalyani, North Bengal and Viswa-Bharati Universities as proposed in Sixth Plan for want of fund.

Test-check of the records of 2 UEI & GB (Calcutta and Jadavpur) revealed that during 1980 to 1984, only 4 persons in Calcutta UEI & GB and 857 in Jadavpur UEI & GB were placed against the LR strength of the respective Bureau ranging from 406 to 557 (Calcutta) and 585 to 796 (Jadavpur). The LR position (557) of Calcutta UEI & GB as on December 1984 was shown inflated by 200 due to non-purging out of lapsed cards. In Calcutta unit, no submission was made against 2 vacancies during 1983 and 1984 and submission was delayed in 3 cases from 2 to 27 days on expiry of the last date and the unit was not aware (August 1985) of the result of delayed submission in the absence of follow-up action. Vocational guidance activities in Calcutta unit during 1980 to 1984 were confined only to pre-registration guidance (754) and review of old cases (739) while in Jadavpur unit 12 career talks and 258 Group discussions (3,558 participants) were held in addition to rendering individual information to 2,945 job seekers during the same period. Although expenditure aggregating to Rs.5.10 lakhs was incurred during 1980-85 by Calcutta (Rs.2.53 lakhs) and Jadavpur (Rs.2.57 lakhs) UEI & GB no other VG activities were undertaken by them.

3.16.13. *Special Employment Exchange for physically handicapped*

The Special Employment Exchange which was set up at Calcutta in February 1963 to render services only to the physically handicapped viz., the blind, the deaf and dumb, orthopaedically handicapped and negative leprosy patients, placed 700 registrants during 1980 to 1984 against 4,019 to 5,750 job seekers waiting in the LR of the Exchange, but the Exchange did not take necessary follow-up action to ascertain if they had actually settled down satisfactorily in employment, owing to non-availability of a vehicle as stated (August 1985) by the Officer-in-charge of the Exchange.

Particulars of physically handicapped persons, who were registered with local exchanges but were willing to work at other places in the State were not obtained regularly by the Exchange as required and thus these registrants were deprived of the benefit of the services of the Special Exchange. Identification of suitable jobs for the physically handicapped, arrangement of vocational guidance for them, maintenance of rapport with other agencies (e.g. vocational rehabilitation centre, training institutions and voluntary organisations) engaged in assisting the physically handicapped and periodical collection of information about their special needs were the important activities which were not undertaken (August 1985) by the Exchange though such functions were entrusted to it.

The existence of communication gap between the deaf and dumb job seekers and the officer/staff of the Exchange arising due to absence of proper training arrangement for the latter stood in the way of understanding their problems and rendering effective services to them as confirmed (August 1985) by the Employment Officer of the Exchange. As required, the Exchange was not equipped with machinery for making arrangement for aptitude test of the physically handicapped persons. The Exchange was not aware (August 1985) of the total number of reserved vacancies for physically handicapped persons remaining unfilled in different offices in the State as this information was not collected.

3.16.14. *Coaching-cum-Guidance Centre, Darjeeling*

With a view to extending coaching facilities to scheduled caste and scheduled tribe candidates for enabling them to qualify in competitive tests, a centre manned by one Employment Officer, two part time Instructors and three staff was set up (July 1982) in Darjeeling. Out of 3 training courses organised by the centre between 1982 and 1984, one course (12 months' duration in Accountancy and English) which was started in July 1982 with 7 participants was abandoned half way (December 1982) consequent on the resignation of the Instructor. Two other courses (each of 12 months' duration in typing) in which 62 candidates were admitted (July 1982|July 1983) could be completed but 38 candidates dropped out mid way. Against 24 candidates trained at the centre for which an expenditure of Rs.2 54 lakhs was incurred during the period, 3 procured placement through Employment Exchange and 3 by own efforts while 18 others remained unemployed (June 1985). Two other centres at Cooch Behar and Jhargram proposed to be set up during the Sixth Plan period could not be opened (August-September 1985) for want of funds.

3.16.15. *Pilot project on self-employment*

With a view to identifying, motivating and assisting suitable job seekers in setting up self employment ventures, a pilot project on self employment was introduced by the State Government under a Central Sector Plan scheme in Krishnagar Employment Exchange of Nadia district and accordingly, a Self Employment Information Centre (SEIC) was opened in the Exchange from February 1984. Funds to cover the salaries of officers and staff of the project up to a certain monetary limit were to be provided by the Central Government while the State Government was to bear the balance cost of the project. Under the scheme, the Exchange was required to refer the job seekers, who were registered for self employment to various agencies (District Industries Centre, District Rural Development Agency etc.) dealing with provision of facilities for self employed, besides collecting, compiling and disseminating information on self employment and giving wide publicity to create awareness in the unemployed youth about the opportunities available under the scheme.

Against the sanctioned (September 1983) posts of 5 officers and staff (Employment officers : 2, Technical Assistants : 2 and Typist : 1), 2 posts (Employment Officer : 1 and Technical Assistant : 1) were not filled in and 1 post (Employment Officer) remained vacant for 8 months from June 1984 to February 1985. While one officer received (January 1984) training on the scheme for 2 days from the Directorate, the Technical Assistant had no training. Under the Scheme 1,222 job seekers were registered (June 1985) during 1984 (640) and 1985 (582) but no registrant was sponsored to any agency dealing with self employment scheme and consequently, none out of 1,222 registrants could become self employed through the scheme during a period of 17 months from February 1984 to June 1985 although expenditure totalling Rs.0.28 lakh in the shape of pay and allowances was incurred up to June 1985. The Department, however, informed (August 1985) that Central assistance for the project was not received.

Other activities e.g. postal registration on self employment, motivation of old registrants, self-employment camps, career talks at schools, group discussions at the Employment Exchange, seminars, career conferences and debates were not undertaken to motivate the prospective registrants and to disseminate information. Except giving (March 1984) publicity of the scheme once in two local newspapers, no other publicity was done.

The local officer of the Exchange stated (June 1985) that no other activities except registration work were undertaken due to ignorance of the concerned instructors.

3.16.16. *Inspection*

Regular biennial inspection of the Employment Exchanges was required to be conducted by the Director, Additional Director, Deputy Directors and Assistant Directors of the Directorate to ensure proper functioning of the Exchanges. But Employment Exchanges ranging from 79 to 100 *per cent* were not inspected each year from 1980 to 1983. The reasons for short fall in conducting the inspections were attributed (February 1984) by the Director to inadequate manpower. In February 1984, an Inspection Wing was formed in the Directorate by inducting 24 senior officials and the wing conducted 107 inspections during 1984 against required 132 inspections. The reasons for delay in setting up the Inspection Wing in the Directorate, though proposed in the Sixth Plan, were not stated (August 1985).

3.16.17. *Unemployment Assistance (UA) Scheme*

The scheme of Unemployment Assistance which was introduced by the State Government with effect from April 1978, entitled a person (between 18 and 58 years of age up to October 1982 and between 23 and 40 years of age from November 1982) registered at the Employment Exchange for more than 5 years to receive Rs.600 *per annum* as Unemployment Assistance if his family's (including parents, wife, sons, daughters and dependent brothers and sisters) income did not exceed Rs.500 a month. The assistance was to continue for 3 years in an individual case provided he did not obtain gainful employment within the period or his registration did not lapse. The Officers-in-Charge of Employment Exchanges were to draw bills for payment of this assistance and send the cheques to the concerned paying branches of different banks which, in turn, would credit the amounts to the individual savings bank accounts to be opened by the persons eligible and were to submit certificates of having credited the amounts to the Exchanges. The recipients of UA were also to participate in any work|programme|scheme sponsored by Government for 100 days in a year in places near their residences for which they were to be paid Rs.200 *per annum* in addition. The scheme was revised from the financial year 1985-86.

3.16.18. *The following points were noticed*

(a) Out of 5.87 lakh persons to whom UA of Rs.4751.96 lakhs was paid in the State during 1978-79 to 1984-85, 5.58 lakh recipients (95.05 *per cent*) could not be absorbed in any work programme and 0.29 lakh recipients who were engaged in work programme and were paid Rs.39.98 lakhs as extra remuneration rendered services involving 19.98 lakh mandays against scheduled 29.47 lakh mandays.

(b) Initial payment of unemployment assistance was made on the basis of declared family income of the recipients subject to subsequent verification through the existing Government machinery. No verification was conducted (June 1985) at all by 22 Employment Exchanges, records of which were test-checked. Sample verification of family income conducted by the Directorate during 1984 by making door to door survey in respect of recipients of assistance under 2 Exchanges for the years 1982-83 (REE, Calcutta) and 1983-84 (Barrackpore) revealed that in 270 out of 1068 verified cases, payment was made to ineligible persons. Information about the amount of overpayment involved and the report of recovery was awaited (June 1985).

(c) Failure to produce the prescribed income certificate from the specified local representative (MLA etc.) by a fixed date disentitled 0.20 lakh recipients of 22 Exchanges from January 1983. Thus, the genuineness of the eligibility of the drop-out recipients to whom Rs.234.75 lakhs were paid up to December 1982 remained doubtful. Production of the prescribed family income certificate from 464 recipients involving Rs.7.54 lakhs was not insisted upon (July 1985) by one exchange (Kurseong) due to non-receipt of the Government order by the exchange.

(d) Certificates of payment by credit to the individual Savings Bank accounts of the persons concerned for Rs.2346.42 lakhs were not received by 19 Exchanges from the paying branches even after a lapse of 6 to 72 months against cheques totalling to Rs.2740.72 lakhs issued during 1978-85. Mention in this regard was made in the Report of the Comptroller and Auditor General of India for the year 1979-80 (Civil).

(e) In case of non-drawal of assistance by the recipients for a continuous period of six months or more, the undisbursed amount was to be refunded by the banks. One paying branch under Kurseong Exchange refused (August 1984) to refund Rs.0.10 lakh on this account on the ground that the specific Government order was not received by it. The refund was not effected till August 1985.

(f) In 10 exchanges, out of Rs.7.14 lakhs recoverable from 682 recipients, who became ineligible on account of employment or otherwise, Rs.1.74 lakhs (24.3 *per cent*) were realised from 594 persons by 5 exchanges till July 1985. In another Exchange (Burdwan) a sum of Rs.0.19 lakh recovered through money receipts during 1978-84 was not credited to Government account (July 1985). On being pointed out (July 1985) by Audit, a sum of Rs.0.06 lakh was stated (February 1986) to have been recovered from the dealing assistant who was subsequently placed under suspension. The matter was under investigation by the Directorate (February 1986).

(g) During November 1982 to March 1985, unemployment assistance of Rs.0.68 lakh was paid by 3 Exchanges (Barrackpur, Burdwan and Kurseong) to 107 recipients who became age-barred, while in another exchange (Durgapur) a sum of Rs.0.15 lakh was paid to ineligible recipients, who were also granted UA from another exchange between April 1978 and December 1982. In all the cases report of recovery was awaited (January 1986).

3.16.19. *Monitoring*

As per norms fixed by the Government of India, a State Committee on Employment (originally constituted in May 1967), which was reconstituted by the State Government in March 1978 with 40 members for monitoring the functions of the Employment Exchanges and suggesting measures for expanding employment opportunities, was further reconstituted in November 1983 for the same purpose with 30 members with Minister-in-Charge of Labour Department as Chairman. The earlier Committee held only two meetings (May 1978 and October 1978) against the requirement of twenty-two meetings during the period from March 1978 to October 1983 while the other reconstituted Committee also held two meetings (December 1983 and July 1984) instead of the prescribed six meetings during the period from November 1983 to June 1985. The reasons for shortfall in the number of the meetings were awaited (January 1986).

Advisory Committee comprising Additional District Magistrate/ Subdivisional Officer (Chairman), Employment Officer of the Exchange (Member Secretary) and several other members including Member of Parliament and Member of Legislative Assembly was constituted by the State Government in July 1972 for each Employment Exchange and thereafter, the Advisory Committees were reconstituted from time to time. The Advisory Committees were to hold at least one meeting a month to review the work of the Employment Exchanges to ensure that there was fairness in sponsoring the names of the registrants against notified vacancies, besides suggesting measures for improvement of the working of the Exchange.

Fifty-one Advisory Committees held 131 meetings (21.40 per cent) in 1983 against the requirement of 612 meetings while 52 Advisory Committees held 119 meetings (19.07 per cent) in 1984 against the prescribed 624 meetings. No meeting was at all held by 14 Advisory Committees during 1983 (4) and 1984 (10). The information about the number of meetings held by the remaining 7 Advisory Committees during 1983 was not available (January 1986). The Director observed (July 1985) that meetings of the Advisory

Committees were not held regularly in most of the Exchanges owing to absence of the members. No evaluation of the activities of the Exchanges was made (January 1986) by the State Government.

The services rendered by Employment Exchanges were erratic because of deficiency in the activities under VG, EMI, Staff training and Inspection. Incorrect data particularly on LR strength, EMI and VG were reported both to State and Central Government. Drafting of staff for implementation of UA scheme was also a hindrance to the proper functioning of the Exchanges.

3.16.20. *Summing up*

—During 1980 to 1984, against the inflow of 5.10 to 6.39 lakhs fresh job seekers, the placement dwindled from 0.15 to 0.10 lakh resulting in swelling of LR strength from 25.80 to 41.07 lakhs.

—Due to non-purging out of the lapsed cards arising out of non-renewal of registrations, LR strength (41.07 lakhs) at the end of 1984 remained inflated by 9.16 lakhs (22.3 per cent).

—There were 1.07 lakhs outstanding vacancies in the State at the end of 1984.

—No submission against 210 notified vacancies was made by 5 exchanges during 1980 to 1984 without recording any reason. Basis of selection for submission in 507 cases was not recorded by 2 Exchanges during 1981 and 1982.

—Four EMI units could not start functioning even after a lapse of 6 years from 1979 as the posts were not filled up.

—Employers' Registers were not up dated during 1980 to 1984 by conducting street surveys in 12 EMI units test-checked. Quarterly EMI returns were not analysed by 11 EMI units to identify establishments failing to notify the vacancies. 674 show cause notices (9 per cent) were issued against 7,487 defaulting establishments in the State but no court case was instituted (December 1984).

—No inspection of establishments was carried out by 11 EMI units during 1980 to 1984 to ascertain correctness of the data furnished in the EMI returns. Although prescribed basic records were not maintained and no work carried out during 1980 to 1984, figures of performance (inside the premises) were furnished by 10 VG units to the Directorate and to audit.

—Officers and staff of 18 out of 20 VG units covered by test-check were not trained. Guidance activities (excepting career talks in 8 units) outside the premises were not undertaken by 20 VG units. Against advertised vacancies, only 225 (1.42 per cent) out of 15,796

registrants sponsored for employment|training by 14 to 20 VG units during 1980 to 1984, were placed. About 4,000 books, pamphlets etc. on career information remained undistributed in the Central Library of the Directorate at Calcutta during 1980 to 1984.

—In 2 EIABs, although staff were in position and Rs.0.50 lakh was spent on their pay and allowances during 1980 to 1984 no work was done.

—During 1980 to 1984 only 4 persons out of LR strength of 406 to 557 were placed by Calcutta UEI & GB. Rs.2.53 lakhs were spent on their pay and allowances.

—Identification of suitable jobs for the physically handicapped and arrangement of VG for them were not undertaken (July 1985) by Special Employment Exchange for physically handicapped.

—Out of 69 candidates admitted in Coaching-cum-Guidance Centre, Darjeeling, 24 only completed training for which Rs.2.54 lakhs were spent during July 1982 to December 1984; 18 out of 24 trained candidates remained unemployed (June 1985).

—Under pilot project on self employment scheme none out of 1,222 registrants was sponsored to any agency dealing with self employment during 1984 and 1985 (June).

—As stated (February 1984) by the Director due to inadequate manpower 79 to 100 *per cent* of exchanges were not inspected each year from 1980 to 1983 by the officers of the Directorate.

—Out of 5.87 lakh UA recipients, 5.58 lakh persons (95.05 *per cent*) could not be absorbed in any work programme. In 13 Exchanges, out of Rs.7.97 lakhs recoverable from 789 recipients who become ineligible on account of employment or otherwise, only Rs.1.74 lakhs could be realised from 594 persons till July 1985.

—The State Committee on Employment and Advisory Committees did not monitor the activities of the Directorate and different Employment Exchanges properly nor was any evaluation of the programme made by the State Government.

GENERAL

3.17. Outstanding inspection reports

Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the Heads of Offices and to next higher departmental authorities through audit inspection reports. The more important irregularities are reported to the Heads of Departments and Government. Government have prescribed that first replies to inspection reports should be sent by heads of offices to the respective Heads of Departments within three weeks from the date of receipt of the inspection reports. Heads of Departments are required to transmit such explanations along with their comments to the Accountant General within two months from the date of receipt of the explanations from their subordinate officers.

At the end of September 1985, 11,772 inspection reports issued up to March 1985 which contained 45,812 paragraphs had not been settled, as shown below (with corresponding figures for the earlier two years).

		As at the end of September		
		1983	1984	1985
Number of inspection reports ..		11,090	11,315	12,772
with paragraphs not settled				
Number of paragraphs , ..		44,227	44,329	45,812

The year-wise break-up of the outstanding inspection reports and number of inspection reports in respect of which first replies had not been received is given below :

		Number of inspection reports	Number of paragraphs	Number of inspection re- ports in respect of which first replies had not been received
Up to 1980-81 ..		8,496	30,451	185
1981-82 ..		711	3,603	256
1982-83 ..		781	3,181	472
1983-84 ..		864	3,875	739
1984-85 ..		920	4,702	745
Total —		11,772	45,812	2,397

A scrutiny of the position of outstanding inspection reports relating to six departments revealed that 149 inspection reports involving 1,038 paragraphs issued up to March 1985 had not been settled till the end of September 1985 as given below :

Department	Number of inspection reports	Number of paragraphs not settled	Year to which the earliest out- standing paragraphs relate
1. Board of Revenue, Collectorates and Sub-Divisional Officers, Burdwan, Howrah, Hooghly, Malda, Bankura, Cooch Behar, West Dinajpur, and Murshidabad	60	513	1963—64
2. Accounts Officer, Finance (Secretariat Contingency)	11	124	1966—67
3. Relief and Welfare ^a (Social Welfare) ..	5	15	1962—63
4. Excise	8	74	1960—6
5. Development and Planning ..	30	165	1961—62
6. Information and Cultural Affairs ..	35	147	1962—63
Total ..	149	1,038	

An analysis of 149 inspection reports pertaining to the period 1960-61 to 1984-85 relating to these departments revealed that 1,038 pending paragraphs related to the categories detailed below

Nature of irregularities	Number of cases in which the irregularities were noticed						Money value (Rupees in lakhs)
	Board of Revenue (8 Collec- torates)	Accounts Officer, Finance (Secretariat Contingency)	Relief and Welfare (Social Welfare)	Excise	Development and Planning	Informa- tion and Cultural Affairs	
1. Non-recovery of rent, electrical charges and other dues	33	7	..	1	7	15	39.87
2. Non-adjustment of advances drawn by departmental officers	48	12	..	—	8	6	75.52
3. Excess/irregular/avoidable/infructuous expenditure	95	27	4	8	44		270.60
4. Expenditure incurred without sanction of Government/competent authority	5	..	1	—	—	2	2.52
5. Non-realisation of loans/and irregularities therein	47	14	"		1		2,259.71
6. Shortage/losses not recovered or written off	14	10	..	..	4	3	12.48
-7. Excess expenditure due to non-acceptance of lowest tender	2	4	2	..	4	1	4.33

8. Delay in remitting Government money into treasury	4	7	--	--	--	--	4.24
9. Non-maintenance/non-production/irregularity of/in initial records	58	12	1	9	27	20	4.37
10. Non-disposal of unserviceable .. articles	6	--	..	1	2	14	1.10
11. Security deposit not furnished..	9	1	..	4	..	14	
12. Non-adherence to prescribed procedure of dealing with cash	22	4	..	4	6	2	54.44
13. Miscellaneous irregularities ..	158	26	7	45	59	54	451.81
14. Theft/defalcation/misappropriation of Government money/stores	12	--	..	2	3	9	11.58
Total ..	513	124	15	74	165	147	3,192.57

These irregularities have been persisting even after having been pointed out in successive inspection reports. The possibility of loss of Government money, fraud, misappropriation, etc., can not be ruled out unless appropriate action is taken promptly in settling the outstanding paragraphs.

The matter was reported to Government in December 1985; reply was awaited (May 1986).

3.18. Misappropriation, losses, etc.

The cases of misappropriation, defalcation, etc., of Government money, reported up to 31st March 1985 and on which final action was pending at the end of 1984-85 were as follows :

			Number of cases	Amount (Rupees in lakhs)
Cases outstanding at the end of 1983-84	..	..	632	124.97
Cases reported during 1984-85	..	..	28	17.05
Cases disposed of during 1984-85	..	..	1	0.78
Cases outstanding at the end of 1984-85	..	..	659	141.24

Department-wise analysis of the outstanding cases is given in Appendix 3.1. Of the 659 cases outstanding at the end of 1984-85, 525 cases (Amount : Rs.67.88 lakhs) were pending for more than five years. Sixty per cent of the cases related to the Board of Revenue.

CHAPTER IV

WORKS EXPENDITURE

FORESTS DEPARTMENT

4.1. Afforestation, Social Forestry and Farm Forestry including Rural Fuelwood Plantation

4.1.1. *Introductory*

As per the National Forest Policy formulated in 1952, there is a need to have a minimum of 33 *per cent* of area under forest in the country, to provide social and economic benefits to the people consistent with maintenance of ecological equilibrium and environmental security. The State of West Bengal has a geographical area of 88,752 sq km which includes forest area of 11,879 sq km (13 *per cent*) located mainly in six districts (11,324 sq km).

4.1.1.2. *Organisational set up*

Forest management in West Bengal is under the Directorate of Forests headed by the Chief Conservator of Forests and *ex officio* Chief Wild Life Warden. Besides, the West Bengal Forest Development Corporation Limited (WBFDC) was established in July 1974 with an operational area of 83,178 hectares of forest area in Darjeeling district.

4.1.1.3. *Activity-wise break-up*

The activity-wise break-up of the budget provision and expenditure, etc., incurred during 1980-81 to 1983-84 is given below :

Activity	Budget	Actual expendi- ture	Savings(—) Excess(+)	Central Assistance		
				Received	Un- utilised	
(Rupees in lakhs)						
Afforestation	1406.92	1362.64	(—)44.28	456.76	Nil	
Social Forestry and Farm Forestry	978.00	846.98	(—)131.02	Nil	Nil	
Rural Fuelwood Planta- tion	145.00	136.91	(—)8.09	68.46	Nil	

Note : Figures of Central assistance against Afforestation include afforestation activities under agricultural schemes,

4.1.1.4. *Coverage of audit*

Out of fifteen districts of the State in which the Directorate of Forests|WBFDC have their activities records of six districts (24-Parganas, Hooghly, Burdwan, Midnapore, Bankura and Birbhum) were test-checked in audit (March 1985-May 1985). Results of this test-check revealed the following points.

4.1.1.5. *Loss due to land encroachment*

A total forest area of 14,275 hectares in the State was under encroachment for periods ranging from 6 to 20 years. This not only prevented the work of further afforestation but also resulted in loss of estimated revenue of Rs.84.66 lakhs during 1983-84 as assessed by the Divisional Officers.

4.1.1.6. *Unchecked denudation of forest area due to inadequate protection etc.*

The burnt and blank area under two divisions under the WBFDC increased from 2,663 hectares to 4,248 hectares during 10 years of their operation ending March 1985 due to lack of proper protection, unsuccessful plantation, unauthorised encroachment, incidence of theft etc. Darjeeling district being specially subjected to denudation, the Government constituted (April 1984) a committee to ascertain the factors behind such denudation and to suggest remedial measures for protection. The committee was yet to submit its report (May 1985).

4.1.1.7. *Illicit felling and removal of Forest produce*

Number of forest offence cases during 1982-83 and 1983-84 in connection with illicit felling and un-authorised grazing etc. have been 18,689 and 16,488 respectively. The magnitude of illicit felling as pointed out by the Additional Chief Conservator of Forests in August 1983 was such that there was hardly 6,000 to 7,200 hectares of sal coppice forest aged 8 years and above which would be available for felling during next five years in Midnapore district. Besides, there were instances of illicit removal of sal poles from forest areas. Out of 1,72,141 hectares of forest area in this district 61,626 hectares comprised open scrub forests with sporadic sal and thorny bushes. The continued reduction of forests area was mainly attributed (May 1985) by Divisional Forest Officer, East Midnapore Division to inadequate protective measures which resulted in depletion of 36 per cent of forest area in one district only.

4.1.2. *Afforestation activities*

4.1.2.1. There was a target of raising plantations in 78,390 hectares of land during the Sixth Five Year Plan (1980-85) at a total cost of Rs.19.94 crores. Year-wise break-up of budget allotments, actuals and achievement on account of plantation activities under State Plan Schemes during 1980-81 to 1984-85 are indicated below :

Year			Budget allotment	Actuals	Percentage of + Excess - Shortfall	Area of plan- tation raised in hectares
			(Rupees in lakhs)			
1980-81	..	..	238.17	194.97	-18	14,725
1981-82	..	..	268.32	276.30	+13	16,425
1982-83	..	..	452.33	373.34	-17	16,982
1983-84	..	..	448.10	518.03	+16	19,363
1984-85	..	..	835.60	617.44	-26	NA*

* Target 18,000 hectares

4.1.2.2. The WBFDC received Rs.16.01 lakhs from the Hill Area Development Authority (HADA) during 1977-78 to 1983-84 for afforestation in the tea garden resumed land and other derelict areas in the district of Darjeeling under the Hill Development scheme, out of which Rs.1.80 lakhs (11 *per cent*) remained unspent to the end of 1983-84. Test-check (March-May 1985) revealed that physical achievement under two out of four divisions towards afforestation in derelict and degraded areas was 318 hectares against the target of 394 hectares (i.e. 19 *per cent* less) during the period.

4.1.2.3. *Loss of revenue due to illicit felling*

Owing to large scale illicit felling of trees, the area available for felling was much less than that projected for. As per working plan projection, felling prescribed for each year from 1978-79 to 1983-84 for the two forest divisions in Midnapore district was 8,505.90 hectares. But actual felling done during the period varied from 34 *per cent* to 53 *per cent* of the working plan projection leading to loss of revenue ranging from Rs.180.66 to Rs.354.99 lakhs per annum during 1980-81 to 1983-84.

4.1.2.4. *Expenditure in excess of estimate*

Test-check of records of the Kalimpong (special) division under the WBFDC revealed that a sum of Rs.6.82 lakhs was received from HADA during the years 1977-78 to 1983-84 for afforestation in 370

hectares of tea garden resumed land and other derelict areas. No plantation was, however, raised in any tea garden resumed land; plantation was raised in 171.2 hectares of other derelict areas at a total cost of Rs.5.58 lakhs to end of 1983-84. The approved cost of plantation by HADA being at Rs.1,660 per hectare up to 1981-82 and Rs.2,250 per hectare for 1982-83 and 1983-84, the total admissible cost of plantation in 171.2 hectares would amount to Rs.3.45 lakhs. Excess expenditure to the tune of Rs.2.13 lakhs was, thus, incurred.

4.1.2.5. *Inadequate maintenance of plantation records*

Many of the ranges did not maintain any plantation journals or requisite particulars relating to plantation raised. As a result the area covered under plantation and physical achievement made towards afforestation remained unascertained.

The system of marking trees as plus trees for collection of seeds was yet to be introduced (June 1985).

4.1.3. *Social Forestry and Farm Forestry*

Social Forestry—an instrument for local community development, was introduced in West Bengal in 1981 with the primary objectives to meet the scarcity of fuelwood, fodder and small timber of the rural people in and around their villages as well as to reduce pressure on the existing forests which would ultimately render ecological benefits by soil and water conservation and moderating the regions of extreme climatic conditions.

4.1.3.1. *Deficiency in fuelwood*

The appraisal report (1982) of State Government on the Forestry in West Bengal indicated that as against the annual requirement of 8.25 million metric tons of fuelwood equivalent for the 54 million population of the State, the annual removal of fuelwood from State forests had been 0.55 to 0.63 million MT only. No districtwise assessment of deficiency in fuelwood was, however, made.

4.1.3.2. *Social Forestry Project under IDA credit*

The Government of West Bengal entered into an agreement with the International Development Association (IDA) on 24th February 1982 for assistance in execution of a six year afforestation programme of 93,000 hectares under Social Forestry Project for Rs.348.65 million with retro-active finance from 1st January 1981 with the

primary objective of increasing supply of fuelwood in rural areas. The Project was subdivided into four main parts viz. (i) strip plantations, (ii) village woodlots, (iii) Farm forestry and (iv) Reforestation of degraded forests.

4.1.3.3. A separate wing for social forestry work was created in January 1981 headed by an Additional Chief Conservator of Forests.

4.1.3.4. *Financial and physical achievements*

The figures of Project cost, allotment and actual expenditure vis-a-vis physical target and achievements made in Social Forestry during 1981-82 to 1984-85 are shown in the following table :

Year	Project cost	Budget allotment	Actual expenditure	Un-utilised allotment	Physical targets	Physical achievements
		(Rupees in lakhs)			(In hectares)	
1981-82 ..	242.60	218.00	169.07	48.93 (23 per cent)	2600	9,206
1982-83 ..	412.70	350.00	287.10	62.90 (18 per cent)	7830	10,508
1983-84 ..	590.60	410.00	390.81	19.19 (5 per cent)	16110	18,674
1984-85 ..	731.40	420.00	446.83	(—)26.83	19560	23,747
Total ..	1977.30	1398.00	1293.81	104.19	46100	62,135

The percentage of non-utilisation of allotment have been shown in brackets.

4.1.3.5. *Excess expenditure|short achievement under reforestation of degraded forests*

As against the target of 4,500 hectares for reforestation of degraded forest during 1981-82 to 1983-84 at a cost of Rs.1780 per hectare (total Rs.80.11 lakhs), plantation was raised in 10,835 hectares at the average cost of Rs.2326 per hectare (total Rs.252.06 lakhs), thereby leading to an excess expenditure of Rs.171.95 lakhs. At the estimated rate (IDA Project) of Rs.1,780 per hectare, 14,160 hectares should have been covered with the amount of Rs.252.06 lakhs actually spent.

4.1.3.6. *Rate of survival*

Survival rate of the trees was assessed by the department at 38 to 90 *per cent* for the first two years of plantation. The normal rate of survival and steps taken to curb the high death rate have not been intimated (June 1985).

No guidelines for assessment of survival of plantations have been evolved by the Department (May 1985). Divisional Officers, however, stated (June 1985) that the assessment was made by spot checks and frequent visits.

4.1.3.7. *Slow physical progress of supporting activities*

A few prominent items where physical progress of supporting activities fell short of corresponding targets are mentioned below :

- (a) Non-construction of smokeless stoves for public demonstration : One of the objectives of the Project was to develop and construct 10,000 improved smokeless stoves for demonstration in at least 2,000 villages during the six year programme period for introduction of more fuel efficient stoves towards conservation of fuelwood for which a sum of Rs.0.43 lakh was provided for in the Project. 260 stoves only were constructed to end of December 1984 at a total cost of Rs.0.20 lakh.
- (b) Non-recruitment of motivation and extension staff : The success of Social Forestry Programme, according to the Appraisal Report of IDA, would depend upon acting in full co-operation with rural people. For establishment of such co-operation 360 posts of Extension workers and 1,000 posts of motivators were recommended in their Report (September 1981). 236 posts of Extension workers and 1,000 posts of motivators were, however, sanctioned by the Department up to March 1985. But only 174 and 400 posts of Extension workers and motivators respectively were filled in (March 1985). The Department stated (March 1986) that the vacant posts would be filled up as and when necessary.

In an interim Evaluation Report (December 1983), the Department admitted that plantations under Social Forestry Project failed to create any effect on the community and their participation and involvement were not up to the mark; as a result of which damage to the plantations was going on in many cases.

4.1.4. Centrally Sponsored scheme—Rural Fuelwood Plantation (RFPW)

The Centrally sponsored scheme for Rural Fuelwood Plantation was launched in West Bengal in the year 1980-81 initially in 4 districts and was subsequently extended to two more districts in 1982-83 all of which were covered by the scheme of Social Forestry Programme being executed with IDA assistance from January 1981 under a similar project. No planting activity was eventually undertaken in one district (Nadia) for want of land. The scheme was financed by the Central and State Government on 50 : 50 basis.

4.1.4.1. Physical and financial progress

The particulars relating to area of advance soil work and plantation, free distribution of seedlings, expenditure incurred and amount received from the Central Government during the period 1980-81 to 1983-84 are given in the table below :

Year	Advance soil work (Heotares)	Plantation raised (200)	Free distri- bution of seedlings (No. in lakhs)	Expenditure (including State share) (Rupees in lakhs)	Amount of Central assistance
1980-81 ..	685 (1000)	Nil (200)	Nil	6.42 (5.02)	18.96
1981-82 ..	1750 (1700)	685 (1035)	50.00 (Nil)	30.68 (28.78)	Nil
1982-83 ..	1780 (1755)	1700 (1700)	50.00 (48.40)	48.71 (47.32)	24.25
1983-84 ..	1810	1780 (1755)	58.00 (56.40)	51.10 (50.28)	25.25

The figures of achievement reported by the Department as shown above were found to be at variance with those available from the respective divisional authorities as indicated in brackets in the table above, reasons for which are not available.

4.1.5. Monitoring and Evaluation

A Monitoring and Evaluation Cell was set up in February 1982 under the Forest Department.

Quarterly progress reports of Social Forestry Project up to June 1985 were compiled and published by the Cell (December 1985). The Cell had also conducted an interim evaluation of project in December 1983 and thereafter no appraisal of the project performance was done (December 1985).

4.1.6. *Summing up*

—Forest area in the State of West Bengal (11,879 sq km) formed 13 *per cent* of the total geographical area of the State as against 33½ *per cent* required as per National Forest Policy.

—14,275 hectares of forest area has been under encroachment for 6 to 20 years involving an annual loss of forest revenue estimated at Rs.84.66 lakhs.

—Burnt and blank area under the operational area of the West Bengal Forest Development Corporation Ltd. increased from 2,663 hectares to 4,248 hectares during a period of 10 years ending March 1985.

—West Bengal Forest Development Corporation Ltd. could not utilise Rs.1.80 lakhs out of Rs.16.01 lakhs received from the Hill Area Development Authority under Hill Development Scheme.

—Due to inadequacy of protective measures, 36 *per cent* of forest area in one district alone became depleted.

—Large scale illicit felling of trees resulted in loss of revenue ranging from Rs.180.66 lakhs to Rs.354.99 lakhs during 1980-81 to 1983-84.

—Rupees 104.19 lakhs remained unutilised out of total budget allotment of Rs.1398 lakhs made during 1981-82 to 1984-85 under Social Forestry Project aided by the International Development Association.

—Due to increased rate of expenditure per hectare than stipulated, there has been an excess expenditure of Rs.171.95 lakhs on account of reforestation of degraded forests during 1981-82 to 1983-84 as also short achievement of 3,325 hectares.

—Rate of survival under different components of the Social Forestry Project was stated to be ranging from 38 to 90 *per cent*.

—Social Forestry Project was stated to have failed to create any effect on the community which was attributable to slow progress of supporting activities viz. non-recruitment of adequate numbers of motivators, extension workers and non-construction of stipulated numbers of fuel-efficient stoves for public demonstration.

The matter was reported to Government (August 1985); reply was awaited (May 1986).

IRRIGATION AND WATERWAYS DEPARTMENT

4.2. Major and Medium Irrigation Projects

4.2.1. *Introductory*

4.2.1.1. Water being one of the primary inputs for successful agriculture, emphasis has been laid on the development of irrigation in the successive Five Year Plans. Prior to April 1978, irrigation projects costing more than Rs.5 crores were treated as major projects and those costing between Rs.10 lakhs and Rs.5 crores as medium projects. Since April 1978 projects having cultivable command area (CCA) of more than 10,000 hectares are classified as major projects and those having CCA between 2,000 hectares and 10,000 hectares as medium projects.

4.2.1.2. The cumulative potential created in West Bengal up to end of the Sixth Five Year Plan period (1980-85) was 1.19 million hectares with 90 *per cent* utilisation, as shown below :

Plan period	Plan outlay	Expen diture	Creation of potential		Utilisa- tion of potential Cumula- tive
			Current	Cumula- tive	
(Rupees in crores)		(In thousand hectares)			
Pre-Plan .. ..	..	..	..	139	139
First Plan:1951-56 ..	12.61	10.89	45	184	179
Second Plan:1956-61 ..	25.55	8.35	298	482	445
Third Plan:1961-66 ..	16.33	10.80	144	626	554
Annual Plan:1966-69 ..	11.64	9.96	56	682	632
Fourth Plan:1969-74 ..	23.15	27.13	163	845	779
Fifth Plan:1974-78 } Annual Plan : 1978-79 }	64.86	52.17	145	990	911
Annual Plan:1979-80 ..	38.48	49.28	86	1076	971
Sixth Plan:1980 ..	174.86	174.93	111	1187	1070

4.2.1.3. The draft Seventh Five Year Plan envisages creation of an ultimate irrigation potential of 6.11 million hectares in West Bengal, as under :

Major and medium irrigation projects (based on surface water)	2.31	million hectares
Minor irrigation projects—based on surface water	..	1.30
Based on ground water ..	..	..
	..	2.50

4.2.1.4. There was only one major project viz. Midnapore Canal and three medium projects viz. Karatawa, Berai Canal and Suvankar Danra completed before commencement of the Sixth Five Year Plan. In all, 4 major and 20 medium projects had spilled over to Sixth Plan from earlier plans. Of these major projects, one each spilled over from First, Second, Third and Fifth Plan while one each medium project spilled over from Third and Fourth Plan and 18 medium projects spilled over from Fifth Plan. None of these projects could be completed during Sixth Plan though partial benefit was derived from all the projects except one major project viz. Teesta Project.

Nine new major projects and 15 medium projects were included in the Sixth Plan proposal.

4.2.1.5. Bulk of the irrigation benefit (1013.10 thousand hectares in 1983-84) was derived from the four major irrigation projects viz. (i) Mayurakshi Reservoir Projects, (ii) DVC (B and I), (iii) Kangsabati Projects and (iv) Midnapore Canals.

Financial results of these four projects for the last three years are given below :

Year		Progressive capital outlay	Annual revenue realised	Annual working expenses	Net losses
(Rupees in lakhs)					
1981-82	..	21644.54	39.18	569.70	530.52
1982-83	..	22249.78	39.15	402.69	363.54
1983-84	..	22834.27	148.33	446.62	298.29

4.2.1.6. *Administration and monitoring*

Irrigation and Waterways Department is headed by the Engineer-in-Chief and ex officio Secretary to the Government assisted by six Chief Engineers (CE).

A Directorate for Advance Planning, Project Evaluation and Monitoring of the projects at the State level started functioning from May 1977. Quarterly reports are compiled by the Directorate on the basis of reports received from the Superintending Engineers for submission to the Central Water Commission, Planning Commission and State Government,

4.2.2. Mayurakshi Reservoir Project

4.2.2.1. Introduction

Mayurakshi Reservoir Project (a multipurpose project located in the district of Birbhum), designed for irrigation, flood control and power generation (4,000 kW) was approved (1953) at an estimated cost of Rs.16.11 lakhs, later revised to Rs.20.46 lakhs in the year 1967. The targets fixed for the project were as under :

Components			Target	Progress
(i) Dam	..	..	1 No.	Completed in 1955
(ii) Main Barrage	..	..	1 No.	.. 1951
(iii) Other Barrage	..	..	4 Nos.	.. 1956
(iv) Main Canals	..	..	216.71 km	
(v) Branch and Other Canals	..	..	1482.78 km	96 per cent completed by 3/85
(vi) Structures	..	..	1286 Nos.	98 per cent completed by 3/85

4.2.2.2. Delay in completion

Though the dam, the barrages and the main canal system (216.71 km) were completed by 1956, construction of about 57.75 km of other canal system (out of 1,482.78 km) and 20 Nos. structures (out of 1286 Nos.) was yet to be completed (March 1985). Various constraints in acquisition of land had been attributed to be the main reason for such delay. The Government stated (June 1986) that the balance works would not be necessary.

Total expenditure incurred on the project to the end of March 1984 was Rs.2010.37 lakhs against the sanctioned estimate of Rs.2046 lakhs.

4.2.2.3. Non-development of irrigation due to absence of proper water management practices

The project was intended to provide irrigation, as per the sanctioned estimate, to a net CCA of 2.41 lakh hectares in Kharif and 0.49 lakh hectares in Rabi within a gross command area of 3.21 lakh hectares in West Bengal and 0.08 lakh hectares in Bihar. Considering the targets as unattainable, the State Government, by an order in 1967, reduced the targets to 2.27 lakh hectares (6 per cent less) and 0.20 lakh hectares (41 per cent less) in Kharif and Rabi seasons respectively. Though no specific reasons could be furnished by the department for the reduction, the Committee on Plan Projects of the Planning Commission after study and

examination of the possible reasons stated (August 1964) that the non-development of Rabi irrigation was due to "operational and other drawbacks which are remediable". In fact, irrigation in the Mayurakshi Command was done from field to field by over-flooding method due to absence of adequate number of water courses and field channels. None of the outlets was controlled "Warabandi" nor the rotational supply of irrigation water, considered to be of primary importance in the water management practices, has been introduced. These drawbacks resulted not only in loss of water but also in over-irrigation in the plots nearer to the outlets at the cost of tail-end plots. Further, Boro cultivation was kept outside the purview of the project, though considerable quantity of water was being kept reserved for Boro cultivation as may be evident from the table below. Water consumption in Boro is much higher than in Rabi. Thus, there was considerable possibility of development of Rabi as reported by the Committee on Plan Project :

Year	Rabi (January and February)		Boro (March and April)	
	Release of water in Ac. ft.	Area irrigated in lakh hectare	Release of water in Ac. ft.	Area irrigated in lakh hectare
1976	1,05,300	0.15	1,14,824	0.09
1977	Nil	Nil	Nil	Nil
1978	90,532	0.12	1,44,020	0.21
1979	2,25,672	0.10	2,15,366	0.30
1980	63,248	0.10	10,724	0.16
1981	84,172	0.14	1,51,508	0.24
1982	49,922	0.03	9,982	0.03
1983	27,304	0.11	Nil	Nil
1984	95,230	0.20	1,14,276	0.08

Target 0.20 lakh hectares in Rabi (original target 0.49 lakh hectares).

In addition to above, loss of water in the transmission and distribution system was also a major contributing factor for non-development of optimum potential. A Review Committee appointed by the Department of Agriculture estimated (1975) loss due to seepage and leakage in the canal system at 25 to 30 *per cent* and suggested lining of the canals up to the wetted perimeter at selected

reaches. The committee also opined that with the quantity of available water, Rabi irrigation could be extended to at least 1.20 lakh hectares. The extent of such loss of water through the selected reaches had been assessed by the department (1978) to be 16.17 cusecs which was equivalent to Rs.718.40 lakhs per year on account of additional yield in Rabi season as contemplated in the estimate for lining of the canal system.

The work on the lining of canals in an aggregate length of 341.21 km (main canal 138.51 km, Branch Canal 42.70 km and Distributary 160 km) estimated to cost Rs.2426 lakhs (1978) was scheduled to be completed in 1985 by which time an additional potential of 55,690 hectares in Rabi would be developed. Proportionate development of additional potential (Rabi) was also contemplated to be achieved from the 3rd year of lining work. Though the work of lining was actually taken up in 1975-76 only 59.48 km could be completed by March 1985 at an expenditure of Rs.352.32 lakhs against the original estimate of Rs.2426 lakhs (under revision to Rs.6000 lakhs). Thus, there was no increase in Rabi cultivation during these years; consequently, the projected increase in the production of food to the extent of Rs.718.40 lakhs could not be achieved.

4.2.3. *Kangasabati Reservoir Project*

4.2.3.1. *Introductory*

Kangasabati project was taken up in March 1956 at an estimated cost of Rs.24.68 crores (increased to Rs.25.26 crores in December 1956) and was scheduled to be completed within 6 years' time. The project is yet to be completed (September 1985). The project was intended to develop full irrigation potential of 3,23,760 hectares in Kharif season and 60,705 hectares in Rabi season in the districts of Bankura and Midnapore by the end of 1965-66 and to earn an annual revenue of Rs.89.96 lakhs from 1968-69.

4.2.3.2. *Delay in completion resulting in huge cost overrun*

Although the project was scheduled to be completed by the end of March 1962, the same was still under construction (March 1985) after lapse of 29 years. The progress of the main components of the project was as follows :

- (a) Two earthen dams across the rivers Kangasabati and Kumari were completed in 1965 and 1979 respectively.
- (b) Two main canals (210 km) on both banks taking off from the Dam were completed in March 1980.

- (c) Of the estimated total length of 3,000 km of distributaries, minors and water courses, 2,652.11 km (88 *per cent*) was completed by March 1980 and 2,940 km (98 *per cent*) by March 1985.
- (d) Of the estimated numbers of 7,650 of outlets and other structures, 5,372 Nos. (70 *per cent*) were completed by March 1980 while 7,490 Nos. (98 *per cent*) by March 1985.

This abnormal delay, according to the project authority, was due to—

- (a) Delay in acquisition of land including forest land;
 (b) Reclamation of cultivable waste land; and
 (c). Excavation of water-courses with the capacity of 1.25 cusecs instead of 2 cusecs.

The delay resulted in 297 *per cent* cost overrun over the original approved estimate owing mainly to the escalation of cost of labour and material. The project estimate had to be revised to Rs.45.93 crores first in 1970 and then to Rs.65.89 crores in 1975 when the CCA was also proposed to be increased to 3,40,757 hectares as against original target of 3,23,760 hectares in Kharif season. The estimate was finally revised to Rs.100.16 crores (297 *per cent* over the original estimate) in 1984 when the project was proposed to be closed after June 1987. None of these revised estimates had the approval of the Government.

Escalation on operation, maintenance and establishment charges alone, capitalised till March 1985, was of the order of Rs.17.44 crores against original provision of Rs.1.13 crores which was finally revised (1984) to Rs.21.13 crores.

4.2.3.3. *Utilisation of funds*

Utilisation of funds against allotment during the Sixth Five Year Plan period is shown below :

Year		Allotment	Actual Expen- diture	Percentage of excess(+) Saving(—) over allotment
		(Rupees in lakhs)		
1980-81	..	344.46	395.86	(+)14.92
1981-82	..	367.00	405.56	(+)10.51
1982-83	..	375.00	362.45	(—)3.35
1983-84	..	445.72	418.17	(—)6.18
1984-85	..	772.85	447.16	(—)42.14
• tal	—	2305.03	2029.20	

The Government, in their reply, stated (June 1986) that the savings were due to financial stringency and curtailment in the Budget provisions.

Outlay on the project amounted to Rs.88.71 crores at the end of 1984-85. Thus, the residual 2 *per cent* works of the project were proposed to be completed by June 1987 (i.e. within next 1½ years) at an estimated cost of Rs.11.45 crores including Rs.3.69 crores for establishment and maintenance charges (Rs.100.16 crores minus Rs.88.71 crores) i.e. 11.43 *per cent* of the latest estimate.

There was no monitoring unit within the administrative structure of the project.

The Government, however, stated (June 1986) that monitoring was being undertaken at different levels of the Superintending Engineer, the Chief Engineer and the Secretary of the Department, though no specific monitoring unit was there in the project set up.

The target potential was, however, reduced to 3.20 lakh hectares in these estimates due to inability of ensuring water to the tail-end distributary system as the potential envisaged in the project estimate was based on incorrect hydraulic data. It was observed by the Department that 75 *per cent* dependable yield from the catchment was not sufficient to fulfil the needs of the project.

4.2.3.4. *Delay in creation of irrigation potential*

Delay in progress of the construction work led to serious set back in the creation of irrigation potential as envisaged in the Financial Statement of original estimate. As against the targets for commencement of irrigation in 1960-61, actual irrigation started in 1965-66 and against the target of creation of full potential (3,23,760 hectares in Kharif and 60,705 hectares in Rabi) by the end of 1965-66, actual potential created in Kharif was only 74,833 hectares. Full irrigation potential is yet to be achieved (November 1985).

4.2.3.5. *Shortfall in utilisation of potential created*

The estimated loss of revenue and value of net benefits on account of increased production after irrigation due to low rate of utilisation of potential created even after setting up a Command Area

Development Authority in July 1974 to achieve full utilisation, is shown in the following table :

Year	Potential created	Potential utilised	Revenue derivable from potential created potential utilised	Estimated loss of revenue due to short utilisation	Proportionate loss of total production (Rs.84.76 crores)	Due to less creation of potential	Due to less utilisation of potential
	(Aggregate of Kharif and Rabi)						
	(In lakhs of hectares)			(Rupees in lakhs)			
1980-81	..	3.38	2.62	132.75 99.70	33.05	1026.02	2703.35
1981-82	..	3.64	2.59	142.50 96.20	46.30	446.10	2765.80
1982-83	..	3.66	1.88	143.25 69.95	73.30	401.49	4336.07
1983-84	..	3.69	2.40	144.45 91.55	52.90	330.11	3185.14
1984-85	..	3.76	2.77	147.00 104.90	42.10	178.44	2364.32

Short utilisation of potential was stated to be due to shortage of water, absence of field channels, elimination of a number of distributaries at tail-end, terminating a number of distributaries at tail-end, percolation losses etc.

The Government, in their reply, stated (June 1986) that the shortfall in the utilisation would be reduced in due course by taking appropriate measures.

4.2.3.6. Actual loss of revenue was, however, more due to non-availability of test notes to the revenue divisions in respect of the potential utilised and due to shortfall in raising demands. This together with lower rate of realisation was unable even to meet the actual cost of collection as shown in the following table :

Year		Anticipated revenue as per potential utilised	Anticipated revenue as per test notes	Demand raised	Water rates raised	Cost of Collection
(Rupees in lakhs)						
1981-82	..	96.20	66.81	44.03	3.38	26.71
1982-83	..	69.95	16.77	14.67	5.46	27.21
1983-84	..	91.55	63.37	44.03	25.87	32.26
1984-85	..	104.90	74.36	36.43	8.49	33.90

Shortfall in raising demands was attributed to want of records of rights in respect of owners of lands. Reasons for poor collection were, however, stated by the Revenue Officers (August 1985) to be due to non-paying tendency of the tenants, non-irrigation complaints, grant of remission etc. The Government, however, attributed (June 1986) the poor collection to the poor financial condition of the farmers. Two Revenue Divisions, set up in September 1975, did not hold the power of initiating certificate cases in respect of unpaid water rates.

4.2.4. *Teesta Barrage Project*

4.2.4.1. *Introductory*

The project envisaged construction of barrages across the rivers Teesta and Mahananda along with link canals for irrigation in an area of 9.23 lakh hectares for both Kharif and Rabi cultivations. The Project Report prepared in December 1970 was based on hydrological data collected by Central Water Commission (CWC) in surveys conducted in North Bengal from 1954 to 1963, and envisaged construction in three stages, the first stage converging 5.49 lakh hectares, the second stage 1.60 lakh hectares and the third stage 2.14 lakh hectares. The first stage was further subdivided into two substages covering 3.04 lakh hectares and 2.45 lakh hectares.

4.2.4.2. Due to resource constraints, a project estimate for the first sub-stage of the first stage was prepared in November 1973 for Rs.69.72 crores. This was approved by the Planning Commission in 1975. The estimated provision was broadly split up as under :

	Rs. in crores		
Teesta barrage	21.87
Mahananda barrage	6.30
Canal system	41.55
Total	69.72

4.2.4.3. The project estimates for the first sub-stage were revised in March 1981 to Rs.213.72 crores, followed by further upward revision to Rs.425.54 crores in September 1985. Neither of the above revisions has been approved. The estimates for the second sub-stage for Rs.111.57 crores submitted to CWC in October 1983, are still to be finally approved.

4.2.4.4. *Reduction in the command area of the project*

According to the report on the project estimate for 2nd sub-stage (1983) CCA of the Teesta Barrage Project was reduced from 9.23 lakh hectares to 5.12 lakh hectares (56 per cent). The 1st sub-stage

accounted for 3.04 lakh hectares while 2nd and 3rd sub-stage accounted for 1.62 lakh hectares and 0.47 lakh hectares respectively. The main reason attributed to the curtailment in the potential was insufficient run-off in the Teesta in the months of January to April and December even at 80 *per cent* dependability (as against 75 *per cent* as per original estimate).

Of the reduced CCA of 5.12 lakh hectares, 3.91 lakh hectares falling on the right bank required maximum discharge of 9,302 cusecs as against original estimate of 15,000 cusecs for which canals including lining and structures had already been under different stages of construction, the financial impact of which is not readily assessable.

The curtailment of the CCA will also have an adverse impact on the cost-benefit ratio assessed originally.

4.2.4.5. *Reduced prospects of economic benefits from the project*

In the revised estimates (March 1981) of the 1st sub-stage of the project, production benefit from 3.04 lakh hectares of CCA after irrigation with the intensity of 125 *per cent* was assessed as Rs.5327.40 lakhs at the rate of Rs.71.03 per acre. The annual cost of the sub-stage was calculated as follows :

	6 per cent	7½ per cent	10 per cent
	(Rupees in lakhs)		
Interest on capital of Rs. 213.72 crores ..	1282.00	1603.00	2137.00
Depreciation @ 2 per cent on capital ..	427.00	427.00	427.00
Administrative expenses @ Rs. 20.24 per 0.4047 hectare on 3.04 lakh hectares	151.80	151.80	151.80
Total ..	1860.80	2181.80	2715.80
Benefit : Cost ratio	2.86	2.44	1.96

4.2.4.6. Due to further upward revision of the estimates of the first sub-stage, the prospects of economic benefit of the sub-stage of development were considerably eroded as worked out below :

Net benefit on 3.04 lakh hectares at the rate of Rs.90868 per 100 hectares.

Annual cost : Rs. 6815.10 lakhs

	6 per cent	7½ per cent	10 per cent
	(Rupees in lakhs)		
Interest on capital of Rs. 402.60 lakhs ..	2415.60	3019.50	4026.00
Depreciation @ 2 per cent on capital ..	805.20	805.20	805.20
Administrative expenses @ Rs. 20.24 per 0.4047 hectares on 3.04 lakh hectares	151.80	151.80	151.80
Total ..	3372.60	3976.50	4983.00
Benefit : Cost Ratio	2.02	1.71	1.37
Percentage of erosion	29.37	29.92	30.10

4.2.4.7.1. *Revision of alignments and programme*

Subsequent to the sanction of the project estimates for Rs.69.72 crores, detailed studies and investigations were made after 1973 and in December 1976 some major changes in the location of the barrages and canal system were adopted as under :

- (a) Location of the Teesta Barrage shifted further down stream.
- (b) Location of the Mahananda Barrage shifted up stream.
- (c) Alignment of Mahananda Main Canal (MMC) was changed from left bank of the river (Mahananda) to its right bank. MMC was again taken to the left bank through an aqueduct before it discharges into Dauk barrage. (Construction of the aqueduct was not provided in the original project report).
- (d) Construction of a pick up barrage on river Dauk and a main canal to take off from left bank of river Dauk to run up to another pick up barrage on river Tangon. Execution of the main components of the project was undertaken from 1977-78 under the revised alignments and programmes.

4.2.4.7.2. Due to these changes the length of the main canals have been increased as follows :

Teesta-Mahananda Link Canal (TMLC)	..	..	.. 5.48 km
Aggregate of other main canals	..	..	.. 82.24 km

4.2.4.7.3. Previously lining was provided for the TMLC only i.e., 20.27 km for a depth of 2.89 metres. In the modified proposal lining has been provided for the whole length of TMLC up to the designed full supply depth i.e., 4.87 meter and also for the Mahananda Main Canal (MMC) i.e., 32.85 metre up to full designed depth.

4.2.4.7.4. The additional benefits envisaged from these changes were as follows :

- (i) Scope of generation of hydel power.
- (ii) Bringing of new areas under command.
- (iii) Avoiding defence camp area and bifurcation of certain forest area.
- (iv) Provision for an alternate State Highway passing entirely through the State of West Bengal which would shorten the distance from Calcutta to Siliguri/Guahati.

4.2.4.8. Revised estimates for Rs.213.72 crores (March 1981) did not indicate any analysis of increase of costs due to rise in prices|change of scope|inadequate provisions|change in design and additional requirements as per CWC guidelines. However, a broad analysis of the financial implications of these estimates with reference to the original estimates is given below :

Main components	Original estimate (Rs.)	Revised estimate (in lakhs)	Increase	Remarks
Teesta Barrage	.. 2186.63	7797.12	5610.49	Includes Rs. 437.10 lakhs on new items like left upstream guide bundh, Left tagging bundh and Rs. 7.15 lakhs on account of escalation of cost of labour and materials.
Mahananda Barrage	.. 630.43	1334.90	704.47	
Dauk Barrage	.. ..	470.00	470.00
Tangon Barrage	.. ..	200.00	200.00
Aqueducts..	.. ..	1021.50	1021.50
Lining of MMC	.. ..	647.15	647.15
Dauk-Nagar Main Canal (DNMC)	.. ..	1277.89	1277.89
Nagar-Tangao Main Canal (NTMC)	407.01	407.01	
Other items of Canal	.. 4154.94	8216.96	4062.02	
Total	.. 6972.00	21372.53	14400.53	

Thus, as a result of inclusion of new items in the first sub-stage there has been a net increase of Rs.4460.65 lakhs in the project estimates.

4.2.4.9. *Non-utilisation of provision of funds*

The figures of proposed plan outlay, budget provision, final allotment and actuals from 1975-76 are analysed in the table below :

Year		Proposed plan outlay	Budget provi sion	Final Allot ment	Actuals	Balance unuti lised	Percen tage on non utili sation of allotment
(Rupees in lakhs)							
Fifth Plan Period							
1975-76 to 1978-79		925.00	2351.15	2444.43	2079.65	364.78	15
Annual Plan							
1979-80	..	NA	2458.40	1660.04	713.71	946.33	57
Sixth Plan Period							
1980-81	..	1950.00	2156.00	2091.37	1399.92	691.45	33
1981-82	..	2000.00	2000.00	2700.00	2011.24	688.76	26
1982-83	..	2500.00	2498.22	2329.18	1227.94	1101.24	47
1983-84	..	2800.00	2302.00	2392.65	963.58	1429.07	60
				13617.67	8396.04	5221.63	62

Thus, out of the allotment of funds during 1975-76 to 1983-84 amounting to Rs.13617.67 lakhs a sum of Rs.5221.63 lakhs remained unutilised. The project was delayed in all aspects, even though there was no constraint of funds.

4.2.4.10 *Slow progress of work leading to non-materialisation of proportionate benefits*

No account of financial and physical progress of different components of the project at the end of each year was available in the monitoring cell of the project. The inadequacy of monitoring arrangement had earlier been pointed out in the report of the Director, Monitoring III of CWC (March 1979). However, the

physical progress of different works at the end of December 1984 was assessed as follows :

Item of work	Year of commencement	Target for completion	Progress as on 31. 12. 1984
I. Teesta Barrage			
Barrage proper ..	December 1977	June 1983	Almost completed
Gates ..	November 1979	1982-83	62 per cent
Bridge over barrage	September 1982	Do	52 per cent
Left afflux and left tagging bundh	November 1982	Do	90 per cent
II. Mahananda Barriage			
Barrage proper ..	February 1979	April 1981	Almost completed.
Afflux bundh ..	April 1983	1981-82	{ 96 per cent in left bank 40 per cent in right bank
Bridge over barrage	March 1983	1981-82	
Gates ..	January 1981	Do	28 per cent
			Almost completed
III. Major cross drainage works			
Karala aqueduct (TMLC)	December 1983	December 1984	40 per cent
Neem aqueduct (TMLC)	Do	Do	30 per cent
Karatowa aqueduct (TMLC)	1984-85	1985-86	8 per cent
Mahananda aqueduct (MMC)	September 1977	1981-82	85 per cent
IV. Main Canals			
TMLC (25.75 km)	1977-78	1981-82	Earth work completed except at structural points.
			Work of lining in progress (30 to 95 per cent) in 5.22 km only. Work on two falls-cum-regulators in progress (40 to 90 per cent). Design for one yet to be finalised.
MMC (32.85 km)..	January 1982	1981-82	83 per cent up to 20 km. 95 per cent up to 12.50 km.

Work on distributary system under TMLC, MMC and DNMC did not commence mainly due to non-completion of survey work, non-finalisation of estimates, tenders, etc. No consolidated account of progress of structural work, viz., bridges, falls-cum-regulators, etc., was available. Thus, though some of the major components of the project have almost been completed, no benefit could be derived from the project as yet due to slow progress of work in distribution system.

4.2.4.11. *Excess liability on account of canal lining work*

As per approved project estimate, the TMLC would have an ultimate discharge capacity of 15,000 cusecs for irrigation of 7.09 lakh hectares in first and second stages out of which 3.04 lakh hectares would be brought under irrigation during First sub-stage of stage I of the project. To avoid future difficulties in increasing the canal capacity without interfering with the operation of irrigation system, link canal would be excavated to full section but execution of lining would be restricted to the bottom portion of the canal to enable conveyance of 6,000 cusecs only required for the projected CCA of the First sub-stage.

The estimate of the second sub-stage, however, disclosed that actual availability was assessed at 9,302 cusecs against projected discharge of 15,000 cusecs. Though there was reduction in the discharge capacity, the project authorities had taken up execution of lining work to the full section of the canal designed for 15,000 cusecs. Thus, execution of lining work beyond project stipulations in the face of reduced availability of water and future remodelling for developing the subsequent stages of the project accounted for estimated extra liability of Rs.178.53 lakhs (i.e., 1/3rd of modified provision for the work of Rs.535.60 lakhs) calculated on the basis of section measurement. This increase in scope of the work was also not approved by the competent authority.

4.2.4.12. *Avoidable expenditure due to construction of additional structure arising out of shifting of site of Dauk Barrage*

Provision of Rs.470 lakhs was made in the revised estimates of the project (March 1981) for construction of a barrage over the river Dauk at the tail end of NMC which was not envisaged in the original estimates. Reasons for non-inclusion of a major component in the original estimate were not available on record. The location of the barrage initially approved by the High Power Technical Committee in November 1979 was shifted by the Project authority up-stream of the confluence with another river Katchna (instead of downstream of

confluence) in order to avoid a graveyard, even though, while examining the revised alignment of the barrage, the Committee also considered feasibility of a proposal for enclosing the graveyard by an earthen bundh. This extra expenditure was, therefore, avoidable.

4.2.4.13. *Diversion of funds towards unauthorised expenditure*

A canal of a length of 0.75 km only has been excavated (up to March 1985) on the left bank of Teesta for irrigation of the left bank much earlier than scheduled, at a cost of Rs.38.59 lakhs. The mouth of the canal has, however, been closed with a cross bundh at a cost of Rs.0.36 lakh to prevent leak of water into the incomplete canal. The total length of the canal ultimately would be 29.509 km originally included in the third stage.

This work has been executed by the Investigation and Planning Division without provision and sanction. The entire expenditure (Rs.38.95 lakhs) has been incurred far in advance of the requirement and is serving no purpose.

4.2.4.14. *Avoidable expenditure due to procurement of steel materials from the private re-rollers*

The division used to procure steel materials from the main producers (TISCO, IISCO, SAIL etc.) and private re-rollers over and above the consignments received from the centralised procurement wing (Teesta Resources Division). Test-check of one division revealed that during 1981-82, steel materials of different sizes aggregating to 9,280.449 MT were procured from different sources as detailed below :

Specification	From re-rollers (In MT)	Main Sources (In MT)	Central Stores
16 mm to 36 mm dia ..	2157.790	1016.523	6106.136

The basic rates prevalent in the year 1981-82 for procurement from the main producers were found to be less than the rates paid to the re-rollers. Extra expenditure for the year 1981-82 alone towards procurement from re-rollers amounted to Rs.31.44 lakhs as shown below :

Specification	Quantity (In MT)	Difference of rate	Amount (Rs.)
16 mm dia ..	283.72	1276	3,62,207
25 mm dia ..	25.44	1171	29,790
28 mm dia ..	445.075	1276	5,67,916
32 mm dia ..	1092.495	1556	16,99,952
36 mm dia ..	311.060	1556	4,84,009
		Total	31,43,874

No justification for the procurement from the private re-rollers was adduced. The matter was taken up in audit (September 1985); the reply of the division is awaited.

4.2.4.15. *Excess payment to the tune of Rs.9.97 lakhs*

Item No. I of the tenders for construction of Left Afflux Bundh (12.382 km long) was for excavation of borrow pits in the river bed in all kinds of soil, dry, moist or underwater, including all leads and lifts. Again, as per clause 7.1.1. of the tenders the area covered under the afflux bundh, apron as well as the borrow pit area should compulsorily be cleared of all grass, weeds, bamboo-clusters, roots of trees, stumps of all sizes, bushy jungles, trees and drift timbers and other objectionable materials by the contractor at no extra cost to the Government.

Test-check in September 1985 revealed that in spite of the above clear specifications, the department allowed higher rates through supplementary tenders for lead beyond 75 M even in respect of earthwork within the tendered quantities in 8 such tenders. Further, supplementary claims were accepted and paid for clearing of base of the bundh and borrow areas by scrapping and stripping of bushes of Kasia, hogla etc. Extra expenditure on account of higher rates for excavation beyond 75 M amounted to Rs.3,65,474 while the same on account of clearing and scrapping amounted to Rs.6,31,393.

4.2.4.16. *Injudicious payment to contractor by way of supplementary work*

For clearance of jungle and uprooting of stumps and roots of trees in 7.72 km of Teesta Mahananda Link Canal (25.75 km) a sum of Rs.33.30 lakhs was spent by Teesta Barrage Authority up to March 1985 for which there was no provision in the revised project estimate (March 1981). A test-check of records of such work executed in the reach between 5.32 km and 9.13 km revealed (September 1985) that a sum of Rs.5.58 lakhs was paid to a contractor by way of supplementary work (December 1981) for cutting dense jungles, bushes etc., which was once done in April 1981 but which grew again during monsoon months. According to contract, this work of jungle clearance was covered by the original item of earth work in excavation and as such separate payment made by way of supplementary work was not justified.

Further, for up-rooting of stumps and roots of trees of girth over 0.30 metre and average depth beyond 1 metre up to 3 metres, a sum of Rs.8.48 lakhs was paid to the same contractor (December 1981)

as supplementary work at the rate of Rs.33.95 per stump, asked for by the contractor although lower rate of Rs.23 per stump and that too at 13.57 *per cent* less, was obtained two years later (January 1983) in the tender for the reach between 15.34 km to 17.59 km of the same alignment. The rate paid by the project authority being not reasonable, the payment of a sum of Rs.5.24 lakhs out of Rs.8.48 lakhs, was also not justified.

Thus, against total supplementary payment of Rs.14.06 lakhs, Rs.10.82 lakhs were injudiciously paid to contractor.

4.2.5. *Medium irrigation projects*

4.2.5.1. *Delay in completion of the projects and cost overrun*

Delay in completion of the projects from 3 to 8 years and consequent extent of cost over-run in respect of 10 on-going projects are illustrated in the following table :

Name of the project	Year of commencement	Target year of completion	Original estimate	Revised estimate	Percentage of increase over original estimate	Actuals to end of 31-3-86	Percentage of expenditure over revised estimate
(Rupees in lakhs)							
Saharajore	.. 1962-63	1965-66	20.64	177.00	758	168.55	95
Kumari	.. 1970-71	1973-74	60.95	211.69	247	210.02	99
Bandhu	.. 1970-71	1978-79	42.33	85.57	102	48.89	57
Hanumanta	.. 1973-74	1980-81	83.34	223.06	168	101.74	46
Parga..	.. 1974-75	1977-78	41.62	92.71	123	102.04	110
Mantojore	.. 1974-75	1978-79	40.29	128.60	219	90.30	70
Taragonia	.. 1974-75	1978-79	36.83	104.58	184	85.15	81
Ramchandrapur	.. 1974-75	1980-81	62.38	470.56	654	235.48	50
Barabhum	.. 1974-75	1980-81	73.49	189.80	158	129.64	68
Tatko	.. 1976-77	1981-82	97.85	532.00	444	140.17	26
Total ..			559.72	2,215.57	296	1,311.98	59

While delay in completion of the projects was attributed mainly to delay in acquisition of land and public opposition, reasons for revision of the estimates were stated to be due to rise in cost of land and labour and rise in prices of materials. None of the revised estimates had been approved by the Government.

4.2.5.2. Comparative study of physical and financial progress during Sixth Plan period 1980-85

A comparative study of the aggregate of physical and financial progress of these ten projects during Sixth Plan period is shown below :

i) Projected length of main canals	..	351.53km	
achievement to end of 31-3-1980	..	167.60km (48 per cent of projected length)	
Target during Sixth Plan Period	..	91.53km (26 per cent of projected length)	
Achievement during Sixth Plan Period	..	52.34km (57 per cent of target)	
Cumulative achievement	..	219.94km (63 per cent of projected length)	
ii) Projected number of structures	..	1089	
Achievement during Sixth Plan Period	..	506 (52 per cent of projected Nos.)	
Target during Sixth Plan Period	..	371 (34 per cent of projected Nos.)	
Achievement during Sixth Plan Period	..	240 (65 per cent of target)	
Cumulative achievement	..	806 (74 per cent of projected Nos.)	
(iii) Aggregate of revised estimates (Rs. in lakhs)		2215.57	
Budget provision during 1980-85	..	777.50 (35 per cent of Revised estimates)	
Final allotment during 1980-85	..	526.87 (24 per cent of Revised estimate)	
Expenditure to end of 31-3-1980	..	714.72 (32 per cent of Revised estimate)	
Actuals during 1980-85	..	607.28 (27 per cent of Revised estimate)	
Actuals to end of 31-3-1985	..	13,11.98 (59 per cent of Revised estimate)	

Thus, only 57 per cent and 65 per cent of physical progress in respect of canals and structures respectively could be achieved during the Sixth Five Year Plan period, even though the actual expenditure was higher than allotment by 20 per cent.

4.2.5.3. Impact of delay on the creation of potential

The impact of delay in completion of these projects on the creation of potential has been indicated below :

Year				Target potential	Creation of potential	Percentage of target	Utilisation of potential	
(In hectares)								
..	..	1980-81	..	..	21,854	7,237	33	7,095
..	..	1981-82	..	..	24,347	7,960	33	7,561
..	..	1982-83	..	..	24,347	10,760	44	10,167
..	..	1983-84	..	..	24,347	14,397	59	13,755
..	..	1984-85	..	..	24,347	14,142	58	13,291

4.2.6. Cropping pattern

With the intention of evolving and popularising cropping pattern most suitable for river irrigated areas according to the soil character and also of maximising production of different crops, a special team constituted (November 1977) by the Government of West Bengal approved a cropping pattern for adoption in the command areas. How far the recommended cropping pattern were actually followed by farmers could not be ascertained due to non-maintenance of any records in this respect by the Command Area Authorities.

However, the areas under double and triple cropping in Burdwan and Birbhum districts in 1984-85 was 210.1 thousand hectares and 120.4 thousand hectares (double cropping) and 16.2 thousand hectares and 37.0 thousand hectares (triple cropping) respectively against net irrigated area (all sources) of 299.6 thousand hectares and 214.0 thousand hectares respectively. The reasons for shortfall had been attributed (November 1985) by the Principal Agriculture Officer (PAO) to non-availability of sufficient irrigation water.

In order to increase production of foodgrains, high yielding varieties (HYV) of crops had been introduced and farmers were encouraged for such cropping. In the absence of any records, coverage under H Y V in the command areas was not assessable. However, from the table below it would be evident that actual coverage under H Y V of Paddy and Wheat (the principal crops) fell far short of target in respect of Birbhum district test-checked.

Year	Paddy		Percentage of achievement	Wheat		Percentage of achievement
	Target (.000 hectares)	Achievement		Target (.000 hectares)	Achievement	
1979-80 ..	116.0	91.4	79	78.0	56.12	72
1980-81 ..	116.0	100.6	87	62.0	45.4	73
1981-82 ..	138.0	110.5	80	60.0	40.8	68.
1982-83 ..	138.0	73.8	53	60.0	20.8	35
1983-84 ..	167.0	134.3	80	50.0	35.2	70
1984-85 ..	161.0	137.8	91	35.0	28.1	80
Total ..	826.0	648.4	78	345.0	226.42	66

According to the PAO, Birbhum, the short fall was due to the dearth of seeds. The reasons for the dearth of seeds and the steps taken for meeting the full demand of seeds were not furnished (November 1985) by the PAO.

4.2.7. Command Area Development Programme

In order to ensure efficient utilisation of irrigation potential created, a Centrally sponsored scheme viz., Command Area Development Programme (CADP) was introduced from 1974-75 in the three major command areas i.e., Mayurakshi, Kangsabati and DVC by land levelling/shaping, construction of field channels, conjunctive use of ground water etc. Command Area Development Authorities (CADA) headed by Administrators had, accordingly, been set up. The financing pattern for the C A D P prior to 1979-80 was matching grants from the Central Government and since 1979-80 it was 50 : 50 between Central and State Governments.

Financial progress till 1984-85 of the CADP was as follows :

Year	Budget provision			Actual Expenditure			Central assistance	
	Central Sector Scheme	State Sector Scheme	Total	Central Sector Scheme	State Sector Scheme	Total	Grant	Loan
(Rupees in lakhs)								
Up to 1979-80	234.76	542.40	777.16	110.58	193.75	304.33	166.43	32.50
1980-81 ..	125.00	125.00	250.00	51.81	115.63	167.44	34.38	..
1981-82 ..	136.00	136.00	272.00	106.10	94.00	200.10	27.90	53.00
1982-83 ..	136.00	50.00	186.00	66.17	102.69	168.86	53.78	..
1983-84 ..	100.00	80.00	180.00	30.43	34.06	64.49	95.80	..
1984-85 ..	150.00	150.00	300.00	32.06	32.06	64.12	..	..
Total ..	881.76	1,083.40	1,965.16	397.15	572.19	969.34	378.29	85.50

Thus, out of Budget provisions of Rs.1965.16 lakhs during eleven years' time, Rs.969.34 lakhs (49 *per cent*) only could be utilised by the CADAs. The reasons for low utilisation were not available from the CADAs (November 1985).

The physical progress during this last eleven years (1974-75 to 1984-85) as against the targets in respect of three command areas was as follows :

Components of work	Kangsabati			D.V.C. (B & I)			Mayurakshi		
	(Ultimate	CCA-401.66 thousand		(Ultimate	CCA-515.38 thousand		(Ultimate	CCA-250.86 thousand	
	Target	Achievement	Percentage	Target	Achievement	Percentage	Target	Achievement	Percentage
(i) Soil Survey	72.8	31.867	43.77	70.570	46.183	65.44	78.0	28.471	36.5
(ii) Topographical Survey	26.1	3.013	11.54	12.1	5.005	41.36	9.6	2.806	29.23
(iii) Planning and designing of OFD Works	22.6	4.574	20.24	17.3	5.395	31.18	Nil	0.472	..
(iv) Construction of field channel	37.459	7.772	20.75	16.115	1.6	9.93	21.445	2.214	10.32
(v) Lining of field channel	0.076	0.206	..	1.252	0.025	2.0	Nil	Nil	..
(vi) Land levelling ..	1.37	0.52	37.96	0.371	Nil	..	Nil	Nil	..
(vii) Bridging gap between irrigation potential created and utilised	32.748	8.013	24.47	17.367	12.134	69.87	16.384	12.756	77.86
(viii) Conjunctive use of ground water (In number)—									
(a) Deep tubewell, shallow tubewell, Dugwell, etc.	2,768	259	9.36	1,772	1,772	100	3856	3201	83
(b) Pump Sets ..	680	360	52.94	1,454	1,454	100	2566	2451	95.52

The reasons for abnormal low achievement had been attributed (November 1985) by the CADAs to the shortage of trained personnel, want of advance planning and non-availability of infrastructural facilities.

The performance of the CADP was to be reviewed from time to time by the officers' Committee for monitoring the progress of CADP works and suggesting corrective measures. Such reviews were found to have been made up to 1979-80. The impact of the CADP on the agricultural production had not, however, been assessed.

4.2.7.1. *Socio-Economic Survey*

For the purpose of preparation of integrated development plans for each micro-zone by the CADAs, surveys were conducted from 1976-77 in 30 blocks, out of 97 blocks of the three command areas by the Socio-Economic Survey. During 1980-81 and 1981-82 survey of 7 special projects were also conducted. But reports for 12 blocks and 3 special projects could only be finalised. Thus about 70 per cent of the blocks remained unsurveyed after the lapse of 9 years of establishment of the Socio-Economic Survey.

4.2.8. *Irrigation revenue*

4.2.8.1. *Evolution of water rates*

Prior to July 1974 different water rates applicable to different projects were levied under (i) Bengal Irrigation Act, 1876, (ii) Bengal Development Act, 1935, for the irrigation commands except DVC where West Bengal Irrigation Imposition of Water Rates for DVC Water Act, 1958, was in force.

The West Bengal Irrigation (Imposition of Water Rates) Act, 1974, applicable to all surface irrigation except DVC, prescribed ceiling rates of Rs.32 for Kharif, Rs.48 for Rabi and Rs.160 for Boro per 0.4047 hectare.

With a view to bringing uniformity in the matter of charging water rates, the following rates were prescribed by the Government for surface irrigation in the State of West Bengal with effect from July 1977.

Kharif	—	Rs.15 per 0.4047 hectare
Rabi	—	Rs.20 per 0.4047 hectare
Boro	—	Rs.50 per 0.4047 hectare

4.2.8.2. As per provisions under section 6 of the said Act of 1974 water rates were to be imposed in respect of notified area (under section 4 *ibid*) and the canal Revenue Officer should publish assessment list containing the names of all persons liable to pay the water rates. An assessment list should not be altered or modified except when the rate at which water rate was to be imposed was revised. An assessee should pay the water rates, for the first time, within three months from the date of publication of the final assessment list and thereafter within fifteen days from the date of commencement of the particular season. The above provisions do away with the necessity of issue of test notes by the Engineering Divisions and the assessee is required to pay water rates in advance.

Test-checks, however, revealed that the existing procedure of issuing test-notes (mouza maps showing the areas irrigated by shading) by the Engineering Divisions and assessment on the basis of those test-notes were being continued (November 1985) in deviation from the statutory provisions.

4.2.8.3. *Collection—shortfall thereof*

Actual collection pertaining to the irrigation years 1978-79 to 1983-84 are indicated below :

Year					Estimated demand	Actual collection	Shortfall in collection
					(Rupees in lakhs)		
1978-79	..	..	..	..	541.32	74.77	466.55
1979-80	..	..	..	..	471.50	70.58	400.92
1980-81	..	..	..	..	486.50	37.41	449.09
1981-82	..	..	..	..	486.50	26.95	459.55
1982-83	..	..	..	..	92.00	22.59	69.41
1983-84	..	..	..	..	230.49	152.57	77.92

During the years from 1978-79 to 1983-84, actual collection of water rate fell short of the estimated receipts by 75 to 94 *per cent*. Factors responsible for the shortfall are still awaited from Government (March 1985).

4.2.8.4. *Disproportionate cost of collection*

The revenue collected was found to be quite inadequate even to meet the cost of collection in three major projects viz., Mayurakshi

Reservoir Project, Kangsabati Reservoir Project and DVC (Barrage and Irrigation) as may be evident from the table below :

Year					Demand raised	Actual collection	Cost of collection
(Rupees in lakhs)							
1980-81	..	..	..	..	104.06	43.35	39.86
1981-82	..	..	..	..	143.01	45.89	80.47
1982-83	..	..	..	..	122.84	40.57	85.00
1983-84	..	..	..	..	156.31	131.02	94.32
1984-85	..	..	..	..	145.99	59.02	98.68
Total				..	672.21	320.45	398.33

The reasons for poor collection were according to the Revenue Officers, non-paying tendency of the tenants, non-irrigation complaints, grant of remission.

The Government, however, attributed (June 1986) the poor collection to the poverty of the farmers and natural calamities in some years.

4.2.8.5. *Non-assessment of water rate*

Year-wise position of aggregated irrigated areas under different crops (Kharif, Rabi and Boro) vis-a-vis those covered by assessment of water rate from 1979-80 onwards, is as under :

Year						Total area irrigated	Total area covered by assessment
(In hectares)							
1979-80	..	..	..	..	..	8.51	6.29
1980-81	..	..	..	..	..	10.17	6.35
1981-82	..	..	..	..	..	9.09	5.95
1982-83	..	..	..	..	..	5.77	5.43
1983-84	..	..	..	..	..	9.77	6.21
Total				..	..	43.31	30.23

The following factors were stated to have been responsible for non-assessment of water rates :

- (1) Delay in sending test-notes by the engineering divisions to the revenue division concerned;
- (2) Delay in notifying irrigated area for assessment of water rate as per provisions of the Acts;
- (3) Delay in verification of the plots irrigated with the records of settlement department;
- (4) Shortage of staff in the revenue divisions.

4.2.8.6. Recovery of arrear dues

Under the provisions of the West Bengal Irrigation (Imposition of Water Rate) Act, 1974 and the West Bengal Irrigation (Imposition of Water Rate for DVC Water) Act, 1958, arrears in water rates and the interest due thereon were recoverable as public demand. For this purpose, revenue officers were vested with powers of realising the arrear dues by resorting to certificate proceedings.

With a view to improving the collection of water rate, Government issued (January 1980 and March 1980) instructions for early disposal of old certificate cases. The position of arrear dues as well as arrears covered by certificate cases at the end of 1982-83, as furnished by the five revenue divisions, was as under :

Name of Division	Arrear dues at the end of March 1983	Amount of arrear dues covered by certificate cases	Balance not yet covered by certificate cases
(Rupees in lakhs)			
1. Damodar Canal Revenue Division, Burdwan ..	224.12	12.88	211.24
2. Damodar Irrigation Revenue Division-III, Hooghly	118.25	—	118.25
3. Midnapore Canal Revenue Division-I, Midnapore	24.36	0.66	23.70
4. Kangsabati Canal Revenue Division-I, Midnapore	154.83	0.08	154.75
5. Mayurakshi Revenue Division-I, Birbhum ..	414.53	17.21	397.32
Total ..	936.09	30.83	905.26

Out of 78,259 certificate cases, only 9,866 cases (representing 12.6 per cent of total) were disposed of during 1979-80 to 1982-83. Collection of revenue through finally disposed certificate cases varied, during these years, from only 1.34 per cent to 0.22 per cent of the total arrear dues covered by certificate cases. Year-wise disposal of certificate cases in respect of six revenue divisions is shown in the table below :

Year	Cases out- standing at the beginning of the year	Cases initiated	Cases disposed of	Cases pending at the end of the year	Amount realised during the year	Amount outstanding at the end of the year
(In numbers)				(Rupees in lakhs)		
1979-80 ..	76,242	813	9,367	67,688	0.66	49.14
1980-81 ..	67,688	15	359	67,344	0.23	49.06
1981-82 ..	67,844	978	61	68,261	0.11	50.68
1982-83 ..	68,261	211	79	68,393	0.20	51.11

A scrutiny of the certificate case records revealed the following facts :

- (i) 7,226 certificate cases initiated in three revenue divisions (Midnapore, Burdwan and Birbhum) between 1962-63 and 1979-80 involving Government revenue of Rs.1.76 lakhs remained undisposed for over one year to four years for lack of regular pursuance.
- (ii) In one revenue division (Hooghly), eleven proposals for initiating certificate cases relating to the outstanding dues for the period from 1959-60 to 1974-75 involving Government revenue of Rs.33018 in respect of three raiyats were forwarded by Zilla Office in January 1980. No certificate proceeding was, however, initiated till June 1984.
- (iii) 7,735 certificate cases covering arrear dues pertaining to the periods from 1964-65 to 1973-74 were transferred (August 1981) from one revenue division (Burdwan) to another revenue division (Hooghly) in the wake of jurisdictional re-organisation. The cases were not pursued by the transferee division even after transfer of records. The total amount of revenue involved in these cases could not be furnished by the division.

The revenue divisions stated (June 1984) that certificate cases could not be initiated or pursued on account of (1) non-vesting of certificate power to the Revenue Officer in time and (2) shortage of staff, etc.

4.2.8.7. *Financial results of Major Irrigation Projects*

In West Bengal Capital and Revenue Accounts are maintained for four major irrigation projects viz., (i) Mayurakshi Reservoir Projects, (ii) Kangsabati Reservoir Projects, (iii) DVC (Barrage and Irrigation system) and (iv) Midnapore Canal. The financial results of these projects for the year 1983-84 revealed that revenue realised was quite insufficient to meet the maintenance expenses, as indicated below :

	Mayurakshi project	Kangsabati project	DVC (B & I)	Midnapore Canal
	(Rupees in lakhs)			
Capital outlay to the end of the year ..	2282.96	8208.34	1,2258.05	84.92
Revenue realised during the year 1983-84 ..	57.82	25.87	42.92	21.72
Working expenses during the year ..	182.18	32.59	202.47	29.38
Loss excluding interest ..	124.36	6.72	159.55	7.66
Interest on capital ..	133.02	494.78	814.61	5.61
Loss after meeting interest ..	257.38	501.50	974.16	13.27
Percentage of loss on capital outlay ..	11.27	6.10	7.95	15.63

4.2.9. *Summing up*

—2.31 million hectares were assessed to be created under major and medium irrigation projects at the end of the Seventh Five-Year Plan. The achievement at the end of the Sixth Five-Year Plan was only 1.19 million hectares out of which 1.07 million hectares could only be utilised.

—None of the 4 major and 20 medium projects spilled over to the Sixth Plan from different previous Plans could be completed till March 1985.

—Mayurakshi Reservoir Project was sanctioned (1953) for creation of irrigation potential of 2.41 lakh hectares in Kharif and 0.49 lakh in Rabi at an estimated cost of Rs.2046 lakhs. These targets were reduced to 2.27 lakh hectares (6 *per cent* less) and 0.20 lakh hectares (41 *per cent* less) respectively without assigning any reason. But for wastage of water due to absence of water management practices and Boro cultivation, there was possibility of achieving projected targets.

—Lining of the canal system of the MR Project at an estimated cost of Rs.2426 lakhs was taken up in 1975-76 so as to increase Rabi cultivation in an additional area of 0.56 lakh hectares after completion in 1985. Insignificant progress till March 1985 failed to achieve any additional potential resulting in estimated annual loss of production to the extent of Rs.718.40 lakhs.

—Kangsabati Reservoir Project was sanctioned (1956) at an estimated cost of Rs.25.26 crores for creation of irrigation potential of 3.24 lakh hectares in Kharif and 0.61 lakh hectares in Rabi by the end of March, 1962. After lapse of about three decades the project still remained incomplete (March 1985) resulting in 297 *per cent* cost over-run. The latest estimate amounted to Rs.100.16 crores.

—Due to non-availability of estimated discharge in the river the irrigation potential had to be reduced to 3.20 lakh hectares from the projected 3.41 lakh hectares.

—Teesta Barrage Project was taken up for construction on the basis of hydrological survey of the river for a period as short as 10 years only for irrigation in a CCA of 9.23 lakh hectares spread over in five northern West Bengal districts and a portion of the adjacent district of Bihar.

—The 1st sub-stage (out of two sub-stages) of 1st stage (out of three stages) of the project was taken up for construction in 1977 at

an estimated cost of Rs.69.72 crores for creation of irrigation potential of 3.04 lakh hectares by the end of seventh year of commencement.

—Due to change of sites and alignment of the structures the estimate had to be revised, first to Rs.213.72 crores in 1981 and then to Rs.425.54 crores in 1985. None of the revised estimate was approved as yet (November 1985).

—As the available run-off in the Teesta was considered insufficient in a subsequent assessment the projected CCA of 9.23 lakh hectares had to be reduced to 5.12 lakh hectares (56 per cent), leading to infructuous expenditure on the provision of Canal and structures with higher capacities. This also eroded the projected benefit.

—Revised estimated cost resulted in considerable loss of projected benefit and financial return.

—After the lapse of eight years, none of the major components was complete and there was a vital item, viz., distributary system which was not taken up at all though there was no constraint of funds.

—Different components of the constructional works were not executed on priority basis. As a result no benefit could be derived during three years of the investment of Rs.8396.04 lakhs up to 1983-84.

—Financial irregularities during execution viz., extra liability (Rs.178.53 lakhs), avoidable expenditure (Rs.71.44 lakhs), diversion of funds (Rs.38.95 lakhs), excess payment (Rs.9.97 lakhs) and injudicious payment (Rs.10.82 lakh) were also noticed.

MEDIUM IRRIGATION PROJECT

—Abnormal delay in completion of medium irrigation projects resulted in huge cost over-run.

—Percentage of physical progress during Sixth Five Year Plan period was less than the targets though the expenditure during this period was in excess of allotment.

—The delay in completion also led to abnormal lowering of targeted potential.

—No record was kept of the coverage under cropping pattern suggested for the command areas. Shortfall in bringing areas under double and triple cropping had been attributed to the want of irrigation water. Dearth of seeds had been stated to be the reason for low coverage under High Yielding Varieties of crops.

—Progress of Command Area Development Programme executed by the Command Area Development Authorities was poor in comparison to the targets. The impact of CADP on the agricultural productivity had not been assessed.

—Socio-Economic survey of 70 *per cent* of the area under irrigation by three major projects had not been undertaken at all. As a result, preparation of integrated development plan for micro-zones could not be prepared.

—Deviation from the statutory provisions was noticed in regard to the assessment of water rates in the command areas.

The matter was reported to Government in February 1986; their replies excepting on paras 4.2.4.14, 4.2.4.15 and 4.2.4.16 were received in June 1986. Facts stated in the review have not been contradicted by the State Government.

4.3. Extra expenditure for payment beyond the terms of agreement

The work "Construction of left upstream guide bundh of Teesta Barrage from 304.80 metres to 1,140 metres including nosing of the same from barrage axis" was entrusted to a contractor in December 1980 by the Superintending Engineer, Teesta Barrage Circle at 4.9 per cent above the estimated cost of Rs.181.15 lakhs with stipulation to complete the work within 5 months. According to the agreement, the contractor was solely liable and responsible for any loss or destruction of materials and tools and plant brought to site by him. The agreement also stipulated that the contractor was required to submit evidence that he had taken out insurance cover and was maintaining, during the subsistence of the contract, insurance covering workmen's compensation, public utility, and property damage. The contractor had not taken such insurance and the department had also not ensured the fulfilment of the requirement.

A flash flood on the night of 29th April 1981 damaged the machinery and construction materials brought to site by the contractor. In respect of the loss sustained, the contractor lodged a claim of Rs.8.56 lakhs with the Divisional Officer in May 1981. After scrutiny of the returns submitted by the contractor regarding the materials, machinery and equipment brought by him to the site, the Divisional Officer assessed the claim at Rs.2.18 lakhs and forwarded the same to the Superintending Engineer in July 1981. The Chief Engineer, while forwarding the claim to Government in April 1982, observed that as there was no contractual provision, he had no scope to help in the matter and recommended the claim to Government for

special sanction. The Chief Engineer instructed the Superintendent Engineer in September 1982 to release 50 *per cent* of the amount of Rs.2.18 lakhs and the contractor was paid Rs.1.09 lakhs by the Divisional Officer in October 1982.

In view of the clear provisions in the agreement, the Government was under no obligation to make good the losses suffered by the contractor, who should have insured and preferred the claim with the Insurance Company.

Government stated in August 1985 that the Finance Department agreed to the payment of 50 *per cent* of the firm's flood damage claim of Rs.2.18 lakhs as assessed and recommended by the department on sympathetic ground subject to the approval of the Cabinet, and that the case is being processed for obtaining Cabinet approval.

Thus, payment on sympathetic ground beyond the terms of agreement has involved the department in an extra expenditure of Rs.1.09 lakhs.

4.4. Avoidable expenditure due to rejection of tender

4.4.1. In connection with work "Emergent protection of the right bank of river Bhagirathi at Basabari and Chowrigacha in PS Berhampore, district Murshidabad" (estimated cost : Rs.9.82 lakhs), tenders were invited by the Executive Engineer, Berhampore Irrigation Division, on 10th August 1981 in two lots of estimated value of Rs.4.91 lakhs each. The work involved making 2 ft. (0.60 metre) diameter cylindrical sausage of 75 ft. (22.86 metres) length with boulders, launching of the same etc. The lowest tendered rates obtained were 26.26 *per cent* and 26.66 *per cent* respectively less than the estimate.

4.4.2. In the meeting of the Committee of Chief Engineers held on 17th October 1981, it was suggested to modify the scheme. The suggestion of the Committee was placed before the Technical Committee, West Bengal Flood Control Board, which, in its meeting held on 7th November 1981 recommended launching of 3 ft. (0.915 metre) sausage extending from the top of the bank right down to deep bed level at 10 metres centre to centre. But even before the Committee's meeting, the Division prepared (November 4, 1981) revised tender schedules for the work involving 0.60 metre diameter cylindrical sausage 65 ft. (19.82 metres) length with boulders and launching the same. Accordingly, the tenders received in August 1981 were cancelled and fresh tenders invited on 30th November 1981 with estimated value of Rs.4.27 lakhs for each group. The work in respect of each group was entrusted to a contractor at 2.81 *per cent* and 2.90 *per cent* respectively above estimated cost. The

Chief Engineer issued instructions (December 1981) for launching of 2 ft. (0.60 metre) diameter cylindrical twin sausage which conformed to the original specification of the work. The work completed in May 1982 involved an extra expenditure of Rs.2.58 lakhs over the cost calculated at the rates tendered on the first occasion.

4.4.3. Scrutiny of the two sets of schedules attached with the tenders invited on two occasions (August 1981 and November 1981) showed that the specifications of the works to be executed on the basis of the modified schemes were the same as in the original schemes with the only exception that the length of the cylindrical sausages was reduced from 75 ft. (in the original scheme) to 65 ft. (in the modified scheme).

According to departmental rules and standard terms of contracts, the works arising out of substitution of tendered items by alternative items out of the savings of the original tender may always be got executed through the working contractor on obtaining a supplementary tender from him, which was not done in this case.

Government stated (June 1985) in reply, *inter alia*, that as a result of the recommendation of the Technical Committee, the scheme underwent certain technical changes necessitating recasting of the estimate and invitation of fresh tenders. They further stated (October 1985) that the contractors who had offered lowest rates requested (23rd November 1981) for cancellation of their offered rates as they were unwilling to do the work.

The reply of Government is not tenable as the scheme was implemented on the basis of the specification mentioned in original tender with the exception that the length of the cylindrical sausages was reduced from 75' to 65'; the tender schedule was revised before the receipt of the letter from the contractors and before receiving the recommendation of the Technical Committee and the only change suggested by the Committee for placing 3 ft. dia sausages (instead of 2 ft. dia) extending from top of the bank right down to deep bed level at 10 metre instead of 10 ft. Centre to Centre was not given effect to. The contractor had also requested for cancellation of the tender as the work order was not issued in time.

The rejection of favourable rate and execution of work on the basis of fresh tenders after a lapse of only three months at a substantially higher rate thus, resulted in an avoidable expenditure of Rs.2.58 lakhs to the Government.

4.5. Extra expenditure on supply of earth to an autonomous body

With a view to improving drainage system of the metropolis and removing the unhygienic condition of the existing drainage canals, renovation of canals by silt clearance was taken up by the irrigation and Waterways Department (I and W), and spoils (earth) excavated therefrom were dumped on the canal banks. The spoils so collected were in great demand from private parties who were agreeable to pay for the same at the rate of Rs.800 per 1 lakh cubic feet (cft.) and to transport them at their cost. But before any action could be taken for its disposal by private sale, an autonomous body (Salt Lake Development Authority) indicated its willingness to take major portion of the spoils for use in area development.

An agreement reached (April 1980) between the Department (I and W) and the Authority provided that the department would transport the spoils to the project area at its own cost, only 75 *per cent* of which would be reimbursed by the Authority (balance 25 *per cent* would be borne by the Department leaving aside the question of payment for the spoils). Thus, the department took upon itself an unusual responsibility to deliver the spoils to the purchaser, with 25 *per cent* subsidy of the transport cost, involving expenditure from Government funds on behalf of other agencies and loss of Government money by way of subsidy. This required sanction of competent authority which was not obtained by the department (I and W) (September 1985).

A total quantity of 103.02 lakh cft of spoils was transported by the department to the different project sites in Salt Lake through private transport agencies between February 1981 and March 1982 at an expenditure of Rs.16.40 lakhs. According to the arrangement the Authority was to reimburse a sum of Rs.12.30 lakhs (75 *per cent* of the expenditure incurred). The balance Rs.4.10 lakhs was met from Government fund without the approval of competent authority. Besides, there was a loss of revenue to the extent of Rs.0.82 lakh towards sale value of the spoils. The claims for Rs.12.30 lakhs have yet (September 1985) to be accepted and paid by the Authority. Thus, the defective agreement involving responsibility for delivery of Government materials to the Authority at a subsidised carriage cost without approval of the competent authority led to a loss of Rs.4.92 lakhs (Rs.0.82 lakh being expected cost of spoils plus Rs.4.10 lakhs being cost of carriage borne by the Department) to Government, besides leaving the reimbursement of Rs.12.30 lakhs pending for more than 3 years.

The matter was reported to Government (September 1984); reply was awaited (May 1986).

4.6. Expenditure on entertainment of idle staff

Mention was made in paragraph 47 of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil) in respect of 'uneconomic maintenance of a steam launch'. The Public Accounts Committee had observed, *inter alia*, that the entire expenditure on the maintenance of the vessel since December 1970 when the decision for its disposal was taken was wasteful and recommended that responsibility should be fixed for the failure to act upon the decision of the Department quickly. The launch became totally unfit for use in June 1974 and Chief Engineer (Irrigation and Waterways) instructed Superintending Engineer, Eastern Circle, in August 1979 to make immediate arrangement for its disposal by public auction. Superintending Engineer initiated action (October 1979) to absorb the surplus staff in other departments, but without any success. In August 1980, Chief Engineer reported to Government that it was not possible for him to dispose of the launch until staff attached thereto were absorbed elsewhere. The vessel was, however, put to auction in 1981 and the highest bid obtained was Rs.1.06 lakhs. In the absence of Government approval (sought for in July 1981), the sale did not materialise.

Government stated (February 1983) that the Department had taken up the matter of idle staff with the Finance Department and necessary action for disposal of the launch was being taken. In January 1984, Irrigation and Waterways Department had called for survey report for disposal of launch and that report was submitted by the Executive Engineer, Kakdwip Irrigation Division, to the Superintending Engineer, Eastern Circle, only in May 1985.

The vessel is still to be disposed of (July 1985) and a sum of Rs.6.81 lakhs on maintenance of the idle staff was spent (from 1974-75 to December 1985). Delay in disposal of the vessel is also likely to deteriorate its condition with the passage of time.

The matter was reported to Government in September 1985; reply was awaited (May 1986).

PUBLIC WORKS DEPARTMENT

4.7. Loss of departmental materials from contractor's custody

The "Construction of Collectorate Building at Howrah (structural portion)" was awarded to a contractor in January 1980 by the Superintending Engineer, Calcutta Metropolitan Development Authority, Circle, PWD at a tendered value of Rs.20.21 lakhs (Estimated cost : Rs.19.34 lakhs) with stipulation to complete the work by 17th November 1980, later extended up to 31st January 1982.

When the contractor had made progress to the extent of Rs.4.81 lakhs (December 1980) steel materials (90.16 MT of Tor steel) worth Rs.4.42 lakhs (nearly $1\frac{1}{3}$ of the total requirements of steel) were kept in his custody (between December 1980 and August 1981) as the division had no stackyard at that time. Materials worth Rs.2.01 lakhs only were issued from the custody of the contractor for utilisation in the work during this period. The balance 49.229 MT of steel materials costing Rs.3.62 lakhs (calculated at the issue rate of Rs 4 900 per MT plus 50 *per cent* penal charges) were reported (June 1982) by the Assistant Engineer to have been missing from the custody of the contractor and the amount stood recoverable from him. The amount could not, however, be recovered from the contractor's pending claims, which were not sufficient for the purpose (August 1985).

Failure of the department to regulate the issue of materials to the contractors in accordance with bonafide requirements of work and to take timely penal action against the defaulting contractor has resulted in loss of Rs.3.62 lakhs.

Government stated (October 1985) that immediately on detection of loss, the division asked the contractor to deposit the amount and almost simultaneously lodged an FIR with the police against the contractor for misappropriation of Government property. It was also added that in the arbitration case initiated by the contractor, Government got an opportunity to prefer counter claims on account of the loss of the materials.

The fact, however, remains that failure of the department to regulate the issue of materials in accordance with actual requirement of work as per departmental rules and making a contractor unauthorisedly the custodian of the large quantities of materials issued to him in advance has resulted in loss of Rs.3.62 lakhs to Government.

PUBLIC WORKS (CONSTRUCTION BOARD) DEPARTMENT**4.8. Avoidable expenditure on staff**

Mention was made in paragraph 55 of the Report of the Comptroller and Auditor General of India for the year 1974-75 (Civil) about retention of staff of the Accounts Section in a Division (Rehabilitation) when there was no work-load in the absence of direct execution of works, involving avoidable expenditure of Rs.1.06 lakhs (up to February 1976). In their reply furnished to the Public Accounts Committee, Government had stated that the Division was essentially meant for planning and surveying of the works of other Divisions of the Directorate, and that the services of the staff of the Accounts Section (one Divisional Accountant, two Senior Accounts Clerks and four Accounts Clerks were being utilised for settlement of pending Audit objections relating to Bangladesh Evacuees through co-ordination between the Construction Board Directorate and the Relief and Rehabilitation Department. The Audit objections relating to Bangladesh Evacuees pending since May 1978, however, comprised only four Inspection Reports with eight paragraphs, which hardly justified retention of the whole Accounts Section.

A review conducted by Audit (April 1985) revealed that the Division had been entrusted only with some work of planning and surveying of works of other Divisions, and the staff of the Accounts Section, comprising one Divisional Accountant, two Senior Accounts Clerks, two Accounts Clerks and one peon had been retained without any work-load justifying their retention. The expenditure on pay and allowances of the staff of the Accounts Section incurred during the last five years (1980-81 to 1984-85) was Rs.2.53 lakhs.

In May 1985, Government decided to withdraw the Divisional Accountant and two Senior Accounts Clerks from the Division and further stated that a proposal for reorganisation of the Rehabilitation Division as a Design Division (non-working) without Accounts Section was under consideration. Delay in taking a decision to wind up the Accounts Section has resulted in an avoidable expenditure of about Rs.50,000 per annum (on the average) to Government.

Government replied (November 1985) on the same lines as they did to the Public Accounts Committee earlier.

AGRICULTURE DEPARTMENT

4.9. Nugatory expenditure

The Block Development Officer (BDO) of Simlapal block in Bankura district had submitted a proposal to the District Magistrate in the year 1977 for obtaining Government sanction for installation of a River Lift Irrigation Scheme, on the river Jayapanda with command area of 150 acres. Simultaneously, the BDO of another adjacent block Khatra submitted a similar proposal for a Lift Irrigation Scheme on the river 'Silabati' with an equal command area. In March 1978, Government sanctioned the scheme for Simlapal block at an estimated cost of Rs.2.37 lakhs showing, however, inadvertently "Silabati" as the source of irrigation instead of "Jayapanda".

On the basis of the name of the irrigating river (Silabati) mentioned in the Government order, the pumping sets were procured for Khatra block and installed on 17th November 1978 at a cost of Rs.1.45 lakhs (cost of pump sets Rs.0.83 lakh, cost of construction of pump house Rs.0.02 lakh and water transmission arrangements Rs.0.60 lakh). The mistake in the location of the scheme was detected soon after installation of the pumping sets at Silabati river and the Chief Engineer, Agriculture, moved Government in January 1979 for issue of a corrigendum to the Government sanction in order to shift the scheme on the Jayapanda river. The shifting could not be proceeded with on the orders of the High Court on a petition filed by the local people. The Divisional Officer stated (December 1983) that the scheme remained inoperative since its installation.

Due to mistake in Government sanction, capital expenditure of Rs.1.45 lakhs incurred on the scheme 7 years ago remained unfruitful besides the possibility of pumping sets and other installations deteriorating in the meantime.

Government stated (December 1985) that they were taking appropriate action to settle the matter as per direction of the court on the basis of representations made by the petitioners of the locality and a proposal for installation of a second RLI at Chakrasole under Simlapal block (River Jayapanda) was under consideration of Government in order to meet the grievances of the aggrieved parties.

HEALTH AND FAMILY WELFARE DEPARTMENT

4.10. Avoidable expenditure on procurement of bitumen

The Indian Oil Corporation Ltd (IOC) is the approved DGS & D rate contract holder for supply of bitumen required for road maintenance works and the requirement of bitumen for public works divisions is obtained from this source.

In deviation from this requirement and without ascertaining the availability of stock from the nearest depot (Haldia) of IOC, the Superintending Engineer (SE), Asansol Circle, placed an order for purchase of 75 tonnes of packed bitumen grade 80/100 conforming to IS-73 or other approved cutback, including cost of carriage, on a private trading firm (Calcutta) on 21st March 1984 at the rate of Rs.5900 per tonne, after inviting quotations, for the annual maintenance work of the road at Kalyaneswari township programmed for the next year (1984-85). Against this order, supply of 78.185 tonnes of packed bitumen at a cost of Rs.4.61 lakhs was obtained on 30th March 1984. The stock was issued to work in November 1984, i.e., after 7½ months of receipt in the division. The ruling rate of IOC for the item, including taxes and carriage cost (at departmental schedule of rates from IOC godown to the worksite godown) in March 1984 was Rs.3,105 only per tonne.

The procurement thus led to an avoidable expenditure of Rs.2.19 lakhs to the Government.

Similarly, in March 1985 also this division purchased 31.365 tonnes of bitumen costing Rs.2.07 lakhs from another private agency at the rate of Rs.6,600 per tonne (including carriage cost) for road maintenance works, without any attempt to procure the item from the approved supplier (IOC). The ruling rate of IOC in March 1985 was also Rs.3105 per tonne including taxes and carriage cost; and the extra expenditure involved in this purchase worked out to Rs.1.10 lakhs.

Against the supply of 31.365 tonnes of bitumen received in March 1985, only 4 tonnes were utilised in work in November 1985.

The matter was reported to Government in June 1985; reply was awaited (May 1986).

4.11. Extra expenditure|short recovery

The work order of the work "construction of one RCC elevated reservoir of 4,54,000 litres capacity with staging height of 40 feet including pipe connection" under Jumgram Panuria water supply

scheme was issued by the Superintending Engineer, Burdwan Circle, to a contractor on 8th September 1980 at the tendered value of Rs.3.95 lakhs (8.2 *per cent* less than the estimated value of Rs.4.31 lakhs) for completion by 7th September 1981.

Delay in delivery of some of the requisite materials by the Department had retarded progress of work. The contractor made negligible progress after completion of raft foundation in June 1981. In spite of the poor performance, time for completion of the work was extended (August 1982) by the Department up to 31st October 1982.

The contractor completed twelve base columns by 4th February 1982. It was detected in May 1982 that concrete work in base columns was not executed according to specifications. The testing of samples by the Director, Inspection (Met), Director General of Supplies and Disposals, Burnpur, also disclosed poor crushing strength of concrete.

The sub-standard work was dismantled (December 1982) by the contractor and was subsequently reconstructed by another agency at a cost of Rs.0.13 lakh. The original contractor in his letter of 28th December 1982 had requested for further issue of materials for completion of work as he had lost the materials issued earlier. Further materials were not issued to him and contractor stopped further work. The tender was terminated in April 1984, with penalty under clause 3(a) of the tender, 1½ years after the extended date of completion.

The left over work was then entrusted to a separate agency in September 1984 at the tendered value of Rs.5.31 lakhs (4.99 *per cent* above the estimated value of Rs.5.06).

Thus, non-issue of requisite materials in time and abnormal delay in termination of original contract resulted in extra expenditure of Rs.1.85 lakhs.

Besides, Rs.1.50 lakhs representing value of materials issued to the original contractor but not consumed in the works and Rs.0.13 lakh being cost of reconstruction of defective work by other agency stood recoverable from him. Records of the Division did not disclose steps taken by the Department for recovery of the amount.

The matter was reported to Government in June 1985; reply was awaited (May 1986).

GENERAL

4.12. Review of works expenditure

(a) *Expenditure incurred without estimates|in excess over estimates*

Under the Financial Rules of the State Government no work can be commenced or liabilities incurred until a detailed estimate is sanctioned. In case the expenditure is likely to exceed the sanctioned estimate by more than 5 per cent, a revised estimate is to be sanctioned. Expenditure on each of the following works was incurred either without sanctioned estimates or revised estimates.

Department	Expenditure incurred without sanctioned estimates		Expenditure incurred on works in excess of sanctioned estimate by more than 5 per cent		
		Expenditure up to March 1985	No. of works	Total amount of sanctioned estimates	Excess expenditure up to March 1985
(1)	(2)	(3)	(4)	(5)	(6)
		(Rupees in crores)		(Rupees in crores)	
Irrigation and Waterways	614	255.06	24	6.73	5.46
Public Works (Roads) ..	150	44.80	5	0.81	0.73
Public Works ..	134	39.61	1	0.91	0.20
Public Health Engineering	28	32.88	9	1.56	1.48
Metropolitan Development	33	14.17	..	..	..
Housing	18	7.57	..	..	..
Agriculture	31	3.70	..	..	..
Public Works (Construction Board)	12	2.29	..	..	..
Total ..	1,020	400.08	39	10.01	7.87

Particulars of 25 works costing rupees one crore and above each, which were taken up without sanctioned estimates, are shown in Appendix 4.1,

(b) Vouchers not furnished

Vouchers for Rs.595.52 lakhs were not furnished to Audit up to the year 1984-85. Department-wise and year-wise analysis of the wanting vouchers as on 31st March 1985 are given below :

(i) Department-wise analysis

Department						Number of items	Amount (Rupees in lakhs)
Agriculture	--	..	..	..	..	3851	309.75
Irrigation and Waterways	..	..	--	..	..	435	167.80
Public Works	--	..	..	..	..	307	34.92
Public Works (Construction Board)	..	--	..	..	..	181	34.49
Public Works (Roads)	..	..	..	..	..	44	23.80
Metropolitan Development	..	..	..	..	..	18	11.71
Health and Family Welfare	..	..	..	..	..	37	8.10
Development and Planning (Town and Country Planning)	..	..	..	..	..	11	2.39
Housing	--	--	--	--	..	14	1.91
Home (Transport)	--	--	--	--	..	1	0.65
Total						4,899	595.52

(ii) Year-wise analysis

Year				Number of item	Amount (Rupees in lakhs)
Up to 1980-81	--	..	--	4576	559.28
1981-82	--	--	--	93	14.15
1982-83	..	..	--	104	5.78
1983-84	..	..	..	101	10.89
1984-85	--	--	--	25	5.42
Total				4899	595.52

4.13. Outstanding inspection reports

Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the Heads of offices and to the next higher

departmental authorities through audit inspection reports. The more important irregularities are reported to the Heads of Departments and Government. Government have prescribed that first replies to inspection reports should be sent by the Heads of offices to the respective Heads of Departments within three weeks from the date of receipt of the inspection reports. They are required to transmit the explanations along with their comments to the Accountant General within two months from the date of receipt of the explanations from their subordinate officers.

At the end of September 1985, 2,508 number of inspection reports issued up to March 1985 contained 18,288 paragraphs not settled as shown below with corresponding figures for the earlier two years :

	Position of outstandings at the end of September		
	1983	1984	
Number of inspection reports issued up to March preceding	2,099	2,307	2,508
Number of paragraphs	14,365	15,816	18,288

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

						Number of inspection reports	Number of paragraphs
Up to 1980-81	-	-	..	..	..	1,826	11,029
1981-82	-	-	..	..	..	91	739
1982-83	..	..	..	..	..	182	1,696
1983-84	-	-	..	..	..	208	2,352
1984-85	-	-	..	..	..	201	2,472
Total	..	..	..	..	..	2,508	18,288

A scrutiny of the position of outstanding inspection reports relating to Agriculture (Engineering wing) and Public Works (Construction Board) Department revealed that 465 number of inspection reports involving 3,401 paragraphs issued up to March

1985 had not been settled till the end of September 1985 as detailed below :

Year to which outstanding paras relate	Number of inspection reports		Number of paras not settled	
	Agriculture	PWD(CB)	Agriculture	PWD(CB)
Up to 1971-72	8	84	35	155
1972-73 ..	10	14	72	14
1973-74 ..	13	16	74	16
1974-75 ..	11	13	39	104
1975-76 ..	13	15	84	46
1976-77 ..	17	14	82	100
1977-78 ..	5	17	15	212
1978-79 ..	16	14	32	183
1979-80 ..	28	12	306	109
1980-81 ..	12	13	129	172
1981-82 ..	10	16	10	222
1982-83 ..	15	16	146	223
1983-84 ..	17	14	185	238
1984-85 ..	15	17	135	263
Total	190	275	1,344	2,057

An analysis of 117 inspection reports pertaining to the period from 1965-66 to 1984-85 (about 25 per cent of 465 inspection reports) relating to these departments revealed that 162 pending paragraphs related to the categories detailed below :

Nature of irregularities	Number of cases in which the irregularities noticed		Money value (Rupees in lakhs)
	Agriculture	PWD(CB)	
1. Expenditure incurred without sanction of Government/ Administrative approval.	10	4	142.24
2. Infructuous/avoidable/irregular expenditure ..	15	16	447.2
3. Extra expenditure due to non-acceptance of lowest tender and non-observance of other conditions of contract.	4	9	14.79
4. Withdrawal of Government money to avoid lapse of Budget Grant/blocking of Government money	3	8	25.74
5. Non-disposal of unserviceable articles lying in stores	5	33	90.30
6. Shortages/losses not recovered /written off ...	3	37	22.96
7. Non-recovery of dues from the contractors/suppliers/ employees	9	6	7.73
Total	49	113	751.04

These irregularities have persisted even after having been pointed out in successive inspection reports. The possibility of loss of Government money, fraud, misappropriation, etc., cannot be ruled out unless appropriate action is taken promptly in settling the outstanding paragraphs.

The matter was reported to Government in November 1985; reply was awaited (May 1986).

CHAPTER V

STORES AND STOCK

5.1. Stores and stock accounts

(i) *Home (Police) Department*

SHORTAGE OF RATION STORE

On test-check (May 1983) of Stock registers, Sales register, Committee register for receipt of Stores purchased on tender basis, etc. for the period from May 1982 to April 1983 pertaining to Police Ration Stores (Sadar) in the Office of the Superintendent of Police (SP), Darjeeling, shortages of stores of moongdal (91.92 quintal), mustard oil (25.05 quintal), rice (282.01 quintal) and wheat (267.90 quintal) valued at Rs.2.01 lakhs were noticed. Further, moongdal (89.90 quintals), musur dal (20.80 quintals), mustard oil (31.04 quintals), rice (130 quintals), wheat (130 quintals) and sugar (179 quintals), valued at Rs.2.66 lakhs purchased (between September 1982 and April 1983) as per the Committee register were not accounted for in the Stock register, Stock balances were not physically verified during the period April 1973 to March 1984. Besides, a physical verification of stores for the period from 1973 to August 1984, conducted by the Deputy Superintendent of Police, Home Guard, Darjeeling, in August 1984 revealed shortages of stores valued at Rs.4.61 lakhs as below :

Name of Commodity						Shortage (in quintal)	Value (Rupees in lakhs)
Mustard Oil	..	..	..	..	..	206	3.29
Sugar	..	..	..	..	..	165	0.91
Wheat	..	..	..	..	..	206	0.41
Total						..	4.61

This was reported by the Deputy Superintendent of Police (Headquarters), Darjeeling, to Darjeeling Sadar Police Station in October 1984 and it was stated by the Superintendent of Police, Darjeeling, that a criminal case had been instituted against one Sub-Inspector who was Officer-in-Charge of the Ration Store and one Lower Division Clerk who was the Ration Clerk. Further developments are awaited (February 1986).

The matter was reported to Government in July 1984; reply was awaited (May 1986).

(ii) *Irrigation and Waterways Department*1. *Introduction*

Of the different divisions under Irrigation and Waterways Department which maintain Stock accounts, besides Teesta Barrage Project divisions, the major stock holding units were two divisions, viz. Canals division and Lower Damodar Irrigation division. A review of Stores and Stock of Teesta Barrage Project division was conducted in 1983 [included in the Audit Report (Civil), 1982-83]. The present review covers the stores and stock account of the two divisions mentioned above with particular reference to the procurement, stocking etc., of building materials like cement, steel etc., which constitute the majority of transactions under this head. Apart from these divisions' own requirement of materials like cement, steel etc., for the execution of works allotted to it, Canals division procured some quantities of cement and steel materials to meet requirement of other divisions. The other divisions, which do not maintain stock accounts, charge the cost of stores direct to "Works" for which site accounts are maintained.

(2) *Reserve limit of Stock*

The value of stock held by two Divisions at the end of March 1985 against sanctioned limit is indicated below :

Name of Division	Value of stock to the end of March 1985	Sanctioned reserve limit
(Rupees in lakhs)		
(a) Lower Damodar Irrigation Division	141.82	4.50
(b) Canals Division	236.93	4.50

The value of stock held was far in excess of the sanctioned stock limit and would indicate that stock limits of Divisions were not reviewed periodically and refixed commensurate with actual requirements.

(3) Receipts and issue of stores

Position of procurement and consumption of cement, steel and sheet piles by Lower Damodar Irrigation Division and Canals Division during the period 1981-82 to 1984-85 is shown below :

(a) Lower Damodar Irrigation Division

Descriptions of materials				Receipts		Consumption	
				Quantity	Value	Quantity	Value
				Metric ton	Rupees in lakhs	Metric ton	Rupees in lakhs
Cement	..	..	..	3616.20	25.16	2214.95	16.79
Steel	..	..	..	626.890	28.21	162.8299	8.60

(b) Canals Division

				Metric ton	Rupees in lakhs	Metric ton	Rupees in lakhs
Cement	..	..	..	13098.80	90.92	11830.42	85.38
Steel	..	..	..	795.210	37.57	537.256	16.55
Sheet piles	..	..	..	1169.226	29.91	309.400 ¹	8.74

The above particulars indicate that materials were procured much in excess of actual requirements specially in respect of steel materials procured by Lower Damodar Irrigation Division and Sheet piles by Canals Division.

Bulk procurement of steel materials valuing Rs.20.19 lakhs was made by the Executive Engineer, Lower Damodar Irrigation Division during 1981-82, mainly for execution of Behula Basin Drainage and Meta and Mara Meta Basin Drainage Schemes. These schemes were only at the proposal stage during February 1981; while Meta and Mara Meta Basin Drainage Scheme was taken up for execution in February 1986, Behula Basin Drainage Scheme is yet to be taken up (May 1986). Thus, the avoidable advance procurement of materials resulted in blocking up of Government funds.

(4) Avoidable expenditure due to delay in receipt of materials

An order for supply of 1,000 metric tons of Z type sheet piles was placed on a firm by Canals Division in May 1980 for immediate supply, with an interest free advance payment of Rs.31.06 lakhs.

But the suppliers could not complete the supply as per work order by August 1981, when only 621 metric tons of sheet piles were supplied. The suppliers claimed extra payment (for supplies beyond August 1981) of Rs.3.44 lakhs due to increase in prices in the meantime and that amount was paid in advance in November 1981. The actual supplies of the most of the balance quantity was made in September 1982 and January 1983.

Though the agreement had provided for payment on the rates prevailing on the dates of despatch, the extra expenditure could have been avoided if the supplier had been effectively and regularly reminded for early delivery. It was also unusual to provide for escalation when the entire money was paid in as interest free advance.

(5) Materials lying in stock without utilisation

(a) 6.780 metric tons of $\frac{1}{4}$ " dia MS round (valued at Rs.0.35 lakh) procured by Canals Division in the month of December 1970, had not been consumed in works in time, and due to long storage, the materials were subsequently declared unserviceable in January 1977. These unserviceable materials were lying in the stock of Canals Division without disposal (November 1985).

(b) The following steel materials were lying in stock (November 1985) without utilisation in the Canals Division.

Sl. No.	Item of stock materials	Quantity	Value	Year from which lying in Stock
		Metric ton	Rupees in lakh	
1.	Steel plate	63.496	3.81	Prior to 1981-82
2.	150" x 76" Channel	15.901	1.02	Prior to 1972-73
3.	R. S. Joists	12.939	0.39	Prior to 1972-73
4.	6 $\frac{1}{4}$ " x 2 $\frac{1}{4}$ " Clutch bar	40.438	1.21	Prior to 1972-73
5.	Sheet piles (Larson type)	1.778	0.11	Since 1971-72
6.	M. S. Flat	2.116	0.06	Since 1970-71
			<hr/>	
			6.60	

(c) 93 ton 10 cwt 3qr 1lb of steel materials of different categories (valued at Rs.0.83 lakh) and one unserviceable road roller (valued at Rs.0.68 lakh) were received by Lower Damodar Irrigation Division in the year 1964 from DVC authority at the time of transfer of work of Barrage and Irrigation to the Government of West Bengal by DVC authority. These materials had been lying in stock of Lower Damodar Irrigation Division without utilisation and disposal. Superintending Engineer, Damodar Irrigation Circle, had reported to the Chief Engineer (II), Irrigation and Waterways Department, in December 1979 that there was hardly any scope to utilise the stores of DVC in near future. There was no record showing attempts made by the department to dispose of the materials; these were lying in stock (November 1985), even after more than 20 years.

(6) *Physical verification*

During physical verification of stores of Calcutta Canals Sub-division conducted in January 1977 the following quantities of different kinds of steel materials of the total value of Rs.2.70 lakhs were found short :

	MT
(i) Joists	.. 4.086
(ii) Sheet piles	.. 10.130
(iii) Clutch bar	.. 8.100
(iv) Channel	... 4.173
(v) Angle	.. 10.865
(vi) Flat	.. 2.582
(vii) Plates of different sizes	.. 2.582
(viii) G C I sheet	.. 3.019
(ix) M S round	.. 18.373

Value of stores found short were not adjusted in accounts by charging to Miscellaneous P W Advance as required under the rules pending investigation resulting in difference between value balance as per stock accounts and the same as per physical balance.

(7) Closing of stock accounts

Stock account of Lower Damodar Irrigation Division were not closed since 1976-77 and that of Canals Division since 1961-62. Consequently the financial balances at the end of March 1985 could not be reconciled by the Divisions with the value of actual balances of stock held by the Divisions at the end of March 1985.

(8) Extra expenditure

(a) An agreement was made with a contractor for carriage of 100 metric tons of steel materials from Kalyani to the godown at Champadanga at the rate of Rs.314 per metric ton in the year 1981-82, while as per schedule of rates the rate was only Rs.114.70 per metric ton. Thus, an extra expenditure of Rs.0.20 lakh was incurred.

(b) For carriage of 1,000 metric tons of steel materials from the suppliers stockyard, a carriage contractor was engaged, on the basis of competitive tender, by Lower Damodar Irrigation Division in 1981-82 with the stipulation to complete the work within 3 months from the date of work order. The work commenced on 20th May 1981. In the accepted schedule, the following three items were included on account of loading into truck and unloading at the destination.

Item No.	Description of item	Rate included in the tender Schedule Rupees (per Metric Ton)
i (a)	Loading into truck at the lifting point including detention and unloading at the destination/departmental stockyard	39.51
(b)	Extra rate for handling of MS rounds including binding to suit to truck load	18.24
	Arrangement for procurement of different dia MS rounds . .	150.00

In the Damodar Irrigation Circle's schedule of rates, the rate of Rs.8.10 per metric ton was provided on account of labour charges for loading into railway wagon|truck and unloading from railway wagon|truck. There was no such item as item No. 3 in the Schedule of rates referred to above. In the Schedule of rates for carriage of steel materials followed by a sister divisional office of the same directorate and even in revised schedule of Damodar Irrigation Circle effective from 15th June 1985, there was also no item providing for arrangement for procurement of different dia M S rounds.

The department had to incur an extra expenditure of Rs.2.03 lakhs for carriage of 1,018.28 metric tons of steel materials (up to 6th RA Bill).

(9) *Loss of Stores*

Nineteen metric tons of sheet piles valued at Rs.1.14 lakhs were stolen in August 1982 from Hastings stack-yard (in open space without any boundry wall). The value of stolen materials was not adjusted in the accounts. Consequently, value of stock as per financial accounts was at variance with value of physical balances.

(10) *Inter-divisional adjustment of value of materials*

In connection with transfer of materials by one division to another, debits were raised by the Divisions issuing materials against the Divisions getting supply of such stores through Cash Settlement Suspense Account. Total amounts of such debits raised up to March 1985 but outstanding against other Divisions are shown below :

Name of the originating Division	Total amount of debits outstanding against other Divisions (Rupees in lakhs)
1. Lower Damodar Irrigation Division	42.08
2. Canals Division	25.71
Total :	67.79

Due to non-acceptance of debits by the responding Divisions, stock materials valuing Rs.67.79 lakhs were not reflected in the stock

accounts of the Divisions receiving the materials. Such amounts were outstanding against the general suspense accounts of Government and consequently expenditure of Government stood understated to the extent of Rs.67.79 lakhs up to the end of 1984-85.

The matter was reported to Government in December 1985; reply was awaited (May 1986).

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1. General

(a) (i) Grants

During 1984-85, Rs.172.28 crores were paid as grants to local bodies (Rs.88.88 crores), private institutions and individuals (Rs.82.58 crores) and co-operative institutions (Rs.0.82 crore) which formed 8 *per cent* of Government's total expenditure on revenue account.

The grants were paid mainly for maintenance of educational institutions, hospitals and charitable institutions, construction and maintenance of school and hospital buildings, improvement of roads and communications under municipalities and local bodies and development of co-operative societies as under :

		Building grants	Maintenance grants	Other grants	Total grants
(Rupees in crores)					
Local Bodies					
Recurring	..	..	32.39	15.00	47.39
Non-recurring	..	2.01	..	39.48	41.49
Co-operative Institutions					
Recurring	..	..	0.82	..	0.82
Non-recurring	..	..	..	..	..
Others					
Recurring	..	..	73.17	0.02	73.19
Non-recurring	..	4.14	1.17	4.08	9.39
Total	..	6.15	107.55	58.58	172.28

(ii) Utilisation certificates of grants

Departmental officers sanctioning grants are required to certify to Audit proper utilisation of the grants. Utilisation certificates for grants aggregating Rs.119.99 crores were received during 1984-85;

those for Rs.186.67 crores (in 10,750 cases) paid as grants up to March 1984 have not been received despite repeated reminders (September 1985). The departmentwise details are given in Appendix 6.1. Of these, 7,039 certificates for Rs.111.47 crores were pending for more than three years.

Utilisation certificates of over Rs.25 lakhs were outstanding for more than three years against each of the departments mentioned below :

Department					Number of certificates	Amount (Rupees in lakhs)
Education	..	..	..	..	5,452	6319.01
Agriculture	..	..	..	..	544	2838.64
Commerce and Industries	..	..	..	..	128	560.06
Cottage and Small Scale Industries	..	..	..	..	85	494.24
Relief and Welfare	..	..	..	..	289	368.62
Fisheries	..	..	..	..	41	159.03
Co-operation	..	..	..	..	174	158.88
Finance	..	..	..	..	55	48.82
Health and Family Welfare	..	..	..	..	139	38.89
Animal Husbandry and Veterinary Services	..	..	..	..	15	38.35
Refugee Relief and Rehabilitation	..	..	..	..	30	32.17
Public Works (Roads)	..	..	..	..	2	31.50

(b) Utilisation certificates of loans and advances

Out of 1,040 utilisation certificates (Rs.43.16 crores) due to be received by Audit for loans given by Government up to 31st March 1984, 46 certificates (Rs.8.49 crores) were received leaving 994 certificates (Rs.34.67 crores) to be received (March 1986)

Departmentwise break up of wanting utilisation certificates is given below :

Department	Number of outstanding utilisation certificates	Amount (Rupees in lakhs)	Year to which the earliest outstanding certificates relate
Co-operation	411	1912.71	1960-61
Cottage and Small Scale Industries ..	385	909.22	1957-58
Development and Planning	30	332.17	1980-81
Local Government and Urban Development	17	186.00	1981-82
Panchayats and Community Development	125	64.06	1968-69
Health and Family Welfare	3	30.00	1983-84
Animal Husbandry and Veterinary Services	8	18.20	1975-76
Fisheries	15	14.58	1975-76
Total ..	994	3466.94	

In the absence of these certificates it is not possible to state that the recipients had spent the grants and loans for the purpose or purposes for which these were given.

(C) According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 the accounts of bodies and authorities substantially financed by grants or loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General of India. For this purpose, a body or an authority is deemed to have been substantially financed in a year if the total amount of grants and loans received by it during the year, including the unutilised balance, if any, of grants and loans of the previous year(s) is not less than Rs.5 lakhs (Rs.25 lakhs from the 1983-84 accounts) and is also not less than 75 *per cent* of the total expenditure of the body or authority in that year. As in the previous years, for identification of such bodies and authorities, all administrative departments of the State Government were requested in April 1985, to furnish information about grants and loans given by them and their subordinate offices to the bodies and authorities during 1984-85 and the total expenditure for the year of such bodies and authorities. This requirement of

Audit was also brought to the notice of the Finance Department with the request for making available the relevant information for the previous years from the defaulting departments or offices as well. However, no information for 1984-85 was received (April 1986) from several departments, important among them being the Departments of Education, Health and Family Welfare, Agriculture, Panchayats and Community Development, Relief and Welfare (Welfare Branch), Cottage and Small Scale Industries, Commerce and Industries (except Planning Branch), etc., which normally release large grants or loans. Of these, the Department of Agriculture (except its Planning Cell), did not furnish similar information from 1982-83. the Department of Education from 1978-79, the Department of Relief and Welfare (Welfare Branch) from 1977-78, the Departments of Cottage and Small Scale Industries (except Industrial Co-operative Cell) and Panchayats and Community Development from 1983-84 and the Department of Health and Family Welfare since 1971-72.

Important points noticed during audit conducted under Section 14 and Section 19(3)|20(1) and scrutiny made under Section 15 of the Act *ibid* are mentioned in the succeeding paragraphs,

EDUCATION DEPARTMENT

6.2. Jadavpur University

6.2.1. Jadavpur University was established in terms of the provisions of the Jadavpur University Act, 1955. The main object of the University as envisaged in the Act is to provide for teaching, training and instruction in all branches of engineering, technology, humanities and science and to make provision for research and for the advancement and dissemination of knowledge. The points noticed in the course of a general review conducted by audit during 1984-85 of the activities of the University are given in the succeeding paragraphs.

6.2.2. Finance, Accounts and Audit

The University is mainly financed by grants from the State Government and the University grants Commission (UGC). A summary of the receipts and payments of the University for the years 1974-75 to 1978-79 as ascertained from the annual accounts is given below :

Receipts	1974-75	1975-76	1976-77	1977-78	1978-79
	(Rupees in lakhs)				
1. Opening balance ..	(-)8.79	(-)3.50	26.32	64.08	85.84
2. Grants from State Government					
(a) Revenue ..	160.73	202.49	206.91	231.99	246.71
(b) Capital ..	3.96	8.75	4.13	3.23	8.05
3. Grants from UGC					
(a) Revenue ..	5.01	8.75	5.22	9.83	7.33
(b) Capital ..	23.63	13.79	56.94	54.97	59.25
4. Own income ..	14.01	16.90	18.35	16.50	17.15
5. Loans and Advances	19.28	11.55	14.11	22.85	15.18
6. Deposit and suspense	31.98	40.64	64.87	50.12	66.55
Total ..	249.81	299.37	396.85	453.57	506.06
Payments	1974-75	1975-76	1976-77	1977-78	1978-79
	(Rupees in lakhs)				
1. Revenue account ..	172.13	193.96	220.83	227.97	274.80
2. Capital account ..	22.65	22.60	32.63	58.76	90.63
3. Loans and Advance	22.67	15.39	16.40	28.53	14.01
4. Deposit and suspense	35.86	41.10	62.91	52.47	50.84
5. Closing balance ..	(-)3.50	26.32	64.08	85.84	75.78
Total ..	249.81	299.37	396.85	453.57	506.06

The accounts of the University are audited by the Examiner of Local Accounts, West Bengal and copies of the audited accounts together with reports thereon are submitted to the State Government.

6.2.3. *Arrears in compilation of accounts*

The Act requires that as soon as may be after the close of a year the accounts for that year shall be audited and the University shall consider the audited accounts at a meeting and take such action thereon as it thinks fit. The fact of arrears in compilation of accounts of the University was commented upon in the Report of the Comptroller and Auditor General of India (Civil) for the year 1977-78. It was, however, noticed that the University had so far compiled and produced before audit the accounts up to the year 1978-79 only while reports on the accounts for the years 1968-69 to 1975-76 issued between September 1974 and April 1984 had not yet been considered by the University (January 1986).

6.2.4. *Cash balance not reconciled*

(i) The University maintains six bank accounts with different banks and a Personal Ledger account with the Reserve Bank of India at Calcutta. The position (September 1985) of reconciliation of balances as per bank statements/pass book with corresponding cash book balances is indicated below :

Reference to bank account	..	..	..	Period up to which reconciliation of balance as per bank statement/pass book done
State Bank of India, Jadavpur Branch (Account No. I)	..			March 1975
State Bank of India, Jadavpur Branch (Account No. II)	..			March 1976
National and Grindlays Bank (Calcutta Head Office Branch)				March 1975
National and Grindlays Bank (Jadavpur Branch)	..			March 1974
National and Grindlays Bank (Letter of credit accounts)	..			March 1974
Central Bank of India (Jadavpur Branch)	..	..		Reconciliation not taken up since opening of the account in 1976-77
Personal Ledger account with Reserve Bank of India, Calcutta				No reconciliation done since 1970 as the pass book is stated to have been lost.

It would be seen from the above table that work of reconciliation of cash balance with bank statement/pass book is in arrears for ten years or more. The matter having been pointed out by audit, Government impressed upon the University authorities (February 1985) the necessity of taking effective measures in this regard but no tangible progress in clearance of arrears of bank reconciliation had been made so far (January 1986).

(ii) The bulk of the transactions relating to the University fund passes through the bank account maintained with the State Bank of India, Jadavpur Branch (Account No. I). The position of the difference in the balances as per bank statement and cash book in respect of the above account as on 31st March 1975 (up to which reconciliation had so far been done) was as under :

Sl. No.	Particulars	Amount (Rupees in lakhs)
1.	Cheques issued during 1963-64 to 1973-74 but not appearing in bank statement	3.07
2.	Credits in cashbook during 1967-68 to 1973-74 not appearing in bank statement	1.20
3.	Credits in bank statement not appearing in cash book during 1965-66 to 1973-74	3.85
4.	Debits in bank statement during 1964-65 to 1974-75 not appearing in Cash book	5.98

Delay in clearance of differences, particularly, in respect of items 2 and 4, could result in non-detection of misappropriation and loss of funds due to lack of adequate financial control.

6.2.5. *Excess drawal of maintenance grant*

Income of the University from its own sources being quite insufficient for maintenance expenses, the University is mainly dependent on grants from the State Government and partly on financial assistance from UGC for meeting the deficit. Provision for funds to be received from Government and UGC to meet the deficit under the revenue account are accordingly made in the annual budget estimates of the University on the basis of which maintenance grants are released by Government from time to time. A scrutiny of the actual revenue income and expenditure of the University as per final accounts for the years 1978-79 and 1979-80 and preliminary accounts for the years 1980-81 to 1983-84 vis-a-vis the grants received from

Government and UGC revealed that the University had been paid maintenance grants of Rs.156.07 lakhs in excess of its requirement during the period 1978-79 to 1983-84, as shown in the table below :

Year		Income from fees and other sources	Total revenue expenditure	Deficit	Grants received for meeting the deficit			Excess drawal of main-tenance grant
					From Govern-ment	From UGC	Total	
(Rupees in lakhs)								
1978-79	..	15.87	285.58	269.71	247.84	24.32	272.16	2.45
1979-80	..	14.23	361.83	347.60	303.32	41.38	344.76	(—)2.84
1980-81	..	30.27	376.75	346.48	324.48	30.02	354.50	8.02
1981-82	..	22.62	438.84	416.22	386.35	40.42	426.77	10.55
1982-83	..	22.31	481.83	459.52	487.85	47.43	535.28	75.76
1983-84	..	24.08	553.47	528.39	549.70	40.82	590.52	62.13
Total								156.07

After adjustment of the accumulated deficit of Rs.47.18 lakhs up to the end of 1977-78; the net excess drawal of maintenance grants during the period 1978-79 to 1983-84 stood at Rs.108.89 lakhs. Inflated provision of expenditure in the budget estimates and non-inclusion of the surplus of the previous years therein due to chronic delay in finalisation of accounts were the main reasons for such excess drawal of maintenance grants.

6.2.6. Academic programmes

(i) The University offers post-graduate and under-graduate courses of 2 to 5 years' duration in its three faculties of Engineering and Technology, Science and Arts. The average teacher-student ratio during 1982-83 in the Faculty of Engineering and Technology was 1 : 8 while such ratio in the faculties of Science and Arts was 1 : 5 and 1 : 13 respectively. The University had not so far (September 1985) fixed any norm of teacher-student ratio for different disciplines.

The main academic thrust of the University is in the field of engineering and technology. The University offers 12 under-graduate courses in its Faculty of Engineering and Technology of which 10 are of 4 years and the remaining 2 (Food Technology and Instrumentation and Electronics) of 3 years duration. The average

number of students admitted to these courses vis-a-vis the intake capacity of the courses during the period 1980-81 to 1983-84 and the average roll strength of students continuing the courses in the succeeding years of duration of the courses are shown hereunder.

Name of the course	Intake capacity	Period 1980-81 to 1983-84				
		Average number of students admitted to the first year of the course	Average number of students on rolls in succeeding year of the course			
			2nd year	3rd year	4th year	
Mechanical	90	90	84	82	82	
Electrical	90	98	82	81	80	
Civil	90	97	74	74	74	
Chemical	60	54	36	37	36	
Metallurgical ..	15	18	13	13	13	
Production	20	21	18	17	17	
Electronics and Tele-communications	35	36	30	30	30	
Architecture ..	15	22	18	18	18	
Computer Science ..	30	30	30	26	26	
Pharmacy	60	58	30	29	29	
Food Technology ..	15	14	12	11	..	
Instrumentation and Electronics	20	22	22	22	..	
Total	540	560	449	..	..

It would be seen from the above table that while the total intake capacity of 540 in the under-graduate courses of the faculty was more or less fully utilised every year by admitting fresh batch of students, about 111 (20 per cent) on an average dropped out by the end of the first year and seats continued to remain vacant for the remaining years of duration of the courses.

Similarly, information available for the year 1975-76 to 1977-78 indicated that as against the annual intake capacity of 152 in nine different branches of post-graduate engineering courses of two years' duration, the number of students admitted on an average per year

was 133 of which 49 discontinued their studies after the first year, as indicated in the table below :

Name of the course			Intake capacity	Period : 1975-76 to 1977-78	
				Average number of students admitted in the first year of the course	Average number of students on rolls in the second and final year of the course
Mechanical	..	..	20	19	10
Electrical ..	..	..	20	21	11
Civil ..	..	..	20	15	11
Chemical ..	..	..	20	20	9
Electronics and Tele-communica- tions			20	21	15
Architecture	..	..	15	4	1
Metallurgy	..	..	15	8	4
Food and Biotechnology		..	6	4	3
Pharmacy	..	..	16	21	20
Total	..		152	133	84

The incidence of annual drop-out in post graduate engineering courses, as indicated above, thus worked out to 37 per cent of those admitted during the years 1975-76 to 1977-78.

Irrespective of the number of drop-outs in a particular year, the University is committed to a fixed expenditure based on the total capacity of that course. The large number of drop-outs, as brought out in the foregoing analysis, therefore, renders infructuous a sizeable proportion of the fixed expenditure. The University stated (January 1986) that the drop-outs were mainly due to switching over by the students to medical and other courses of study. Remedial measures taken to arrest the rate of drop-outs have not been intimated (March 1986).

(ii) The University had a total sanctioned strength of 644 teaching posts, of which 113 were vacant as on 31st January 1984. Faculty-wise position of sanctioned strength of teachers and number of posts remaining vacant on the above date were as under :

Faculty	Sanctioned strength				Number of Posts remaining vacant			
	Professor	Reader	Lecturer	Total	Professor	Reader	Lecturer	Total
Engineering and Technology	109	108	105	322	15	20	36	71
Science	39	88	41	168	1	4	12	17
Arts	34	63	57	154	6	6	13	25
Total	182	259	203	644	22	30	61	113

The percentage of vacant posts was highest in the Faculty of Engineering and Technology (22 *per cent*) while such percentage in the Faculties of Science and Arts were 10 and 16 respectively. The University stated (January 1986) that the vacant posts could not be filled up due to non-availability of teachers with prescribed qualifications.

(iii) UGC allocated Rs.64.58 lakhs during the Fifth Plan for purchase of equipment for teaching departments, visiting faculties, seminars and research fellowships and released Rs.33.63 lakhs up to December 1982 for the above purposes. The balance amount of allocation amounting to Rs.30.95 lakhs lapsed owing to non-submission of proposals|claims with progress reports of expenditure by the University.

6.2.7. Service and Instrumentation Centre

UGC approved (January 1976) the establishment of a Service and Instrumentation Centre by the University during the Fifth Plan period for centralised maintenance and optimum utilisation of costly and sophisticated instruments of interdisciplinary nature and sanctioned the following staff and financial assistance for the purpose.

- (i) Staff 14 comprising one Principal Scientific Officer, one Junior Scientific Officer and 12 technicians
- (ii) Construction of building for the Centre Rs. 6.00 lakhs
- (iii) Purchase of equipment .. Rs. 23.50 lakhs

The University filled up the post of Principal Scientific Officer and Junior Scientific Officer in 1983-84 and purchased equipment for the centre by utilising the entire equipment grant of Rs.23.50 lakhs

between 1979-80 and 1980-81, but construction of the building had not been started (September 1985) due to delay in finalisation of plans and estimates. The remaining 12 posts of technicians could not be filled up (September 1985) in the absence of concurrence of the State Government. The Centre was thus not operational for want of space and adequate manpower. Equipment already purchased for the centre remained unutilised.

In various other departments of the University, 40 items of sophisticated instruments of an aggregate value of Rs.28.5 lakhs (each costing between Rs.0.15 lakh and Rs.9 lakhs) had been lying idle for years together for want of proper maintenance and repairs. Non-functioning of the centre so far (January 1986) had thus stood in the way of optimum utilisation of limited resources at the disposal of the University.

6.2.8. *Construction Activities*

(i) An allocation of Rs.11 lakhs sanctioned by UGC during the Fourth Plan for construction of teachers' quarters lapsed as the work could not be started by the University even during the Fifth Plan period. The University stated (January 1986) that the grant lapsed as they did not get sufficient time to start the work after observing formalities. The University also did not implement fresh schemes during the Fifth Plan period for construction of teachers' quarters (30 units) and staff quarters for Grade IV employees (16 units) at an estimated cost of Rs.44.88 lakhs and Rs.7.50 lakhs respectively and consequently the schemes were charged against Sixth Plan allocations made by UGC. Due to price escalation in the intervening period, the plans and designs of both types of quarters had to be revised to accommodate the cost of construction within the sanctioned allocation. The floor area per unit of teachers' quarters was reduced from 111.52 sq.m to 79 sq.m. and the number of units to be constructed was also brought down from 30 to 29. Similarly, the number of quarters to be constructed for Grade-IV employees was reduced from 16 to 11 with a corresponding reduction of total floor area from 604.52 sq.m to 414.37 sq.m. Thus, due to delay in executing the building projects, the total floor area of quarters for teachers and Grade-IV staff as originally envisaged had to be reduced by about 32 *per cent*. Foundation work for both types of buildings was still in progress (September 1985).

(ii) Construction work for extension of Central Library building of the University at an estimated cost of Rs.7.50 lakhs was started in the year 1978-79. Only 75 *per cent* of the foundation work of the building was completed at a cost of Rs.4.50 lakhs in 1979-80 and thereafter the work had remained suspended as the contractor left the

job on grounds of price escalation not acceptable to the University. The University stated (January 1986) that a part of the construction work for extension of the Central Library has been recently taken up out of the balance amount of available grant. The University has not so far (March 1986) intimated the expenditure to be incurred due to escalation of price for resuming the work after lapse of more than five years.

(iii) UGC allocated Rs.29.75 lakhs in favour of the University for providing additional accommodation to the teaching departments and extension of the Health Centre during the Fifth Plan period on the basis of estimates furnished to the Commission. Construction of the buildings as approved by Commission could not, however, be taken up by the University within the Plan period and the latest position thereof is indicated in the table below :

Sl. No.	Name of work	Total estimated cost approved by UGC (Rupees in lakhs)	Remarks
1.	Extension of buildings of eight departments of the faculty of Engineering and Technology	26.30	Charged to the Sixth Plan allocation with a total revised estimated cost of Rs. 47.87 lakhs. Of the eight buildings, two so far completed during Sixth Plan.
2.	Extension of Health Centre ..	0.75	Construction not yet started (January 1986)
3.	Construction of Science Block	2.70	Rs. 1.25 lakhs received as first instalment within Fifth Plan period (March 1979). Construction yet to be taken up (January 1986).

(iv) *Lapse of grants sanctioned for construction of Vice-Chancellor's residence* : UGC approved (April 1978) a scheme for construction of Vice-Chancellor's lodge (in the absence of any official residence) at a cost of Rs.1.22 lakhs to be shared with State Government on 50 : 50 basis. The entire amount of the grant committed by the UGC lapsed as the University failed to submit the estimates and plans for construction of the building even within the extended period of the Fifth Plan i.e, 31st March 1979.

6.2.9. *Diversion of Funds from Depreciation Account*

The Visiting Committee deputed by UGC for assessing the financial requirements of the University during the Sixth Plan period observed that a large number of equipment which had become obsolete in most of the departments required replacement. The Committee was informed that the University did not maintain any depreciation fund for the purpose. The Annual Accounts of the University for the period ended 31st March 1978, however, indicated that a total amount of Rs.147.47 lakhs had been charged to the revenue account up to 31st March 1978 towards depreciation of assets viz. buildings, equipment, furniture and books and journals. The amount standing in the depreciation account had neither been invested in securities etc. nor utilised for replacing the old and obsolete assets of the University. On the other hand an amount of Rs.65.45 lakhs had been diverted from the depreciation account for meeting the general maintenance expenses of the University up to the year ended 31st March 1978. The University stated (January 1986) that maintenance grants from Government being the main source of income of the revenue account, the amounts set off from that account by way of depreciation had not been invested in securities as Government had not taken any decision for creation of depreciation reserve by the University.

6.2.10. *Unadjusted Advances*

Unadjusted advances at the end of March 1978 stood at Rs.54.46 lakhs which comprised advances from revenue account (Rs.33.82 lakhs) and capital account (Rs.20.64 lakhs). The University kept ledgers in respect of advance holders relating to the revenue account but no such ledgers nor any list showing amount of advances outstanding against individual advance holders in respect of the capital account was maintained to keep watch over adjustment of the advances. The advance of Rs.20.64 lakhs from the capital account which was lying outstanding against contractors and suppliers was exhibited as part of the fixed assets of the University in the balance sheet for the year ended March 1978.

6.2.11. *Other Interesting Points*

(i) *Loss in the absence of timely action* : Provident fund subscription on arrear pay of non-teaching employees for the period April 1970 to August 1973 due to conversion of dearness allowance to dearness pay with effect from 1st April 1970 was deducted from arrear salary bills in January 1974. The arrear provident fund contributions thus deducted from their salary and University's contribution thereon totalling Rs.5.65 lakhs were paid by the

University to the trustees of Provident Fund account as late as in November 1977 in contravention of the Provident Fund rules of the University. The delay in transferring the amount resulted in loss of interest of Rs.1.54 lakhs at the prevailing rate of interest on investments at $7\frac{1}{2}$ per cent per annum which constituted a liability of the University fund. The belated transfer of the amount was attributed by the University (January 1986) to shortage of funds.

(ii) *Excess payment to contractors* : Excess payment of Rs.0.24 lakh was made to the contractors entrusted with execution of certain works due to short recovery of 'on account' payments from the final bills as indicated below :

Name of work	Value of work as per final bill	On account payment due to be recovered	Actual recovery from final bill		Excess payment
			Paid in	Amount	
(Rupees in lakhs)					
Electrical work of metallurgy building	0.76	0.83	June 1972	0.73	0.10
Construction of Gymnasium building	1.90	1.18	January 1978	1.04	0.14
					0.24

No steps had yet been taken by the University for recovery of the excess payment of Rs.0.24 lakh (January 1986).

(iii) *Dues not realised* : The University continued to impart theoretical training to workshop apprentices deputed by the Calcutta Municipal Corporation up to the year 1973-74 with the stipulation that the Corporation would pay an annual grant of Rs.10,000.00 to the University for meeting the incidental expenses. The annual grant was paid by the Corporation till 1962-63 and thereafter payment of the grant was discontinued. A total amount of Rs.1.10 lakhs thus remained to be recovered from the Corporation on this account for the period 1963-64 to 1973-74. The University stated that the amount cannot be recovered and a proposal was being sent to the competent authority to write off the amount (January 1986).

6.2.12. *Summing up*

—The University had so far compiled accounts only up to 1978-79 while audited annual accounts together with reports thereon for the years 1968-69 to 1975-76 had not yet been considered by the University (January 1986).

—Reconciliation of cash balance with bank statements|Pass Book is in arrears for ten years or more in respect of six bank accounts with different banks and a Personal ledger account with Reserve Bank of India (January 1986).

—Maintenance grants of Rs.108.89 lakhs had been drawn in excess from Government and UGC during the years 1978-79 to 1983-84 due to excess provision of expenditure in the budget estimates and non-inclusion of surplus of the previous years therein.

—No effective steps had been taken by the University to minimise the incidence of drop-outs from under-graduate and post-graduate engineering courses.

—Of the 644 teaching posts in the three faculties of the University, as many as 113 posts remained vacant as on 31st January 1984.

—Grant of Rs.23.50 lakhs for purchase of equipment for the Service and Instrumentation Centre was fully utilised within 1980-81 but the equipment has been lying unutilised as construction of the building for the Centre had not been taken up.

—Construction work for extension of Central Library building was suspended (1979-80) after partial execution. The work since resumed (1985-86) would involve considerable amount of extra expenditure on account of escalation of prices.

—Although allocation of funds for three building projects viz., extension of buildings of eight departments (Rs.26.30 lakhs), extension of Health Centre (Rs.0.75 lakh) and construction of Science Block (Rs.2.70 lakhs) had been approved by UGC during Fifth Plan, construction work relating to the last two projects had not yet been taken up while extension of only two out of eight buildings of the departments had been completed so far (January 1986).

—Grant of Rs.1.22 lakhs on 50 : 50 sharing basis between UGC and State Government for construction of Vice-Chancellor's residence lapsed as the University had not submitted plans and estimates to UGC within the Fifth plan period.

—The amount of Rs.147.47 lakhs standing at the credit of the depreciation account as on 31st March 1978 was neither invested in securities etc. nor utilised for replacement of obsolete equipment; on the other hand the University diverted Rs.65.45 lakhs therefrom for meeting its general maintenance expenses.

—The University incurred a liability of Rs.1.54 lakhs to compensate the loss of interest to the subscribers of Provident fund due to delay in transferring provident fund subscriptions and employer's contributions thereon.

6.3. North Bengal University

6.3.1. The North Bengal University was established as a teaching and affiliating University on 19th July 1962 in terms of the provisions of the North Bengal University Act, 1961 at Raja Rammohanpur (Darjeeling district). The main object of the University is to provide instruction and training in such branches of learning as it may think fit and to make provisions for research and for the advancement and dissemination of knowledge.

The points noticed in course of a general review conducted by audit during 1984-85 of the activities of the University are given in the succeeding paragraphs.

6.3.2. Finance, accounts and audit

6.3.2.1. The University is mainly financed by grants from the State Government and the University Grants Commission (UGC). A summary of the receipts and payments of the University for five-years ended March 1981 (up to which accounts had been compiled) is given below :

Sl. No.	Receipts	1976-77	1977-78	1978-79	1979-80	1980-81
(Rupees in lakhs)						
1.	Opening balance	44.35	104.44	91.64	101.46	85.89
2.	Grants from State Government					
	(a) Revenue Grant ...	87.27	78.97	82.39	89.99	107.67
	(b) Capital and Development grant	37.30	15.61	23.86	3.70	11.16
3.	Grants from UGC—					
	(a) Revenue grant —	9.80	2.47	4.44	7.00	4.72
	(b) Capital and Development grant	9.20	6.77	26.30	4.85	2.67
4.	Own income	15.71	14.01	13.47	14.88	16.15
5.	Deposit and suspense transactions	36.39	41.13	48.44	51.65	72.97
	Total ...	240.02	263.40	290.54	273.53	301.23
	Payments	1976-77	1977-78	1978-79	1979-80	1980-81
(Rupees in lakhs)						
1.	Expenditure on revenue account	79.65	102.35	108.91	125.31	139.23
2.	Expenditure on Capital and Development account	30.36	41.23	38.52	19.78	13.57
3.	Deposit and suspense transactions	25.57	28.18	41.65	42.55	56.32
4.	Closing balance	104.44	91.64	101.46	85.89	92.11
	Total ..	240.02	263.40	290.54	273.53	301.23

6.3.2.2. The accounts of the University are audited by the Accountant General, West Bengal and copies of the audited accounts together with reports thereon are submitted to the State Government.

6.3.2.3. The Act and the statutes framed thereunder require that the annual accounts of the University shall be prepared within three months after the close of every year and the Executive Council of the University shall consider the audited annual accounts at a meeting and take such action thereon as it thinks fit. The University had so far compiled accounts up to the year 1980-81 only while no steps had yet been taken by the University authorities to place before the Executive Council the annual accounts for the years 1974-75 to 1977-78, audit reports in respect of which had already been issued between September 1978 and August 1983 (December 1985). Non-submission of the audited Annual accounts before the Council was attributed by the University to shortage of staff for complying with the audit observations but no reasons were adduced for accumulation of arrears in compilation of accounts (December 1985).

6.3.2.4. *Cash balance not reconciled*

The University fund is lodged with three different branches of the State Bank of India for which three separate cash books are maintained. The position of reconciliation of cash book with the bank statements received by the University so far (December 1985) is indicated in the table below :

	Cash Book No. I	Cash Book No. II	Cash Book No. III
Period up to which bank statement received by the University	September 1980	April 1982	September 1985
Reconciliation of Cash Book balance done up to	January 1976	March 1980	March 1980

It would be seen that reconciliation of cash balance had been done only up to January 1976 in respect of Cash Book No. I and up to March 1980 in respect of Cash Book No. II and Cash Book No. III although corresponding bank statements had already been received up to September 1980, April 1982 and September 1985 respectively. The University authorities stated (December 1985) that the work had fallen into arrears due to inadequate staff and steps would be taken to pull up the arrears in reconciliation of Cash Book with bank statements.

6.3.3. *Academic Programme*

6.3.3.1. The University conducts post-graduate teaching programmes of two years' duration in its Faculty of Arts (MA and M Com courses) and Faculty of Science (M Sc course) while undergraduate teaching is done in forty-one affiliated colleges. The intake

capacity of the post graduate courses, the number of students admitted to those courses and the number of students finally appearing at the respective examinations on completion of the courses relating to the years 1978-79 to 1984-85 are given in the table below :

Year	Course	Intake capacity	Number of students admitted	Number of students appearing at the examination on completion of the course
1978-79	MA	415	336	270
	M Com	55	53	35
	M Sc	120	119	80
1979-80	MA	415	379	285
	M Com	55	56	39
	M Sc	120	125	105
1980-81	MA	415	374	288
	M Com	55	66	55
	M Sc	120	117	108
1981-82	MA	415	325	256
	M Com	55	69	47
	M Sc	120	121	88
1982-83	MA	415	216	205
	M Com	55	68	55
	M Sc	120	140	92
1983-84	MA	415	254	Examination not yet held (December 1985)
	M Com	55	75	
	M Sc	120	136	
1984-85	MA	415	302	Examination not yet held (December 1985)
	M Com	55	75	
	M Sc	120	139	

Thus, while the intake capacity in M Com and M Sc courses was more or less fully utilised during 1978-79 to 1984-85, intake of students in MA course ranged from 216 to 379 only as against the capacity of 415 during the above period. The University did not maintain any data to indicate the number of students who left their studies during the duration of the courses but out of 2564 students admitted to the courses during 1978-79 to 1982-83, only 2008 students finally appeared at the respective examinations held after completion of the courses. No review was conducted by the University to probe the reasons for the large number of drop-outs although an amount of Rs.89.03 lakhs had been spent by the University during 1978-79 to 1980-81 on creation of additional facilities like purchase of new equipment, books, construction of buildings and entertainment of additional posts of teachers (December 1985).

6.3.3.2. During the period from 1977-78 to 1981-82, the teacher-student ratio in the department of Science ranged from 1 : 3 to 1 : 5 while this ratio in the departments of Arts and Commerce ranged from 1 : 8 to 1 : 14 and from 1 : 12 to 1 : 17 respectively. Further analysis of the position in the various departments of Arts showed that though the average teacher-student ratio in the Arts departments as a whole was 1 : 11, the ratio was rather high in Bengali (1 : 15) and rather low in Nepali (1 : 4) and Sociology (1 : 7). The University had not so far fixed any norm of teacher-student ratio for the different disciplines (December 1985).

6.3.4. *Centre for Life Sciences*

UGC approved (January 1976) the establishment of a Centre for Life Sciences by the University within its campus with the stipulation that the proposed Centre should consider offering a new Master's Degree in Life Sciences at a later date during the Sixth Plan period and do away with the duplicate teaching in Botany and Zoology at the M Sc level which were being taught at the affiliated Post Graduate College at Darjeeling and should concentrate on building up a research programme which would fit in with the ecological characteristics of the region. The University opened the Centre in April 1976 and incurred a total expenditure of Rs.23.61 lakhs during the period 1976-77 to 1980-81 for maintenance of teaching and non-teaching staff as approved by the UGC and for purchase of books and equipment and construction of a new building for the Centre. The advisory Committee formed by the University for administration of the Centre suggested (April 1979) that arrangements should be made to introduce M Sc course in Life Sciences from 1982-83 but in its Sixth Plan development proposals submitted to the UGC, the University moved the Commission to accord approval for introduction of M Sc course in Botany and Zoology, in place of Life Sciences in order to cope with future influx of graduates in bio-science. The Commission, however, did not approve the proposal (September 1983) and reiterated their earlier stand in the matter intimating the University that Commission's assistance would be available for M Sc course in Life Sciences only for which the University should send a proposal for consideration of the Commission. The University again moved the Commission (November 1983) to approve the opening of M Sc course in Botany and Zoology but no approval in this respect had been accorded by UGC so far (December 1985). Meanwhile, the University started classes for M Sc Course in Botany and Zoology from 1984-85 deviating from the objectives for which the Centre for Life Sciences had been established.

The Centre conducted four research projects initiated by its teaching staff during the period from 1977-78 to 1980-81 against which a total expenditure of Rs.1.62 lakhs was incurred up to the end of March 1981. Of the four Projects, two were transferred to Benaras Hindu University in June 1980 (expenditure incurred Rs.0.98 lakh) with the Project Co-ordinator of those projects taking up a new assignment in that University. The Centre had not so far taken up any programme to develop research activities in those areas which fit in with the ecological characteristics of the region which was one of the main objectives for its establishment.

6.3.5. *New course of Statistics and a compulsory paper on Medieval India recommended by UGC not introduced*

On the basis of the recommendations of its visiting Committee as regards revision and modernisation of the Post-graduate teaching programmes of the University, the UGC among other things sanctioned (January 1976) creation of (i) two additional posts of teachers (one Reader and one Lecturer) with specialisation in Statistics for starting a full-time two-year M Sc course in Statistics in the Department of Mathematics and (ii) two more posts of teachers (one Reader and one Lecturer) with specialisation in Medieval History for introduction of a compulsory paper on Medieval India in the MA course in History. The University filled up the above additional posts between June 1976 and February 1979 and obtained reimbursement of a total amount of Rs.4.22 lakhs up to the end of 1983-84 from the UGC and the State Government towards the cost of maintenance of those posts but had not so far (July 1985) started the M Sc course in Statistics or introduced any compulsory paper on Medieval India in the MA course in History. The University did not furnish any reply to audit explaining the reasons for non-introduction of the course or the compulsory paper for which additional teaching posts had been entertained (December 1985).

6.3.6. *Junior Research Fellowships*

UGC sanctioned 33 Junior Research Fellowships (19 in 1976-77 and 14 in 1977-78) which were tenable for a period of four years from the dates of appointment of the fellows. The University appointed sanctioned number of fellows between 1977-78 and 1980-81 and incurred a total expenditure of Rs.8.70 lakhs on their maintenance till the end of 1982-83 against which a grant of Rs.6.39 lakhs had so far (July 1985) been released by the Commission. The expenditure of Rs.8.70 lakhs on Junior Research Fellows included payment of Fellowship grant and contingencies amounting to Rs.2.84 lakhs paid up to March 1983 to 23 fellows who neither completed their tenure nor submitted any periodical report of their progress of work.

6.3.7. *Loss due to abandonment of construction of upper storeys of administrative building*

Government accorded approval (September 1975) for construction of a three-storied administrative building (estimated cost : Rs.28.31 lakhs) in the University campus and released grants of Rs.17.25 lakhs for the purpose up to the end of July 1985. The University completed (March 1978) the civil works of the ground floor at a cost of Rs.11.24 lakhs which included a sum of Rs.1.20 lakhs for providing additional foundation and structural support to the upper storeys of the building. Subsequently (July 1982), cracks developed in some of the columns and beam joints of the ground floor on account of which construction of the upper storeys had to be kept in abeyance. A team of engineers from the State Public Works Department in their inspection report (November 1982) observed that even without going into the details of design calculation it could be reasonably concluded that vertical construction over the ground floor would not be desirable from the point of view of structural safety and recommended horizontal expansion of the building to provide necessary accommodation. The University, accordingly, abandoned the idea of construction of upper storeys over the ground floor of the building and sought (December 1984) administrative approval of the Government for its horizontal expansion which was still awaited (December 1985). Abandonment of construction of upper storeys thus resulted in a loss of Rs.1.20 lakhs already spent by the University for providing additional foundation and structural support for them. The University had not so far conducted any investigation to find out the defects in design calculation and/or lapses in workmanship or supervision resulting in cracks in the building and to fix any responsibility therefor (December 1985).

6.3.8. *Financial assistance for books and equipment not availed of*

UGC agreed (November 1977) to extend financial assistance of Rs.2.40 lakhs to Raiganj College (a University College) during the Fifth Five-Year Plan period for purchase of books and journals (Rs.1.35 lakhs) and laboratory equipment (Rs.1.05 lakhs). Release of the above grants was subject to the stipulation that the College should settle with UGC the accounts of grants of Rs.1.30 lakhs already sanctioned (August 1971) by them for construction of a Women's hostel during the Fourth Five-Year Plan period. No action was, however, taken by the University to ensure settlement of accounts of grants with the UGC for construction of the Women's hostel and consequently financial assistance of Rs.2.40 lakhs committed by UGC during the Fifth Five-Year Plan period for

purchase of books and equipment for the college could not be availed of. Reasons for non-settlement of account of grants for construction of the Women's hostel (completed in March 1980) were not stated (December 1985).

6.3.9. *University Library*

The University spent a total amount of Rs.15.36 lakhs during 1974-75 to 1979-80 on purchase of books raising the total number of books in the University Library to 72,000 at the end of March 1980. Following complaints of pilferage of books, the Library Sub-Committee of the University decided (September 1979) that immediate stock-taking of all library books should be arranged. A partial stock-taking of 25,000 books conducted in June 1980 revealed a loss of 423 books (value Rs.0.12 lakh) from the library. Stock verification of the remaining books was yet to be completed (December 1985).

6.3.10. *Other points of interest*

(a) The University sanctioned (July 1978) interim relief @ Rs.75 per month to their officers with effect from 1st April 1974 without obtaining necessary approval from Government as required under the provisions of West Bengal Universities (Control of Expenditure) Act, 1976. Government approved (June 1979) revised scales of pay for University Officers with effect from 1st April 1975 and issued instructions (September 1979) for recovery of interim relief from the arrears payable to the officers on account of implementation of revised scales. The University implemented the revised scales of pay in October 1979 but recovered only Rs.0.09 lakh as against the total amount of interim relief of Rs.0.46 lakh paid to the officers from April 1974 to September 1979. The University authorities stated (June 1985) that the balance amount of Rs.0.37 lakh had not been recovered as per the decision of the University Council.

(b) The University spent Rs.0.64 lakh (March 1979) for purchase of clinical and pathological equipment including an electro cardiograph (ECG) machine (Rs.0.16 lakh) for its Health Centre. The Medical Officer of the Health Centre stated (December 1985) that with the appointment of a laboratory technician in August 1985 clinical and pathological equipment were to start functioning within a short period but necessary arrangements were yet to be made for operating the ECG machine. The equipment could not, however, be utilised (December 1985) for want of sufficient space and trained personnel (for ECG machine) required for their operation.

6.3.11. *Summing up*

—The University had compiled the accounts only up to 1980-81 and the audited accounts for the years 1974-75 to 1977-78 have not been submitted to the Executive Council of the University as yet.

—Of the three Cash Books maintained by the University, balance of one Cash Book had been reconciled only up to January 1976 while such reconciliation of balance in respect of the two other Cash Books had been done up to March 1980.

—Out of 2,564 students admitted to the Post Graduate course (MA|M com|M Sc) during 1978-79 to 1982-83 only 2,008 students appeared at the respective examinations on completion of the courses. The reasons for the large number of drop-outs had not been investigated by the University.

—The University opened M Sc course in Botany and Zoology in spite of clear instructions from UGC that a new Master's course in Life Sciences should be started to avoid duplication of teaching in Botany and Zoology at M Sc level which was already in existence in a Post-Graduate Government College affiliated to the University.

—New Course of Statistics (M Sc) and compulsory paper on Medieval History recommended by UGC were not introduced although additional teaching posts sanctioned therefor were filled up.

—The University incurred an expenditure of Rs.2.84 lakhs on 23 Junior Research Fellows who did not complete their tenure and submit any periodical report of the progress of work.

—A loss of Rs.1.20 lakhs was sustained by the University for abandonment of construction of two upper storeys on the ground floor of its administrative building due to cracks in the columns and beam joints.

—The University did not avail of the financial assistance of Rs.2.40 lakhs from UGC for purchase of books and equipment of one of its colleges.

—The University had not so far (December 1985) effected recovery of interim relief of Rs.0.37 lakh from its officers which was not admissible to them on revision of pay scales as per orders issued by Government in June 1979.

—Owing to non-availability of suitable space and technician, medical equipment worth Rs.0.64 lakhs purchased by the University for its Health Centre in March 1979 had been lying unutilised (December 1985).

The matter was reported to Government in September 1985; reply was awaited (May 1986).

LOCAL GOVERNMENT AND URBAN DEVELOPMENT DEPARTMENT

6.4. Municipalities and Notified Area Authorities

6.4.1. The accounts of 21 Municipalities and Notified Area Authorities constituted under the Bengal Municipal Act, 1932, for different years (1976-77 to 1982-83) coming under the purview of audit under section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, were audited during 1984-85. Certain points noticed in respect of 11 such Municipalities are given in the succeeding paragraphs.

6.4.2. *Loss of income due to unauthorised reduction of rates*

Diamond Harbour Municipality completed (March 1984) valuation of all holdings within the municipal area for imposition of consolidated rates with effect from 1st quarter 1984-85. Being dissatisfied with the valuation of their holdings, 684 rate payers submitted (May 1985) petitions for Review of valuation of their holdings by the Assessment Review Committee set up by the Municipality as per provisions of the Act (Bengal Municipal Act, 1932). The Committee disposed of petitions in respect of 260 holdings authorising a net reduction of consolidated rates of Rs.0.77 lakh *per annum* but it was noticed that the Municipality had actually reduced consolidated rates to the extent of Rs.1.23 lakhs *per annum* for 667 holdings. There was nothing on record to indicate that the Committee had considered the petitions of 407 rate payers and passed necessary orders thereon for reduction of rates of their holdings. In the absence of any recorded decision or orders of the Committee as required under the Act and Rules framed thereunder, reduction of rates in respect of the above 407 holdings was unauthorised and resulted in loss of income of Rs.0.46 lakh *per annum* from 1984-85. The Municipality stated (September 1985) that being a newly constituted body, the prescribed assessment procedure could not be properly followed and the reduction of rates in the above cases had been verbally authorised by the Committee.

6.4.3. *Avoidable additional expenditure*

Government approved (November 1981) an estimate of Rs.2.52 lakhs submitted by Baidyabati Municipality for laying of Water Supply lines with cast iron spun pipes in a refugee colony within the municipal area. The estimate, which was drawn up on the basis of approved schedule of rates (1979-80) provided for supply of cast iron pipes of 100 mm dia and 80 mm dia at the rate of Rs.78 and Rs.62 per metre respectively. The Municipality invited tenders as

per the approved estimate but accepted the offer of a contractor (January 1982) for execution of the work with asbestos cement pipe at 5 per cent above the cost estimated for cast iron spun pipe. This decision was taken by the Municipality on the ground that in view of the high rates of pipe prevailing in the market as ascertained from adjacent Municipalities, the rates offered by the contractor for execution of the work with asbestos cement pipe might be accepted without revision of the estimate. The Municipality accordingly, entrusted (January 1982) the work to the contractor at his tendered rates after amending the approved estimate by simply substituting the word "cast iron spun pipe" by "Asbestos pipe", rates remaining unchanged. The ground adduced by the Municipality was not tenable as the rates of asbestos cement pipe of corresponding diameters as per schedule of rates (1979-80) were Rs.15 and Rs.12 per metre respectively.

Thus, the Municipality failed to obtain the benefit of competitive rates due to non-invitation of fresh tenders after drawing up a revised estimate due to material deviation of the work and incurred an extra expenditure of Rs.1.76 lakhs owing to payment on the basis of scheduled rate for cast iron spun pipe in lieu of that for asbestos cement pipe with which the work was actually executed.

6.4.4. *Unproductive market stalls*

(i) The management of two Hawkers' markets comprising 611 stalls which were constructed through Asansol-Durgapur Development Authority at a total cost of Rs.19.86 lakhs out of Government grants was handed over to Asansol Municipality in August 1982. Of the 611 stalls, Asansol Durgapur Development Authority allotted 463 stalls in June 1981 and Asansol Municipality allotted 93 stalls in September 1983 at a monthly license fee of Rs.30 per stall while the remaining 55 stalls were still lying unallotted (August 1985). No license fee had been realised from the stall holders except in the cases of 93 (allotted by the Municipality) stall-holders who had made an initial payment equivalent to one month's license fee at the rate of Rs.30 per month per stall at the time of allotment (September 1983). The total license fees to be realised from the above 556 stall holders stood at Rs 5.61 lakhs till the end of July 1985. The investment of Rs.19.86 lakhs made in the construction of the two markets had not yielded any income for 3 years (August 1985) (except a month's license fee of Rs.2,790 recovered from 93 stall holders as stated above). On the other hand the Municipality had so far (July 1985) incurred a total expenditure of Rs.1.28 lakhs for maintaining three Assistant Tax Collectors and six guards (since

August 1982) for the markets. The Municipality stated (July 1985) that no license fee could be realised from the stall holders as they had not started any business in their allotted stalls due to defects in planning and constructional lay-out of the markets and in order to remove the above defects, the Municipality had already undertaken modification work in one of the markets at an estimated cost of Rs.1.22 lakhs to make the stalls suitable for business (July 1985).

(ii) Kamarhati Municipality took up (May 1979) construction of 102 stalls in two phases in the municipal market out of Government grants received for the purpose under the Comprehensive Development scheme. Construction of 52 stalls was completed in all respect in August 1980 and the remaining 50 stalls in February 1984 at a total cost of Rs.2.86 lakhs but the stalls had not so far been allotted to vendors, their rents were not fixed either (August 1985). The Municipality stated (August 1985) that the stalls could not be allotted to the vendors as the fixation of proposed monthly rent of the stalls at rates between Re.1 and Rs.1.50 per sq.ft. was still under negotiation with the prospective vendors. As a result of delay in allotment of stalls, the investment of Rs.2.86 lakhs in the construction of the stalls had not yielded any income. Thus, due to non-allotment of stalls in time the Municipality incurred a loss of revenue of Rs.1.01 lakhs (August 1985) as rent of stalls, calculated at the minimum rate under negotiation (i.e. Re.1 per sft per month).

6.4.5. *Non-imposition of Howrah Bridge tax*

As per provisions of the Bengal Municipal Act, 1932 Garden Reach and South Suburban Municipalities are required to impose Howrah Bridge tax on the annual value of holdings as per rates prescribed under the Howrah Bridge Act 1926 and to collect the same for payment to the Commissioners for the Howrah Bridge. It was, however, noticed that while giving effect to consolidated rates as per revised annual valuation of holdings with effect from the 1st quarter of 1983-84, the above two Municipalities discontinued levy of Howrah Bridge tax without any reasons being recorded therefor. The Municipalities stated (May-July 1985) that Howrah Bridge tax had not been imposed due to a misapprehension that consolidated rates levied from 1983-84 were inclusive of the said tax. As the tax is required to be imposed and collected separately in addition to the rates leviable under the Bengal Municipal Act, 1932, non-imposition of the tax by the above two Municipalities resulted in loss of revenue of Rs.1.07 lakhs for the Commissioners of Howrah Bridge for the year 1983-84.

6.4.6. *Diversion of Grants*

(i) Government released (January 1979) a grant of Rs.2 lakhs to Krishnagar Municipality for construction of a Community Hall in the municipal area on the stipulation that the grant was to be utilised for the above purpose within 31st March 1980. The Municipality, however, had not so far (July 1985) formulated any scheme for construction of the Community Hall. On the other hand, the Municipality irregularly diverted Rs.1.50 lakhs from the above grant in 1980-81 for purchase of cement for general maintenance work. Consequently the object for which the grant had been released in January 1979 had not been fulfilled (July 1985).

(ii) Birnagar Municipality received Government grants of Rs.1.56 lakhs between 1967-68 and 1976-77 for improvement of communications and Rs.0.95 lakh during 1980-81 for conversion of service privies into sanitary latrines. Out of the above grants of Rs.2.51 lakhs, the Municipality had so far utilised only Rs.0.84 lakh for improvement of communication while no scheme for conversion of service privies had yet been framed by the Municipality (July 1985). The Municipality stated (July 1985) that the unutilised balance of Government grants of Rs.1.67 lakhs including the entire amount of grant of Rs.0.95 lakh for conversion of service privies had been diverted by the previous Board of Commissioners for meeting the general expenses of the Municipality.

(iii) Darjeeling Municipality received Rs.0.80 lakh (March 1962) from the Ministry of Defence, Government of India through the State Government for execution of a scheme for extra supply of 0.25 lakh gallons of water per day to the defence establishments located in the area. The Municipality did not take up the work nor did it refund the money to the Ministry (August 1985). On the contrary, the money had been diverted for general purposes of the Municipality, thus not fulfilling the purpose for which the grant was received.

6.4.7. *Irregularities in Stock Account*

As per statutory rules framed under the Act, the executives of the Municipalities are required to verify physically at the end of each half-year the balance shown in the registers of stock and store account and to certify their correctness. It was, however, noticed in course of audit of the accounts of Halisahar Municipality that no such physical verification of stores was conducted during the years 1979-80 to 1981-82. On a review of the stock and store registers of the Municipality it was also noticed that a total 368.03 metric tons of fire wood for the municipal burning ghat valued at Rs.0.79 lakh was

short accounted by carrying over lesser figures of "opening balance" in consecutive years during the above mentioned period. The Municipality, however, had not furnished any reply explaining the reasons for short accounting of such huge stock of fire wood, nor conducted any physical verification to ascertain the actual stock position of the same (July 1985).

The matter was reported to Government in November 1985; reply was awaited (May 1986).

PANCHAYATS AND COMMUNITY DEVELOPMENT DEPARTMENT

6.5. Zilla Parishads

6.5.1. Audit of the accounts of three Zilla Parishads (Midnapore, Darjeeling and Murshidabad) for different years under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 was carried out during the year 1984-85. Some of the important points noticed are set forth below :

6.5.2. *Midnapore Zilla Parishad*

(i) The Parishad purchased 36,043.85 MT of cement from Essential Commodities Supply Corporation at a cost of Rs.252.52 lakhs during the period 1978-79 to 1983-84 to take advantage of easy availability though no specific scheme was drawn up for its utilisation. The above purchase was made by diverting Government grants given specifically during 1979-80 to 1982-83. Out of the above stock of cement the Zilla Parishad sold between 1978-79 and 1984-85, 31,349.40 MT to different Government Departments, Municipalities, Panchayat Samitis and Zilla Parishad staff at a total price of Rs.225.96 lakhs of which Rs.24.68 lakhs still remained unrecovered (August 1985).

Of the remaining stock of 4,694.45 MT, the Zilla Parishad utilised 4,561.62 MT for execution of various works while the balance 132.83 MT costing Rs.0.82 lakh was either stolen, damaged or was lying with defaulting contractors of the Parishad.

The Parishad had lodged (May 1980) first information report (FIR) with the local police in respect of the theft of 22 MT of cement but subsequent development in the matter was not known. No action in respect of other items of damage or loss of cement (110.83 MT) had yet been taken by the Parishad (December 1985).

(ii) The Parishad purchased (March 1981) 155 MT bitumen at a cost of Rs.4.05 lakhs against actual requirement of 36 MT in consideration of easy availability of stock and rising market price, by diversion of specific Government grants. Till July 1985, the Parishad utilised only 40.25 MT of bitumen leaving unutilised stock of 114.75 MT valuing Rs.3 lakhs. As there was no programme for further departmental utilisation of bitumen, the Parishad made several attempts to sell the stock to prevent wastage but without any result (December 1985). The Parishad had not so far conducted any physical verification of the unutilised stock of bitumen (December 1985) lying since March 1981,

(iii) The Parishad paid Rs.16.03 lakhs to the Indian Tube Company for supply of 40 mm dia galvanised tubes required for execution of rural water supply works under Minimum Needs Programme. The Company despatched (July 1980) 75 bundles of tubes by rail ex-Tatanagar. While taking delivery (August 1980) of the tubes from the Railway authorities, the Parishad found 16 bundles of tubes valuing Rs.1.09 lakhs missing. The Parishad had preferred (August 1980) claims with the Railway authorities but the claim had not been settled so far nor any further action taken in the matter by the Parishad (December 1985).

(iv) The Parishad received from Government Rs.10 lakhs in March 1979 for construction of five administrative buildings for five Panchayat Samitis according to type plan sanctioned by Government. Due to non-availability of land in time the Parishad took up construction of only three such buildings as per type plan (two in January 1983 and another in March 1984) of which one had so far been completed (April 1984) at a cost of Rs.3.77 lakhs while construction of the other two buildings, whose estimates of Rs.2 lakhs each had to be revised to Rs.2.31 lakhs and Rs.3.81 lakhs, was still in progress (December 1985). The Parishad stated (July 1985) that increase in expenditure over the original estimated cost was due to escalation of rates on account of delay in taking up the construction and that Government had been moved for allocation of additional funds for taking up construction of the remaining two buildings. The Parishad did not furnish any reasons for the delay in executing the work (December 1985).

(v) Advances outstanding against suppliers, contractors and employees of Parishad as on 31st March 1983 stood at Rs.91.46 lakhs. The amount includes Rs.3.01 lakhs advanced between March 1948 and April 1976 in respect of which neither any adjustment accounts had been received nor the present whereabouts of the advance holders were available. The Parishad stated (July 1985) that a proposal would be sent to Government for writing off those unadjustable advances.

6.5.3. *Darjeeling Zilla Parishad*

(i) The Parishad received from Government Rs.3 lakhs on 14th May 1982 for emergent repairs of approach roads, bridges and culverts leading to polling booths required to be set up in connection with holding of elections to the State Legislature on 19th May 1982. Instead of taking up the works themselves, the Parishad remitted the money by post to ten Panchayat Samitis at Rs.0.30 lakh each on 18th May 1982 for executing the repair works. Out of Rs.3 lakhs thus re-allocated to the Panchayat Samitis, a sum of Rs.0.30 lakh was

alleged to have been misappropriated by the Executive Officer of a Panchayat Samiti (case referred to Vigilance Department in May 1982), another sum of Rs.0.30 lakh was refunded (September 1982) to the Parishad by one Panchayat Samiti while a further amount of Rs.0.30 lakh was stated to have been utilised for improvement of roads by another Panchayat Samiti after the election was over. Utilisation of the remaining amount of Rs.2.10 lakhs could not be checked in audit due to non-availability of certified statements of expenditure from the Panchayat Samitis concerned (July 1985).

(ii) Government allocated Rs.62 lakhs for the Parishad under Rural Employment Guarantee Programme for execution of schemes under the programme during 1984-85 and released Rs.30 lakhs to the Parishad for the purpose between May 1984 and October 1984. Further release of funds within the allocated amount was subject to utilisation of Rs. 30 lakhs by the Parishad before the close of the year 1984-85 and submission of periodical reports of progress of work. The Parishad, however, furnished progress report of expenditure of Rs.14.35 lakhs only up to 31st March 1985 and considering the level of expenditure incurred by them, Government released (March 1985) a further grant of Rs.20 lakhs only for the year out of the remaining amount of Rs.32 lakhs of the total allocation. The balance of Rs.12 lakhs had not been released by Government so far (July 1985). Failure of the Parishad to achieve the desired level of utilisation of funds thus deprived them of the full assistance under the programme. The Parishad stated (August 1985) that required progress of work had been hampered due to shortage of technical and clerical staff. It was, however, noticed that the Parishad did not submit any proposal to Government for requisite staff.

(iii) The Parishad received (March 1981) Rs.0.98 lakh from Government for execution of two projects under Special Central Assistance Programme for Tribal Sub-Plan Areas. Government, however, issued another order (March 1981) to the Parishad requesting them to place the amount at the disposal of the Public Works (Roads) Directorate for execution of the Projects but the amount was still lying idle (August 1985). The Parishad stated (August 1985) that the amount had been held by them as Government had not yet intimated the reasons for transferring the Projects to the Public Works (Roads) Directorate.

6.5.4. *Murshidabad Zilla Parishad*

The Parishad received (March 1981) Government grants of Rs.21 lakhs for reconstruction of 70 Primary Schools damaged by floods in 1980 and advanced Rs.20.55 lakhs to different members of the Parishad between January 1982 and March 1983 for execution

of the works as sponsoring agents. One of the sponsoring agents, who had been paid an advance of Rs.0.45 lakh for reconstruction of 3 schools did not take up the work and had so far (December 1985) refunded only 0.33 lakh to the Parishad. Of the remaining advances of Rs.20.10 lakhs an amount of Rs.8.70 lakhs (29 Schools) had so far been adjusted leaving behind a balance of Rs.11.40 lakhs (38 Schools) for which adjustment accounts had not yet been received as the reconstruction works were stated to be still in progress (December 1985).

6.5.5. *Diversion of Government grants*

Grants released by Government for specific purpose such as generation of employment in rural areas, augmentation of water supply, development of hill area etc. had been diverted to meet the excess expenditure on account of general maintenance of the Parishads during 1982-83 to the extent shown below :

Name of the Zilla parishad	Expenditure for general maintenance	Receipts other than grant for specific programmes	Excess expenditure met by diversion (2-3)
(1)	(2)	(3)	(4)
(Rupees in lakhs)			
Midnapore ..	24.61	18.23	6.38
Darjeeling ..	15.12	5.68	9.44

Inadequacy of Government grants for general maintenance was stated by the Zilla Parishads (July 1985) as the main reasons for diversion. However, Government was not requested to release further grants for the purpose.

6.5.6. *Inadequacies in the system of crediting the proceeds of road cess and public works cess to the Zilla Parishad Fund*

As per statutory provisions, the proceeds of road cess and Public Works cess levied and realised in a district are required to be credited to the Zilla Parishad Fund. Since 1966-67, Government discontinued payment of the entire proceeds of cess to the Parishads due to non-receipt of the figures of actual collection from the Board of Revenue and have been paying grants in lieu of cess on an *ad hoc* basis subject to adjustment against actual collection.

Audit scrutiny in respect of four Parishads revealed that such *ad hoc* grants paid by Government fell far short of actual cess collection for years together as indicated below :

Name of Zilla Parishad	Years for which figures of cess collection made available to audit	Actual cess collection as per records maintained by district authorities	Ad hoc grants paid by Government in lieu of cess	Balance due to Zilla Parishad
(1)	(2)	(3)	(4)	(5)
			(Rupees in lakhs)	
Burdwan ..	1977-78 to 1983-84	1122.80	169.80	953.00
24-Parganas ..	1979-80 to 1984-85	77.62	51.38	26.24
Midnapore ..	1979-80 to 1983-84	89.04	46.71	42.33
Darjeeling ..	1980-81 to 1984-85	19.85	*10.01	9.84

The shortfall in release of *ad hoc* grants *vis-a-vis* actual cess collections as indicated above had not so far (August 1985) been adjusted by Government. The Parishad stated (May-June 1985) that cess collections being the main source of their revenue, non-receipt of the proceeds of cess in full had been adversely affecting the programmes of maintenance of their assets including the means of communications in rural areas under their jurisdiction. Consequently, the Parishads had to abolish, since long, the system of routine maintenance of roads and embankments except emergent repair works which could be provided for within their limited resources. The table below would indicate the extent to which cess grants released on *ad hoc* basis fell short of the minimum requirement of the Parishads for maintenance of their assets during the period noted against each :

Name of Parishad	Period	Minimum requirement of funds for maintenance of assets	Amount of cess grant received on ad hoc basis
(1)	(2)	(3)	(4)
		(Rupees in lakhs)	
Burdwan	1979-70 to 1982-83	300.00	93.40
24-Parganas	1979-80 to 1984-85	102.40	51.38
Midnapore	1979-80 to 1983-84	750.00	46.71
Darjeeling	1980-81 to 1983-84	274.40	17.01

*In addition, the Parishad received Rs. 7 lakhs in 1983-84 as arrears cess grant relating to the period 1966-67 to 1978-79.

It would thus be seen that the inadequacy in the system of crediting proceeds of road cess and Public Works cess to the Parishads had adversely affected the maintenance of their assets and road communications.

The matter was reported to Government in October 1985; reply was awaited (May 1986).

SPORTS AND YOUTH SERVICES DEPARTMENT

6.6. Financial assistance for the construction of Stadium and Swimming pool

Government in the Department of Education (Sports) sanctioned, from time to time, financial assistance in the form of grants to non-Government organisations (i.e. Sponsoring Agencies) for the purpose of meeting the cost of construction of stadia and swimming pool at district headquarters according to approved plans and estimates. Sponsoring Agencies were also required to make contributions from their own fund to meet the cost of construction. With a view to ensuring speedy execution of construction work and proper utilisation of Government grants, a Board of Management (BOM) comprising the District Magistrate as Chairman/President, Executive Engineer, Public Works Department (PWD), local MLA, representatives of the Sponsoring Agencies etc., was to be formed and registered in each case. The responsibility for subsequent control and management of each stadium|swimming pool was also to be entrusted to the BOM. The grants were released mainly on the condition that construction work was to be executed through an approved contractor selected after inviting competitive tenders. The land on which stadium|swimming pool would be constructed was required to be transferred to the BOM. The unspent balance of grant not utilised within one year from the date of release of funds was to be refunded to Government. The stadium|swimming pool constructed wholly or partially out of Government grant could not, without prior sanction of Government, be utilised for purposes other than those for which the grant was sanctioned and the Government reserved the right to claim a share of rent when the stadium was used for other purposes. Government further stipulated that a quarterly progress report of the work done and the amount spent thereon, annual return of assets created out of Government grant, audited statements of accounts and utilisation certificates were to be furnished to the Department. A bond was to be executed by the Sponsoring Agency for the fulfilment of the conditions of the grant. Grants were actually released to the concerned District Magistrate, who was authorised to make available the required funds to the Sponsoring Agency according to the progress of work.

Financial assistance released in respect of four stadia and one swimming pool of 4 districts (Burdwan, Darjeeling, Murshidabad and West Dinaipur) was test-checked in Audit during March 1985 and September 1985 with reference to the records of the department, concerned District Magistrates and BOM. The table below indicates the particulars of grants released by Government in these cases from

1963-64 to 1985-86 (up to July 1985) against estimated cost of construction, local contribution, expenditure incurred etc.

Name of Stadium/Swimming pool and district		Name of Sponsoring Agency		Area of land (Hectare)	Amount of original estimate and year of according administrative approval in bracket	Amount of revised estimate and year of according administrative approval in bracket	Grant released		Amount of local contribution provided	Expenditure incurred		Year of starting the construction	Remarks
							Period	Amount		Period	Amount		
(Rupees in lakhs)													
1.	Sri Aurobinda Stadium Burdwan.	Burdwan District Volleyball and Basketball Association.		0.69	4.61 (1976)	3.00 (1979)	March 1976 to July 1985	6.00	5.81	April 1976 to June 1984	10.76	1976	Work not yet completed.
2.	Radharani Stadium, Burdwan.	Burdwan District Sports Association.		1.33	0.99 (1963)	11.35 (1985)	1963 to August 1984	9.78	2.50	1963 to May 1985	10.88	1963	Do.
3.	Kanchanjangha Stadium, Siliguri, Darjeeling.	Siliguri Stadium committee.		2.90	30.00 (1976)	42.13 (1980)	March 1976 to December 1985	52.80	2.14	1981 to September 1985	61.06	1981	Do.
4.	Murshidabad Swimming pool, Berhampore, Murshidabad.	Murshidabad Swimming Association.		0.56	1.14 (1974)	2.03 (1975)	February 1974 to March 1977	0.75	1.00	April 1982 to June 1982	0.42	1982	Do.
5.	Balurghat Stadium, West Dinajpur.	West Dinajpur Dist. Sports Association.		2.79	7.92 (1974)	10.51 (1981)	March 1974 to July 1985	6.50	2.46	1974-75 to August 1985	5.30	1975	Do.

Points noticed are as under :

EXECUTION OF WORKS

- (a) For the construction of a basketball and volley ball stadium (Sri Aurobinda Stadium) at Burdwan the Sponsoring Agency engaged, without inviting tenders, labour contractors who were not approved contractors of PWD and spent Rs.10.76 lakhs (83 *per cent* of the estimated cost) between April 1976 and June 1984 mainly for construction of 2 volley ball courts, 2 basket ball courts, ground floor of the pavilion and galleries (two sides). But construction of a substantial portion of work included in the estimate viz., gymnastic-cum-badminton hall, first floor of the stadium, rooms under galleries and part of the stadium block could not be completed (September 1985). A players' rest house was constructed at a cost of Rs.0.83 lakh though the item was not covered by approved estimate. Delay in execution of work, the reason for which was attributed (September 1985) to paucity of funds, resulted in enhancement of the cost of construction by Rs.7.75 lakhs as stated (September 1985) by the District Magistrate, Burdwan. For the remaining work, an estimate of Rs.11.84 lakhs was submitted (July 1985) to Government, the approval of which was awaited (September 1985).
- (b) In case of construction of a football stadium (Radharani stadium) at Burdwan Government initially released grants of Rs.0.20 lakh between 1963 to 1966. Further grants totalling Rs.9.58 lakhs were made available between 1975-76 and 1984-85 i.e. after a lapse of about 9 years. The Sponsoring Agency, however, engaged labour contractors for the construction work violating the condition of grant. No audited statements of accounts in support of expenditure (Rs.9.43 lakhs) incurred from November 1980 to May 1985 were available (September 1985). Several items of construction work (viz. referees' waiting room, girls' dressing room, players' rest room etc.) which were not provided in the approved estimate, were undertaken by the Sponsoring Agency without approval of Government. The reasons for which the work could not be completed even after a lapse of 20 years since 1963 and the particulars of the cost of remaining work yet to be completed were awaited (September 1985).

- (c) Against a rough cost estimate of Rs.30 lakhs prepared (1976) for the construction of a football stadium (Kanchanjangha stadium) at Siliguri grants aggregating to Rs.4 lakhs were released by Government from 1976 to 1980, but no construction work could be undertaken during the period of 5 years from 1976 to 1980, in the absence of detailed estimates. In 1980, Government approved a revised rough cost estimate of Rs.42.13 lakhs for the stadium against which a detailed estimate was prepared in March 1981 and the Department released further grants of Rs.20.80 lakhs between January 1982 and December 1985 while Department of Youth Services provided financial assistance of Rs.28 lakhs between September 1983 and March 1985 for the construction of youth hostel in the stadium complex. A portion of the total work was constructed by the State PWD at an expenditure of Rs.61.06 lakhs against deposit of funds totalling Rs.48.70 lakhs, the balance amount (Rs.12.36 lakhs) being provided from Public Works Department budget. Delay in execution of work resulted in escalation of the cost of construction which was estimated to be Rs.19.43 lakhs. For the completion of the remaining work of stadium, approval of Government to an additional estimate of Rs.81 lakhs was awaited (September 1985).
- (d) Financial assistance of Rs.0.75 lakh released up to March 1977 for the construction of a swimming pool at Berhampore remained unutilised for more than 5 years. After the fund (Rs.0.75 lakh) were deposited to PW Division in March 1982, construction work was started in April 1982; but the work had to be stopped in June 1982 to avoid piecemeal construction after incurring an expenditure of Rs.0.42 lakh of which a sum of Rs.0.24 lakh was spent on pay and allowances of work charged staff. The work of construction could not be resumed for more than 3 years and Government grant of Rs.0.33 lakh (besides local contribution of Rs.1 lakh) remained unutilised (September 1985). The reasons for which the work could not be started again were awaited (September 1985).
- (e) For the construction of a football stadium at Balurghat in the district of West Dinajpur grants totalling Rs.6.50 lakhs were released during March 1974 to July 1985 against original estimate of Rs.7.92 lakhs (1974) which

was subsequently revised to Rs.10.51 lakhs (1981). A boundary wall which was constructed by BOM, Balurghat in May 1975 at an expenditure of Rs.0.61 lakh in connection with the construction of the stadium collapsed in 1979. In March 1979 the work of construction was entrusted to the Zilla Parishad which reconstructed the wall in 1981 at an extra expenditure of Rs.0.88 lakh. Funds aggregating to Rs.5.39 lakhs were made available to the Zilla Parishad from time to time between March 1979 and May 1985 for the work of construction, but the work could not be completed (September 1985) and Government grants to the extent of Rs.1.20 lakhs remained unutilised (August 1985). The reasons for which the work could not be completed even after a lapse of 10 years are awaited (January 1986).

BOARD OF MANAGEMENT (BOM)

No uniform procedure was followed by the Department in the formation of BOM and registration thereof. While in respect of Radharani Stadium and Murshidabad swimming pool no provision was made for the constitution of BOM, no condition was imposed for registration of the BOM of 2 stadia (Sri Aurobinda and Kanchanjantha). The BOM for Balurghat stadium though constituted in 1973-74 and reconstituted in 1983-84, was not registered (September 1985) as per condition of grants.

LAND

In all the cases land on which stadia and the swimming pool were constructed, was not transferred to BOM. In case of Radharani Stadium (Burdwan) construction was done on land registered in the name of a body other than the Sponsoring Agency and BOM.

BOND

In respect of Radharani and Kanchanjantha stadia requisite bonds were not got executed by the department to ensure fulfilment of the conditions subject to which grants were released. The reasons for which the bonds were not executed, were not stated (September 1985).

UTILISATION

Two stadia (Sri Aurobinda and Kanchanjangha) were utilised without the approval of the Government, from July 1975 to September 1985 for purposes other than those for which grants were given for the construction of the same. No share of rent realised (Rs.2.28 lakhs) by the Sponsoring Agencies during the period was deposited with Government nor claim for such a share of rent was made (September 1985) by the Department.

REPORTS|RETURNS

In all the cases no quarterly progress report of work done and expenditure incurred, the prescribed returns for the assets created out of Government grants and audited statements of expenditure were submitted to the department. In respect of grants released for Kanchanjangha stadium and Murshidabad swimming pool, no utilisation certificate was also furnished (September 1985).

The Department did not keep watch over the progress of work of construction, proper utilisation of grants and submission of reports|returns by adequate follow up action.

The matter was reported to Government in December 1985. Government stated (January 1986) that replies would be furnished after obtaining detailed information from the concerned District Magistrates.

HOUSING DEPARTMENT

HOUSING BOARD

6.7. Extra expenditure on a Turn-key Project

6.7.1. West Bengal Housing Board decided in September 1979 to undertake the scheme for construction of over 2,000 flats on a plot of 37.30 acres of land available in Salt Lake (Sector-III) for sale to high income/middle income groups. The scheme was proposed to be executed on "turn-key" basis for the major portion and for the remainder through departmental construction.

6.7.2. The turn-key scheme, estimated to cost about Rs.10 to 12 crores was proposed to be executed as an experimental measure on a time bound and self financing basis, by engaging about 8 to 10 consultants who would execute specified groups of flats from drawing to finished stage on "turn-key" basis. The Housing Board would supply all primary building materials to the group consultants at fixed prices and as the work was to be completed within the fixed target date, there would be no price escalation clause in the agreements with these consultants. The defaulting consultants would be made liable to pay compensation for defaults as per rules of the State Government.

The scheme as well as selection of the consultants was approved by the Board in February 1980. Seven group consultants (including prime consultant) for construction of different groups of flats and two other consultants for material handling and accounting were selected. The entire project area was divided into 14 different clusters (groups). Eleven of these clusters comprising 1,458 flats were distributed among 7 group consultants for execution under "turn-key" system leaving 3 clusters comprising 688 flats for execution departmentally through the Engineering wing of the Board. The 7 group consultants under "turn-key" system were awarded execution programme (work-order) in May 1980 with the stipulation to complete the work within 12 months from the date of handing over of the possession of site (July 1980) at 5 per cent consultancy charges over the tender value of each cluster. The group consultants could not, however, submit detailed estimates before June 1981 and they also failed to follow the scheduled programme of the Board leading to belated completion of work (May 1984).

6.7.3. A review in audit of the execution of the above scheme revealed the following :—

- (i) The primary object of introducing the new system of construction of flats on "turn-key" basis was to complete the construction work within scheduled time, besides economy, and to enable a comparison between the economics of departmental execution and execution through turn-key system. The following analysis would show that the construction undertaken by the department through its Engineering wing was completed earlier and at a much cheaper cost.

(a) Construction Schedule *vis-a-vis* actuals

System	No. of flats	Scheduled date of completion	Actual period of construction
(i) Turn-key	1458	July 1981	July 1980 - May 1984 (4 years)
(ii) Departmental	688	December 1981	July 1980 - December 1982 (424 flats) July 1980—May 1983 (264 flats)

(b) Cost per sq. mt. on plinth area basis (actuals)

Type and Number of flats	Rate per sq. mt.		Extra expenditure on Turn-key project per sq. mt.
	Turn-key	Departmental	
	Rs.	Rs.	Rs.
(i) HIG (1106)	1,452.52	1,161.58	290.94
(ii) MIG (352)	1,341.23	1,218.82	122.41

(c) Actual cost of construction *vis-a-vis* estimated cost

System	No. of flats	Estimated cost	Actual cost
		Rs. in lakhs	Rs. in lakhs
(i) Turn-key	1,458	1022.74	1293.96*
(ii) Departmental	688	312.28	364.00**

*26 per cent extra

**16 per cent extra

(d) Total extra expenditure for Turn-key project

Type and Number of flats	Total plinth area in sq. mt.	Extra expenditure per sq. mt.	Total extra expenditure
		Rs.	Rs.
(i) HIG (1,106)	73,961.86	290.94	2,15,18,463
(ii) MIG (352)	13,610.08	122.41	16,66,010
	<u>1,458</u>		<u>2,31,84,473</u> (Rs. 231.84 lakhs)

- (II) **Inferior quality of work :** Out of the 1,458 flats constructed under "Turn-key" project, 70 flats could not be allotted (July 1985) due to defective construction on different counts, even though the prime consultant was paid for quality control of construction. As stated by the Board, these flats could be allotted only after extensive repairs. For defective construction in the flats in all the groups (clusters), a total amount of Rs.9.28 lakhs has been withheld from the final bills of the 7 Group consultants, to be utilised against the cost of rectification to be undertaken later on.
- (III) A prime consultant was appointed in October 1982 to co-ordinate the functions and activities of other consultants at a fee of 2.25 *per cent* of the project cost. According to approach paper for the project, some of the main functions of the prime consultant were *inter-alia* to be as follows :
- (i) To check and authenticate the bills of the materials handling agent; and
 - (ii) to verify bills of group consultants for payment by the Board.

When the prime consultant was asked by the Board to check the bills of different group consultants, the firm claimed additional fees on the ground that this was not covered under the provisions of the agreement executed with them. Pending a decision on the claim, they were allowed to check the bills and an amount aggregating to Rs.12 lakhs was paid to the firm in June 1985 on the basis of an arbitrator's award.

An accounting consultant was also appointed by the Board for the same purpose i.e. checking the bills of all consultants before final payments, and they were paid more than Rs.9.73 lakhs (up to March 1985) against the contract value of Rs.11 lakhs for checking the consultants bills and other records in connection with the "Turn-key" project. The checking of bills entrusted to the prime consultant was, therefore, the job of the accounting consultant, and there was no reason for getting the work done through the prime consultant.

Thus, the payment of Rs.12 lakhs to the prime consultant for checking the bills of the other consultants, an item of work for which payments were made separately to the accounting consultant, was avoidable.

- (IV) The possession of land was made over to the consultants for construction of flats under "turn-key" system in July 1980. According to agreements, the construction was to have been completed within one year from this date. Despite regular supply of prime building materials by the Board, the group consultants completed the work in May 1984 only. For this delay no penalty, as stipulated under the accepted tender (agreement), was imposed on the group consultants. On the other hand, the Board in its meeting held in January 1982 sanctioned escalation for Rs.45.73 lakhs to cope with the price rise during construction though in the accepted tender (agreement) there was no provision for such escalation payments to the consultants, and the approach paper specifically debarred such escalation payments. This was, therefore, a payment to the consultants outside the terms of contract.
- (V) A material handling agent was appointed (February 1980) for handling prime building materials supplied to the project by different suppliers on payment of 2 *per cent* of the value of materials handled (no formal agreement was executed). As per decision taken by the Board (Special Cell) in December 1980, materials handling agent would not be eligible for the prescribed handling charges for items not handled by them. In August 1981 the materials handling agent claimed payments for handling of materials which were not actually handled by them and their claim for Rs.3.35 lakhs was rejected by the concerned directorate on the basis of Board's decision of December 1980. The materials handling agent subsequently represented that as they had to engage a number of staff at the work site to maintain contact with the different consultants, and they had kept records for all materials which were procured directly or issued by the department (though not handled by them), they should be paid handling charges at the prescribed rate for those materials in terms of the draft agreement. The Chairman of the Housing Board ordered in May 1982 for payment of handling charges in respect of these materials. The payment of Rs.3.35 lakhs to the materials handling agent was therefore an extra payment, without obtaining specific sanction of Government.
- (VI) One of the group consultants was awarded a work order for Rs.1.15 crores in May 1980 for construction of 168

MIG flats which were partly completed in November 1983, leaving 21 flats with defective work-manship. The rectification work was decided to be undertaken departmentally at the risk and cost of the group consultant and a total expenditure of Rs.5.65 lakhs was incurred on this work. The Board, however, decided in its meeting held in October 1984 that only a sum of Rs.5.58 lakhs should be recovered from the consultant, leaving the balance amount of Rs.0.07 lakh to be borne by the Board. The concession of Rs.0.07 lakh was, therefore, not covered by the terms of the agreement.

The matter was reported to Government in August 1985; reply was awaited (May 1986).

6.8. Loss on sale of flats and houses

(a) Asansol Satellite Township Project (ASTP)

The scheme for Asansol Satellite Township (approved by the West Bengal Housing Board in April 1976) was scheduled to be constructed in two phases. The estimated cost of phase I comprising 705 flats stood at Rs.97.34 lakhs and that of phase II comprising 300 flats at Rs.95.14 lakhs with target date of completion by September 1978. Because of changes in the specification, the estimated cost had been revised in June 1978 to Rs.106.03 lakhs and Rs.109.49 lakhs for phase I and II respectively. The project was completed in June 1980 and the flats were sold between December 1980 and November 1984.

Sale prices of the flats originally determined in January 1976 were revised in June 1978 to keep parity with the increasing cost of the project as per revised estimate. The actual cost of the project on completion in June 1980, however, showed an increase of more than 37 per cent of the revised estimated cost but the sale prices fixed in June 1978 were not revised on the basis of cost actually incurred, though the flats were sold much later (December 1980 to November 1984). This resulted in loss of Rs.72.17 lakhs in the sale of these flats as shown below :

Sl. No.	Category of flat	No. of flats	Initial estimated costs	Revised cost	Actual cost	Sale price	Difference
(Rupees in lakhs)							
Phase-I							
1.	MIG	150	48.87	56.13	77.38	59.88	17.50
2.	LIG	55	9.39	11.94	16.71	9.90	6.81
3.	EWS	500	39.08	37.96	70.18	40.00	30.18
Phase-II							
1.	MIG	300	95.14	109.49	131.92	114.24	17.68
	Total	1,005	192.48	215.52	296.19	234.02	78.17

(b) Durgapur Housing Project

West Bengal Housing Board approved a scheme in April 1981 for construction of forty self-contained single-storied houses at Durgapur phase-I at an estimated cost of Rs.34.41 lakhs for sale to the purchasers of higher income groups. The project commenced on 22nd February 1982 and was completed by November 1983.

The sale prices of the houses were fixed in August 1982 on the basis of the estimated cost. But the cost of the project could not be restricted within the approved estimate of Rs.34.41 lakhs because of higher land development expenses coupled with substitution of costlier items in the construction of houses as shown below :

Name of item					Estimated cost	Actual cost
					(Rupees in lakhs)	
(a) Structural cost etc.	..	..	..	..	22.20	28.54
(b) Administrative charges	..	..	..	..	1.79	3.81
(c) Interest on investment	..	..	..	..	2.78	3.06
(d) Land cost with interest in land	..	..	..	..	1.41	1.41
(e) Land Development cost	..	..	..	..	6.04	9.56
Total	..	..	..	..	34.41	46.38

The sale prices of the houses fixed in August 1982 were, however, not revised to include the subsequent extra expenditure incurred up to November 1983. The houses were sold between November 1983 and March 1985 at the sale price fixed in August 1982 resulting in loss of Rs.11.26 lakhs in the deal.

The unrealistic fixation of sale prices of flats and houses in the said two schemes thus led to a loss of Rs.83.43 lakhs.

The matter was reported to Government in November 1984; reply was awaited (May 1986).

6.9. Loss due to non-inclusion of Municipal Taxes in the sale price

Housing Directorate of the Government of West Bengal had constructed 808 flats and developed 195 plots at Kalindi Housing Estate in 1976 at a cost of Rs.2.72 crores. The whole Estate was subsequently transferred to the West Bengal Housing Board for sale of flats/plots to the purchasers. The transfer was formerly approved in Government notification issued in March 1978.

The sale prices of these flats and plots were fixed by the Housing Board in March 1977 on the basis of actual cost of construction| development etc. and the flats and the plots were sold during the period between October 1978 and March 1985. When the concerned Municipality was approached by the Board for mutation of the transferred property (July 1979), the latter claimed Rs.7.42 lakhs as arrear of Municipal taxes of land and holdings from 1971-72 onwards. After negotiations, a sum of Rs.6 lakhs was paid (August 1979) in settlement of the claims. This liability was not taken into account by the Housing Board in fixing the sale price of the flats and plots, nor were the sale prices revised after taking into account this item of expenditure, with the result that this amount could not be realised from the purchasers.

The Board in its meeting held on 29th March 1985, decided in the light of the audit comments made in July 1984 that henceforth 2 *per cent* of the total cost of flats and plots would be realised from the purchasers to cover the incidental charges.

Non-inclusion of the element of municipal tax which was a foreseeable liability in the sale price of the flats|plots resulted in a loss of Rs.6 lakhs to the Board.

The matter was reported to Government in November 1984; their reply was awaited (May 1986).

6.10. Loss due to defective construction of flats

Government had taken up construction of a Housing Estate (Indralok, Paikpara) in three phases, for 652 flats, in the early seventies. By middle of 1974, 136 flats (phase I) were completed, 380 flats (phase II) were partly completed, and land for 136 flats (phase III) was acquired. It was then (1974) decided to hand over the Estate to the Housing Board for completion and allotment of flats to the individual purchasers. The capital cost of 136 flats (phase I) already completed by Government stood at Rs.46.92 lakhs. Before taking over these flats, no formal technical inspection of the construction was conducted by the Housing Board.

The Board allotted (September 1974) all the 136 flats under Phase I of the above Estate to the intending purchasers and the sale deeds were executed. The allottees of one of the blocks (Block No. B11) comprising eight flats under Phase I complained in October 1974 that the entire block was tilted and not safe for habitation and they demanded alternative flats on grounds of safety.

The Board then decided (in their meeting on 21st August 1979) that all the allottees of the eight flats in the tilted block would be offered alternative accommodation, though costlier, in another block (Block B-4) of the same Estate under Phase II and decided to bear the resultant financial loss. The Board further decided that before offering these defective flats for sale, comments of Calcutta Corporation should be obtained on the question of safety of the flats in the light of relevant building laws. But before the comments were received from the Calcutta Corporation the allottees were given alternative accommodation and sale deeds were executed *de novo* between September 1979 and November 1979. The value of the alternative flats amounted to Rs.4,32,000 against the price of Rs.2,90,420 originally realised from the eight allottees. This resulted in a loss of Rs.1,41,580 to the Board.

The tilted block had been lying vacant since August|September 1979 and comments of the Calcutta Corporation regarding the safety of the flats are still awaited (June 1985).

The relevant records of the Housing Board revealed that the defects were of permanent character due to unequal settlement of the foundation and defective construction of the building. Government, however, stated (August 1985) that the defects were not of permanent nature and could be rectified at an estimated expenditure of Rs.1.20 lakhs. Thus, due to defective construction Government is faced with additional liability of Rs.1.20 lakhs in addition to keeping the flats (cost Rs.2.76 lakhs) unutilised for ten years.

6.11. Infructuous expenditure of Rs.2.06 lakhs

West Bengal Housing Board decided (December 1974) to initiate a scheme for construction of multistoreyed housing project on a Government land (Minto Park) measuring 62 cottahs at a preliminary cost estimate of Rs.134.04 lakhs for sale to the Middle Income and Higher Income Groups of people. The scheme envisaged reservation of some apartments for Government for providing residential accommodation to the State Government officials posted at Calcutta.

Pending formal transfer of land and issue of Administrative approval, Board incurred initial expenditure towards soil testing (Rs.8,118) and construction of boundary wall and barbed wire fencing (Rs.22.877) between June 1975 and October 1977. A firm of consultants selected (June 1975) for preparation of the plans and designs on the projects, was also paid a sum of Rs.2.06,388 (September 1975 and January 1985) towards their fees. Tender for building

works was invited twice, in August 1975 and February 1976, but the tender papers were not finalised as the design for the accommodation proposed to be earmarked for Government officials was expected to undergo revision.

No action was also taken by the Board to get the transfer of the land expedited and requisite administrative approval issued by the competent authority. In December 1977, Government intimated to the Housing Board that since the latter was not interested in the construction of the project, it was under consideration of Government to construct rental flats for State Government officers on this land. In May 1979, Government finally decided to construct rental flats on the land through its own machinery, and the project originally conceived by the Board stood abandoned.

The Board had incurred a total expenditure of Rs.2,37,883 on the scheme. At their request, Government agreed (June 1980) to reimburse only the cost of soil testing, boundary wall and fencing (aggregating to Rs.30,995), but not the expenditure incurred on the plans and designs (Rs.2.06 lakhs) as the work done by the consultants would be of no use to them.

The Board, however, intimated (June 1985) that the question of reimbursement of the fees paid to the consultants was being referred to Government for reconsideration. Even if the Government agrees to reimburse, the fact remains that the expenditure of Rs.2.06 lakhs on the engagement of consultants for preparation of plans and design of the project without ensuring availability of land and acceptance of the scheme was infructuous.

The matter was reported to Government (August 1985); reply was awaited (May 1986).

6.12. Loss on abandonment of a project

The Housing Board had undertaken a Pilot Project in Asansol in 1976 for manufacture of Fly Ash Bricks as a measure of cost saving technology in building works. The plant construction was completed by the middle of 1977.

Commercial licence for the manufacture of Fly Ash Bricks was received (February 1977) from National Research Development Corporation of India on payment of lumpsum premium of Rs.10000. The plant was commissioned in August 1977 and 30,000 bricks were produced in first lot at a cost of Rs.195 per thousand as against the market price of Rs.225 for burnt bricks. The production continued

till middle of 1979 with periodical breaks and a total quantity of only 1 lakh bricks was produced at a cost of Rs.28000 (these were utilised departmentally). Soon after the initial production, the plant remained idle for years together and finally, it was decided (September 1982) to abandon this scheme due to increase in the cost of lime (a vital constituent for manufacture of this brick) as well as due to failure of power supply. The plant is yet to be disposed of (September 1985) and the Board continues to incur expenditure on watch and ward. The total expenditure incurred on this scheme aggregated to Rs.2 lakhs as under :

	Rs.
(a) Cost of installation (Factory shed and machinery) ..	94000
(b) Expenditure on watch and ward (from 1979 to 1985) ..	96000
(c) Lumpsum premium for licence ..	10000

Thus, the expenditure of Rs.2 lakhs (up to March 1985) proved largely infructuous.

The matter was reported to Government (August 1985); reply was awaited (May 1986).

METROPOLITAN DEVELOPMENT DEPARTMENT

CALCUTTA METROPOLITAN DEVELOPMENT AUTHORITY

6.13. Wasteful expenditure

The Calcutta Metropolitan Development Authority (CMDA) engaged (February 1976) a consultant to undertake a feasibility study of a proposed bridge at Hooghly River crossing near Sovabazar, at a lump sum fee of Rs.50,000. In April 1976, CMDA expanded the scope of the above study and entrusted to the consultant the work for preparation of the preliminary project report for the proposed bridge at a fee of Rs.3.50 lakhs at the rate of $\frac{1}{2}$ (half) *per cent* of the estimated project cost of Rs.7 crores. In addition, the consultant was entitled to separate fee for field survey and soil investigation work. The project report was to be prepared considering also the findings of the hydraulic model study to be performed by the Indian Institute of Technology (IIT), Kharagpur.

According to agreement executed in October 1976, the consultant was to prepare *inter alia* preliminary design of the bridge indicating alternative proposals for the foundation and superstructure. In April 1977, it was decided with the approval of the Chairman, CMDA, that the preliminary project report would be prepared for two alternatives viz. the multi-span and single-span low level bridge and that a lump sum fee of Rs.7.50 lakhs (against Rs.3.50 lakhs stipulated in the agreement) would be paid to the consultant. No approval of the Authority for such upward revision of the contracted amount has been obtained as yet (August 1985).

For hydraulic model study, an advance of Rs.10,000 was paid to the IIT, Kharagpur. However, for reasons not spelt out, it was decided in a meeting (January 1978) with the consultant to complete the preliminary project report based on the available and assumed data without carrying out any soil investigation, sounding, physical survey and without waiting for the hydrological study report from the IIT, Kharagpur. The fees were not reduced proportionate to the reduction in scope of work, even though the agreement provided for reduction in fees in the event of reduction in scope. The consultant completed his planning assignment accordingly and submitted all aspects of the project report by March 1978. After approval of the same by CMDA, the final copies of the report were submitted by him in August 1982.

A sum of Rs.6,50,550 was paid to the consultant up to September 1978. The payment of the balance fee of Rs.99,450 and another amount of Rs.7,222 being cost for the extra copies of the report have been withheld for adjustment against excess payment made on some other contracts with the consultant.

The report submitted by the consultant in August 1982 has not yet been considered by the Authority (August 1985) nor has any decision been taken about its utilisation in future. Besides, the utility of report prepared on the basis of assumed data in 1978 without soil investigation, physical survey and hydrological study in finalising detailed design of the bridge, even if the project is taken up in future is not known. The whole amount of Rs.7.67 lakhs expended on the project thus appears to be wasteful.

The matter was reported to Government in September 1985; reply was awaited (May 1986).

6.14. Avoidable extra expenditure

Tenders for construction of 12,000 cubic metre/hour capacity water treatment plant for Garden Reach Service District based on departmental design, with option to quote for alternative design within the frame work of departmental norms, were called for in November 1974. Only two contractors participated in the tender. The offer of contractor *A* was based on his own design with 55 diameter (m) clariflocculator while that of contractor *B* was based on 60 m dia-clariflocculator conforming to departmental design. Contractor *B* submitted also an alternative offer with 55 m dia-clariflocculator subsequent to the date of opening of tender.

The offers of both the contractors were loaded with conditions (including condition of price escalation) not in conformity with the notice inviting tender (NIT). The Tender Committee (TC) of Calcutta Metropolitan Development Authority (CMDA) negotiated (January 29, 1976) with the contractors and requested them to withdraw the extraneous conditions and to reconsider their quoted prices, if possible. Contractor *B* withdrew (January 30, 1976) all the conditions excepting the condition that dewatering during execution of work was to be done by CMDA and offered revised prices of Rs.256.72 lakhs and Rs.249 lakhs for the works with 60 m and 55 m dia-clariflocculator respectively. Contractor *A* in his letter of January 30, 1976 to the TC modified his conditions stipulating *inter alia* that CMDA would reimburse to him statutory escalation in rates of materials, wages, freights, octroi, taxes, duties, levies etc. He also stuck to his original lump sum price of Rs.252.56 lakhs plus a ceiling amount of Rs.1.50 lakhs for dewatering. The TC recommended the tender of contractor *B* for the work with 60 m dia-clariflocculator for acceptance by the Authority though this was slightly higher than his other offer with 55 m clariflocculator on the consideration that while a 55 m clariflocculator would guarantee the quality and quantity of water as specified it would not satisfy all other parameters mentioned in the NIT.

The Chairman, CMDA, however, accepted (February 13, 1976) the tender of contractor A with 55 m dia-clariflocculator on the consideration that it was lower than the offer of contractor B with 60 m dia. clariflocculator and that it would involve lower maintenance cost. No reason was, however, recorded as to why the other offer of contractor B with 55 m dia. clariflocculator which was lower to the extent of Rs.3.56 lakhs than the offer of contractor A was not taken into consideration. Further implications of the escalation demanded by the contractor A in his tender and in his letter of 30th January 1976 were not financially evaluated for purposes of comparison of tender prices. Thus, the contract was awarded to a contractor whose evaluated tender price was *ab initio* higher. The acceptance of the tender was not also placed before the Authority for ratification.

The letter of intent was issued to contractor A on February 14, 1976 intimating acceptance of his tender with reference to clarifications resting with his letter of 30th January 1976 to the TC. The work order was issued in April 1976 for completion of the work within 30 months, i.e., by October 1978.

After having completed the work substantially, contractor A submitted (February 1978) claim for payment on account of price escalation consequent on statutory enhancement of labour wages amounting to Rs.21.12 lakhs up to January 1978, besides claims on other counts amounting to Rs.1.80 lakhs. He contended that he had reiterated in his letter of January 30, 1976 that price escalation consequent to statutory increase in wages was to be paid and that CMDA in its letter of intent accepted his offer in terms of his said letter. CMDA's contention was that it did not agree to allow price escalation except only statutory increase in taxes, duties, new levies, etc. if any, and that price escalation was not admissible in terms of the agreement. Considering, however, the vagueness in the wording of the letter of intent which left room for doubt, CMDA sought (February 1980) the opinion of the Legal Remembrancer (LR) of the State Government in the matter. The LR opined that CMDA stood on a weak ground as regards payment on account of labour wage escalation as they had not taken care to couch the relevant clause in a more definitive manner. In the circumstances, recourse to arbitration being considered unlikely to be advantageous, the claims of the contractor were decided to be settled on negotiation.

It was agreed on negotiation with contractor A (July 26, 1980) that an amount of Rs.19 lakhs in lump sum would be paid to him as full and final settlement of all claims.

Pending ratification by the Authority, the agreed amount of Rs.19 lakhs was released, with the approval of the Vice-Chairman, CMDA (August 1980), to contractor A between September 1980 and February 1984. The ratification by the Authority is still (July 1985) awaited.

Thus, due to improper selection of the tenders, extra payment of Rs.19 lakhs was paid to the contractor, in addition to the payment of higher price of Rs.3.56 lakhs than the offer of the other contractor.

Government stated (December 1985) *inter alia* that the offer of contractor A was lower than the offer of B which was exclusive of the cost of dewatering. They also stated that CMDA could not fully accept the contractor's demand for escalation of wages. Having regard to the opinion of the Legal Remembrancer a payment of Rs.19 lakhs was made through negotiated settlement.

Since the tender committee had recommended for acceptance of the offer of contractor B for 60 metre dia. clariflocculator conforming to the departmental design, the acceptance of the offer of contractor A for 55 metre dia. clariflocculator, based on his own design, at the discretion of the Chairman, CMDA, was irregular even though the price was lower than that of contractor B. In that case, the authority could have reconsidered the issue for acceptance of the alternative offer of contractor B for 55 m. dia. clariflocculator which was also based on his own design but was rejected on the ground of post-dated tender and its technical unsuitability.

Moreover, had there been no vagueness in the wording of the letter of intent, the authority could have avoided the extra payment of Rs.19 lakhs to the contractor A in addition to the payment of higher price of Rs.3.56 lakhs.

6.15. Avoidable expenditure on hiring of accommodation

The work of an area development project (Baishnabghata-Patuli) partly financed by Housing Urban Development Corporation (HUDCO) was commenced in the year 1978-79 by the Executive Engineer in charge of the project whose office was located at site. Subsequently, the office was shifted to a rented house from July 1979, the rent being Rs.4660 per month. With a view to providing office accommodation for the Executive Engineer at site of work, construction of an office-cum-stores building was started in December 1979 without sanction of the competent authority, and the building was completed in August 1980 at a cost of Rs.1.10 lakhs. In the absence of any sanction, the expenditure was charged to

"Contingencies" under the project estimate, although there was no provision for construction of the office building in the same. The sanction of the competent authority is still awaited (December 1985).

Though the office building was completed in August 1980, the Executive Engineer still continues to occupy the rented accommodation and has not shifted to the new office (December 1985) for which no reasons were available on record. This resulted in avoidable expenditure of Rs.2.80 lakhs, in addition to keeping the newly constructed office building unutilised for over five years.

Government stated (January 1986) that the office building was being utilised by field officers and staff including security personnel as well as for stores materials, and that the accommodation was not sufficient for two divisions now located in the hired building. The floor area of the office building (4,060 sft.) being more than the area of the hired accommodation (3,587 sft.) the justification for retention of the latter was not apparent notwithstanding what has been stated by the Government.

6.16. Construction of Cattle sheds and Paddocks in Garden Reach Cattle Resettlement Project

A contract for construction of 30 Cattle sheds with Paddocks in connection with Cattle Resettlement Scheme at Garden Reach (North), based on the contractor's own design, was awarded to contractor *A* at a lump sum amount of Rs.37.85 lakhs (subject to a rebate of 1.25 *per cent*) on February 7, 1979 for completion by December 1979. At that time, the boundary demarcation and possession of the project site were still to be obtained.

After getting partial possession of land, the earth filling was started in March 1979 through contractor *B*. The major portion of the land was then under cultivation and became workable by the end of May 1979 (after harvesting of crops). A small portion of the site for construction of 5 (five) sheds only was made available to contractor *A* in December 1979, i.e., almost at the end of the stipulated time for completion. The contractor started the work in January 1980 but on the instruction of the department, the work was kept suspended from the end of May 1980 as it caused interference in earth filling work entrusted to another contractor. In November 1980, contractor *A* resumed the work and took up construction of further six sheds where earth filling was completed by that time.

The sites for the remaining sheds were made ready in June 1981. Before resumption of work on the sites delivered, contractor *A* demanded escalation of Rs.15.14 lakhs (40 *per cent* of tendered

rates) on account of rise in prices, more than 2 years after issue of the work order. On the assurance of the sector Director that the claim for escalation would be considered sympathetically, contractor A resumed work in November 1981. Based on rise in the market prices since opening of the tender as per schedule of rates in force during the periods of execution of the work, the admissible amount of escalation was assessed at Rs.10.35 lakhs which comes to 27.34 per cent of the contract value (Rs.37.85 lakhs). But the escalation was not recommended by the sector Director as this was not covered by the terms of the contract. The contractor finally stopped the work in December 1981 (on the expiry of extended validity period up to 31st December 1981) when none of the sheds was completed beyond roof level on the ground of non-acceptance of his demand for escalation in rates. In February 1983, the contract was honourably terminated with effect from January 1, 1982. An amount of Rs.19.41 lakhs was paid to the contractor by October 1983 on the basis of stage payments.

This amount included a sum of Rs.0.75 lakh towards provision for casting yard and moulds for casting purlins though the contractor had not actually made any casting of purlins.

The tender for the balance work was invited (July 1983) on the basis of itemised schedule of work based on the original design; the same was awarded to the same contractor A at Rs.17.96 lakhs and was completed (December 1984) at a cost of Rs.39.87 lakhs.

The following observations are made in this connection;

- (A) An analysis of the payment made to the contractor against the earlier lump sum contract on the basis of stage payments shows that the payment was highly disproportionate to the quantum of work actually done. The cost of work executed was only Rs.12.18 lakhs computed on the basis of the schedule of rates in force at the time of opening of the tender (1978-79). The excess payment thus works out to Rs.7.23 lakhs.
- (B) As per requirements of the specifications of different items of work (including items of gable and cross walls) done against the lump sum contract, the contractor should have consumed at least 406.88 MT of cement in the work up to December 1981, but he actually used 335 MT of cement issued to him. Thus, there had been less use of cement in the work by the contractor to the extent 71.88 MT valued Rs.30,190. For this, neither the value

of cement not used nor any penalty for the default was recovered from the contractor resulting in undue financial aid to him.

- (C) The issue of work order to the contractor for construction of Cattle sheds on February 7, 1979 when the preliminaries like possession of land, earth filling of the site, etc., were uncertain, gave rise to delay and extra expenditure of Rs.21.91 lakhs in the completion of Cattle shed work.
- (D) The normal hike in prices during this period (1978-1983) as per respective schedules of rates for the balance items of work, was about 69 *per cent* only against which Rs.39.87 lakhs against balance amount of Rs.17.96 lakhs (122 *per cent*) was allowed to the contractor.
- (E) Out of the total area of 1.83 lakhs Cum filled with earth, 0.35 lakh Cum only was for the plots of cattle sheds and paddocks. Had the department first concentrated on the expeditious development of the project site for the cattle shed work the work could have been completed much earlier and the extra expenditure of Rs.21.91 lakhs could have been largely avoided.

Government stated (December 1985) *inter alia* that the lump sum contract having no provision for evaluating the unfinished work in the event of its premature termination, the payment of Rs.19.42 lakhs was made on the basis of *prorata* percentage of non-completed items of work and that the payment of Rs.0.75 lakh was made when it was not known that the contract would meet premature termination. Since, however, the lump sum contract did not provide any basis for evaluation of unfinished work it was all the more necessary for the administration to adopt a realistic basis for working out the amount payable to the contractor for the quantum of work actually executed so that the excess payment of Rs.7.23 lakhs could have been avoided. There was no justification for non-recovery of Rs.0.75 lakh from the contractor's dues on termination of the contract since the work for which the payment was made had not been executed. Government further stated (December 1985) that the work order was issued in advance of all formalities for acquisition of land etc., with the intention to take up the work as quickly as possible as the question of foreign assistance was involved. Whatever might have been the intention, the fact remains that the additional burden of Rs.21.91 lakhs could largely have been avoided but for the failure of the administration to finalise the preliminary formalities like acquisition of land, demarcation of boundry etc., before awarding the work.

6.17. Avoidable expenditure

The work of widening of Raja Rammohan Sarani from Mahatma Gandhi Road to Vivekananda Road was divided into three groups (A, B. and C) and tender for each group was invited in September 1981. The tenders opened on 30th October 1981 were accepted on 29th January 1982. The lowest rates accepted for the first two groups are given below :

Group	Contractors	Estimated cost put to tender	Lowest rates accepted	
A	Contractor 'A'	Rs. 4,00,300	12-99	per cent less than the estimated rates
B	Contractor 'B'	Rs. 3,63,200	25-99	Do

In the case of group B work, the letter of acceptance of offer reached contractor B on 6th February 1982, after the expiry of the validity period of the offer (3 months from the date of opening of tender). On this ground, he refused to execute the work unless an increase of 25 *per cent* over his offered rate was admitted. Fresh tenders were invited (September 1982) and the work was entrusted (January 1983) at 22 *per cent* above the estimated rates to another contractor who completed it (December 1983) at a cost of Rs.3,93,269. Thus, due to failure to communicate the acceptance of the tender of contractor B in the first call within the validity period, Government had to incur an extra expenditure of Rs.1.54 lakhs.

In the work of group A contractor A started (March 1982) the work but stopped it after doing some earth work only. His tender was rescinded (August 1982) with forfeiture of security deposit of Rs.8,006. The work was entrusted (January 1983) to another contractor at 24.98 *per cent* above the estimated rates and was completed (February 1984) at a cost of Rs.4,07,051. Thus, execution of the work at higher rate through a second agency for the default of the original contractor there was an extra expenditure of Rs.1,23,666 in completing the work against which only Security Deposit amounting to Rs.8,006 was available for forfeiture and this resulted in extra expenditure of Rs.1,15,660. The extra expenditure of Rs.1,15,660 could have been avoided had the tender been rescinded at the risk and cost of the defaulting contractor A when a clause to this effect did exist in the agreement. The reasons for not invoking the provisions of this clause were not stated.

Thus, there had been a total avoidable expenditure of Rs.2,69,874 due to departmental lapses.

Government stated (February 1986) *inter alia* that due to delay in receipt of administrative approval for the project the work order could not be issued earlier. Further, 1979-80 Schedule of Rates on the basis of which tenders were invited in September 1981 was revised with effect from 1st August 1982 resulting in increase of 32 *per cent* in the rates over that of the 1979-80 schedule, for which the accepted rates became unworkable. This led to refusal of the contractors to execute the work.

This contention of the Government is not tenable, as the revision of Schedule of Rates, by itself, should not alter the rates applicable to the prevailing contracts.

Incidentally, another contractor for group C of the project completed his portion of the work at the quoted rate (12.5 *per cent* below the estimated cost based on the 1979-80 Schedule of Rates).

6.18. Extra expenditure

(a) The work of supply, installation and commissioning of pumping machinery (including motors, pumps, valves etc.) at Garden Reach Water Works was entrusted to contractor A in December 1973 for completion in 32 months, i.e., by August 1976. But construction of two pump houses, where the equipment were to be installed, were entrusted to two other agencies in September 1976 and February 1977 for completion by March 1978 and August 1978; these were actually completed in November 1979 and April 1981 respectively. Delay in completion of the pump houses was attributed to (i) change in the original scheme, (ii) delay in finalisation of the process of acquisition of land from the Calcutta Port Trust and (iii) fund constraints. Contractor A completed (February 1977) the supply of equipment which were kept stored at work site till the pump houses were ready and he could start installation work only in the middle of 1981, i.e., 4 years after the supply of the machinery.

The long timelag involved in the installation of the machinery due to delay in construction of pump houses led to an extra expenditure of Rs.2.59 lakhs on account of (i) storage charges for the machinery during idle period (March 1977 to May 1981—Rs.2,29,500) and (ii) expenditure on testing, checking, overhauling and repairs before their installation (Rs.29,500) besides the delay in commissioning the plant.

(b) The installation of machinery in the pump houses was completed by May 1982, when trial run of the water works was started and the plant was formally inaugurated in December 1982. Contractor A operated the plant under the contract till March 1983

by which time the guarantee period and the maintenance period of the contract expired. On April 8, 1983 when supply of water was in progress, 700 m dia. non-return valve (reflux valve) of motor No. 3 in one pump set (supplied and installed by contractor A with manufacturer's test certificate) broke down causing inundation of the basement of the pump house. The motors, pumps and other equipment which remained submerged for 15 hours were damaged and became inoperative. The water supply from the pump house remained suspended from April 8, 1983 to April 24, 1983. An expenditure of Rs.6,62,782 was incurred by Calcutta Metropolitan Development Authority (CMDA) for salvaging the equipment and recommissioning the pumping station on April 25, 1983.

On inspection of the ruptured body of the valve, it was detected by CMDA engineers that the thickness of its wall varied from 25 mm to 38 mm which according to Indian Standard Specification (1969) should be as uniform as possible to avoid strain set up by certain change of cross section. According to the Director, Water Supply, due to variation in thickness, differential strain might develop on the body of the valve leading to its failure. The manufacturer of the valves replaced the damaged valve by a new one and also changed the flaps of other working reflux valves free of cost. Failure of the authority to detect the manufacturing defects earlier while the warranty was still operative resulted in incurring of an expenditure of Rs.6.62 lakhs for salvaging the pumpsets.

Government stated (December 1985) *inter alia* that the scheme was modified due to increase of raw water flow after commissioning of the Farakka Barrage. Further, an expenditure of Rs.6.62 lakhs had to be incurred for salvaging equipment submerged and this amount could not be recovered from the contractors for defective valves as the accident occurred after the warranty and contractual maintenance period was over.

Had the authority been able to synchronise the construction of the pumphouse and supply of pumpsets, they could have avoided the extra expenditure of Rs.2.59 lakhs on account of long storage of the pumpsets for 4 years and incurring expenditure on testing, checking, overhauling and repairs before installation.

HOOGHLY RIVER BRIDGE COMMISSIONERS

6.19. Extra expenditure on variation of exchange rates

The Hooghly River Bridge Commissioners (HRBC) awarded in March 1972 the contract for construction of bridge proper (Section III) of the Second Hooghly Bridge Project to M/s Bhagirathi Bridge Construction Co. Ltd. (BBCC) for a lump sum value of Rs.1485.99 lakhs on the basis of prices prevailing on the 16th March 1971 (operative date). The Agreement with the contractors provided *inter alia* for payment of escalation in prices of imported Tools and Plants as well as variation in exchange rates on certain specified items, with reference to the prices|exchange rates prevailing on the operative date *vis-a-vis* the date of purchase. Further, the provision for escalation in prices of imported Tools and Plants was restricted to 38.25 *per cent* representing their used-up value for the project.

A review of payments of Rs.23.06 lakhs made up to March 1985 on account of escalation due to variation in rate of exchange in respect of prices of Tools and Plants imported by the contractors under the agreement revealed the following :

- (a) While the escalation in prices of Tools and Plants was allowed on the basis of Free on Board (FOB) prices of the specified items, variations in exchange rates for these items were allowed on the basis of their Cost Insurance and Freight (CIF) value. By adopting a different basis for calculating variation in exchange rates for the same items for which price escalation was allowed on FOB prices, the contractors were allowed extra financial benefits to the extent of Rs.0.73 lakh.
- (b) The restriction of 38.25 *per cent*, though applied in case of payment of escalation prices of Tools and Plants, was ignored in case of payments of variation in exchange rates and 100 *per cent* escalation in exchange rates was allowed resulting in an excess payment of Rs.13.79 lakhs. The escalation due to variation of exchange rate is clearly a part of the capital cost and should have been restricted to 38.25 *per cent*.
- (c) The extra expenditure incurred on account of (a) and (b) above amounted to Rs.14.52 lakhs.

The Chief Project Manager in his comments (forwarded by Government in December 1985) stated *inter alia* that the contractors being dissatisfied with the HRBC's interpretation of the relevant

provisions of the contract and the amounts paid to them referred the matter (along with nine other claims), i.e., determination of the principles of payment of claims due to variation in the rate of foreign exchange pertaining to the Plant and Machinery to the Arbitrators appointed by both the parties as provided in the contract. The Arbitrators gave unanimous award in favour of the contractors for payment of a sum of Rs.9.79 lakhs. The Chief Project Manager also stated that the limitation of 38.25 *per cent* would not be adhered to as this was beyond the terms of agreement and not in consonance with the unanimous decision of the Arbitrators.

It may, however, be pointed out that the issue mentioned at (a) above was not one of the issues before the Arbitrators. As for (b), it was the absence of necessary provision in the Agreement that led to the extra payment.

6.20. Payment arising out of arbitration

6.20.1. The Hooghly River Bridge Commissioners (HRBC) awarded (March 1972) the contract for Section III (bridge proper) of Second Hooghly Bridge Project to M/s Bhagirathi Bridge Construction Co. Limited (BBCC) for a lump sum of Rs.1339.64 lakhs on the basis of price prevailing on 16th March 1971 (operative date), with provision for escalation in cost on certain specific items.

6.20.2. During the period January 1979 to March 1985, a sum of Rs.513.54 lakhs was paid to the contractor (M/s BBCC) over and above the regular payment under the lump sum contract, on account of escalation of labour (Rs.280.77 lakhs), materials (Rs.56 lakhs), POL (Rs.13.77 lakhs), electricity (Rs.10.85 lakhs), ancillary works (Rs.104.35 lakhs), tools and plant costing less than Rs.10,000 each (Rs.11.75 lakhs) and tools and plant costing more than Rs.10,000 each (Rs.36.05 lakhs). Their claims for increase of taxes like Octroi, Sales Tax and Customs, and increase on labour engaged in the handling of Pneumatic Plant were not allowed by HRBC as not being covered under the agreement. The contractors filed an arbitration case on 25th November 1982 for a total claim of Rs.120.72 lakhs on these and other accounts. While the arbitration proceedings were on, the HRBC paid an advance of Rs.34 lakhs in November 1983 against the arbitration claim in consideration of the contractor's acute financial constraints though there was no provision in the agreement for payment of advance against claims under arbitration.

6.20.3. The arbitration case was decided in May 1984 in favour of the contractor with an award of Rs.66.70 lakhs plus interest of Rs.12.58 lakhs worked out at the rate of 12 *per cent per annum* on

the award money from the date of filing arbitration (25th November 1982) till the date of payment (22nd June 1984). Of this, the award of Rs.34.49 lakhs resulted from apparent lacunae in the agreement as detailed below :

- (a) Rs.47.75 lakhs on account of increase in taxes and duties on all plants and equipment (Octroi : Rs.3.25 lakhs; Customs duty : Rs.41.50 lakhs and Sales Tax : Rs.3 lakhs).

There was no specific provision in the agreement for claiming payment on this account. The agreement specifically provided for additional payment on account of increase of Sales Tax and Octroi in respect of some listed materials only, which did not include any plant or equipment. The claim was based on another clause in the agreement which provided for payment of "purchase tax, terminal tax or any other similar impost or incidence of new tax". The contractor could have claimed relief on account of increase in such taxes and duties under the escalation clause, treating the increase in Octroi, Sales Tax and Customs Duty as increase in price. Contractually, the escalation claim was limited to 38.25 *per cent* of the increase, the use of the equipment in this project having been taken to this extent. The contractor, however, chose to claim the escalation on account of the aforesaid duties and taxes separately and thus gained full reimbursement of the taxes and duties without limiting to the extent of 38.25 *per cent*. This led to an extra payment of Rs.29.49 lakhs.

The payment of Rs.47.75 lakhs was also based on contractor's data accepted without verification as mentioned below :

- (i) The value of plants and equipment on the operative date was neither assessed nor was the rate of Octroi on the operative date (16th March 1971) certified by the Entry Tax Authority. The value as declared by the contractor was adopted.
- (ii) In respect of old plants, the element of depreciation was not taken into account by the Entry Tax Authority while determining the assessable value on the date of purchase.

(iii) In respect of customs duty the payment was made without obtaining a certificate from the customs authority on the rate and amount of customs duty payable on the operative date; HRBC did not refer the matter to the Collector/Central Board of Excise and Customs but relied on the average rate of duty as worked out by the contractor. The value of plants on the operative date as adopted by the contractor was also not checked.

(b) Rs.5 lakhs towards escalation on tools and plants costing less than Rs.10,000 each and labour relating to Pneumatic equipment maintained at site :

As per provision of the agreement, the contractor was paid Rs.10 lakhs for supplying and maintaining Pneumatic Plant at site for inspection and other emergencies that might arise during sinking of wells. As these plants were not purchased, the contractor was not allowed any escalation thereon. The agreement allowed escalation on account of labour, allied/ancillary works and tools and plants costing less than 10,000 each on the basis of a fixed formula relatable to the total value of work done and not on the maintenance of any isolated equipment. Hence an additional payment of Rs.5 lakhs towards escalation on tools and plants costing less than Rs.10,000 each and labour in respect of the maintenance of the Pneumatic Plants, as a separate item, was not covered by the escalation clause provided in the agreement, and therefore, not in order.

6.20.4. Under the Arbitration Act, 1940, it was open for HRBC to prefer an appeal to the Court against the arbitration award. The Counsel of HRBC, who was also Senior Standing Counsel of the State Government, advised for preferring an appeal against the award on 6th June 1984 and a plaint for setting aside the award was also made ready for submission to the High Court on 12th June 1984. However, HRBC decided on 13th June 1984 not to prefer any appeal and to accept the award since BBCC was suffering from paucity of funds and further appeal against the award would result in prolonged litigation, delay and escalation in costs. The HRBC further decided that future disputes of similar nature would also be resolved by applying the principles adopted by the arbitrators without further question.

6.20.5. Thus, the award went in favour of the contractor due to certain loopholes in provisions in the Agreement. The case was further weakened by allowing the advance of Rs.34 lakhs to the contractor before the actual award.

Government stated (March 1986) that as the arbitration award was legally binding and preferment of appeal to the Court of law against the award would have adverse repercussion on the progress of project, the Administration had decided to accept the award in the interest of project work. The fact, however, remains that but for the apparent lacunae in the agreement, the award for Rs.34.49 lakhs could have been averted.

6.21. Foreign consultancy arrangement for Second Hooghly River Bridge

6.21.1. For construction of the Second Hooghly River Bridge under overall supervision of the Hooghly River Bridge Commissioners (HRBC), M/S Bhagirathi Bridge Construction Co. Ltd. (BBCC) was appointed as the main contractor in March 1972 for completion of the bridge (Section III of the Project) by May 1977 at a cost of Rs.1339.64 lakhs. The bridge being a high level cable stayed one, its execution called for intricate and innovative designing effort. HRBC and BBCC appointed one foreign consultant each; HRBC appointed in July 1974 M/S Leonhardt Andra Und Partner of West Germany (LUA) to advise them by checking the design and to render assistance for construction and supervision, and BBCC appointed M/S Freeman Fox and Partners of UK (FFP) in April 1975 as design consultant. Even though the consultants had started functioning from the date of appointment, the design philosophy of the bridge was not decided till 1977. Due to this and due to difference between the consultants in the matter of replacement of monoliths by twin well foundation etc., and also between BBCC and FFP on the layout of piers and foundations, no tangible progress was made towards the designing of the bridge till 1978.

6.21.2. In order to avoid the stalemate, the existing contracts with the foreign consultants entered into by HRBC and BBCC were terminated and HRBC itself entered into (January 1979) two separate contracts for design and proof consultancy with LUA and FFP respectively. BBCC were thus relieved of their obligation to finalise design for the bridge without however a corresponding reduction in the lump sum amount payable to them under the terms of their turn-key contract with HRBC. A comment on this aspect appeared in paragraph 6.11.5. of the Report of the Comptroller and Auditor General of India for 1982-83 (Civil). The contracts with the foreign consultants were re-drawn in the following manner :

- (i) Design Consultancy Agreement with LUA for developing the design parameters with BBCC, examination of all design and drawings and finalisation of erection schemes. (Contract period : January 1979 to September 1982; Contract fee : DM 2.8 million)

- (ii) Proof Consultancy Agreement with FFP for examining all drawings and supporting calculations forwarded by HRBC. (Contract period : January 1979 to December 1983; Contract fee : £ 2,15,700*)
- (iii) Supervision contract with LUA for providing guidance for the construction supervision of the entire bridge (Contract period : March 1980 to June 1985; Contract fee : DM 3.47 million*)

6.21.3. A review conducted in audit of the consultancy function disclosed the following irregularities :

(A) CONTRACT WITH LUA

- (i) Even though the design parameters were not settled and practically, no work was done by the consultant during the period from 1974 to 1978, payments of DM 18,53,500 (Rs.68 lakhs approx) were released regularly on quarterly basis. In consideration of the poor progress of work achieved during the tenure of old contract, the consultant offered in the new contract a rebate of DM 1 million, adjustable over the currency of the contract against quarterly payments. This rebate of DM 1 million can be treated as an advance payment towards the second contract giving an interest advantage of Rs.17 lakhs (10 *per cent*), the balance of DM 8,53,500 (Rs.31.31 lakhs) could be treated as infructuous.
- (ii) During January 1979 to September 1982, 98.88 *per cent* (DM 1.77 million or Rs.72.69 lakhs) of payment due had been released by HRBC as per contractual provision quarterly on the basis of the extent of man-months utilisation without reference to the physical quantity of work actually done by the contractor. The design work was substantially in arrears by the time the last payment was released (September 1982), and it is yet to be completed (November 1985). The consultant, in recognition of the fact that money had been received in advance of the work, agreed to extend his service for a further period of 4 years from December 1982 without charging anything extra. This advance payment to the consultant for the second time could have been avoided, if linkage had been provided in the contract between instalment

* The price was subject to escalation.

payment and progress of work. This lacuna in the contract had given the consultant an interest advantage of Rs.15 lakhs (10 *per cent*).

- (iii) While the contract stipulated for regular quarterly payment without a check on the physical progress of work, there was no penal provision in the contract for claiming liquidated damages in the event of delay. Consequently, HRBC had no authority to realise liquidated damage even though designs had been delayed by over three years with chain repercussions on activities like fabrication and construction of bridge leading to time and cost over-run. As a direct result of the delay by LUA in submitting the design within contract period, the proof consultant FFP, whose contract ran almost concurrently could not complete his work of checking the design. This involved an additional liability of £ 1,64,200 (Rs.26.20 lakhs) towards fees for the Proof Consultant.
- (iv) During negotiation (September 1978) of the new contract, the consultant had agreed to take liabilities for errors or omissions in respect of the Design contract and Supervision contract to the extent of the fees received by him. However, the relevant provision in the supervision contract, covering the liability for errors or omissions in respect of both the contracts, limited the consultant's liabilities to only 2.8 million DM, the fees under the design contract, whereas, in keeping with the negotiation, the liabilities of the consultant could go up to DM 6.27 million, the value of both the contracts put together.
- (v) There are no provisions in the contract with the consultant for a performance bond. As 98.88 *per cent* payment has already been released, HRBC has no means of realising compensation damage, if any, in case the consultant becomes liable for errors and omissions, in future in the absence of the bond.
- (vi) The Supervision contract provides that the taxes payable in India are to be borne by HRBC and in the event of tax rebate being obtained by the consultant in West Germany, the same will be passed on to HRBC. Similar provision has, however, not been provided for in the design contract. On the contrary, the relevant clause states that as the work of the design would entirely be done in West Germany, the Indian tax laws are not

applicable. This is not valid as all contract entered into in India have to be subject to Indian Law including tax laws. Rupees 14.41 lakhs (in December 1982) and Rs.89.57 lakhs (up to October 1985) have actually been paid as income tax by HRBC in India on account of the design contract and the supervision contract respectively. No tax credit has, however, been afforded by the consultant so far (November 1985).

- (vii) The design contract with LUA, *inter alia*, contained (Clause 2.8. Patent Rights) that LUA will give timely information to HRBC of potential Patent Rights of third parties involved in any design proposal made by LUA during the performance of their work. In the absence of a clause to indemnify HRBC against any Patent Rights of third parties in their design for Second Hooghly Bridge, this clause entailed unlimited future liability on the party. In other words, HRBC would have to pay damages to the third party for infringement of Patent by LUA, if any. Normally, the contractor totally indemnifies the party from any cost arising out of a claim by any third party on this account.

(B) CONTRACT WITH FFP

- (i) During the period 1974-78, a sum of £ 44,600 (Rs.8.03 lakhs) was paid to FFP by BBCC. During the currency of the old contract, FFP had done very little work on design. While the second contract was negotiated they had agreed to forego Rs.6 lakhs, which was still to be paid to them under the old contract.
- (ii) As in the case of LUA, payment to FFP has also been released totalling £ 2,64,213.40 (Rs.40.58 lakhs), without reference to the actual quantity of work done. LUA having failed to complete the designs, the work of proof consultants (FFP) remained incomplete on the date of expiry of contract (December 1983). However, the contract with FFP was extended up to December 1986 (three years) with commitment to pay an additional fees of £ 80,000 plus escalation of £ 84,200. This extra liability could have been avoided, if payments were linked up with the quantum of work done,

- (iii) As in the case of contract with LUA, there is no performance Bond in this contract also. The consultant having been almost fully paid, HRBC have no means to recover from the consultant any damages in the event of their failure to complete the job satisfactorily.
- (iv) The contract also provides for tax credit to the HRBC in case FFP gets tax relief in UK under the provisions of Double Taxation Agreement. So far, however, no credit has been afforded by FFP against payment of Rs.19 lakhs made by HRBC towards Indian Income tax in respect of this contract.

Government stated (March 1986) that—

- (i) Some of the design work of the bridge was done by LUA earlier under the old contract and for this they agreed to offer a rebate of DM one million.
- (ii) The assessment of progress of work, though reviewed constantly, was not susceptible of measurement.
- (iii) LUA was not prepared to accept during negotiation any other liability for damages apart from DM 2.8 million for errors and omissions.
- (iv) The quantum of fees payable to FFP was mutually settled in the context of change in the design concepts and technical requirements. Since FFP was liable under the terms of agreement for all acts of omission and commission up to the amount of fees receivable by them, a performance bond from them in addition was not considered necessary.

CHAPTER VII

COMMERCIAL ACTIVITIES

GENERAL

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

7.2. Delay in preparation of *pro forma* accounts

Out of the 24 undertakings as on 31st March 1985 four have not prepared their *pro forma* accounts since inception and the accounts of the remaining twenty undertakings are in arrears for different periods vide Appendix 7.1.

In respect of *pro forma* accounts of the following undertakings (1) Industrial Estate at Kalyani, (2) Central Lock Factory at Bargachia, (3) Mechanical Toy Making Centre at Chinsura, (4) Central Engineering Organisation at Dasnagar, (5) Integrated Wood Industries Scheme at Durgapur and Kalyani, (6) Surgical Instruments and Servicing Station at Baruipur, (7) Industrial Estate at Baruipur, (8) Government Sales Emporia in Calcutta and Howrah, (9) Silk Reeling Schemes under the Deputy Director of Industries (Cottage) for which task forces were set up in July 1984, accounts could not be compiled for want of suitable staff conversant with commercial accounts. In respect of remaining undertakings, the reasons for arrears in preparation of *pro forma* accounts were awaited from the departments (October 1985).

The Calcutta Tramways Company Limited, a State Government undertaking, came into being from 8th November 1976. The undertaking did not prepare *pro forma* accounts for the period from 8th November 1976 to 31st March 1980. The *pro forma* accounts for the year 1980-81 were prepared based on the Statement of Affairs of the undertaking as on 31st March 1980 certified by the Governor to exhibit a true and fair view of the state of affairs of the undertaking as on that date. The *pro forma* accounts of the undertaking for the year 1981-82 and for the period from 1st April 1982 to 31st January 1983 were also prepared and certified in audit. Although the undertaking was converted into a Private Limited Company from 15th October 1982, the company prepared both *pro forma* accounts up to 31st January 1983 and Final Accounts under the Companies Act, 1956 from 15th October 1982 to 31st March 1983.

A synoptic statement showing the summarised financial results of one undertaking based on its latest available accounts is given in Appendix 7.2.

**ANIMAL HUSBANDRY AND VETERINARY SERVICES
DEPARTMENT**

STATE DAIRY, DURGAPUR

7.3. Unproductive expenditure

Without locating reliable sources for the collection of raw milk in and around Purulia (a district town) and Kalna (in the district of Burdwan), two chilling plants having 4,000 litres capacity each, were purchased and installed in February 1975 and July 1977 at the aforesaid places at a cost of Rs.2.56 lakhs and Rs.2.42 lakhs respectively for processing of milk at the State Dairy at Durgapur. These two plants remained unutilised till September 1985 on account of non-availability of raw milk in the neighbouring regions.

Expenditure incurred on account of establishment charges up to 31st March 1985 in respect of personnel deployed on these two plants was Rs.5.18 lakhs (Purulia) and Rs.3.92 lakhs (Kalna). Entire expenditure of Rs.14.08 lakhs incurred so far on these two plants has remained unfruitful.

The Management stated (November 1985) that they have now decided to shift these two chilling plants to Purulia district so as to make them yield results to the desired extent as far as possible.

The matter was referred to Government in November 1985; reply was awaited (May 1986).

COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENT

7.4. Central Engineering Organisation, Das Nagar (Howrah)

7.4.1. Introduction

In order to assist the small scale engineering firms in Howrah Municipal area to overcome their financial, technical and marketing difficulties, the Central Engineering Organisation was set up in 1955 under the administrative control of the Directorate of Cottage and Small Scale Industries. Its operations commenced on 1st April 1957 and were subsequently (February 1968) extended to three other districts viz., Hooghly, 24-Parganas and Calcutta.

Mention was made in paragraph 48 of the Report of the Comptroller and Auditor General of India (Civil) for 1972-73 about the formation, achievement of objectives, working results etc., of the Organisation up to August 1974. The Public Accounts Committee, *inter alia*, made the following recommendations :

That the Central Engineering Organisation

—should devise ways and means to attract larger number of firms for expansion of the volume of business.

—should have an idea of the amount of profits, if any, shown in the constituent units accounts on execution of orders secured by the Organisation.

—the Organisation should not be treated as commercial and servicing at the same time and the department will do well in choosing between the two;

—the department should consider the necessity and feasibility of suitable legislation so that the bigger units place a fixed proportion of their orders with the small scale units;

—more efforts should be made by the officials of the Organisation to secure more business;

—all Government departments should place orders for purchase of spare parts with the Organisation as far as possible.

The action taken by the department on the recommendations of the Committee was not, however, forthcoming.

The working of the Organisation for the last three years ending on 31st March 1985 has been examined and analysed in the succeeding paragraphs.

7.4.2. *Organisational set-up*

The Central Engineering Organisation is divided into three distinct sections under the overall control of the Works Manager. These are:

- (a) General section to deal with accounts, budgetary and establishment matters;
- (b) Commercial section responsible for securing orders, procurement and distribution of raw materials and stores to the constituent units; and
- (c) Technical section to render all technical assistance to the constituent units in the matter of execution of orders.

7.4.3. *Area of operation*

The Scheme had envisaged that the Organisation would commence operation with 196 constituent units in 1st year which was to increase to 392 and 588 during the second and third years respectively.

Initially, the Organisation attracted only 27 firms as its constituent units. The number, however, increased only to 34 and to 40 during the second and third years respectively. The number of the constituent units rose to 107 by 31st March 1969. A census conducted during 1968-69 revealed that there were 1,792 small engineering firms in Howrah. The coverage by the Organisation was, therefore, hardly 6 *per cent* of the total number of engineering firms operated in the district till 31st March 1969. The number of small engineering firms at Howrah further increased to 9,000 till July 1985 but fresh enrolment of units was only 14 during this period. Out of 121 constituent units only 35 units have been working with the Organisation and no action was taken by the Management for dis-affiliating the firms not working with the Organisation. Moreover, under the scheme, each member unit, prior to affiliation, was required to execute a formal agreement with the Organisation accepting the terms and conditions as may from time to time be prescribed. However, no such agreement was entered into with any of the constituent units so far (July 1985).

7.4.4. *Advisory Committee*

Though there was an Advisory Committee, during the period from 1964-65 to 1981-82, it did not function.

A new Advisory Committee was constituted in May 1982 and all powers of the Works Manager in regard to placement of orders among the constituent firms were withdrawn. Instead, power for distribution of orders up to the value of Rs.10,000 was vested in a Works Distribution Committee consisting of three members including the Works Manager, while the Advisory Committee was empowered to decide placement of orders above Rs.10,000. This Committee met only on 7 (seven) occasions during the period from May 1982 to July 1984 instead of holding the expected number of 60 meetings. The consequent delay in taking decision had resulted in cancellation of orders by customers, which aggregated to Rs.2.80 lakhs during the period from 1982-83 to 1984-85.

There was a sharp fall in business of the Organisation during the years 1982-83 and 1983-84 as compared to that of 1981-82 as brought out in the figures furnished below:

		XX value of orders executed	
Year		Rs. in lakhs	
1981-82	28.97
1982-83	10.98
1983-84	4.50

According to the Management of the undertaking (September 1985), the decrease in business was attributable, *iner alia*, to the following reasons:

- (i) delayed decision in regard to finalisation of orders to be placed on the units,
 - (ii) quotations tendered by CEO were higher than those of other tenderers,
 - (iii) inadequacy of suitable number of constituent units, and
 - (iv) inadequacy of staff (vacant posts are not being filled up).
- In view of the alarming decrease in the volume of business, the Advisory Committee was reconstituted in August 1984 and power for placement of order valued up to Rs. 5,000 as exercised initially by the Works Manager was not only restored but also raised to Rs.50,000.

The reconstituted Advisory Committee held one meeting only as against 16 meetings (at the rate of two in a month as per Rules of Business) during the period from August 1984 to March 1985.

Management stated (September 1985) that there was delay in nominating the representatives to be included in the Committee.

7.4.5. Man power analysis

The Organisation was expected to cover 588 firms by the end of 1959-60, executing orders valued at Rs.109.80 lakhs with a staff strength of 98. As against the above estimates, the actual working during the three years up to 1984-85 was as below:

Year	*No. of affiliated units	Gross staff	Staff		(Rupees in lakhs) value of orders executed	
			Technical	Non-technical		
1982-83	106	81	46	35	22.87
1983-84 ..	—	106	78	44	34	3.97
1984-85	106	73	41	32	9.99

As against the original estimates, 75 per cent staff was deployed as on 31st March 1985 whereas the constituent units actually covered were only 18 per cent of the target of 588 units.

7.4.6. Working results

The table below indicates the summarised financial results of the Organisation and the profits earned by the constituent units on execution of the orders secured by the Organisation during the last four years ended 31st March 1985:

Year		Service charges realised	Other income	CEO's total income	Over heads	Other expenditure, depreciation, Interest etc.	CEO's total expenditure	(Rupees in lakhs)	
								Loss of CEO	Profit of constituent units on execution of orders
(Rupees in lakhs)									
1981-82	..	1.74	0.81	2.55	9.78	2.27	12.05	9.50	3.60
1982-83	..	1.29	0.05	1.34	10.98	2.27	13.25	11.91	3.42
1983-84	..	0.38	0.60	0.98	10.77	0.58	11.35	10.37	0.60
1984-85	..	0.57	0.01	0.58	11.40	0.59	11.99	11.40	1.50

It would be evident from the above table that the service charges realised from the constituent units were inadequate even to cover the overhead expenses of the Organisation. The total loss of the Organisation for the last four years up to 1984-85 as worked out above came to Rs. 43.18 lakhs.

*Excluding CEO workshop.

The losses of the Organisation were due, *inter alia*, to the inability of the Organisation:

- (a) to secure adequate number of orders to feed the constituent units fully,
- (b) to increase the number of the constituent units as envisaged in the scheme,
- (c) to reduce the overhead charges, and
- (d) to adhere to delivery schedules, leading to reduction|cancellation of orders by the customers.

The scheme stipulated that the rate of service charges should be periodically reviewed and determined by the Government. However, the rate last fixed by Government in December 1965 has not been revised since then.

In order to ascertain the profit of the constituent units under the scheme, the Organisation is to prepare an account of sales of the constituent units against orders procured by CEO and executed by them. This account is debited with the cost of raw materials issued by CEO, payments made towards other costs of production, five *per cent* on sale value as service charges of the Organisation and interest on loan on account of materials issued. The account is credited with sale price determined after adding five *per cent* service charges and 15 *per cent* margin on sale value.

But in practice, the Organisation has not been preparing unit-wise selling accounts since 1974-75.

As per the scheme, 75 *per cent* of the profit was to be distributed amongst the concerned constituent units immediately after closure of each transaction and the remaining 25 *per cent* was to be kept in reserve as security against default in payment of the loan by the constituent units.

However, Government decided (November 1972) that full amount of the profit as indicated in the sales accounts should be disbursed to the constituent units and that no portion of the profits should henceforth be retained by the Organisation as reserve. In pursuance of this decision, the Organisation paid back to the constituent units Rs.82914 till October 1973.

Due to non-maintenance of unit-wise sales account, the Management could not furnish to Audit the details of profits earned and distributed to the constituent units from 1974-75 onwards. It was,

however, ascertained in audit, by reviewing initial records, that the profits of the constituent units aggregated to Rs.9.13 lakhs during the period from 1981-82 to 1984-85.

7.4.7. Poor utilisation of Central Workshop vis-a-vis idle wage payment

The workshop of the Organisation is well-equipped with 22 machines including 8 auxiliary machines acquired and installed during the period from 1955-56 to 1966-67 at a cost of Rs.6.26 lakhs with a view to manufacturing jigs, fixtures, special tools, gauges etc., and reconditioning of tools and gauges etc., of the constituent firms. In addition, the workshop would undertake special operations necessary for any particular item of product which could not be afforded by the constituent firms. The workshop is run under the supervision of a Planning and Production Engineer (vacant from 1978) and is manned by 24 workers including the Machine Foreman.

The capacity of the workshop could not, however, be fully utilised for the purposes stipulated in the Rules of Business. Its utilisation during the last five years up to 1984-85 showed a downward trend leading to huge idle wages payment as indicated in the table below:

Year		Available working hours	Hours actually utilised	Idle hours	Total wages paid	Amount of idle time payment	Value of orders executed
(Rupees in lakhs)							
1980-81	..	33,600	5379	28,221	2.38	1.92	5.13
1981-82	..	33,600	4821	28,779	2.47	2.12	2.08
1982-83	..	33,600	3157	30,443	2.83	2.56	0.13
1983-84	..	33,600	1082	32,518	3.07	2.97	1.49
1984-85	..	33,600	265	33,335	3.22	3.20	0.02
					13.87	12.77	

It would be seen that utilisation of the workshop was decreasing very significantly from year to year, (0.8 per cent in 1984-85) due to non-securing of jobs for the workshop with corresponding increase in payment of idle wages which worked out to Rs.12.77 lakhs during the period from 1980-81 to 1984-85.

7.4.8. *Laboratory*

The Organisation has a laboratory with four testing machines valued at Rs.0.72 lakh for testing the finished products of the constituent units. The laboratory is not recognised by Government or by any institutions like Indian Standard Institute, Director General of Supplies and Disposals etc.

The laboratory has only one Laboratory Assistant attached to it, whose emoluments aggregate to Rs.0.18 lakh per annum.

A technical committee set up to go into the affairs of the laboratory opined (January 1983) that obtaining recurring orders for the laboratory would be very difficult due to :

- (i) existence of a good number of recognised private laboratories, and
- (ii) ability of such laboratories to render quicker service than the Government laboratory.

The Advisory Committee of the Organisation felt that the laboratory might not turn out to be a viable unit even if it was fully equipped. In view of this, the Committee recommended (October 1983) disposal of the machinery of the laboratory and deployment of surplus staff suitably elsewhere.

No action has, however, been taken in this regard so far (July 1985.)

7.4.9. *Under-utilisation of the capacity of constituent units*

The main object of the Organisation is to secure adequate jobs for its constituent units. The value of orders secured by the commercial section during the last four years up to 1984-85 was inadequate to fully utilise the annual production capacity of Rs.60 lakhs (approx) of the constituent units as indicated in the table below :

Year	No. of constituent units	No. of orders secured from		Total value of orders secured (Rs. in lakhs)	Percentage of orders to production capacity
		Government parties	Others		
1981-82	—	106	72	37	28.97
1982-83	—	106	33	21	10.98
1983-84	—	106	16	14	4.50
1984-85	—	106	39	3	9.18

The Public Accounts Committee, in its report of April 1977, took note of the poor utilisation of the capacity of the constituent units and recommended the setting up of a technical body to analyse the reasons for securing such low volume of orders by the Organisation.

Pursuant to the above recommendation, a one-man Commission was set up in November 1979. The Commission, in its report submitted to Government (May 1980), made the following recommendations to make CEO viable :

- (i) Attempts should be made for getting more orders for jigs and fixtures from outside parties; and
- (ii) There seem to be excess facilities available in the technical section and workshop of this Organisation which may be utilised for development of new products.

Government has not yet taken any decision for implementation of the aforesaid recommendations (August 1985).

7.4.10. *Tenders submitted vis-a-vis orders secured*

As anticipated in the scheme, production and sale of the Organisation was to be around Rs.167.58 lakhs during the Third Five Year Plan. But no annual targets were fixed in the subsequent years. Its participation in the tenders and orders secured thereagainst during the last three years also recorded a downward trend as shown in the table below :

Year				Value of tenders for which quotations were sent	Value of orders secured	Percentage of value of orders to value of tenders
				(Rupees in lakhs)		
1982-83	..	--	--	20.91	10.98	54.87
1983-84	..	--	--	13.72	4.50	32.97
1984-85	..	..	..	30.57	9.18	30.03

The decreasing trend in obtaining orders was attributed by the Management (September 1985) to :

- (a) delayed submission of quotations,
- (b) failure on the part of the constituent units to adhere to delivery schedules,

- (c) quoted prices being higher than the market prices of the products, and
- (d) delay in distribution of orders to the constituent units after approval of the Advisory Committee.

Action taken to remedy the above shortcomings was not on record (December 1985).

7.4.11. *Credit sales and sundry debtors*

The Organisation makes payments for the finished goods immediately these are made over to it by the constituent units; although 30 days' credit facility is allowed by it to its customers. The table below indicates the position of outstanding debtors to sales during the last three years up to 1984-85:

			1982-83	1983-84	1984-85
			(Rupees in lakhs)		
Debtors at the end of the year	..	..	19.00	18.18	17.79
Sales/turn over	..	..	25.90	9.04	11.52
Percentage of debtors to sales	..	..	73	201	165

The percentage of debtors to sales increased significantly resulting in blocking up of working capital.

The break-up of outstanding dues as on 31st March 1985 is given below :

				Rs. in lakhs
Debt outstanding for one year	..	..	..	7.40
Outstanding for more than one year but less than three years	..	..	..	2.41
Outstanding for more than three years	..	..	..	7.98

The Organisation did not take proper and timely action towards realisation of the debts. For instance, the Organisation delivered goods worth Rs.1.29 lakhs on credit during the period from 1965-66 to 1970-71 to a private customer. The Management raised bills till April 1978 for these supplies but failed to realise the claim. The Organisation moved (August 1978) the Department to take up the matter for taking legal action against the party.

The Department, however, instructed (June 1984) the Organisation to initiate legal action against ten defaulting parties including the said private party for realisation of debts amounting to Rs.1.98 lakhs.

Management stated (September 1985) that the matter was under process.

7.4.12. *Inventory control*

(a) There are about 2,500 items of stores maintained in the Organisation through cardex system. During the first two decades after its inception, there were bulk purchases of raw materials including steel and other non-ferrous items for distribution among the constituent units. No systematic physical verification was ever conducted. The first physical verification of stores as on 31st December 1983 was conducted during January-May 1984 by a team of officials of the Cottage and Small Scale Industries Directorate and a total of 2,126 items of stores (258 items of raw materials and 1,868 items of consumable stores) was covered. The verification report submitted to Government in October 1984 revealed a shortage of 4.605 MT of steel materials and 20.505 MT of pig iron worth Rs.0.22 lakh and Rs.0.21 lakh respectively.

According to the Management, the shortages were due to handling of raw materials and would be passed on to the constituent units for whom the materials had been procured. But the shortages have not been adjusted against the accounts of the units maintained by the Organisation so far (July 1985).

A review of the store records, however, revealed that raw materials (including a variety of steel items) worth Rs.5.37 lakhs (reckoned at pre-1975 procurement prices) did not move for over a decade. The Management did not undertake a periodical review of the non-moving stores for the purpose of utilisation/disposal of the same.

Condemned and unserviceable vehicles and other equipment valued at Rs.0.86 lakh have been lying in stock for a long time. No action was taken by the Management for their disposal till date (July 1985).

(b) As provided in the scheme, raw materials were issued to the constituent units on loan basis. Though stipulated in the scheme, no formal agreement was entered into with the constituent units binding them for return of such excess materials due to reduction/cancellation of orders. Excess raw materials valued at Rs.8.40 lakhs in respect of issues made during 1962-63 to 1973-74 were lying with as many as 21 constituent units. Neither were the materials returned nor the value thereof recovered from the units (July 1985). Though the units have long discontinued business with the Organisation, their affiliation was not cancelled. Whereabouts of 8 units retaining materials worth

Rs.5.77 lakhs (excluding interest) could not be traced, while the remaining 13 units retaining materials worth Rs.2.63 lakhs acknowledged receipt of the registered letters of the Organisation.

Management, however, referred (January 1985) the cases of 8 units to the District Magistrate for necessary investigation. As regards 13 defaulting units, the Management proposed to adjust the value of the excess materials (Rs.8.64 lakhs) against the accumulated profits earned by them and held in the books of the Organisation, though the accumulated profit of the units has not been ascertained so far (August 1985).

7.4.13. *Costing system*

Though the Organisation is engaged in securing orders for supply of various finished engineering goods including spare parts and components, no separate cost records had been maintained to ascertain the actual cost of the products.

Management stated (September 1985) that estimates of job prepared before submitting the tenders contained the necessary costing.

In the absence of a pricing policy based on cost records, the quotations offered by the Organisation against tenders were unrealistic.

7.4.14. *Internal control*

(a) BUDGETORY CONTROL

The Organisation did not prepare cash, production and sales budgets from the very outset. In the absence of such budgets, the Organisation could not exercise effective control in fixing its annual targets for sales and for quantum of orders to be secured. Its activities in respect of production and sales were, therefore, not planned.

(b) INTERNAL AUDIT

There has been no internal audit since its inception. As a result, the defects and lacunae, if any, in its activities and financial transactions could not be brought to the notice of the Management Government for taking timely remedial measures.

7.4.15. *Pro forma accounts*

Pro forma accounts of the Organisation are in arrears since 1974-75 though there is a fullfledged Accounts Section manned by an Accounts Officer, an Accountant and other accounts staff. The Management stated (August 1985) that the accounts could not be prepared due to non-availability of the requisite staff.

7.4.16. *Other topics of interest*

7.4.16.1. *Surgical operation table*

The Organisation took up (December 1961) a project for manufacture of hydraulically operated surgical operation tables which had a good demand in the State hospitals. It was stipulated that 50 tables would be produced per year to fetch a net annual profit of Rs.1.38 lakhs if sold at the rate of Rs.7,000 per table.

For this purpose additional plant and machinery valuing Rs.0.76 lakh were procured. Up to 1969-70 the Organisation could produce only 31 tables, out of which 28 tables could be sold during the said period and incurred a total loss of Rs.2.07 lakhs on the project. Production was, however, stopped since March 1971 leaving a closing stock which included 3 finished tables (value of Rs.0.21 lakh), finished components (value of Rs.0.43 lakh) and imported raw materials (value of Rs.0.27 lakh). Disposal of these surplus items including the additional plants and machinery is yet to be made (July 1985).

7.4.16.2. *Silk Reeling machines*

During 1980-81 the Organisation undertook manufacture and sale of silk reeling machines with spare parts at a profit margin of 40 *per cent* on the sale value. Up to March 1982 the Organisation received from different Government parties 11 orders, against which advance payments aggregating to Rs.10.42 lakhs had been received. Ten orders had been fully executed. The remaining one involved supply of six complete sets, out of which 4 sets were delivered and the remaining two sets of the value of Rs.1.20 lakhs are ready for delivery (July 1985).

The Organisation could not secure further orders for supply of such machines in order to utilise the idle capacity of its workshop.

7.4.17. *Operation of Personal Ledger Account*

Under the orders of the Government of India, dated 31st October 1956, 27th March 1957 and 19th February 1958, Special advances of Rs.5.50 lakhs, Rs.1.30 lakhs and Rs.3.00 lakhs respectively,

totalling Rs.9.80 lakhs, were sanctioned by Government to operate a Personal Ledger Account for purchase of raw materials and handling the sales of the products of the constituent units under the development scheme of the Organisation.

In terms of the sanction order, dated 19th February 1958, the balance in excess over Rs.9.80 lakhs had to be refunded to Government forthwith. But records revealed that the balances in the Personal Ledger Account at the close of each month during the last three years up to 1984-85 far exceeded the prescribed limit of Rs.9.80 lakhs. In fact, the balances held were found to have ranged from Rs.34.30 lakhs to Rs.48.47 lakhs during the said months.

7.4.18. *Summing up*

—The Central Engineering Organisation was set up in 1955 and started its business|operation from 1st April 1957.

—The Organisation was to commence its business operation with about 196 member units in the first year, the number being gradually increased to 392 in the second year and further to 588 during the third year of its operation. Though there were about 9,000 small engineering firms in Howrah till July 1985, the number of units affiliated to the Organisation stood only at 121. Out of this, only 35 units have been working with the Organisation at present. No action was contemplated by the Management for disaffiliating the defaulting units.

—Under the scheme, each member unit, prior to affiliation, was required to execute a formal agreement with the Organisation. But no such agreement was ever entered into with any of the member units (July 1985).

—As per Rules of Business, there should be an Advisory Committee for overall guidance of the Central Engineering Organisation. But from 1964-65 to 1981-82, it did not function.

—The Organisation was originally estimated to execute orders worth Rs.110 lakhs per annum through 588 constituent units with a staff strength of 98. But the Organisation actually executed orders only worth Rs.12 lakhs annually on an average during the last three years up to 1984-85 through 106 affiliated units with a staff strength of 73. Deployment of staff was very much on higher side.

—The *pro forma* accounts of the Organisation are in arrears from 1974-75 to 1984-85. In the absence of the accounts, profit|loss of the Organisation till 1984-85 could not be ascertained. However, losses

of the Organisation for the last four years up to 1984-85 stood at Rs.43.18 lakhs (provisional) on the basis of income and expenditure statements.

—The workshop of the Organisation (called the Central Workshop) is equipped with 22 machines acquired and installed during the period from 1955-56 to 1966-67 at a cost of Rs.6.26 lakhs. The utilisation of the workshop was decreasing very significantly from year to year due to dearth of orders, resulting in huge payments of idle wages.

—The laboratory of the Organisation which is equipped with four testing machines, valued at Rs.0.72 lakh, could not be utilised for testing the products of the constituent units. As there was no chance of making the laboratory viable, the technical committee recommended its immediate disposal and development of surplus staff suitably elsewhere. But no action has been taken by Government in that regard.

—The approximate production capacity of the constituent units was to be around Rs.60 lakhs per annum. But the Organisation could utilise only 7.5 per cent to 48.3 per cent of their capacity.

—The Organisation could secure a very small number of orders against the tenders actually submitted by it.

—The percentage of debtors to sales increased considerably resulting in blocking up of working capital. The accumulated balance of sundry debtors stood at Rs.17.79 lakhs as on 31st March 1985.

—No regular physical verification of stores was conducted by the Organisation. A physical verification of stores as on 31st December 1983 was, however, conducted during January 1984 to May 1984, which revealed a shortage of raw materials amounting to Rs.0.43 lakh.

—Non-moving raw materials worth Rs.5.37 lakhs, lying in stock since 1974-75, could not be utilised|disposed of (July 1985).

—Excess raw materials valuing Rs.8.40 lakhs, issued to the constituent units during the period from 1962-63 to 1973-74 could not be recovered from them (July 1985).

—In the absence of cost records, the quotations offered by the Organisation against tender notices were unrealistic.

—There is no internal audit in the Organisation.

—Manufacture and sale of surgical operation tables and silk reeling machines was undertaken by the Organisation to utilise the idle capacity of the workshop. But the activities had to be abandoned due to loss in the first case and non-procurement of orders in the second.

—The Organisation held excess money in its personal ledger account beyond the limits prescribed from time to time by Government. The excess over the limits was to be refunded to Government.

The action taken to refund the excess amount to Government was not on record.

The matter was reported to Government in February 1986; reply was awaited (May 1986).

U. S. Acharya

(U. S. ACHARYA)

Accountant General (Audit) I, West Bengal.

CALCUTTA,

The **28 APR 1987**, 1986.

Countersigned

T. N. Chaturvedi

(T. N. CHATURVEDI)

Comptroller and Auditor General of India.

NEW DELHI,

The **19 MAY 1987**, 1986.

APPENDICES

APPENDIX 2.1

(Reference : Paragraph 2.2.2, page 11)

Statement showing the grant/appropriation in which supplementary provision proved unnecessary

Description of the grant/appropriation	Section	Original grant/ appropriation	Supplementa- ry grant/ appropriation	Actual expenditure
.. (1)	.. (2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.
A—Voted grant				
1—State Legislature ..	Revenue	1,61,12,000	1,98,000	1,30,77,825
6—Collection of Taxes on Income ..	„	68,18,000	2,39,000	66,84,969
10—State Excise	„	5,03,25,000	20,91,000	4,50,79,541
20—Treasury and Accounts Administration ..	„	4,59,64,000	20,26,000	4,21,86,600
21—Police	„	131,29,04,000	2,34,96,000	117,41,58,260
26—Fire Protection and Control ..	„	6,17,92,000	20,82,000	5,38,11,949
34—Education (Excluding Sports and Youth Welfare) ..	„	458,15,59,000	1,16,54,000	440,85,62,972
49—Secretariat—Economic Services ..	„	5,08,92,000	53,65,000	4,63,40,051
51—Other General Economic Services ..	„	2,32,26,000	6,32,000	2,12,52,778
61—Industries (Closed and Sick Industries) ..	Capital	9,78,05,000	1,05,94,000	8,04,99,000
62—Industries (Excluding Public Undertakings and Closed and Sick Industries) ..	„	11,20,55,000	1,19,61,000	9,82,69,449
70—Roads and Bridges ..	Revenue	26,78,16,000	67,32,000	26,67,67,542
74—Compensation and Assignment to Local Bodies etc. ..	„	57,74,55,000	56,98,000	55,86,95,686
76—Public Undertaking ..	Capital	30,95,00,000	2,59,41,000	23,75,41,406
77—Social and Environmental Services ..	Revenue	70,31,000	1,32,000	48,99,070
Total A—Voted ..		752,12,54,000	10,88,41,000	705,58,27,098
B—Charged				
17—Public Service Commission ..	Revenue	62,25,000	8,000	60,24,197
18—Secretariat General Services ..	„	..	1,27,392	..
21—Police	„	..	38,260	..
23—Education (Youth Welfare) ..	„	..	6,376	..

APPENDIX 2.1—*Conold.*

Description of the grant/ appropriation	Section	Original grant/ appropriation	Supplementary grant/app- ropriation	Actual expenditure
(1)	(2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.
34—Education (excluding Sports and Youth Welfare)	Revenue	—	488	—
39—Housing .. ..	.. ..	21,000	1,000	..
39—Housing .. ..	.. Capital	..	3,26,020	—
45—Social Security etc.	.. ..	..	1,29,829	..
46—Social Security etc.	.. Revenue	..	26,074	..
52—Agriculture .. ..	.. Capital	..	41,947	..
53—Minor Irrigation, Soil Conser- vation and Area Development	Revenue	..	1,17,387	..
53— Ditto .. ..	.. Capital	..	92,271	..
54—Food .. ..	.. ..	10,000	12,985	5,000
58—Forest .. ..	.. Revenue	..	36,000	..
70—Roads and Bridges .. ..	.. ..	..	25,250	..
70— Ditto .. ..	.. Capital	..	12,03,391	..
Total—B—Charged		62,56,000	22,22,870	60,29,197
Total—A+B .. ..	..	752,75,10,000	11,10,63,670	706,18,56,295

APPENDIX 2.2

(Reference : Paragraph 2.2.2, page 11)

Statement showing grant/appropriation for which supplementary provision obtained proved excessive (Saving in each case being more than Rs. 10 lakhs)

Voted grant—

Description of the grant/appropriation	Section	Original grant/ appropriation	Supplementary provision	Actual Expenditure	Saving
		Rs.	Rs.	Rs.	Rs.
13—Other Taxes and Duties	Revenue	3,03,91,000	54,71,000	3,46,68,091	11,93,909
16—Interest Payment	Do.	236,43,41,000	7,67,03,000	243,72,93,997	37,50,003
24—Stationery and Printing	Do.	4,38,97,000	41,51,000	4,45,76,509	34,71,491
27—Other Administrative Services	Do.	19,54,96,000	4,64,55,000	22,46,51,895	1,72,99,105
32—Education (Sports)	Capital	...	3,05,56,000	2,83,53,766	22,02,234
40—Urban Development	Revenue	60,45,91,000	179,05,20,000	232,87,00,615	6,64,10,385
47—Relief on account of Natural Calamities	Do.	13,71,58,000	38,40,33,000	48,52,09,188	3,59,81,812
56—Dairy Development	Do.	32,35,40,000	32,81,000	32,57,48,446	10,72,554
60—Community Development (Excluding Panchayat)	Do.	17,03,20,000	13,93,71,000	26,60,31,328	4,36,59,672
71—Road and Water Transport Services	Do.	28,95,59,000	89,02,14,000	106,03,20,363	11,94,52,637
<i>Charged appropriation—</i>					
85—Public Works	Revenue	52,85,000	15,55,000	53,58,702	14,81,298
85—Public Debt	Capital	711,80,69,000	706,10,03,000	12,72,45,46,484	145,45,25,516
Total	...	1128,26,47,000	1043,33,13,000	1996,54,59,884	175,05,00,616

APPENDIX 2.3

(Reference : Paragraph 2.2.2, page 12)

Statement of grant/appropriation in which supplementary provision was insufficient by more than Rs. 10 lakhs

Description of the grant	Section	Original grant/ appropriation	Supplementary provision	Actual expenditure	Final Excess
		Rs.	Rs.	Rs.	Rs.
25—Public Works	Revenue (Voted)	32,19,47,000	21,15,000	50,85,09,703	18,44,47,703
26—Pensions and Other Retirement Benefits	Do.	41,60,46,000	1,34,60,000	43,90,72,416	95,66,416
37—Family Welfare	Do.	20,19,16,000	9,38,000	20,57,93,975	29,39,975
39—Housing	Revenue	6,22,19,000	84,21,000	6,87,31,824	30,91,824
Total	—	100,21,28,000	1,99,34,000	122,21,07,918	20,00,45,918

APPENDIX 2.4

(Reference : Paragraph 2.2.2, page 12)

Statement of grant/appropriation in which expenditure exceeded the original 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.
33—Public Health, Sanitation and Water Supply	Revenue (Voted)	20,10,35,000	20,54,42,101	44,07,101
66—Multipurpose River Pro- jects, Irrigation, Naviga- tion, Drainage and Flood Control Projects	Do.	41,18,91,000	43,39,13,384	2,20,22,384
78—Public Health, Sanitation and Water Supply (Sewer- age and Water Supply)	Do.	63,11,80,000	75,59,73,891	12,47,93,891
Total	—	124,41,06,000	139,53,29,376	15,12,23,376

APPENDIX 2·5

(Reference : Paragraph 2.2.3, page 12)

Statement showing the grant/appropriation in which expenditure exceeded the budget provision
(a) Voted grant—

Description of the grant/ appropriation	Section	Total grant/ appropriation	Actual expenditure	Amount of excess
		Rs.	Rs.	Rs.
25—Public Works	Revenue	32,40,62,000	50,85,09,703	18,44,47,703
28—Pensions and Other Retirement Benefits	Do.	42,95,06,000	43,90,72,416	95,66,416
37—Family Welfare ..	Do.	20,28,54,000	20,57,93,975	29,39,975
38—Public Health, Sanitation and Water Supply	Do.	20,10,35,000	20,54,42,101	44,07,101
39—Housing	Do.	6,56,40,000	6,87,31,824	30,91,824
66—Multipurpose River Projects, Irrigation, Navigation, Drain- age and Flood Control Projects	Do.	41,18,91,000	43,39,13,384	2,20,22,384
76—Public Undertakings ..	Do.	20,000	2,24,855	2,04,855
78—Public Health, Sanitation and Water Supply (Sewerage and Water Supply)	Do.	68,11,80,000	75,59,73,891	12,47,93,891
86—Loans and Advances ..	Capital	13,50,60,000	13,52,67,554	3,07,554
(b) Charged Appropriation—				
4—Administration of Justice ...	Revenue	2,36,94,000	2,38,62,838	1,75,838
28—Pensions and Other Retirement Benefits	Do.	42,75,000	43,50,157	75,157
			Total	35,20,32,698

APPENDIX 2·6

(Reference : Paragraph 2.4, page 23)

Statement showing the cases which satisfied the criteria laid down for determining the types of expenditure which should be classified as New Service/New Instrument of Service

Name of the Department	Grant No.	Head	Total Grant	Actual expenditure	Excess	Remarks
1	2	3	4	5	6	7

(Rupees in lakhs)

(1) Department of Local Government and Urban Development	40—Urban Development (Revenue)	284—Urban Development				
		A—General				
		II—Assistance to Municipalities, Corporation etc. State Plan (Annual Plan) (10) Grants to Municipal Corporation for Augmentation etc.	Nil	15.00	15.00	The expenditure was met from saving under A II—State Plan (1) Development of Municipal areas.
(2) Ditto —	— Ditto —	284—Urban Development				
		C—Greater Calcutta Development Scheme				
		X—Other Expenditure Central Sector (New Scheme)				
		Assistance to CMDA for Additional performance under the Environmental Improvement of Urban Slums Scheme	Nil	53.00	53.00	In the Revised Budget the expenditure was anticipated. But no provision in the Supplementary Budget was made.

- (3) Ditto " " Ditto " " 284—Urban Development
 A—General
 II—Assistance to Municipalities,
 Corporation, etc.

Non-Plan

(16) Expenditure in connection with
 Flood 1984—

Grants to Local Bodies, CMDA for repair of roads etc. affected by flood.	Nil	3,90.00	3,90.00	Reasons for incurring ex- penditure without Budget provision have not been furnished (May 1986).
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- (4) Department of Agriculture .. 52—Agriculture " 305—Agriculture
 XVI—Agricultural Researches—
 Central Sector (New Schemes)
 (1) Pilot Project for increasing rice
 production in selected blocks.

Nil	82.16	82.16	In the Revised Budget as anticipated expenditure of Rs. 1 crore was estimated.
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- (5) Department of Health and Family Welfare 78—Public Health, Sanitation and Water Supply (Sewerage and Water Supply) 282—Public Health, Sanitation and Water Supply
 B—Sewerage and Water Supply
 II—Survey and Investigation—
 State Plan (Annual Plan and Sixth
 Plan)

(1) Planning Circle and Division under Public Health Engineering Directorate	Nil	16.80	16.80	Reasons for incurring ex- penditure without Budget provision have not been intimated.
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APPENDIX 3.1

(Reference : Paragraph 3.18, page 140)

Cases of misappropriation remaining to be finalised at the end of 1984-85

Sl. No.	Name of the Department	Reported up to 31st March 1980		Reported in 1980-81		Reported in 1981-82		Reported in 1982-83		Reported in 1983-84		Reported in 1984-85		Total	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
			Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.
1.	Agriculture	35	2,10,558	10	1,39,988	6	58,775	1	299	16	3,34,621	8	54,400	76	7,98,641
2.	Animal Husbandry and Veterinary Services	7	1,39,730	1	18,973	1	78,378	3	89,497	1	6,92,704	1	11,430	14	10,31,712
3.	Board of Revenue	317	14,42,445	8	20,683	7	93,065	7	45,541	4	29,687	—	—	338	16,31,421
4.	Industrial Reconstruction	1	20,000											1	20,000
5.	Commerce and Industries	1	1,81,000											1	1,81,000
6.	Cottage and Small Scale Industries	7	2,79,442											7	2,79,442
7.	Education	30	6,78,802											30	6,78,802
8.	Excise	—	—			1	6,451							1	6,451
9.	Finance	8	2,28,170			1	21,000	2	1,51,744					11	4,00,914
10.	Food and Supplies	4	99,333											4	99,333
11.	Forests	—	—			1	19,000							1	19,000
12.	Health and Family Welfare	28	10,71,610	1	6,961	4	1,60,145	2	53,700	3	49,481	4	91,656	42	14,33,508
13.	Home (Transport)	—	—			1	70,367							1	70,367
14.	Home (Civil Defence)	—	—									1	1,90,892	1	1,90,892

15.	Home (Police)	—	—	6	1,44,939		1	72,444	2	8,32,844		5	4,22,477	14	14,72,704	
16.	Information and Cultural Affairs	—								1	75,868			1	75,868	
17.	Irrigation and Waterways	—		15	1,72,410									15	1,72,410	
18.	Judicial	—	—	1	35,428	1	51,494							2	86,922	
19.	Labour	—	—	3	3,04,476					8	32,064	5	4,16,501	16	8,55,041	
20.	Land and Land Reforms	—					2	16,43,587	5	32,632		2	12,004	9	16,88,228	
21.	Local Government and Urban Development.			1	10,500									1	10,500	
22.	Panchayats and Community Development.			28	10,98,093		2	96,128		3	71,519	1	1,05,232	34	13,68,972	
23.	Public Works	—	—	2	59,498				1	3,95,567	1	11,984		4	4,67,049	
24.	Public Works (Roads)	—	—	1	18,000				2	1,50,727	1	21,344*		4	1,90,071	
25.	Metropolitan Development		—	2	1,49,920									2	1,49,920	
26.	Refugee Relief and Rehabilitation			2	2,50,352									2	1,50,352	
27.	Relief and Welfare	—	—	25	80,004							1	2,99,883	26	3,79,887	
28.	Tourism	—	—	1	1,15,628									1	1,15,628	
<hr/>																
Total		..	525	67,88,338	16	2,38,099	27	23,19,340	25	17,52,551	38	13,20,222	28	17,05,975	659	1,41,24,525
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* Transferred from Public Works Department.

Report of The C & A. G. of India
For the year 200-1984-85. (Civil).

APPENDIX 4.1

(Reference : Paragraph 4.12, page 188)

Works executed without sanctioned estimates

Department/Division	Works	Year from which expenditure is being incurred	Amount of expenditure up to date (Rupees in crores)
1	2	3	4
Irrigation and Waterways			
Mahananda Embankment	Mahananda Embankment Scheme ...	1976-77	9.43
Howrah Irrigation ..	Lower Damodar Improvement Scheme	1973-74	7.69
Magrahat Drainage ...	East Magrahat Basin Drainage Scheme	1977-78	6.33
East Midnapur Division ...	Resuscitation of River Kaliaghyee and its tributaries.	1972-73	5.48
Lower Damodar Construction	Re-excavation of Amta Channel ...	1973-74	4.22
Ganga Anti-erosion ..	Protection to the right bank of river Ganga in the district of Murshidabad.	1974-75	3.75
Teesta Canals-I ..	Construction of Mahananda Aqueduct	1977-78	3.50
Bankura Irrigation ..	Excavation of Bishnupur Branch Canal	1962-63	2.20
Purulia Irrigation ..	Kumari Irrigation Scheme ...	1972-73	2.10
Kangsabati Mechanical ..	Obtaining of earth moving machinery	1956-57	1.98
Purulia Irrigation ..	Turga Irrigation Scheme ..	1981-82	1.82
Purulia Investigation and Planning	Tatko Irrigation Scheme ...	1976-77	1.40
Kangsabati Canal Division -VI	Excavation of distributory 18R Tentultikari Irrigation Scheme Main Canal (S) Alignment Survey of distributory 18R	1974-75	1.31
West Midnapur ...	Re-excavation of Chandreswar Khal	1980-81	1.31
Purulia Irrigation ..	Dimu Irrigation Scheme ...	1981-82	1.29
Teesta Barrage II ..	Construction of PRC Bridge ...	1979-80	1.22
West Dinajpur Irrigation Division	Gajole Flood Protection Scheme ...	1979-80	1.14
Metropolitan Development—			
Salt Lake Reclamation ...	Construction of Roads in Sector IV and V	1981-82	2.08
Ditto ..	Construction of Road in Sector II ...	1981-82	1.14

APPENDIX 4.1—*concl'd.*

Department/Division	Works	Year from which expenditure is being incurred	Amount of expenditure up to date (Rupees in crores)
1	2	3	4
Salt Lake Construction ..	Construction of Road in Sector III ..	1981-82	1.05
Public Works—			
ESI Hospital Construction	Construction of Administrative Training Institute	1979-80	1.50
Public Works (Roads)—			
Kalyani Highway Division-I	Construction of Bridge over the River Hooghly at Kalyani	1980-81	1.09
Public Health Engineering—			
Purulia Drilling	... Rig boring work at Purulia Accelerated Rural Water Supply	1978-79	9.15
Bankura Drilling	.. Sinking of Rig-bored Tube-well in the district of Bankura	1977-78	2.46
Contai Division	.. Contai Saline Area Water Supply Scheme	1978-79	1.36

APPENDIX 6.1

(Reference : Paragraph 6.1 ; page 202)

Utilisation Certificates awaited in September 1985 for the grants paid by Government up to March 1984

(Amount—Rupees in lakhs)

Department				Up to 1979-80		1980-81		1981-82		1982-83		1983-84		Total		
				Item	Amount	Item	Amount	Item	Amount	Item	Amount	Item	Amount	Item	Amount	
1.	Education	--	--	--	4355	3,945.33	447	961.92	650	1,411.76	945	1,657.38	1839	2,568.36	8236	10,544.75
2.	Agriculture	--	--	--	415	2,007.81	69	375.16	60	455.67	108	673.74	119	713.11	771	4,225.49
3.	Commerce and Industries			--	29	24.47	48	200.53	51	335.06	37	259.02	19	171.59	184	990.67
4.	Cottage and Small Scale Industries			--	46	342.95	3	32.82	36	118.47	22	91.24	52	177.26	159	762.74
5.	Co-operation	--	--	--	174	158.89	--	--	--	--	5	115.61	116	425.52	295	700.02
6.	Relief and Welfare	--	--	--	273	348.97	--	--	16	19.65	4	3.12	3	0.06	296	371.80
7.	Panchayats and Community Development				12	1.85	--	--	2	0.08	1	0.06	24	255.85	39	357.83
8.	Fisheries	--	--	--	20	90.86	11	55.96	10	12.21	8	13.56	4	16.50	53	189.09
9.	Health and Family Welfare			--	28	6.87	50	18.67	61	13.35	115	31.50	178	95.78	432	166.17
10.	Finance	--	--	--	51	27.22	1	1.00	3	20.60	15	71.49	1	2.54	71	122.85
11.	Refugee Relief and Rehabilitation	--	--	--	27	28.84	8	3.33	--	--	14	12.86	2	0.54	46	45.57
12.	Animal Husbandry and Veterinary Services				9	20.17	3	12.58	3	5.60	1	1.00	4	0.94	20	40.29
13.	Labour	--	--	--	2	10.00	--	--	2	10.62	--	--	1	19.40	5	40.02
14.	Public Works (Roads)	--	--	--	1	26.00	1	5.50	--	--	--	--	--	--	2	31.50
15.	Development and Planning			--	1	10.00	--	--	10	3.66	5	2.26	1	0.05	17	16.07

16. Home (Defence)	--	--	1	0.10	--	1	0.05	--	1	14.35	3	14.50		
17. Information and Cultural Affairs	..	--	--	4	1.94	1	0.33	9	3.25	1	0.75	15	11.27	
18. Tourism	..	--	--	1	8.00	--	--	--	--	--	--	1	8.00	
19. Judicial	..	--	--	22	2.19	7	0.40	3	2.50	14	1.10	46	6.19	
20. Environment	..	--	--	--	--	--	--	..	2	6.00	2	6.00		
21. Home (Political)	--	--	6	1.40	1	0.75	1	1.00	1	1.05	1	1.12	10	5.32
22. Local Government and Urban Development	..	--	3	0.51	2	0.37	3	0.34	2	0.12	4	3.96	14	5.30
23. Board of Revenue	..	--	1	4.68	--	--	--	..	--	--	--	1	4.68	
24. Public Works	..	--	1	0.25	--	--	--	1	0.25	--	--	2	0.50	
25. Governor's Secretariat	..	--	--	--	--	--	--	22	0.21	8	0.08	30	0.29	
Total	..	--	5455	7,057.17	666	1,680.72	917	2,408.85	1318	2,945.31	2394	4,574.86	10,750	18,666.91

APPENDIX 7.1

(Reference : Paragraph 7.2, page 271)

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

Sl. No.	Name of the Scheme/ Undertakings	Name of Department	Year from which accounts are due	Remarks
1	2	3	4	5
(A) Undertakings whose <i>pro forma</i> accounts have not been prepared since inception—				
1.	Oriental Gas Company's Undertaking.	Commerce and Industries	1960-61	The work of preparation of <i>pro forma</i> accounts of the undertaking could not be taken up as the final decision in the case of compensation to the ex-owner of the undertaking is yet to be taken up by the tribunal (October 1985).
2.	Industrial Estate, Kalyani	Cottage and Small Scale Industries	1956-57	Main reason for non-preparation of <i>pro forma</i> accounts as found in audit was absence of suitable staff in the undertaking.
3.	Central Lock Factory, Bargachia	Ditto	.. 1972-73	Ditto.
4.	Mechanical Toy Making Centre, Chinsurah, Hooghly	Ditto	.. 1972-73	Ditto.
B) Other Undertakings whose <i>pro forma</i> accounts are in arrears—				
1.	Central Engineering Organisation, Dasnagar, Howrah	Cottage and Small Scale Industries	1974-75	The main reason for non-preparation of <i>pro forma</i> accounts as found in audit was absence of suitable staff in the Undertaking.
2.	Integrated Wood Industries Scheme at Durgapur and Kalyani	Ditto	.. 1965-66	Ditto.
3.	Training-cum-Production Centre for Wood industries, Siliguri	Ditto	.. 1965-66	Ditto.
4.	Scheme for Production of Shark Liver Oil, Fishmeal etc.	Fisheries	.. 1979-80	Management stated (May 1985) that due to administrative difficulties the preparation of <i>pro forma</i> accounts could not be completed.

Sl. No.	Name of the Scheme/ Undertakings	Name of Department	Year from which accounts are due	Remarks
1	2	3	4	5
5.	Directorate of Brick Production (Manual)	Housing	.. 1982-83	It has been intimated in December 1985 that <i>pro forma</i> accounts for 1982-83 have been submitted to Government and accounts for 1983-84 is under process of finalisation.
6.	Directorate of Brick Production at Mechanised Brick Factory (Palta)	Ditto	.. 1982-83	Ditto.
7.	Greater Calcutta Milk Supply Scheme	Animal Husbandry and Veterinary Services	1982-83	Audit of <i>pro forma</i> accounts for 1981-82 submitted by Management (July 1985) has not been taken up so far (October 1985) as the replies to audit queries on the accounts for the year 1980-81 have not yet been furnished by the Management (October 1985).
8.	Durgapur Milk Supply Scheme	Ditto	.. 1973-74	Management stated (July 1985) that the preparation of <i>pro forma</i> accounts for 1973-74 has been held up as the Cash Book is lying with Vigilance Commission.
9.	Directorate of Cinchona and other Medicinal Plants (Cinchona Branch)	Commerce and Industries	1979-80	Finalisation of audit of <i>pro forma</i> accounts for the year 1978-79 is held up for want of replies to the audit comments from the Management (October 1985).
10.	Surgical Instruments and Servicing Station, Baraipur.	Cottage and Small Scale Industries	1969-70	The main reason for non-preparation of <i>pro forma</i> accounts as observed in audit was the absence of suitable staff in the undertaking (August 1985).
11.	Industrial State, Barui, pur.	Ditto	.. 1959-60	Ditto.
12.	Government Sales Emporia in Calcutta and Howrah.	Ditto	.. From 1951-52 to 1962-63 and from 1969-70 to 1984-85	Ditto.

Sl. No.	Name of the Scheme/ Undertakings	Name of Department	Year from which accounts are due	Remarks
1	2	3	4	5
13.	Silk Reeling Scheme under Deputy Director of Industries (Cottage) (Directorate of Handloom and Textiles).	Ditto	.. 1956-57 to 1984-85	The department intimated in January 1986 that there is no competent staff to prepare the <i>pro forma</i> accounts of so many years.
14.	Flying Training Institute, Behala.	Home (Transport)	.. 1982-83 to 1984-85	The <i>pro forma</i> accounts up to the year 1981-82 had been received. But as some defects were noticed in the accounts for 1981-82, the matter was taken up (May 1984) with the Institute and Government for necessary rectification.
15.	Sisal Plantation Scheme	Agriculture	.. 1964-65 to 1984-85	The form of <i>pro forma</i> accounts submitted by Government (May 1984) was approved in September 1985. Submission of <i>pro forma</i> accounts in the approved form is awaited (October 1985).
16.	Kanohrapara Area Development Scheme (Kalyani Township)	Public Works (Metropolitan Development)	1975-76 to 1984-85	The desirability of preparation of <i>pro forma</i> accounts was suggested to Government in October 1978 but the decision of Government is still awaited (October 1985).
17.	'Hats' under the management of Government.	Board of Revenue	.. 1973-74 to 1984-85	Reasons for non-submission of <i>pro forma</i> accounts are awaited (October 1985).
18.	Industrial Estate, Manicktal	Cottage and Small Scale Industries	1983-84 to 1984-85	The <i>pro forma</i> accounts submitted by Government up to the year 1982-83 were received. But some defects were noticed in the accounts. The matter was taken up (February 1985) with the Government for necessary rectification. Revised accounts are awaited (October 1985).
19.	Do., Howrah	Ditto	.. 1983-84 to 1984-85	
20.	Do., Sakinagar	Ditto	.. 1983-84 to 1984-85	

APPENDIX 7.2

(Reference : Paragraph 7.2 ; Page 271)

Summarised financial results of departmentally managed Commercial and Quasi-commercial Undertakings

Name of Under-taking/Scheme	Name of Department	Year of accounts	Capital at close	Mean Capital	Free reserves	Net block	Depreciation	Turnover	Net Profit (+) Net Loss(-)	Interest charged added back	Total (columns 10+11)	Percentage of total return on mean capital
1	2	3	4	5	6	7	8	9	10	11	12	13

(Figures in column Nos. 4 to 12 are in lakhs of rupees)

Greater Calcutta Milk Supply Scheme	Animal Husbandry and Veterinary Services	1981-82	5721.12	5252.09	73.84	342.23	38.02	1446.72	(-)1052.83	284.22	(-)768.61	Nil
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