

Preface

This Report for the year ended 31 March 2008 deals with the results of audit of the accounts of Panchayat Raj Institutions in the State of West Bengal. The Report has been prepared for submission to the Government of West Bengal in accordance with the provisions of the West Bengal Panchayat Act, 1973. The cases mentioned in the Report are among those which came to notice in the course of audit of accounts of the years up to 2006-2007, conducted during 2007-2008.

Overview

The report contains six chapters. The opening chapter contains an overview of the Panchayat Raj Institutions (PRIs) in the State. Chapter-2 highlights the deficiencies in accounting procedures. Chapter-3 consists of audit observations on implementation of schemes. Chapter-4 relates to performance reviews while Chapter-5 contains audit findings on execution of works and procurement of supplies. Other miscellaneous issues are grouped together in Chapter-6.

1. Overview of the PRIs

There are 17 Zilla Parishads (ZPs), one Mahakuma Parishad (MP) (with all the powers and authority of the Zilla Parishad) for Siliguri Sub-Division, 341 Panchayat Samitis (PSs) and 3,354 Gram Panchayats (GPs) in the State. The Panchayat and Rural Development Department (P&RDD) headed by a Principal Secretary exercises administrative control over the PRIs. The major audit observations are as under :

- The PRIs continue to be overwhelmingly dependent on grants from the Central and State Governments. Their 'own source revenue' constituted only three *per cent* of the total revenue during 2007-08.

(Paragraph 1.8.2)

- The P&RDD did not have the information on funds received by the PRIs during 2005-08 from various line departments of the State Government and also information regarding receipts and expenditure under important sectors like education, health, nutrition, social forestry etc. that may be amenable to sectoral analysis of the State Government.

(Paragraphs 1.8.3 and 1.10)

- Difference of Rs 17.33 crore in the closing balance as at 31 March 2007 and opening balance on 1 April 2007 was existing in the accounts for ZPs.

(Paragraph 1.9)

2. Accounting procedures

Audit of transactions of 3,348 GPs, 181 PSs, 17 ZPs and one MP showed instances of financial procedures not being followed like non-preparation of accounts and budgets, direct appropriation including theft/defalcation/losses etc. as detailed below:

- Twenty nine GPs did not prepare annual accounts for the year 2006-07. Seventeen GPs did not prepare their budget and unauthorisedly incurred expenditure of Rs 7.35 crore during 2006-07 without any budget allocation. Four PSs incurred expenditure of Rs 10.47 crore without preparation of annual accounts during 2004-07 against receipts of Rs 17.78 crore.

(Paragraphs 2.1, 2.2 and 2.10)

- Ninety GPs incurred expenditure of Rs 73.34 lakh during 2006-07 out of the revenue collected by them without depositing the money into their respective savings bank accounts in contravention of the Rules.

(Paragraph 2.4)

- There was unreconciled difference of Rs 2.26 crore in 99 GPs, Rs 4.01 crore in 20 PSs and Rs 2.32 crore in two ZPs due to non-conducting of monthly reconciliation of balances in Cash Book and Pass Book during 2006-07. The lapse was fraught with the risk of misappropriation of funds going undetected.

(Paragraphs 2.5 and 2.12)

- In 3,185 GPs, 71 *per cent* of the total demand for taxes, duties, rates, fees and tolls amounting to Rs 66.89 crore remained unrealised at the end of the year 2006-07. This highlights inadequate controls and monitoring mechanism in the PRIs resulting in loss of potential revenue.

(Paragraph 2.6)

- Instances of loss of cash, foodgrains and office assets were noticed in 24 GPs and four PSs which indicated inadequate controls and safeguards.

(Paragraphs 2.7 and 2.13)

3. Implementation of schemes

Audit of implementation of Indira Awas Yojana (IAY), Sampoorna Grameen Rozgar Yojana (SGRY) and Twelfth Finance Commission Grants (TFC) revealed irregularities in selection of beneficiaries, non-conferment of ownership of huts on women, engagement of contractors, irregular expenditure and expenditure on unapproved items etc. as mentioned below:

- In violation of guidelines for selection of beneficiaries under IAY, 130 GPs spent Rs 10.16 crore without preparing Annual Action Plan (AAP) (2006-07).

(Paragraph 3.1.2)

- In 1,100 GPs, though none of the beneficiaries were from BPL list, Rs 29.95 crore was spent towards assistance under IAY for construction/upgradation of huts (2006-07).

(Paragraph 3.1.3)

- Contrary to IAY guidelines, allotments of 34,867 huts were conferred solely on the male members of the family in 2,411 GPs.

(Paragraph 3.1.4)

- During 2006-07, employment opportunities provided to women ranged from zero to 20 *per cent* only in 1,969 GPs and 17 PSs which was in contravention to the SGRY guidelines.

(Paragraph 3.2.3)

- 2,384 GPs and 25 PSs spent 13 *per cent* and nine *per cent* respectively in excess of permissible limit of 15 *per cent* towards maintenance cost for assets created under wage-employment programmes.
(Paragraph 3.2.4)
- In contravention of guidelines, Rs 1.30 crore was spent by eight PSs during 2004-07 towards execution of SGRY works by engaging contractors. This defeated the objective of providing full benefit to the wage earners besides resulting in avoidable expenditure of Rs 13.03 lakh towards contractors' profit.
(Paragraph 3.2.5)
- Bally GP paid Rs 1.39 lakh to its members during June and July 2006 for execution of works. The members neither executed the works nor refunded the amount. This resulted in misappropriation of funds.
(Paragraph 3.2.6)
- The PRIs spent only 66 *per cent* (Rs 422.16 crore) of the available TFC grant of Rs 636.38 crore during 2005-08. Test check revealed that the percentage of expenditure on the three priority sectors namely maintenance of accounts, creation of database, drinking water & sanitation was one, three and two *per cent* only against the stipulated five *per cent*, 10-15 *per cent* and 10 *per cent* respectively.
(Paragraphs 3.3 and 3.3.5)
- Twenty two out of 35 selected PRIs spent Rs 2.03 crore on unapproved items, depriving rural people of benefits from stipulated sectors.
(Paragraph 3.3.6)

4. Performance reviews

Implementation of National Rural Employment Guarantee Scheme (NREGS)

As a step towards realisation of the right to work and to enhance the livelihood security on a sustained basis by developing the economic and social infrastructure in rural areas, Government of India enacted (September 2005) the National Rural Employment Guarantee Act 2005. Subsequently, the State Government formulated the West Bengal Rural Employment Guarantee Scheme (WBREGS) with the objective to provide at least 100 days of guaranteed employment to every household whose adult members volunteer to do unskilled manual labour. The following points were noticed during the audit of the NREGS :

The State Government delayed constitution of the State Employment Guarantee Council. The Government failed to make available necessary staff to District Programme Coordinator for the implementation of the scheme.

(Paragraphs 4.1.6.1 and 4.1.6.2)

The District Perspective Plan for five years was not prepared in two out of three test checked districts.

(Paragraph 4.1.7.1)

The release of State share of funds was delayed by 11 days to 162 days.

(Paragraph 4.1.8.2)

Unutilised amount of Rs 61.21 lakh pertaining to National Food for Work Programme (NFFWP) was not transferred to WBREGS Account by 14 GPs.

(Paragraph 4.1.8.3)

Instances of non-distribution of Job Cards, delay in payment of wages amounting to Rs 23.88 lakh, non-adherence to priority works, excess expenditure of Rs 39.86 lakh, unfruitful expenditure of Rs 28.15 lakh and inadmissible expenditure of Rs 46.02 lakh etc. were noticed by audit.

(Paragraphs 4.1.9.1, 4.1.9.3, 4.1.10.1, 4.1.11.1, 4.1.11.2 and 4.1.11.3)

Essential records were not maintained. Instances of inadequate monitoring mechanism and incorrect reporting of utilisation of fund/achievement were noticed by audit.

(Paragraphs 4.1.11.6, 4.1.14 and 4.1.15)

Internal Control System in South 24 Parganas ZP

The West Bengal Panchayat Act, 1973 provides for a built in internal control mechanism to ensure effectiveness in carrying out functions by PRIs. The internal controls in South 24 Parganas ZP were found to be weak and inadequate as rules regarding various control measures were not complied with. The system could not ensure economy and efficiency of operations and failed to provide reasonable assurance against the loss of resources and misappropriation of funds:

Shortcomings were noticed in control over preparation of budget and expenditure thereof. An expenditure of Rs 18.05 crore without budget provision was incurred during 2005-08.

(Paragraphs 4.2.6.1 and 4.2.6.2)

Non-maintenance of Cash Book led to suspected misappropriation of Rs 4.14 lakh and loss of Rs 12.05 lakh due to wrong adjustment.

(Paragraphs 4.2.7.2 and 4.2.7.3)

Advances amounting to Rs 7.47 lakh paid to different officials remained unadjusted.

(Paragraph 4.2.7.5)

Improper maintenance of loan account resulted in liability of accumulated loans for Rs 5.93 crore.

(Paragraph 4.2.7.6)

Non-issue of demand notices resulted in non-realisation of rent to the tune of Rs 61.74 lakh as of 31 March 2008.

(Paragraph 4.2.7.7)

Non-maintenance of records relating to the execution of works resulted in irregular refund of Security Deposit of Rs 7.78 lakh before the completion of work.

(Paragraph 4.2.9.1)

Lack of supervision and monitoring resulted in wrong booking, delayed utilisation of sub-allotted funds and mis-reporting of stock of rice under SGRY.

(Paragraphs 4.2.11 and 4.2.11.1, 4.2.11.2 and 4.2.11.3)

Devolution of functions, functionaries and funds to PRIs

The basic objectives of devolution of powers and responsibilities as envisaged in article 243 G of the Constitution is to empower the PRIs with the authority for planning, budgeting and implementing schemes for economic development and social justice in rural areas.

Out of 29 functions listed in the Eleventh Schedule of the Constitution, 28 functions were devolved to the PRIs.

(Paragraph 4.3.5.1)

As of March 2008, only 10 out of 19 departments had issued orders matching the Activity Mapping.

(Paragraph 4.3.5.1)

The Activity Mapping gave the PRIs only partial control over the functions envisaged in the 11th Schedule of the Constitution.

(Paragraph 4.3.5.1)

The performances of the PRIs vis-à-vis the earmarked responsibilities in the Activity Mapping ranged from 29 to 76 *per cent*.

(Paragraph 4.3.5.2)

The PRIs had only limited control over the departmental functionaries. Further, the functionaries attached to the different levels of PRIs as link officials were irregular in attending the meetings of the *Sthayee Samitis*.

(Paragraph 4.3.5.3)

In respect of most of the devolved functions, no provision for separate head of accounts in the State Budget was made.

(Paragraph 4.3.5.4)

Only two departments out of 10 transferred funds to the PRIs. The flow of untied funds to the PRIs was inadequate. The endeavour of the PRIs to augment their own resources was unsatisfactory.

(Paragraph 4.3.5.4)

The functioning of the District Planning Committee was poor, resulting in absence of proper planning.

(Paragraph 4.3.5.4)

5. Execution of works and procurement of supplies

- Dakshin Dinajpur ZP incurred expenditure of Rs 12.75 crore for sinking and installation of irrigation tube-wells that had not become operational even after seven years, depriving the community of the benefit of irrigation and rendering the expenditure idle and unfruitful.

(Paragraph 5.1)

- The Kanariaghat Bridge over River Damodar, completed in July 2006 after incurring an expenditure of Rs 4.43 crore, was not opened to traffic as the approach roads were incomplete. The failure of Hooghly ZP to take up the construction of the bridge and roads in a coordinated manner led to the expenditure on the bridge remaining unfruitful.

(Paragraph 5.3)

- Inability of Mathabhanga-I PS to complete the construction of nine Primary Schools and six Flood Rescue Centres cum Primary Schools even after incurring expenditure of Rs 25.43 lakh, rendered the expenditure unfruitful.

(Paragraph 5.6)

- Murshidabad ZP failed to realise the objective of augmenting its own fund due to its inefficiency in construction, allotment and rent collection from 74 stalls. The investment of Rs 59.07 lakh did not yield the intended benefit either to the ZP or the local people.

(Paragraph 5.7)

- Injudicious decision of Uttar Dinajpur ZP for manufacturing Pre-stressed Cement Concrete (PCC) poles without assessing the requirement resulted in non-utilisation of PCC poles for more than two and half years as of December 2008 and blocking of Rs 58.67 lakh towards cost of 3,466 poles.

(Paragraph 5.8)

- Kedarchandpur-II GP incurred extra avoidable expenditure of Rs 20.45 lakh during 2006-07 on protection works for plantations under NREGS, by utilising 30,841 mandays against the stipulated 770 mandays.

(Paragraph 5.9)

6. Other issues

- Due to mismanagement and inaction by Murshidabad ZP, expenditure of Rs 3.59 crore failed to provide adequate health care facilities to the beneficiaries and the ZP had to be content with only 0.76 per cent of projected returns.

(Paragraph 6.1)

- Eight ZPs and 23 PSs had unrealised revenue of Rs 2.55 crore from rent of shops, lease of ferry *ghats* and *bundhs*.

(Paragraph 6.2)

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- Despite the directions of the P&RDD to refund the unutilised loan amount, Murshidabad ZP had unauthorisedly retained Rs 3.20 crore of undisbursed loans and interest payments of Rs 36.41 lakh received from the PSs on disbursed loans.

(Paragraph 6.3)

- Eight ZPs and eight PSs could not utilise Rs 9.10 crore available under 90 grants for various periods. This included Rs 5.87 crore remaining unutilised for three to five years, Rs 3.03 crore for five to 10 years and Rs 0.20 crore for more than 10 years.

(Paragraph 6.4)

- Bardhaman ZP could not utilise Rs 1.11 crore received under Rural Infrastructure Development Fund (RIDF)-II for long periods. The ZP also refunded to the Government Rs 1.47 crore out of total Rs 3 crore sanctioned under RIDF-VI depriving rural population of the benefits of the programme.

(Paragraph 6.5)

- Two ZPs and six PSs constructed market complexes, bus terminus and sheds for augmentation of their own resources at a total cost of Rs 1.75 crore, but the assets remained unutilised for one to 12 years, rendering the expenditure unproductive.

(Paragraph 6.7)

- In nine ZPs and 14 PSs, huge accumulation of advances (Rs 15.87 crore) was noticed. It increased the risk of defalcation/misappropriation of funds and pointed to inadequate internal control mechanism.

(Paragraph 6.11)

- Uttar Dinajpur ZP neither utilised Rs 31.21 lakh of RIDF-III funds nor surrendered the savings leading to blocking of funds for more than eight years.

(Paragraph 6.12)

CHAPTER-1

An Overview of the Panchayat Raj Institutions

1.1 Panchayat Raj Institutions (PRIs): Constitutional Background

Article 243 B of the Constitution envisages a three-tier system of Panchayats: (a) GP at the village level; (b) ZP at the district level and (c) PS at intermediate level between the village and the district levels (mostly at the block level).

The 11th Schedule of the Constitution lists 29 functions to be devolved on the Panchayats. Article 243 G of the Constitution empowered the State legislature to decide and confer powers and responsibilities on PRIs.

Article 243 I of the Constitution also provides that the State Government shall appoint a Finance Commission every fifth year to review the financial position of the Panchayats and to make recommendations on (i) the distribution between the State and the Panchayats, of the net proceeds of taxes, duties, tolls and fees leviable by the State, which may be divided between them and the allocation between the Panchayats at all levels of their respective shares of such proceeds (ii) the determination of the taxes, duties, tolls and fees which may be assigned to the Panchayats and (iii) grants-in-aid to Panchayats. The report of the Commission together with a memorandum of action taken on the report is to be laid before the State legislature.

1.2 PRIs in West Bengal

A three-tier Panchayat system was envisaged in the West Bengal Panchayat Act, 1973, which came into force in June 1978 when the first general election for the ZPs, PSs and GPs was held. Since then the general election for the panchayats has continued to be held every five years and the last election (i.e. the seventh in the series) was held in May 2008.

1.3 Area and population covered

The Act extends to the whole of West Bengal in areas other than Municipalities / Municipal Corporations / Cantonment areas. Thus, 70 *per cent* of the total area (88,751 sq. km.) of the State inhabited by 5.77 crore of rural population (72 *per cent* of the total population of 8.02 crore as per 2001 census), came under the purview of the Act.

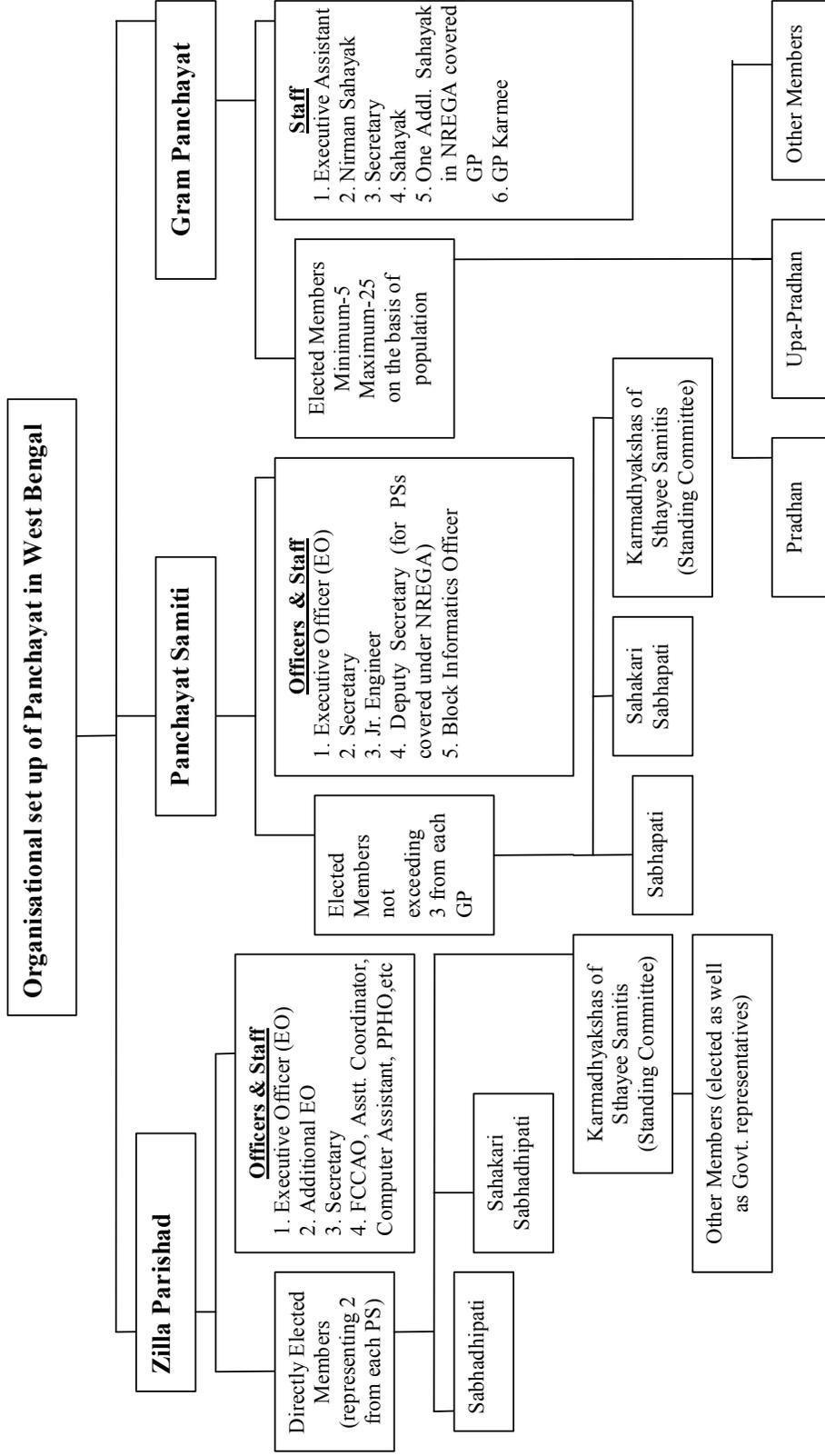
1.4 Organisational structure of the PRIs

There are 17 ZPs, one MP (with all the powers and authority of the ZP) for Siliguri Sub-Division, 341 PSs and 3,354 GPs in the State. P&RDD headed by a Principal Secretary exercises administrative control over the PRIs.

The Act envisages the functioning of the ZPs and PSs through ten functional Standing Committees called *Sthayee Samitis*¹ having elected representatives and officials concerned as members. Each of the *Sthayee Samitis* of the ZPs/PSs is headed by a *Karmadhyaksha* (also an elected representative). No such *Sthayee Samitis* has, however, been provided for the GPs which shall function through one or more group of members (popularly called as *Upa-Samitis*) with a convener for each, nominated from the group concerned, as envisaged in the Act.

The organisational set up of the Panchayat Raj System in West Bengal is as follows:

¹ (i) *Artha, Sanstha, Unnayan O Parikalpana* (Finance, Establishment, Development and Planning).
(ii) *Janasasthya O Paribesh* (Public Health and Environment).
(iii) *Purta Karya O Paribahan* (Public Works and Transport).
(iv) *Krishi Sech O Samabaya* (Agriculture, Irrigation and Co-operative).
(v) *Shiksha, Sanskriti, Tathya O Krira* (Education, Culture, Information and Sports).
(vi) *Sishu O Nari Unnayan, Janakalayan O Tran* (Children and Women's Development, Social Welfare and Relief).
(vii) *Bon O Bhumi Sanskar* (Forest and Land Reforms).
(viii) *Matsya O Prani Sampad Bikash* (Fishery and Animal Resource Development).
(ix) *Khadya O Sarbaraha* (Food and Supplies).
(x) *Khudra Shilpa, Bidyut O Achiracharit Shakti* (Small Industries, Power and Non-conventional Energy Sources).

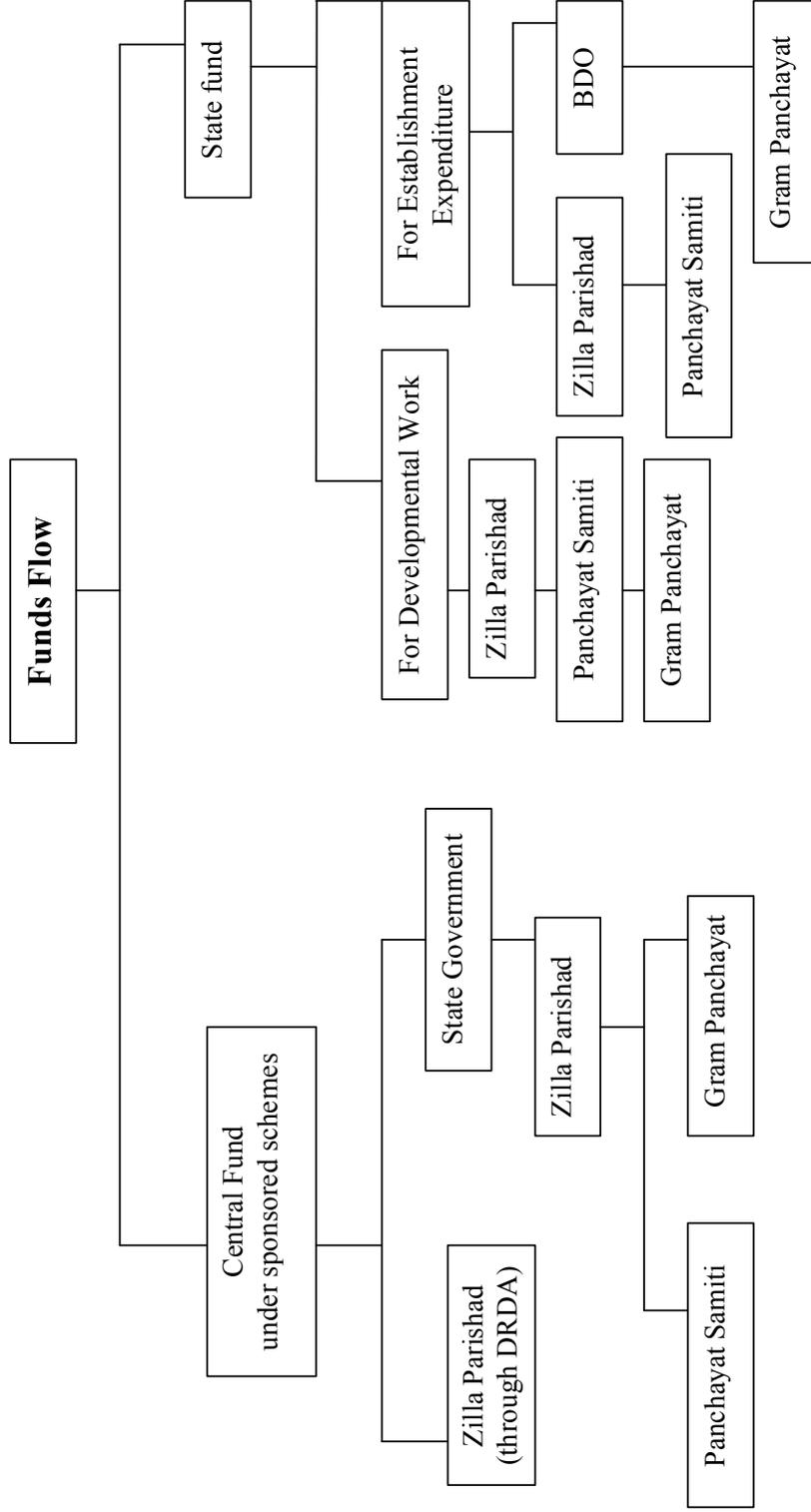


1.5 Powers and functions

The Act vests a PRI with the following powers and duties: (i) to prepare development plan/annual action plan (ii) to implement schemes for economic development and social justice as may be drawn up by or entrusted to it in pursuance of 11th Schedule of the Constitution (iii) to manage or maintain any work of public utility and (iv) to collect revenue for utilisation of such funds for developmental work.

1.6 Flow of funds

The fund for ZPs and PSs are lodged in the Treasury in Deposit Account (head “8448-Local Fund Deposit Account, 109-Panchayat Bodies”) that is operated as non-interest bearing banking accounts. Centrally sponsored scheme funds are kept in banks in Savings Account according to guidelines for the respective schemes. The funds for GPs are to be kept in Savings Bank Account at the nearest Post Office or a Scheduled Bank or a Co-operative Bank. A funds flow statement as per general procedure is given below:



1.7. Creation of Database and Maintenance of Accounts

Pursuant to the recommendations of the Eleventh Finance Commission (EFC), Government of India, Ministry of Finance, issued guidelines for utilisation of funds related to local bodies which envisages that the Comptroller and Auditor General of India (C&AG) should prescribe formats for preparation of budget and for keeping accounts. The format prescribed by the C&AG of India for maintenance of accounts and database on finances of PRIs is yet to be adopted by the Government of West Bengal.

The State Government had intimated (December 2007) that no specific percentage was earmarked for expenditure on creation of database or maintenance of accounts out of EFC grants and the amount of expenditure incurred during 2004-06 for those items out of EFC grants, were not available. The State Government earmarked (December 2006) the percentage of Twelfth Finance Commission (TFC) grants to be utilised for maintenance of accounts including computerisation of accounts and creation/ improvement of database. The State Government reported (December 2008) that against available TFC grants of Rs 635.50 crore for 2005-08, Rs 38.84 crore (i.e. Rs 21.47 crore on creation of database and Rs 17.37 crore on maintenance of accounts) was utilised during 2006-08.

The State Government, however, had developed and introduced two software packages namely, Integrated Fund Management and Accounting System (IFMAS) and Gram Panchayat Management System (GPMS) for maintenance of accounts and database for ZP/PS and GP respectively. The status of implementation of the software packages as of March 2008 is as follows:

Item	ZPs/MP	PSs	GPs
Installation	18	205	1,285
Working	NA	NA	705

(Source: Annual Administrative report of the P&RDD for the year 2007-08)

1.8 Sources of Revenue of PRIs

The revenue receipts of PRIs comprise receipts from its own sources, assigned revenue, grants and contributions. The main sources of revenue of PRIs are grants from the Central and State Governments. Receipts of PRIs from various sources are discussed in the succeeding paragraphs.

1.8.1 State Budget allocation vis-à-vis actual release made

The allocation of funds in State Budget for PRIs which includes Salary & allowances, schematic fund, other grants including State Finance Commission (SFC) grants and funds released to PRIs thereof are detailed under:

(Rupees in crore)

Year	State Budget allocation	Actual release by the P&RDD	Short release
2005-06	1,004.37	1,066.21	-
2006-07	1,272.84	1,233.95	38.89
2007-08	2,163.93	1,880.77	283.16
Total	3,436.77	3,114.72	322.05

Short release of Rs 322.05 crore to PRIs from the State Budget during 2006-08

It would be seen from above that there was short release of Rs 322.05 crore to PRIs from the State Budget allocation made by the P&RDD during 2006-08.

The SFC recommended (February 2002) a minimum amount of Rs 700 crore per annum or 16 *per cent* of share of State taxes to Local Self Governments as untied entitlement. Out of these, 12.8 *per cent* has been recommended to PRIs. The State Government decided to allocate 'maximum amount possible' out of its resources. The entitlement vis-à-vis actual release under SFC is shown below:

(Rupees in crore)

Year	Tax Revenue of the State Govt.	Entitlement for PRIs	Actual released under SFC	Shortfall
2005-06	10,388.38	1,329.71	278.29 (2.7%)	1,111.42
2006-07	11,694.77	1,496.93	140.08 (1.2%)	1,356.85
2007-08	13,126.33	1,680.17	204.61 (1.5%)	1,475.56
Total	35,209.48	4,506.81	622.98	3,943.83

Shortfall in release of Rs 3,943.83 crore against entitlement for PRIs under SFC during 2005-08

Thus, the PRIs got 2.7, 1.2 and 1.5 *per cent* of the State Tax revenue against their entitlement of 12.8 *per cent* and a shortfall of Rs 3,943.83 crore was noticed during 2005-08.

1.8.2 Government Grants and 'Own Source Revenue'

Sources of revenue of PRIs mainly consist of grants from the Central and State Governments for implementation of various Central and State schemes. Besides meeting the cost of salary and allowances, the State Government transfers share of some taxes collected by it according to recommendations of the State Finance Commission. The 'own source revenue' (OSR) constitutes a very small percentage of the total revenue from all sources of the PRIs.

The revenue received by the PRIs during the last three years according to their sources is as follows:

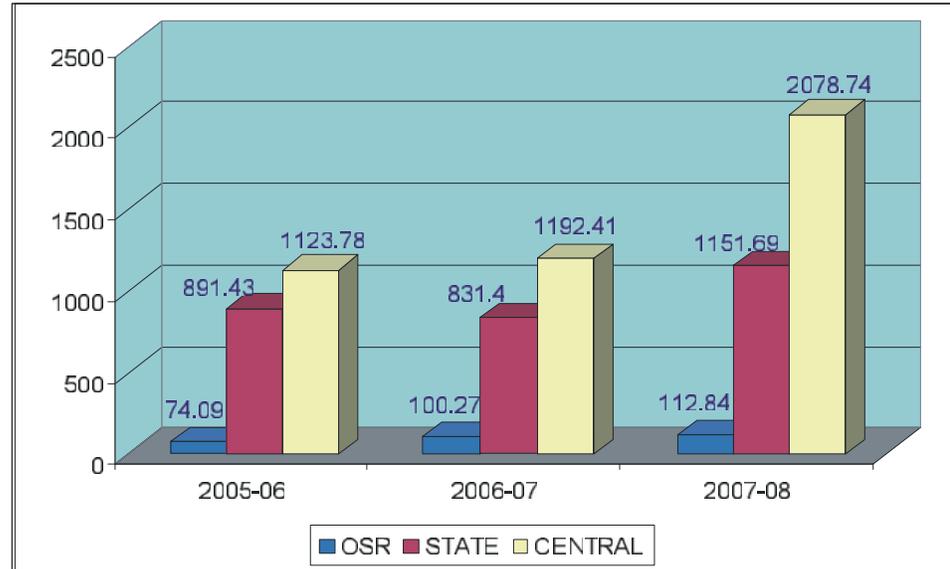
(Rupees in crore)

Year	Salary Grants by the State	Grants by the State including 2 nd State Finance Commission Grant	State Share of Centrally Sponsored Schemes	Additional Central Assistance & Central Finance Commission Grants	Total Fund (State Budget)	Amount made available to (from the Total Fund - State Budget)			Central Share of Centrally Sponsored Schemes (direct to PRIs)	Grand Total of grants received from Central and State Govts.	Own Source Revenue (OSR)				Total revenue from all sources (Govt. grants + Own Source Revenue)	Percentage of Govt. grants to total revenue (In per cent)	Percentage of OSR to total revenue (In per cent)	Total expenditure incurred by the PRIs
						ZPs	PSs	GPs			ZPs	PSs	GPs	Total				
2005-06	192.43	425.23	273.77	174.79	1,066.22	345.09	154.82	566.31	948.99	2,015.21	13.03	15.44	45.62	74.09	2,089.30	96	4	1255.48
2006-07	210.79	317.71	302.90	402.55	1,233.95	290.02	156.33	787.60	789.86	2,023.81	28.01	17.61	54.65	100.27	2,124.08	95	5	1171.55
2007-08	251.01	465.73	434.95	729.08	1,880.77	572.93	327.12	980.72	1,349.66	3,230.43	35.73	15.50	61.61	112.84	3,343.27	97	3	1255.48

During the period from 2005-08 the PRIs continued to be overwhelmingly dependent on grants from the Central and State Governments which increased by 85 per cent and 29 per cent as illustrated below :

Sources of Revenue: Percentage Component

(Rupees in crore)



A system of electronic transfer of fund directly from the P&RDD to all the PRIs through the network of the State Bank of India (SBI) had been introduced during 2005-06 for timely utilisation of funds for various programmes like Indira Awas Yojana, Sampoorna Grameen Rozgar Yojana, National Old Age Pension Scheme, National Family Benefit Scheme, Total Sanitation Campaign etc. During the year 2007-08, Rs 1,131.60 crore was electronically transferred through the Fund Transfer (FT) Account.

1.8.3 Funds received from Line Departments

The P&RDD could not furnish (December 2008) any information about funds received by the PRIs during 2005-08 from various line departments of the State Government for implementation of programmes for socio-economic development within their functional areas.

However, scrutiny of records as available from the P&RDD revealed that Rs 27.80 crore was received from the Health & Family Welfare (H&FW) Department and Rs 17.38 crore was received from Public Health Engineering Department (PHED) by the ZPs for implementation of programmes.

1.9 Overall financial position of PRIs

The P&RDD could not furnish (December 2008) any information on the opening balance, total receipts, total expenditure and closing balance regarding flow of fund and its utilisation by the GPs and PSs during 2006-08. However, the variation of Rs 17.33 crore was noticed in opening balance as on 1 April 2007 and closing balance as on 31 March 2007 in respect of ZPs.

(Rupees in crore)

Year	Opening Balance as on 1 April	Receipt	Total	Payment	Closing Balance as of 31 March	Difference in closing balance on 31 March 2007 and opening balance on 1 April 2007
2006-07	595.81	1,072.32	1,668.13	1,171.55	496.58	17.33
2007-08	479.25	1,370.25	1,849.50	1,255.48	594.02	

(Source: Annual Administrative Report of the P & RDD for the year 2006-07 and 2007-08)

1.10 Sectoral analysis

The P&RDD could not furnish (December 2008) any information regarding the mechanism in use to capture receipts and expenditure under important sectors like education, health, nutrition, social forestry, etc. that may be amenable to sectoral analysis of such transactions.

1.11 Working of District Planning Committee

In terms of Article 243-ZD of the Constitution, each State Government shall constitute a District Planning Committee (DPC) at district level to consolidate the development plans formulated by the local bodies based on planning at the grassroots level and prepare a Draft Development Plan (DDP) for the district as a whole.

The State Government determines the number of members of DPC on the basis of the number of constituencies in the district. A district having 40-80 constituencies will have 60 members in the DPC. If it is more than 80, the number of members will be 100.

Eighty *per cent* members of the DPC are elected by and from amongst the elected members of the ZP and municipalities and 20 *per cent* are appointed by the State Government.

The DPC shall consider matters of common interest including spatial planning, sharing of water and other physical and natural resources, integrated development of infrastructure and environmental conservation in respect of panchayats and municipalities in the district and shall prepare a DDP for five years after consolidating plans of panchayats, ULBs and other development agencies in the periphery of the district planning area.

The working of nine DPCs² for the years from 2003-08 was selected for test check. Test check of the records in nine DPCs between October 2008 and February 2009 revealed the following:

1.11.1 Functioning of DPC:

Section 3 of the West Bengal District Planning Committee Act, 1994 provides that the State Government shall constitute a DPC in every district. But it was noticed that delay in commencement of functioning of DPC in

² (1) Hooghly; (2) Purba Medinipur; (3) Dakshin Dinajpur; (4) Cooch Behar; (5) Birbhum; (6) Jalpaiguri; (7) Howrah; (8) Bankura and (9) South 24 Parganas.

eight districts³ ranged from two to 10 years from the date of passing the Act and framing of the rules (May 1994 and September 1994 respectively). No information in respect of commencement of functioning of DPC in Cooch Behar District was available.

1.11.2 Preparation of Draft Development Plan:

Purba Medinipur and Dakshin Dinajpur districts did not prepare DDP during the period 2003-04, 2005-07; Cooch Behar, Birbhum and Hooghly districts did not prepare DDP during the period 2003-07; Jalpaiguri District prepared DDP only during 2006-07; and Howrah District did not prepare DDP during 2004-07. Specific information could not be made available in respect of South 24 Parganas District.

In absence of DDP, it could not be ensured whether common interest of the local bodies was given special attention.

1.11.3 Approval of DDP:

Although DDP was forwarded to Development and Planning Department/State Planning Board by Howrah District during 2003-04 but approval of the same could not be assured by the DPC. Purba Medinipur District did not even forward DDP during 2004-05.

1.11.4 Fund sanctioned and released:

Hooghly, Purba Medinipur, Birbhum, South 24 Parganas and Howrah districts had no information regarding total amount sanctioned and released against Development Plan (DP) including amount released for the PRIs/ULBs and for other Departments. Although Rs 476.63 crore was sanctioned against DP, Dakshin Dinajpur District had no consolidated information regarding release of funds against the DP.

1.11.5 Achievement

Hooghly, Cooch Behar, Birbhum, South 24 Parganas and Howrah districts did not prepare the statement showing annual execution of the plans prepared and included in the DP. Bankura District also could not furnish information relating to target and achievement under various schemes.

As such, percentage of achievement, vis-à-vis the target planned under various schemes could not be ascertained in these districts.

1.11.6 Monitoring

Laxity in proper functioning of DPC could bring inequity in co-relation and co-ordination between common interests of urban and rural habitants at the cost of development works.

1.12 State Finance Commission Grants

The recommendations of the Second State Finance Commission (SSFC) of West Bengal, constituted in July 2000, covered the period from 2001-06. The following recommendations of the SSFC that could have

³ (1) Hooghly (Year of constitution: September 1996); (2) Purba Medinipur (September 2002); (3) Dakshin Dinajpur (January 2004); (4) Birbhum (1996); (5) Jalpaiguri (December 2003); (6) Howrah (January 2004); (7) Bankura (October 2003) and (8) South 24 Parganas (2003).

improved the financial position of the PRIs were not accepted by the State Government:

- Provision of an entitlement of fund for rural as well as urban local bodies constituting 16 *per cent* of State taxes. The Government decided to allocate 'the maximum amount possible' out of its resources instead of linking up the quantum of the entitlement fund with the State's own tax revenue. The actual allocation to PRIs were 2.7 *per cent*, 1.2 *per cent* and 1.5 *per cent* during the years 2005-08 respectively against the entitlement of 12.8 *per cent* of the State taxes.
- A minimum amount of Rs 700 crore should be provided in the budget for devolution to PRIs and ULBs as untied entitlement.

The Third State Finance Commission constituted in February 2006 was required to submit its report by February 2007, but is yet to submit its report (December 2008).

1.13 Audit arrangement for PRIs

As per provisions of the West Bengal Panchayat Act, 1973, the State Government is to appoint an Auditor for audit of the accounts of ZPs, PSs and GPs.

The Examiner of Local Accounts (ELA), West Bengal has been appointed as Auditor to audit ZPs and PSs (earlier called *Anchalik Parishads*)⁴.

Audit of the GPs was conducted till 2001-02 by the Extension Officer (Panchayat), a State Government official stationed at the respective Block Offices. Subsequently, by a notification in March 2003, the ELA had been appointed as Auditor of GPs also, from 2002-03 onwards.

1.14 Audit Coverage

Accounts of 17 ZPs, one MP, 181 PSs and 3,348 GPs (out of 3,354) for the year up to 2006-07 were audited during 2007-08. Audit of accounts of

⁴ Vide Rule 101 (1) of the West Bengal Zilla Parishads (Election, Constitution and Administration) Rules, 1964 framed under the West Bengal Zilla Parishads Act, 1963. The erstwhile general framework of four-tier PRIs as provided for in the 1963 Act was, however, replaced by three-tier PRIs as provided for in the West Bengal Panchayat Act, 1973.

six GPs⁵ could not be taken up during 2007-08 for want of records.

The audit findings are discussed in the succeeding Chapters.

1.15 Response to Audit Reports

In terms of Section 191(A) of the West Bengal Panchayat Act, 1973, the report of the ELA on PRIs shall be laid before the State Legislature and in terms of sub rule 4A of the rule 310 ZG of the Rules of Procedure and Conduct of Business in the West Bengal Legislative Assembly, the matters relating to scrutinising the Report of the ELA on PRIs have been entrusted to the Standing Committee on Panchayats and Rural Development, Land & Land Reforms and Sundarban Development, West Bengal Legislative Assembly. Accordingly, Reports of the ELA on PRIs for the years ending 2004, 2005, 2006 & 2007 were laid before the State Legislature and the Standing Committee had considered Reports of the ELA on PRIs for the year ending 2004, 2005 & 2006.

1.16 Pending Audit Observations of Inspection Reports

Pradhan of the GP, Executive Officer of the PS or ZP shall comply with the observations made by the auditor and thereafter compliance report is required to be sent to the ELA within two months from the date of receipt of the Inspection Reports (IRs).

The following table indicates position of IRs and paragraphs pending for settlement, as on 31 March 2008.

5

Sl. No.	Name of GP	Controlling PS / ZP	Reasons for not taking up audit	Ref. of letter to the Principal Secretary to the P&RD Department, Govt. of West Bengal (with a copy to the concerned GP)
(1)	Gopal Nagar	Pathar Pratima/ South 24 Parganas	Due to seizure of records by the local police	LA/GP/343/6423 dated 30.7.2007
(2)	Pokharia	Goalpokher-I/ Uttar Dinajpur	Due to seizure of records as reported by the Pradhan, Pokharia GP vide his reply dated 07.03.2008	LA/GP/M.R.No.1562(4863)/1341 dated 26.05.2008
(3)	Sonachura	Nandigram-I/ Purba Medinipur	Destruction of relevant records in Nandigram violence vide letter dt.11.01.2008	LA/GP/3104/4867 dated 26.05.2008
(4)	Sahapur	Panchla/Howrah	Due to seizure of records as reported by the Pradhan, Sahapur GP vide his reference letter No.SGP-1(2006-07)/3 dated 07.11.2006 and SGP- 15/2007-08 dt.06.08.2007	LA/GP/MRNo.2244/8368 dated 13.02.2007 and LA/GP/2244/1177/1341 dated 28.04.2008
(5)	Madhabdanga-I	Maynaguri/ Jalpaiguri	Non-production of records/accounts due to loss by the Pradhan as intimated vide letter dt. 08.12.2007	LA/GP Cell/2866(2004-05)/10238 dated 20.02.2006 and LA/GP/2546/5321 dated 09.06.2008
(6)	Kalabani	Hura/ Purulia	Seizure of records by Police (2002-03). The office was stated to have been locked by unidentified persons (2006-07) as reported by the Pradhan vide letter dt.26.07.2007	LA/GP/5950 dated 22.09.2003 and LA/GP/M.R.No.913/1639/4859 dated 26.05.2008

(Rupees in crore)

Category of PRIs	Accounting years for which IRs pending for settlement	No. of IRs pending for settlement	No. of paras contained in the IRs awaiting settlement	Money value
ZP	1985-86 to 2006-07	103	995	1,599.14
PS	1976-77 to 2006-07	896	3,285	671.02
GP	2002-03 to 2006-07	15,344	190,850	2,267.00

However, an Audit Committee comprising the Principal Secretary of the P&RDD, representatives of the Finance Department and the ELA was formed for settlement of the outstanding IRs. During 2007-08, two meetings were held and 132 paras worth Rs 206.44 crore were settled therein.

CHAPTER-2

Accounting procedures

In terms of recommendations of the 11th Finance Commission, Government of India, Ministry of Finance issued guidelines for utilisation of funds related to local bodies which envisage that C&AG of India should prescribe formats for preparation of budget and for keeping accounts. The format prescribed by the C&AG of India for maintenance of database by PRIs is yet to be adopted by the Government of West Bengal. The accounting formats for PRIs have been maintained in the form as prescribed by the State Government.

A number of cases of irregularities including non-preparation of annual accounts, amount spent without preparing budget or in excess of budget provisions, direct appropriation, non-reconciliation etc. were revealed in audit and are discussed in succeeding paragraphs.

GRAM PANCHAYATS

2.1 Non-preparation of annual accounts

Twenty nine GPs
did not prepare
Annual Accounts

According to the provision of the West Bengal Panchayat (GP Miscellaneous Accounts and Audit) Rules, 1990 (hereinafter referred to as “Accounts Rules”), Annual Statement of accounts of the GP should be prepared within 15 days from the end of each financial year. In contravention of the Rules, 29 GPs (**Appendix-I**) did not prepare the accounts for the year 2006-07.

2.2 Expenditure incurred without preparing budget

Seventeen GPs
expended
Rs 7.35 crore
without budget
allocation

Every GP has to approve and adopt by 31 January each year, the budget for the following financial year. No fund is to be released to the GP until the budget approved under the rule for the same financial year is received by the PS having jurisdiction over it.

Seventeen GPs (as detailed in **Appendix-II**) did not prepare, approve and adopt the budget for the year 2006-07 and unauthorisedly spent Rs 7.35 crore without any budget allocation during the year. In violation of the said rule, these GPs were also allotted funds during 2006-07.

In absence of any budget, the actual requirement of funds was not placed before the government and funds were released in a routine manner to these GPs.

2.3 Expenditure incurred in excess of budget provision

804 GPs
expended
Rs 58.03 crore
without
preparing
revised budget
estimates

Supplementary and revised budget estimates were to be prepared, if necessary, by seventh of February each year. But 804 GPs (as detailed in **Appendix-III**) spent a total of Rs 58.03 crore in excess of their respective budget provisions under different heads without preparing any supplementary and revised estimates during 2006-07.

2.4 Direct appropriation of revenues without depositing into bank account

According to Rule 4(2) of the Accounts Rules, the custodian of the GP Fund (i.e. the Pradhan) shall deposit all receipts of the Fund in a Savings Bank Account to be withdrawn therefrom as and when required subsequently. But it was seen in audit that 90 GPs spent Rs 73.34 lakh during 2006-07, out of the revenue collected by them from time to time without depositing the revenue collected into their respective Savings Bank Accounts in contravention of the said Rule (as detailed in **Appendix-IV**). It is evident that liquid cash was being handled without depositing them into the bank. This may lead to misappropriation and embezzlement of funds.

2.5 Non-reconciliation of cash balances

Non-reconciliation of cash balance of Rs 2.26 crore by 99 GPs

The Accounts Rules enjoin that the balance of the bank pass book of the GP shall be checked with reference to the cash book at the close of every month by way of reconciliation. However, in 99 GPs, a total amount of Rs 2.26 crore remained unreconciled (as detailed in **Appendix-V**) at the end of the financial year 2006-07.

In the absence of reconciliation, it was difficult for audit to obtain a reasonable assurance regarding the accuracy of accounts of these GPs. Besides, absence of regular monthly reconciliation of cash balances is fraught with the risk of misappropriation of funds remaining undetected.

2.6 Non-realisation of revenue

Seventy one per cent of Demand remained unrealised in 3,185 GPs

The GPs were empowered to impose yearly taxes and duties and also levy rates, fees and tolls to augment their own revenue base. In 3,185 GPs, against a total cumulative demand of Rs 94.10 crore, Rs 66.89 crore could not be realised at the end of 2006-07. The unrealised amount constituted 71 per cent of the total demand (as detailed in **Appendix-VI**). Shortfall was due to lack of initiatives in augmentation of revenue, inadequate internal controls and a weak monitoring mechanism in the PRIs. Poor realisation of revenue adversely affects the capacity of the PRIs in strengthening their own revenue base.

2.7 Losses due to theft and defalcation of funds

Twenty four cases of loss were noticed in 24 GPs

Twenty four cases of loss in the shape of cash, foodgrains and office assets were noticed during 2006-07 in respect of 24 GPs (as detailed in **Appendix-VII**). The thefts/defalcations were possible due to non-adherence to financial rules and laxity in taking of adequate safeguards of the properties of the GPs against theft.

2.8 Non-maintenance of records/registers

The prescribed basic records like Demand and Collection Register, Appropriation Register, General Stock Register, Advance Register, Allotment Register, Works Register, Asset Register, Store Account Register etc. were to be maintained by every GP for its smooth functioning as well as for depicting a true and fair state of its affairs. Scrutiny of data by Audit from 3,348 GPs⁶ spread over 17 ZPs and one MP revealed that the GPs

⁶ Jalpaiguri Division: 715 GPs; Presidency Division: 1,108 GPs; Bardhaman Division: 1,525 GPs.

generally failed to maintain prescribed records and books pertaining to the year 2006-07 (as detailed in **Appendix-VIII**). Some of the important books and records that were not maintained include Demand and Collection Register, Appropriation Register, General Stock Register, Advance Register, Allotment Register etc.

2.9 Internal Audit

According to the Rules, the internal audit of the GP accounts was to be conducted by the respective Panchayat Accounts and Audit Officers (PA&AO) at least once in every month. Internal audit report should also be prepared by PA&AO for every three months ending on 30 June, 30 September, 31 December and 31 March of a financial year. It was seen that in 31 *per cent* of the total number of GPs, no such internal audit was conducted during 2006-07 (as detailed in **Appendix-IX**).

The slackness in internal controls is fraught with the risk of unauthorised withdrawals, non-detection of financial inaccuracies, non-detection of mis-utilisation of properties, etc. Inadequate internal audit can compound the risk.

ZILLA PARISHADS (ZP) AND PANCHAYAT SAMITIS (PS)

2.10 Non-preparation of annual accounts

Four PSs did not prepare Annual Accounts

According to Rule 209 (1) of the West Bengal Panchayat (ZP & PS) Accounts & Financial Rules, 2003 (hereinafter called the Accounts Rules), a monthly Receipts and Payments Accounts should be prepared within 15 days of the following month and the monthly receipts and payments accounts for the month of March shall become the Annual Receipts and Payments Accounts. In violation of the provision of the Accounts Rules, four PSs did not prepare the accounts during 2004-07 (as detailed in **Appendix-X**).

2.11 Expenditure incurred in excess of budget provision

Expenditure incurred in excess of budget provisions by 19 PSs and nine ZPs

Rule 18 of the West Bengal Panchayat (Budget & Appropriation of Fund) Rules, 1996 stipulates that supplementary and revised estimate providing for modification of budget of the PS should be prepared, if required, and approved before the first of March of the current year. But 19 PSs (as detailed in **Appendix-XI**) altogether spent Rs 1.46 crore during 2004-05, Rs 2.06 crore during 2005-06 and Rs 1.10 crore during 2006-07 in excess of their respective budget provisions under different heads.

Rule 30 also prescribes the time schedule for preparation, approval and adoption of budget of ZP. Nine ZPs (as detailed in **Appendix-XII**) altogether spent Rs 18.46 crore during 2006-07 in excess of their respective budget provisions under different heads without preparing any supplementary budget.

Non-preparation of budgets by adhering to the procedures deprived the PRIs of proper planning and budgetary control enabling optimum utilisation of available resources in the most effective and efficient manner.

2.12 Non-reconciliation of cash balances

The Accounts Rules stipulate that at the close of each month, the Bank account and the Local Fund account as reflected in the Cash Book, shall be

Non-reconciliation of Cash Book balance of Rs 4.01 crore and Rs 2.32 crore by 20 PSs and two ZPs respectively

reconciled with Pass Books of the Bank and of the Treasury. But, scrutiny revealed that during 2006-07, 20 PSs (as detailed in **Appendix-XIII**) did not reconcile their balances as per Cash Book and Pass Book. A difference of Rs 4.01 crore during 2006-07 in respect of the PSs remained unreconciled as at the end of 31 March 2007. Similarly, a difference of Rs 2.32 crore during 2006-07 in respect of two ZPs remained unreconciled (as detailed in **Appendix-XIV**).

Thus, the un-reconciled balances reflect lack of internal control and project an incorrect financial status of the ZPs and PSs. Consequently, the risk of fraud/embezzlement and mis-appropriation of funds cannot be ruled out.

2.13 Losses due to theft and defalcation of funds

Loss of cash and kinds in four PSs and in one ZP

Four cases of loss of cash and foodgrains including office assets were noticed during 2006-07 in respect of PSs (as detailed in **Appendix-XV**). FIR was lodged by Bankura ZP for missing of 840 steel plates, valued at Rs 1.26 lakh, from ZP's Rural Electrification Development Corporation (REDC) godown in November 2006.

Being custodians of these assets and funds, these losses prove that the PSs and the ZP could not discharge their responsibilities by taking adequate safeguards. In addition, weak internal controls stir up such serious lacunae in the system.

2.14 Non-maintenance of records/registers

Scrutiny of data from 181 PSs, 17 ZPs and one MP revealed that PSs⁷ and ZPs⁸ under three divisions, as detailed in **Appendix-XVI** and **Appendix-XVII**, were found to have failed to maintain prescribed records and books such as Demand and Collection Register, Appropriation Register, Stock Register, Advance Register, Asset Register, Deposit Ledger etc.

In absence of mandatory subsidiary records, true and fair view of the use of resources and assets could not be ascertained. Proper maintenance of basic records should be ensured to avoid any incorrect reporting of the achievements to the Government.

⁷ No. of PSs that failed to maintain records:

Demand and Collection	112	Asset	80	Advance	48	Adjustment	4
Appropriation	34	Annual Accounts	20	Investment	30	Movable/Immovable properties	85
Unpaid Bill	59	Stock Register	41	General	67	Establishment Check	25
Works/Scheme	51	Deposit Ledger	52	Liquid Cashbook	73		

⁸ No. of ZPs that failed to maintain records/registers

Demand and Collection	9	Asset	6	Stock	1	Deposit	2
Appropriation	8	Advance	1	Works/Scheme	6	Movable and Immovable Properties	7
Unpaid	7	Establishment	1	Investment	4		

2.15 Internal Audit

Rule 212 of the Accounts Rules provide that internal audit of the accounts of PSs should be conducted by the end of each quarter by the Samiti Accounts and Audit Officer. However, no internal audit was conducted in 77 PSs during 2004-05, 57 PSs during 2005-06 and 37 PSs during 2006-07 (as detailed in **Appendix-XVIII**) and seven ZPs⁹ in 2006-07.

During test check of 16 PRIs between August 2008 and October 2008, it was noticed that for the period from 2004-08, internal audit was not conducted at all in eight PSs¹⁰. Seven PRIs¹¹ did not place the internal audit report in the *Artha Sthayee Samiti* meeting for discussion while eight PRIs did not take any action in compliance of the observations raised therein. Nine PRIs¹² did not prepare replies to the observations and as such the same were not sent to the State Government. It was also pointed out that the audit reports contained observations on various recurring irregularities such as irregularities in maintenance of Cash Book, non-preparation of Bank Reconciliation Statement, irregularities in execution of various schemes including Centrally Sponsored Schemes, important registers not being maintained, irregularities regarding budget etc.

Thus, laxity in appraisal activity with reference to plans, programmes, rules and regulations resulted in increased risk of non-performance of the PRIs. Lack of compliance to the audit observations is also a serious lacuna in the internal control mechanism of the P&RDD.

2.16 Conclusion and Recommendations

Conclusion :

The 'own fund revenue' constitutes a very small percentage of the total revenue from all sources of the PRIs. The PRIs spent considerable funds without preparation, approval and adoption of budget. In a large number of cases, expenditure was incurred in excess of budget provision without preparing any supplementary and revised estimates. Some of the PRIs did not reconcile their balances as per cash book and pass book every month resulting in huge amounts remaining unreconciled at the end of the year. Absence of annual accounts in some of the PRIs and non-maintenance of the records and books prescribed in the accounting rules not only resulted in loss of audit trail but impaired their accountability. Internal audit and internal control mechanism were inadequate to ensure proper accounting of substantial public funds dealt with by the PRIs.

⁹ Birbhum, Dakshin Dinajpur, Hooghly, Murshidabad, Nadia, North 24 Parganas and Paschim Medinipur.

¹⁰ Chakdah, Nakashipara, Bongaon, Jalangi, Krishnaganj, Haringhata, Sagar and Berhampur.

¹¹ Murshidabad ZP, Bankura ZP, Amta-II PS, Berhampore PS, Sagar PS, Bongaon PS and Chakdah PS.

¹² Bankura ZP, Cooch Behar ZP, Murshidabad ZP, Haringhata PS, Amta-II PS, Berhampore PS, Sagar PS, Bongaon PS and Chakdah PS.

Recommendations :

The following recommendations are made for strengthening budgeting and financial control :

- Maintenance of accounts and accounts records should be enforced through a comprehensive system of incentives/disincentives and accountability.
- Financial discipline and control should be monitored through a computerised monitoring system and accountability for irregularities, including budgeting digressions should be enforced.

CHAPTER-3

Implementation of Schemes

3.1 INDIRA AWAS YOJANA

3.1.1 Introduction

Indira Awas Yojana (IAY) aims at providing dwelling units free of cost to the poor families of the Scheduled Castes (SCs), Scheduled Tribes (STs), freed bonded labourers and also the non-SC/ST Below Poverty Line (BPL) persons in the rural areas. Funds available under the scheme in a district are earmarked for various categories as under:

- (i) At least 60 *per cent* of the total IAY allocation during a financial year should be utilised for construction/upgradation of dwelling units for SC/ST BPL households.
- (ii) A maximum 40 *per cent* for non SC/ST BPL rural households.
- (iii) Three *per cent* of the above categories for physically and mentally challenged persons.

The scheme is funded on a cost sharing basis of 75:25 between the Centre and the State. Since 1999-2000, 80 *per cent* of allocation has been earmarked for new construction and 20 *per cent* for upgradation of unserviceable *kutch* houses. The scale of assistance for construction/upgradation varied from time to time and also between hilly and plain areas.

The financial and physical performances under IAY in the State during 2006-2008 are summarised below:

(Rupees in crore)

Year	Total available fund	Utilisation	Per cent of unutilised fund	New construction (No.)		Upgradation (No.)	
				Target	Achievement	Target	Achievement
2006-07	367.28	280.51	24	88,501	85,200	22,166	43,638
2007-08	429.77	274.97	36	1,22,357	96,115	30,589	21,449

(Source: Panchayat and Rural Development Department)

Audit of implementation of IAY revealed the following deficiencies :

GRAM PANCHAYAT

3.1.2 Annual Action Plan not prepared

It was mandatory under the scheme of IAY that each GP shall independently prepare and approve an Annual Action Plan (AAP) before the beginning of a financial year.

It was seen that 130 GPs out of 3,348 audited did not prepare and approve such AAP for the year 2006-07 for selection of beneficiaries. The mode of selection was not available on records. The GPs spent Rs 10.16 crore on beneficiaries who were not part of the AAP, in violation of the scheme guidelines (as detailed in **Appendix-XIX**).

Expenditure of Rs 10.16 crore by 130 GPs without preparing Annual Action Plan

In absence of AAP, there is an increased risk of selection of ineligible beneficiaries.

3.1.3 Irregular selection of beneficiaries without following BPL criteria

Rupees 29.95 crore was disbursed to non-BPL beneficiaries

The scheme envisaged selection of beneficiaries under IAY from the BPL list prepared on the basis of certain priority criteria fixed by Government of India, such as freed bonded labourers, SC/ST households who are victims of atrocity, SC/ST households headed by widows and unmarried women, SC/ST households affected by natural and other calamities like riots and physically and mentally challenged persons etc.

However, 1,100 GPs out of 3,348 audited, spent Rs 29.95 crore for construction/upgradation of huts towards non-BPL beneficiaries during 2006-07 (as detailed in **Appendix-XX**).

This shows lack of internal control in selection of beneficiaries as per the guidelines of the scheme.

3.1.4 Allotment of huts not conferred on women in violation of scheme provision

Assistance of Rs 58.83 crore was given to male members by 2,411 GPs

IAY envisaged that allotment of huts constructed/upgraded with the scheme assistance would be conferred on the wife or alternatively on both the wife and the husband. But in 34,867 cases in 2,411 GPs, allotment of huts constructed/upgraded with the scheme funds at a total cost of Rs 58.83 crore was conferred solely on the male member of the family during 2006-07 (as detailed in **Appendix-XXI**).

This was not in conformity with the scheme guidelines which were designed to enhance the empowerment of women.

3.1.5 Land ownership for the beneficiaries not ensured before construction/upgradation of huts

Rupees 6.99 crore was spent without ensuring land ownership of the beneficiaries

As per para 3.5 of the guidelines of IAY, every beneficiary should possess a valid title of the land before obtaining the assistance for construction/upgradation of a hut. However, in 157 GPs where Rs 6.99 crore in 4,020 cases were disbursed during 2006-07 towards assistance for construction/upgradation of huts, the beneficiaries either had no valid records of ownership of the land on which their huts were constructed/up-graded or records were not produced to Audit (as detailed in **Appendix-XXII**). GP merely obtained a certificate from beneficiary committee regarding construction/upgradation of huts out of the assistance provided under IAY.

This was indicative of lack of effective controls to ensure that ineligible beneficiaries are not covered under the scheme. Moreover, the possibilities of dislodging the beneficiaries by the actual owners of the land at a subsequent stage, rendering them shelterless once again, cannot be ruled out.

3.1.6 Sanitary latrines and smokeless chullahs not constructed

Sanitary latrines and smokeless chullahs not constructed in 1,727 and 344 GPs respectively

As per guidelines of the scheme, every GP is to ensure that a sanitary latrine and a smokeless chullah are constructed along with the construction or upgradation of the hut. In case sanitary latrine and smokeless chullah are not constructed, Rs 600 towards sanitary latrine and Rs 100 towards smokeless chullah are to be recovered from the amount of assistance given to the beneficiaries.

However, in 1,727 GPs, 81,390 sanitary latrines and in 344 GPs, 16,069 smokeless chullahs were not constructed although the full amount of assistance amounting to Rs 15.37 crore (as detailed in **Appendix-XXIII**) was given to the beneficiaries in two instalments by the GPs during 2006-07. Moreover, Rs 4.88 crore for sanitary latrine and Rs 0.16 crore for smokeless chullah¹³ were not deducted from the assistance given to the beneficiaries.

As a result, objective of providing proper sanitation and clean environment was not achieved. Besides, improvement of basic determinants of quality of life and human development index could not be attained.

ZILLA PARISHAD

BANKURA AND NADIA ZILLA PARISHADS

3.1.7 Loss of Central share of Rs 9.98 lakh under IAY

Central grant of Rs 9.98 lakh was not received by two ZPs due to poor financial progress

According to IAY guidelines, the first instalment of 50 *per cent* of the total Central allocation for a particular district was to be released in the beginning of the financial year and the second instalment for the district was to be released on receipt of request from District Rural Development Agency (DRDA) on fulfilment of condition that the opening balance of the district did not exceed 15 *per cent* of the funds available during the previous year.

It was noticed from the records that due to non-fulfilment of the said conditions, two ZPs¹⁴ lost Central assistance of Rs 9.98 lakh during 2006-07.

It was also noticed that improper assessment of number of beneficiaries by the GPs as well as late release of state share resulted in carry over of IAY fund in excess of stipulated amount. Had the PRIs and the State Government taken earnest initiative in proper execution of the scheme, 32¹⁵ rural poor could have benefited by new construction of houses and 16¹⁶ by up-gradation of their houses under IAY.

¹³ 81,390 latrines x Rs. 600 = **Rs 4.88 crore**; 16,069 smokeless chullahs x Rs. 100 = **Rs 0.16 crore**.

¹⁴

Sl. No.	ZP	Funds (Rupees in lakh)		
		Allotment	Release	Curtailment
(1)	Bankura	986.87	980.66	6.21
(2)	Nadia	1,254.84	1,251.07	3.77
Total		2,241.71	2,231.73	9.98

¹⁵ 80 *per cent* of total allocation may be utilised for new construction. So, Rs 9.98 lakh x 80 *per cent*/Rs 25,000 (allocation for each new construction) = **32**.

¹⁶ 20 *per cent* of total allocation may be utilised for upgradation. So, Rs 9.98 lakh x 20 *per cent*/Rs 12,500 (allocation for each up gradation) = **16**.

3.2 Sampoorna Grameen Rozgar Yojana

3.2.1 Introduction

Sampoorna Grameen Rozgar Yojana (SGRY) is a centrally sponsored programme with cost sharing between the Centre and the State in the ratio of 75:25. The programme was launched in September 2001 by merging Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS). The objectives of the programme were to provide additional and supplementary wage employment and thereby provide food security and improve nutritional levels in rural areas, to create durable community, social and economic assets and bring in infrastructural development in rural areas.

The financial performances under SGRY in the State during 2004-07 are summarised below:

(Rupees in crore)

Year	Total available funds	Total available foodgrains (in '000MT)	Total utilised funds	Total utilised foodgrains (in '000MT)	Percentage of utilisation of funds	Percentage of utilisation of foodgrains
2004-05	495.15	362.153	379.54	265.443	77	73
2005-06	589.81	446.709	377.79	330.453	64	74
2006-07	408.28	216.79	320.58	155.142	79	72

(Source: Panchayat and Rural Development Department)

Audit of implementation of SGRY revealed the following deficiencies:

PANCHAYAT SAMITI AND GRAM PANCHAYAT

3.2.2 Annual Action Plan not prepared

Under the SGRY scheme, it was mandatory that each GP and PS shall independently prepare and approve an Annual Action Plan (AAP) before the beginning of the financial year. No work can be taken up unless it forms part of the AAP.

It was seen that 271 GPs and 12 PSs did not prepare and approve such AAPs for the year 2006-07 for taking up works under the scheme. The GPs and the PSs spent Rs 11.44 crore and Rs 6.74 crore respectively for works taken up outside the AAPs in violation of the scheme guidelines. Besides, 12 PSs prepared AAPs but executed works valued at Rs 4.97 crore outside AAPs during 2004-07 (as detailed in **Appendix - XXIV** and **Appendix - XXV**).

In the absence of AAP, there is an increased risk of selection of ineligible beneficiaries, as the requirement of enumerations, enlistment and identification of eligible beneficiaries for works outside AAP may not be properly attended to.

3.2.3 Inadequate employment opportunities to women

In order to ensure special safeguards for women, it was stipulated in the scheme that at least 30 *per cent* of employment opportunities should be provided to women. In 1,969 GPs during 2006-07 and six, seven and four PSs during 2004-05, 2005-06 and 2006-07 respectively, the percentage of employment opportunities provided to women ranged from zero to 20 only (as detailed in **Appendix-XXVI** and **Appendix - XXVII**).

Expenditure of Rs 18.18 crore without Annual Action Plan by 271 GPs and 12 PSs

Percentage of women employment ranged from zero to 20 in 1,969 GPs

3.2.4 Expenditure incurred, in excess of permissible limits, on maintenance of public assets

Every GP and PS is permitted to spend up to a maximum of 15 *per cent* of the funds provided under the scheme on maintenance of the public assets created within its geographical boundary under any Centrally sponsored wage-employment programme.

It was seen that 2,384 GPs during 2006-07 and 25 PSs during 2004-07 spent 13 *per cent* (Rs 44.34 crore) and nine *per cent* (Rs 9.97 crore) respectively beyond permissible limit towards maintenance cost for such assets (as detailed in **Appendix-XXVIII** and **Appendix-XXIX**).

In view of the primary objective to provide wage employment to rural people, Rs 54.31 crore meant for individual BPL SC/STs beneficiaries were diverted for excess expenditure on maintenance of public assets.

3.2.5 Expenditure incurred on works engaging contractors

Eight PSs spent Rs 1.30 crore toward execution of works by engaging contractors

According to the guidelines of SGRY issued by GOI in September 2002, no contractor was allowed to be engaged for any work and the works should be executed departmentally. Contractors are not permitted to be engaged for execution of any of the works under the programme and the full benefit of wages to be paid should reach the workers. But, it was noticed in audit that eight PSs spent Rs 1.30 crore towards execution of works by engaging contractors during 2004-2007 (as detailed in **Appendix-XXX**) in contravention of the guidelines. This defeated the objective of full benefit of wages which was to reach the wage earners, besides resulting in a minimum avoidable expenditure of Rs 13.03 lakh towards contractors' profit at the rate of minimum 10 *per cent* considered in the schedule of rates.

OTHER IRREGULARITIES

3.2.6 Misappropriation of Rs 1.39 lakh

Misappropriation of Rs 1.39 lakh under SGRY

Records of Bally GP revealed that the GP paid Rs 1.39 lakh to GP members during June 2006 to July 2006 towards execution of five road works. But joint physical verification showed that the works were not actually executed. When pointed out, GP submitted a Miscellaneous Receipt which showed that an amount of Rs 0.54 lakh was reimbursed from SGRY head instead of from those GP members.

Members of GP were not supposed to execute any scheme and handing over money to them resulted in misappropriation of scheme funds.

3.2.7 Poor utilisation of funds

Three GPs¹⁷ received Rs 56.50 lakh during 2005-07 for execution of schemes under SGRY.

Scrutiny of records revealed that the GPs could utilise only seven *per cent* of the total funds available during the period and executed only 13 *per cent* works of AAP during 2005-06. They even failed to set any target by preparing AAP during 2006-07 which resulted in non-generation of employment of 48,774 mandays¹⁸ with the available fund of Rs 52.73 lakh.

The above instances highlight that the GPs did not adhere to guidelines in execution of works which resulted in poor utilisation of funds. Besides, creation of infrastructure at the village level, to facilitate faster growth in the rural areas and to increase opportunities of employment, was also not achieved.

3.3 TWELFTH FINANCE COMMISSION GRANTS

The Twelfth Finance Commission (TFC) recommended Rs 1,271 crore for the period from 2005-2010 for maintenance of assets of the PRIs and delivery of civic services with emphasis on mobilisation of revenue by the PRIs as a step towards their self sufficiency. Twenty *per cent* of the entire grant was earmarked as Incentive Grants for revenue mobilisation by the PRIs and 80 *per cent* are to be distributed as per entitlement of the PRIs, determined in the manner prescribed by the Second State Finance Commission. The Finance Commission further recommended that user charges be made obligatory levies and in case of delayed transfer of TFC grants to PRIs/ULBs beyond the specified period of 15 days, the State Government shall transfer to PRIs/ULBs an amount of interest at the rate equal to RBI Bank rate alongwith the delayed transfer of grants.

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Name of GPs	Receipts			Expenditure			Unutilised Funds	Target		Achievement	
	2005-06	2006-07	Total Receipt	2005-06	2006-07	Total expenditure		2005-06	2006-07	2005-06	2006-07
Supudih	12.58	15.38	27.96	0.97	0	0.97	26.99	4	No AAP	4	-
Shirakole	7.23	9.21	16.44	0.85	0	0.85	15.59	104	No AAP	4	-
Paranpur	5.95	6.15	12.10	1.14	0.81	1.95	10.15	60	Not furnished	14	-
Total			56.50			3.77	52.73				

¹⁸ Calculated on the basis of prevalent rate of wages of Rs 62 (upto 31.12.05) and Rs 68 (w.e.f. 1.1.06) respectively per day per head and prescribed percentage of 60 to be spent for wages out of total funds available (Rs 22.80 lakh x 60 *per cent* / Rs 62 = 22,065 mandays plus Rs 29.93 lakh x 60 *per cent* / Rs 68 = 26,409 mandays i.e. total 48,774 mandays).

The receipt and utilisation of TFC grants for 2005-2008 are shown below:

(Rupees in crore)

Year	Approved allocation	Receipt from Govt. of India	Released to PRIs	Expenditure on maintenance of accounts and percentage	Expenditure on creation / management of data base and percentage	Expenditure on drinking water & sanitation and percentage	Expenditure on other sectors and percentage	Total expenditure
2005-06	254.20	127.10 (first instalment of 2005-06)	127.10 & 0.88 (interest paid out of State Account)					
2006-07	254.20	127.10 (second instalment of 2005-06) & 127.10 (first instalment of 2006-07)	254.20	17.37 (4%)	21.47 (5%)	55.21 (13%)	328.11 (78%)	422.16
2007-08	254.20	127.10 (second instalment of 2006-07) & 127.10 (first instalment of 2007-08) ¹⁹	127.10 127.10					
Total	762.60	635.50	636.38	17.37 (4%)	21.47 (5%)	55.21 (13%)	328.11 (78%)	422.16

Scrutiny in audit revealed the following:

- (i) The State Government released Rs 0.88 crore in 2006-07 as interest for delayed release of the first instalment.
- (ii) Expenditure, if any, for revenue mobilisation of the PRIs was not shown separately in the P&RDD statement of expenditure on TFC.
- (iii) Information regarding recovery of 50 *per cent* of the recurring costs in the form of user charges for the maintenance of water supply, sanitation and drainage facilities was not available in P&RDD's records.
- (iv) The total expenditure of Rs 422.16 crore amounted to 66 *per cent* of the total release of TFC grants.
- (v) The percentage of utilisation of fund of the two priority sectors (*viz.* maintenance of accounts and creation/management of database) by PRIs was less than the minimum recommended percentage. Further scrutiny revealed that 736 PRIs, 775 PRIs and 522 PRIs did not utilise any amount towards maintenance of accounts, creation/management of database and drinking water and sanitation respectively even after getting Rs 6.25 crore, Rs 10.77 crore and Rs 6.71 crore on these accounts (as detailed in **Appendix-XXXI**).

¹⁹ Second instalment of Rs 127.10 crore for the year 2007-08 was not received as of August 2008.

Meagre collection of revenue by the PRIs

- (vi) TFC gave emphasis on mobilisation of revenue and PRIs had to publish their draft byelaws to increase their revenue base. Accordingly, draft byelaws were framed by 16 ZPs, 308 PSs and 3,269 GPs during 2005-08 and collected very little revenue (tax and non-tax) amounting to Rs 287.20 crore in 2005-2008. The State Government provided financial support of Rs 654.22 crore in 2005-2008 to the PRIs to meet expenditure on establishment. The revenue collection by PRIs was insufficient to meet even their salary payment.

3.3.1 Result of test check of accounts of TFC fund of PRIs

Test check of records relating to TFC grants in 35 PRIs²⁰ between August 2008 and November 2008 revealed the following:

3.3.2 Fund management

The receipt and utilisation of TFC grants by the PRIs for 2005-2008 are shown below :

(Rupees in lakh)

PRIs	No. of PRIs	Receipt		Expenditure
		TFC Grants	Interest	
Zilla Parishads (ZPs)	3	3,119.54	2.11	2,309.74
Panchayat Samitis (PSs)	7	266.33	0.24	219.22
Gram Panchayats (GPs)	25	242.00	0.21	214.40
Total	35	3,627.87	2.56	2,743.36

Scrutiny revealed that-

Non-receipt of instalments by the PRIs

- i) Only 13 GPs got the information regarding approved allocation under TFC;
- ii) The State Government released all the instalments of TFC grants to each of the PRIs during 2005-08 except second instalment for 2007-08 which was released during September 2008. None of the PRIs received the second instalment of 2007-08 as of November 2008. Two PRIs did not receive the first instalment of 2005-06, 14 PRIs did not receive second instalment of 2005-06, five PRIs did not receive first and second instalments of 2005-06 and two PRIs did not receive first instalment of 2007-08. Reasons for non-crediting the same into respective PRIs' accounts were not available on record;
- iii) The State Government released Rs 4.61 lakh for the 35 selected PRIs as interest for delayed release of first instalment. 14 of the selected PRIs got their share of interest of Rs 2.56 lakh. Remaining 21 PRIs did not receive any interest as of November 2008. Reason for non-receipt of interest was not available on record; and
- iv) The total expenditure of Rs 27.43 crore was only 76 per cent of the total receipt of Rs 36.30 crore under TFC grants.

²⁰ Three ZPs, seven PSs and 25 GPs for 2005-2008

ZPs= South 24 Parganas, Jalpaiguri and Bankura.

PSs = Thakurpukur-Maheshtala, Alipurduar II, Dhupguri , Sagar, Mandirbazar, Gangajalghati and Kumargram.

GPs = Chandpur-Chaitanyapur, Jagadalla I & II, Kalpathar, Patrasayer, Beersingha, Dhaspara Sumatinagar, Kushadwip, Ramkarchar, Dhablat, Chatta, Joka I & II, Khoardanga I & II, Kamakhyaguri, Magurmari I & II, Chamurchi, Ghateswar, Pirraboni, Banashuria, Turturi, Bhatibari and Tatpara II.

3.3.3 Incentive Grants

Non-receipt of Incentive Grants due to inadequate resource mobilisation

Twenty *per cent* of the TFC fund was earmarked as Incentive Grants on revenue mobilisation of the PRIs. Scrutiny of records revealed that only three of the selected 35 PRIs²¹ received incentive grants of Rs 25.14 lakh. The fact highlights that resource mobilisation in respect of rest of the selected PRIs was so inadequate that the PRIs failed to receive incentive grant.

3.3.4 Annual Action Plan (AAP)

Nine of the selected PRIs spent Rs 1.22 crore without Annual Action Plan

According to the provision of the TFC fund, PRIs should prepare an AAP. Though nine of the selected PRIs spent Rs 1.22 crore (as detailed in **Appendix-XXXII**) during the period 2005-2008, they failed to furnish any evidence that the expenditure was made according to the AAP.

In the absence of AAP, there is always a possibility of mis-utilising the fund for purposes not specified in the guidelines, thereby frustrating the objective of TFC fund.

3.3.5 Expenditure on Priority Sectors

Under utilisation of TFC Funds by selected PRIs on priority sectors

The selected PRIs spent one *per cent*, three *per cent* and two *per cent* of total receipts respectively towards the three priority sectors²² in lieu of five *per cent*, 10-15 *per cent* and 10 *per cent* respectively as stipulated in the guidelines. The achievement was far below the recommended percentage and achievement of the State was four *per cent*, five *per cent* and 13 *per cent* respectively as reported by the PRIs. Further scrutiny revealed that only eight PRIs utilised TFC funds on the three sectors, 16 PRIs spent on two sectors, seven PRIs utilised on one sector and four PRIs failed to spend TFC funds (as detailed in **Appendix-XXXIII**).

Priority sectors, therefore, did not receive the attention required from the PRIs and the situation could not improve upto desired levels due to non-utilisation of available TFC funds.

3.3.6 Expenditure on Unapproved Items

Rupees 2.03 crore expended on unapproved items

As per guidelines, TFC fund should not be utilised towards unapproved items, viz. salary, purchase of vehicles, new construction work and works or assets of other departments. Twenty two of the selected PRIs spent TFC fund of Rs 2.03 crore towards unapproved items, which constituted nine *per cent* of the total expenditure of Rs 22.94 crore (as detailed in **Appendix-XXXIV**). Thus, rural people were deprived of getting benefits from stipulated sectors out of the diverted funds of Rs 2.03 crore.

3.3.7 Utilisation Certificate

According to TFC guidelines, PRIs should furnish Utilisation Certificates (UCs) for the expenditure incurred out of TFC grants. Seven of the selected PRIs did not submit any UCs in spite of a total expenditure of Rs 23.48 crore during 2005-2008. Twenty eight of the selected PRIs submitted UCs for Rs 3.27 crore (October 2008) against the total expenditure of Rs 3.95 crore (as detailed in **Appendix-XXXV**) during 2005-2008.

²¹ ZP: South 24 Parganas (Rs 24.10 lakh); PS: Dhupguri (Rs 0.64 lakh); GP: Beersingha (Rs 0.40 lakh).

²² 1. Maintenance of accounts including computerisation of accounts, 2. Creation/improvement of database including computerisation of data 3. Water & sanitation services including solid waste management.

3.3.8 Own Income

According to the TFC guidelines issued by the Government of India, PRIs should augment their own resources. But 10 of the selected PRIs did not collect any revenue during 2005-2008 even after utilising fund of Rs 90.37 lakh (as detailed in **Appendix XXXVI**) on water supply & sanitation, construction works, repair works etc.

3.3.9 Realisation of maintenance cost of water supply

According to the TFC guidelines, PRIs were required to recover at least 50 *per cent* of the recurring costs of water supply in the form of User Charges through Water Users' Committee or through pay and use method. None of the selected PRIs realised any recurring cost although 10 of the selected PRIs spent Rs 27.44 lakh (as detailed in **Appendix-XXXVII**) out of TFC grants for maintenance of water supply and sanitation during the period from 2005-08.

Due to non-collection of user charges from the users, an extra burden of expenditure will have to be borne by the PRIs out of funds meant for development works.

3.4 Conclusion and Recommendations

Conclusion :

In a large number of cases, there were violations of guidelines in implementation of schemes by the PRIs. Works under wage employment programmes were done through contractors in contravention of guidelines. Under housing programmes, curtailment of central shares due to slow utilisation or non-utilisation of funds was noticed. In respect of expenditure on priority sectors under TFC, the achievement was far below the recommended percentage.

Recommendations :

- Identification of beneficiaries under various schemes should be done by GPs more meticulously.
- Close monitoring of the utilisation of assistance and periodical evaluation of achievement of schemes is needed.
- Proper utilisation of TFC fund should be perfectly monitored by the committee formed by the PRIs concerned.

CHAPTER-4

Performance Reviews

4.1 Implementation of National Rural Employment Guarantee Scheme in West Bengal

Highlights

The State Government delayed constitution of the State Employment Guarantee Council. The Government failed to make available necessary staff to District Programme Coordinator for the implementation of the scheme.

(Paragraphs 4.1.6.1, 4.1.6.2)

The District Perspective Plan for five years was not prepared in two out of three test checked districts.

(Paragraph 4.1.7.1)

The release of State share of funds was delayed by 11 days to 162 days.

(Paragraph 4.1.8.2)

Unutilised amount of Rs 61.21 lakh pertaining to NFFWP was not transferred to WBREGS Account by 14 GPs.

(Paragraph 4.1.8.3)

Instances of non-distribution of Job Cards, delay in payment of wages amounting to Rs 23.88 lakh, non-adherence to priority works, excess expenditure of Rs 39.86 lakh, unfruitful expenditure of Rs 28.15 lakh and inadmissible expenditure of Rs 46.02 lakh etc. were noticed by audit.

(Paragraphs 4.1.9.1, 4.1.9.3, 4.1.10.1, 4.1.11.1, 4.1.11.2, 4.1.11.3)

Essential records were not maintained. Instances of inadequate monitoring mechanism and incorrect reporting of utilisation of fund/achievement were noticed by audit.

(Paragraphs 4.1.11.6, 4.1.14, 4.1.15)

4.1.1 Introduction

Background

With a view to enhancing the livelihood security of the rural people, Government of India (GOI) enacted (September 2005) the National Rural Employment Guarantee Act (NREGA), 2005. Subsequently the West Bengal Rural Employment Guarantee Scheme (WBREGS), 2006 was notified (10 February 2006). Initially the scheme was launched in 10 districts of the State from 10 February 2006. Subsequently the scheme was extended to eight more districts from 1 April 2007.

Objectives of the Programme

The scheme envisaged provision of 100 days of guaranteed employment to every registered household whose adult members volunteer to do unskilled manual labour. The objectives of the scheme, inter-alia included generating productive assets, protecting the environment, empowering rural women, reducing rural-urban migration and fostering social equity among others. The scheme was to be implemented in the State as a centrally sponsored scheme with sharing of funds between the Central and State Governments. The State Government was required to bear 25 per cent of cost of material and wages for skilled and semi-skilled workers, unemployment allowance and the administrative expenses of the State Employment Guarantee Council while Central Government was required to bear entire cost of wages for unskilled workers, 75 per cent of the cost of material and wages for skilled and semi-skilled workers and administrative expenses including expenses for Central Employment Guarantee Council. Ministry of Rural Development was required to provide central assistance of funds to the State Government for implementing the schemes at State level.

4.1.2 Organisational Structure

The organisational structure for implementation of the WBREGS was as below:-

Levels	Authority responsible for implementation of the scheme	Functions and Responsibilities
State	(a) State Employment Guarantee Council	Advising the State Government regarding implementation of the scheme, determining the preferred works, reviewing the monitoring and redressal mechanism and preparation of annual report.
	(b) State Programme Coordinator	Overall supervision and monitoring of the implementation of the scheme in the State.
District	(a) ZP	Finalising and approving block wise shelf of projects, supervising and monitoring the projects taken up at the block and district levels and carrying out other functions assigned by the State Government or the State Employment Guarantee Council.
	(b) District Programme Coordinator	Assisting the ZP in discharging its functions, consolidating plans, according approval and co-ordinating and supervising the performance of Programme Officer.
Block	(a) PS	Approving the Block level plans for forwarding it to the ZP, supervising and monitoring the projects taken up at the GP and block levels and carrying out other functions assigned by the ZP, the State Government or the State Employment Guarantee Council.
	(b) Programme Officer (PO)	Assisting the PS in discharging its functions under the scheme through approved plans, monitoring of projects taken up by the GPs and other implementing agencies within his jurisdiction.
Village	GP	Preparing annual plan, forwarding the same to the Programme Officer and carrying out functions assigned by PS, ZP, State Government or the State Employment Guarantee Council.

4.1.3 Audit Objectives

The main audit objectives for the Performance Audit were to ascertain whether:

- Intended objective of providing 100 days of annual employment at the specified wage rates was achieved.
- The procedures for preparing perspective and annual plan at different levels were adequate and effective.
- The process for registration of households, allotment of job cards and allocation of employment were in compliance with the guidelines.
- Works were properly planned and executed economically, efficiently and effectively. Durable assets were created and properly accounted for.
- Wages and unemployment allowance were paid in accordance with the NREGA.
- Funds released for WBREGS were accounted for and utilised in compliance with the guidelines.
- There was an adequate and effective mechanism for monitoring at different levels.
- There was adequate mechanism for grievance redressal and social audit.

4.1.4 Audit Criteria

The main sources of audit criteria for the performance audit were the following:

- (i) NREGA and notification issued thereunder.
- (ii) Notification of the WBREGS.
- (iii) Circulars and instructions issued by the State Government.

4.1.5 Audit Scope and Methodology

The scope of audit was restricted to the initial 10 districts identified for implementation of NREGA. The period of audit coverage was from February 2006 to March 2008. Three districts and two blocks each from these districts were chosen using Simple Random Sampling Without Replacement (SRSWR) method. Four GPs in each block were chosen using Probability Proportional to Size With Replacement (PPSWR) method. The field audit was conducted in the units at all levels as detailed below:-

1	ZP	Paschim Medinipur	Purulia	Dakshin Dinajpur
2	PS	Kharagpur & Salboni	Kashipur & Neturia	Gangarampur & Tapan
3	GP	Lachhmapur	Kashipur	Jahangirpur
		Changual	Monihara	Ashokgram
		Paparara-II	Sonaijuri	Belbari-II
		Chakmakrapur	Burrah	Uday
		Karnagarh	Digha	Ramchandrapur
		Garmal	Bhamuria	Azmatpur
		Lalgeria	Saltore	Tapan Chandipur
		Bunkibundh	Raibundh	Rampara Chenchra

In addition to test check of records in the selected PRIs, the records of the P&RDD, Government of West Bengal and four forest divisions²³ of the Forest Department at Paschim Medinipur and Purulia districts were also test checked.

Audit findings

The audit findings are discussed in the succeeding paragraphs.

4.1.6 Infrastructural Deficiency

4.1.6.1 Delay in constitution of the State Employment Guarantee Council

Delay of 14 months in constitution of SEGC

With a view to regularly monitor and review the implementation of the scheme, the NREGA stipulated that each State Government should constitute a State Employment Guarantee Council (SEGC). But the State Government constituted West Bengal Employment Guarantee Council in April 2007, i.e. after a lapse of 14 months from the date of commencement (February 2006) of the National Rural Employment Guarantee Programme. The delay in constitution of SEGC resulted in lack of monitoring the implementation of the scheme at the State level.

4.1.6.2 Non-availability of required staff

No Gram Rozgar Sevak or Employment Guarantee Assistant was appointed in 24 test checked GPs

The State Government failed to make available to the District Programme Co-ordinator necessary staff for implementation of the scheme. It was observed that in none of the test checked six blocks, the full time dedicated Programme Officer was appointed. Further, in none of the test checked six blocks, Administrative Assistant was appointed. Technical Assistants were found only in two blocks²⁴. It was also observed that in none of the test checked 24 GPs, *Gram Rozgar Sevak* or Employment Guarantee Assistant was appointed. The State Government also failed to constitute panels of Accredited Engineers at the District and Block levels and to set up a Technical Resource Support group to identify Resource Institutions at the District level.

Thus, there was inadequate staff strength which to a great extent hampered the implementation of the scheme.

4.1.7 Planning

4.1.7.1 Non-preparation of District Perspective Plan & Labour Budget

Planning was important for successful implementation of the scheme. The NREGA provided for adoption of the State Annual Work Plan and Budget proposal for submission to the Ministry of Rural Development. But the same was not formulated by the State during the years 2005-07. Annual Work Plan of National Food for Work Programme (NFFWP) was revisited for implementation under NREGA during the aforesaid years. The Act also envisaged the preparation of District Perspective Plan for five years to facilitate advance planning and to provide a developmental perspective for the District. It was, however, noticed that in Paschim Medinipur and Purulia districts out of three test checked districts the District Perspective Plan for five

²³ Forestry Extension Division Purulia, KSC Division-II Purulia, Medinipur FD and Jhargram FD.

²⁴ Kharagpur-II and Salbani.

years had not been prepared during 2005-08. Labour budget was also not prepared for the years 2005-07 at any level.

4.1.7.2 Irregular Annual Action Plan

The Annual Action Plan is a working plan that identifies the activities to be taken up on priority in a year. But it was observed that in none of the test checked 24 GPs, documented Annual Action Plan for 2005-06 and 2006-07 was prepared. It was only in the year 2007-08, that documented Annual plan was prepared in the test checked GPs.

It was further observed that the Annual Action Plan for the year 2007-08 did not contain existing demand for work, demand for work in the previous year, ongoing works, proposed works for the next year and the proposed implementing agencies.

Moreover, it was observed that during 2005-06 and 2006-07 all the 24 test checked GPs did not convene meeting of *Gram Sabha* for approving the WBREGS.

Similarly, it was noticed that out of 24 GPs, eight GPs²⁵ failed to approve the plan during 2007-08 due to lack of quorum.

4.1.8 Funds Management

4.1.8.1 Financial Performance

Details of receipts and expenditure of the 10 districts under NREGA during 2005-08 is depicted in the table below :

(Rupees in crore)

Year	Opening Balance	Total Receipt	Total Availability	Expenditure	Balance
2005-06	39.30	141.12	180.42	14.16	166.26
2006-07	166.26	463.97	630.23	394.63	235.60
2007-08	235.60	545.00	780.60	592.82	187.78
Total		1,150.09		1,001.61	

It is evident from the above table that during the years the State Government could not utilise the available funds.

Similar picture was noticed in test checked 24 GPs of three selected districts. It was observed from records that during 2006-07, all the 24 GPs received Rs 6.97 crore but could utilise only Rs 5.33 crore leaving an unspent balance of Rs 1.64 crore (as detailed in **Appendix-XXXVIII**). This trend was also noticed in the year 2007-08. It was observed that the 24 GPs test checked received Rs 4.82 crore but could utilise only Rs 3.46 crore leaving an unspent balance of Rs 1.36 crore (as detailed in **Appendix-XXXIX**).

Thus, it may be stated that the State as a whole and the selected GPs in particular failed to achieve the target of employment because of non-utilisation of funds and thereby deprived the willing households of their livelihood.

²⁵ Saltore, Bhamuria, Kashipur, Monihara, Lalgeria, Garmal, Bunkibundh and Karnagarh GPs.

Delay of 11 to 162 days while releasing State Share

4.1.8.2 Delay in release of corresponding State Share

The WBREGS was to be implemented as a centrally sponsored scheme on cost sharing basis between Government of India and the State. The funds were to be expended in the manner as prescribed in the guidelines. The Operational Guidelines stipulated that the State Share of funds should be released within 15 days of the release of the Central funds. Scrutiny of records however revealed that the release of corresponding State Share was not made within 15 days during 2006-07 and 2007-08. There were delays ranging between 11 days to 162 days as detailed below:-

(Rupees in crore)

Name of ZPs	Year	Central Share	Date of receipt of Central share	State Share	Date of receipt of State share	Delay (Days)
Purulia	2006-07	20.00	09.05.06	2.22	02.11.06	162
	2007-08	10.00	21.02.08 & 22.02.08	1.11	29.03.08	22
Dakshin Dinajpur	2006-07	18.64	28.06.08	2.07	02.11.06	110
	2007-08	Nil	--	Nil	--	--
Paschim Medinipur	2006-07	20	25.4.06	2.22	30.6.06	51
	2007-08	24.60	30.5.07	2.73	26.6.07	11
		1.79	15.5.07	0.20	11.6.07	11

Thus, the procedure envisaged in guidelines of NREGA regarding release of State Share was violated.

4.1.8.3 Non-adherence to prescribed procedure as to utilisation of unspent balance of NFFWP Funds

Unutilised NFFWP fund of Rs 61.21 lakh was not transferred to WBREGS by 14 GPs

Ministry of Rural Development at the time of releasing the Central Share for implementation of the schemes under NREGA stipulated that the unutilised funds out of NFFWP as on 02.02.2006 should be utilised as per guidelines of NREGA. But it was observed that unutilised amount of Rs 61.21 lakh (as detailed in **Appendix-XL**) pertaining to NFFWP was not transferred to WBREGS account even after 02.02.2006 by 14 GPs out of 24. This resulted in undernoted irregularities:

- (i) The said GPs maintained Cash Books and Bank Pass Books for NFFWP and WBREGS, separately.
- (ii) Employment provided with the funds of NFFWP was not recorded in the Employment Register and the relevant Job Cards.
- (iii) The prevalent rate of wages for WBREGS was not maintained. It was observed that the payment of wage under NFFWP was made at the rate of Rs 62.00 instead of Rs 68.00 fixed under WBREGS. Thus the labourers were deprived of their legitimate wage.

Wages under NFFWP were paid @ Rs 62.00 instead of Rs 68.00

4.1.9 Implementation of the Scheme

The effective implementation of the NREGS depended on the proper arrangement for registration of households which required the adoption of the following steps:

- (a) Door to door survey by specially constituted team, as prescribed under para 4.2.5 of the operational guidelines.

- (b) Convening of *Gram Sabha* for explaining the provisions of the Act to mobilise applications for registration and for conducting verification.
- (c) Obtaining applications from the willing adult members of the households for registration.
- (d) Scrutiny of the applications for issuing Job Cards containing details of adult members of the households with their photographs for a period of not less than five years.
- (e) Issuing Job Cards within a fortnight of the application for registration.

However, various lacunae were noticed in the implementation of the scheme in contravention to the guidelines which are discussed in the succeeding paragraphs.

4.1.9.1 Irregularities in Registration of Households

(a) Non-conduct of Door to Door survey and non-convening of Gram Sabha

In violation of para 4.2.5 of the operational guidelines, none of the test checked 24 GPs conducted door to door survey by specially constituted team during 2005-07. It was further observed that in none of the 24 GPs, introductory *Gram Sabha* meeting at the time of the commencement of the Act was convened.

Thus, wider coverage of the population across all segments for registration of households was not ensured.

(b) Non-distribution of Job Cards

The timely issue of well-designed Job Cards was essential as the Job Cards were a critical legal document for ensuring transparency as well as protecting the labourer against fraud. But it was observed that issuing of Job Cards within a fortnight of the application for Registration, as envisaged in para 4.3.2 of the operational guidelines, was not adhered to. It was noticed that there were delays ranging from five days to one year in 19 GPs,²⁶ out of 24 test checked during 2005-07 in issue of Job Cards.

It was further noticed that in five GPs²⁷ test checked, 724 Job Cards were not distributed to the respective households, though they were prepared.

Thus, non-distribution of Job Cards resulted in denial of benefits to at least 724 rural households in spite of their request.

4.1.9.2 Provision of Employment

Deficiencies / irregularities in registration of households and issuing Job Cards affected the provision of employment adversely. The fact will be evident from the position of cumulative number of Job Cards issued, the employment demanded/provided and the mandays generated in respect of

Delays ranging from five days to one year in issue of Job Cards in 19 GPs

724 Job Cards were not distributed in five GPs

²⁶ Tapanchandipur, Karanagarh, Ramchandrapur, Garmal, Ashokegram, Changuai, Jahangirpur, Barrah, Lachhmapur, Uday, Chakmakrampur, Belbari-II, Manihara, Bhamuria, Paparara-II, Azmatpur, Saltore, Raibundh and Bankibundh.

²⁷ Monihara, Raibundh, Kashipur, Karnagarh and Chakmakrampur.

10 districts of the 1st phase of implementation during 2006-07 and 2007-08 as shown in the table below:-

(Rupees in lakh)

Year	Cumulative Job Cards Issued	Employment Details		Employment Generated in mandays	Households provided with 100 days employment
		Demanded	Provided		
2006-07	51.47	32.35	30.84	440.08	0.19
2007-08	53.62	23.18	22.97	575.35	0.23

In 10 districts, only one to 1.62 per cent households were provided with 100 days of employment during 2006-08

It could be observed from the table above that out of 30.84 lakh households provided with employment during 2006-07, only 0.19 lakh households (1.62 per cent) were provided with 100 days of employment and average employment provided to each household works out to around 14 days. Similarly, in the year 2007-08, out of 22.96 lakh households provided with employment, only 0.23 lakh households (one per cent) were provided with 100 days of employment and average employment provided to each household works out to around 25 days.

The position in respect of three test checked districts is shown below :-

(Rupees in lakh)

Name of districts	Year	Cumulative number of Job Cards Issued	Employment Details		Employment Generated in mandays	Households provided with 100 days employment
			Demanded	Provided		
Dakshin Dinajpur	2006-07	2.45	1.76	1.76	27.70	0.009 (0.51%)
	2007-08	2.46	0.87	0.87	18.62	0.02 (2.30%)
Paschim Medinipur	2006-07	6.52	3.89	3.70	58.03	0.002 (0.05%)
	2007-08	6.79	3.14	3.14	76.10	0.01 (0.32%)
Purulia	2006-07	3.86	2.60	2.60	41.49	0.08 (3.08%)
	2007-08	3.94	1.68	1.68	49.64	0.09 (5.36%)

It would be seen from the above that in 24 test checked GPs, the envisaged 100 days of employment was provided to only 193 and 156 households and average employment provided to each household works out to around 21 days and 15 days respectively during 2006-07 and 2007-08.

Further, though the programme is demand-driven, the quantum of demand for 100 days employment could not be ascertained in audit as it was observed that the GP members or members of Gram Unnayan Samiti used to intimate and call for application from the labourers as and when there arose scope of executing a particular work. Moreover, undated applications for work were received from the labourers without issuing acknowledgement of receipts.

In 10 districts, only 18.09 to 18.28 per cent mandays were provided to women during 2006-08

Moreover, it was observed that participation of women in the programme was below the norm of 1/3rd as envisaged in the guidelines. It was observed that during 2006-07, out of a total 440.08 lakh mandays, only 80.46 lakh mandays were provided to women, accounting for only 18.28 per cent. Similarly, in the year 2007-08, out of 575.35 lakh mandays, only 104.09 lakh mandays (18.09 per cent) were provided to women of the 10 districts where the scheme was implemented in the 1st phase.

4.1.9.3 Delay in Payment of Wages

Delays ranging five to 311 days in payment of wages during 2006-08

As per the guidelines, wages were to be paid to the labourers on a weekly basis and in any case within a fortnight of the work being done. It was also stipulated that compensation was to be paid to the labourers for any delay in payment of wages, as provided in the Payment of Wages Act, 1936. But it was observed that delay in payment of wages to 1,239 labourers amounting to Rs 12.35 lakh relating to 20 works ranged from nine to 210 days in case of six GPs²⁸ during 2006-07. Similarly, in the year 2007-08, payment of wages to 1,878 labourers amounting to Rs 11.53 lakh relating to 35 works was delayed by five to 311 days in case of nine GPs²⁹. No compensation was paid to the labourers for the delayed payment as required under the Act.

Thus, the labourers were deprived of their timely earnings and were not compensated for injustice done to them.

4.1.9.4 Unemployment allowance not paid

Unemployment allowance not paid to any applicants of 24 test checked GPs

It is stipulated in the Act that if the employment is not provided within 15 days of receipt of application seeking employment or from the date on which employment has been sought in case of advance application, whichever is later, the applicant shall be entitled to a daily unemployment allowance. It was observed that unemployment allowance was not paid to any of the applicants of the 24 test checked GPs in six blocks of three selected districts during 2006-07 and 2007-08. However, it was noticed from the scrutiny of Job Cards of three test checked GPs³⁰ that against the demand for 2,864 mandays by 45 households during 2006-07, allotment of work was done for 1,747 mandays only. There was neither allotment of work nor payment of unemployment allowance for 1,117 days (2,864 days demanded *minus* 1,747 days provided) during 2006-07. The State Government instructed the district concerned (Dakshin Dinajpur) to investigate the fact and pay the unemployment allowance, if admissible. But the outcome of the investigation could not be found on record. Moreover, the possibility of non-disclosure of the fact of providing jobs after the prescribed time of 15 days could not be ruled out as all the job applications received from the job seekers were not dated.

Thus, various lacunae in the implementation of the scheme as pointed out in the preceding paragraphs affected identification of beneficiaries, coverage for registration and transparency in issuing of job cards and ultimately deprived the willing labourers of the enhancement of the livelihood security.

4.1.10 Physical Performance

4.1.10.1 Non-adherence to priority areas in executing activities

As of March 2008, the details of physical achievement of the works taken up under WBREGS in 10 districts under 1st phase of

²⁸ Paparara-II, Changual, Chakmakrampur, Garmal, Lalgeria and Karnagarh (Paschim Medinipur).

²⁹ GP : Paschim Medinipur - Paparara-II, Changual, Chakmakrampur, Garmal and Lalgeria; Purulia - Digha, Manihara, Burrah and Sonajjuri.

³⁰ GP : Ramchandrapur, Tapanchandipur and Ramparachenchera.

implementation, in order of priority prescribed in the Guidelines of the Act, were as below:-

(Rupees in crore)

Sl. No.	Name of Activity	No. of Works		Expenditure as of March, 2008
		Completed	On-going	
1	Water conservation & Water harvesting	9,204	3,486	167.90
2	Drought proofing	7,505	2,820	65.30
3	Micro Irrigation works	3,464	868	35.54
4	Provision of irrigation facilities to SC/ST and other	1,171	358	11.86
5	Renovation of traditional water bodies	6,308	3,425	142.73
6	Land development	4,531	1,484	42.70
7	Flood control protection	5,132	1,753	90.90
8	Rural connectivity	24,053	8,951	387.32
9	Any other activity	824	-	7.66
10	Expenditure on contingency	-	-	35.54
11	Preparatory expenditure	-	-	14.16
Total		62,192	23,145	1,001.61

Similar details in respect of test checked districts were as shown in the table below:-

(Rupees in crore)

Sl. No.	Name of Activity	No. of Works		Expenditure as of March, 2008
		Completed	On-going	
1	Water conservation & Water harvesting	3,509	1,182	55.68
2	Drought proofing	2,305	586	17.84
3	Micro Irrigation works	733	234	7.80
4	Provision of irrigation facilities to SC/ST and other	516	99	2.65
5	Renovation of traditional water bodies	1,388	745	25.14
6	Land development	1,971	485	12.78
7	Flood control protection	1,224	352	15.69
8	Rural connectivity	8,759	3,150	110.91
9	Any other activity	40	-	0.84
Total		20,445	6,833	249.33

According to guidelines, drought proofing works were to be accorded higher priority whereas road connectivity was to be accorded least priority. But it will be seen from the table above that out of the total expenditure of Rs 249.33 crore in three selected ZPs, an expenditure of Rs 110.91 crore (44 per cent) was incurred on 11,909 works under rural connectivity whereas the expenditure towards drought proofing was Rs 17.84 crore (seven per cent) on 2,891 works.

It was further observed that out of 24 test checked GPs, 10 GPs³¹ did not execute any afforestation/tree plantation programme during 2007-08 though afforestation schemes which could generate 1.09 lakh mandays had been included in the Annual Action Plan of 2007-08. Moreover, in violation of

³¹ Paparara-II, Lachmapur, Chakmakrampur, Changuai, Garmal, Lalgeria, Karanagarh, Bunkibundh, Bhamuria and Saltore.

the directives of the State Government for creating at least one nursery at each *Sansad*, the said 10 GPs did not create any nursery which could help afforestation. Thus, afforestation and drought proofing activities were neglected.

4.1.10.2 Works not taken up in test checked GPs

Despite the fact that there was no shortage of funds for implementation of NREGS, scrutiny of records revealed that none of the test checked GPs was able to take up all the works proposed in their Annual Plans for 2006-07 and 2007-08 due to labour constraint and non-approval of plans by *Gram Sabha* as well as by Programme Officer.

It was observed that out of 2,088 works involving Rs 27.39 crore listed in the Annual Plans of 24 test checked GPs, only 709 works were executed and completed after incurring an expenditure of Rs 5.02 crore during 2006-07 (as detailed in **Appendix-XLI**).

Similar fact was also noticed in the implementation of the works included in the annual plan of the test checked 24 GPs during the year 2007-08. It was observed that out of 4,615 works involving Rs 56.96 crore listed in the Annual Plans of 24 test checked GPs, only 385 works were executed after incurring an expenditure of Rs 2.82 crore (as detailed in **Appendix-XLII**). The shortfall in execution of works affected the provision of the legally guaranteed 100 days of employment.

4.1.11 Irregular execution of works

4.1.11.1 Excess payment of Rs 39.86 lakh on non-executed quantity of works

An expenditure of Rs 39.86 lakh was made in 23 works for non-executed quantity which was detected during joint physical verification and cross checking of Measurement Books with other relevant records.

The cross checking of Measurement Book with other relevant records revealed that in two works in two test checked GPs, an expenditure of Rs 20.41 lakh³² was incurred for excess recorded quantity over actual executed quantity.

As per records of Tapan-Chandipur GP of Dakshin Dinajpur District, a water area named Tapan Dighi measured 3.45 lakh m². The GP had showed to have cleared a total area of 9.20 lakh m² of shrubs and 8.62 lakh m² of hyacinth of Tapan Dighi during September 2006 to December 2006 while the total area should not have exceeded 3.45 lakh m² in each case. This resulted in excess payment of Rs 20.37 lakh towards clearance of shrubs and hyacinth for an area of 10.92 lakh m² not in existence.

Similarly, in Digha GP of Purulia District, for re-excavation of *bundh* (September 2007), the recorded quantity was 0.18 lakh cft. while payment was made for 0.21 lakh cft. This resulted in excess payment of Rs 0.04 lakh.

Further, during joint physical verification of 21 works relating to reconstruction of earthen roads and re-excavation of irrigation canals at nine test checked GPs of Dakshin Dinajpur and Paschim Medinipur districts, it was

Excess payment of Rs 20.37 lakh towards clearance of shrubs and hyacinth by inflating size of pond

³² GP :Tapan-Chandipur (Rs 20.37 lakh) and Digha (Rs 0.04 lakh).

Excess payment of Rs 19.45 lakh due to inflated measurement

detected that payment was made for the recorded quantity of 38.76 lakh cft., while the actual quantity found at site was 18.92 lakh cft. Thus, measurement was inflated by 19.84 lakh cft. (38.76 lakh cft. *minus* 19.84 lakh cft.) which resulted in excess payment of Rs 19.45 lakh³³.

4.1.11.2 Fruitless expenditure of Rs 28.15 lakh on Social Forestry

In social forestry works executed by eight GPs of Paschim Medinipur and Dakshin Dinajpur districts, it was noticed that an amount of Rs 30.20 lakh was spent for plantation of 1.60 lakh seedlings. Out of which, 1.45 lakh seedlings costing Rs 28.15 lakh were subsequently damaged because of inadequate protective measures.

Thus, expenditure to the tune of Rs 28.15 lakh³⁴ was rendered fruitless.

4.1.11.3 Inadmissible expenditure of Rs 46.02 lakh

NREGS guidelines permit execution of road projects which are able to provide all weather connectivity in rural areas subject to the prescribed specifications. However, in 29 test checked cases in 12 GPs, only earthwork was executed costing Rs 46.02 lakh during 2006-08. The standard was below the minimum specification of Grade-I metalling required to provide all weather connectivity in rural areas.

Thus, an inadmissible expenditure of Rs 46.02 lakh³⁵ on 29 road works was incurred. Besides, the objective of creation of durable asset was also not achieved.

4.1.11.4 Abandoned Works

It was observed that 32 works costing Rs 49.89 lakh were abandoned in nine test checked GPs³⁶ and in Kharagpur-II PS after incurring an expenditure of Rs 23.67 lakh due to non-availability of earth for earth work, water logging, shortage of funds and agitation of the labourers. It was further observed that prior to execution of work, survey was not conducted for ascertaining the feasibility of execution of work.

As a result, the generation of mandays and creation of durable assets suffered.

4.1.11.5 Irregularities in Muster Rolls

According to Operational Guidelines of NREGS, Muster Rolls issued from the Block level, each with a unique identity number, were to be maintained by GPs and other implementing agencies. Muster Rolls were also to be digitised at the Programme Officer (PO) level. But digitised Muster Rolls were not found in any of the 24 test checked GPs. Thus, possibility of

Digitised Muster Rolls were not found in 24 test checked GPs

³³ **GP** :Belbari-II (Rs 5.32 lakh), Uday (Rs 0.16 lakh), Jahangirpur (Rs 1.50 lakh), Ramchandrapur (Rs 0.80 lakh), Ashokegram (Rs 0.47 lakh), Tapanchandipur (Rs 1.92 lakh), Ramparachenchera (Rs 5.18 lakh), Azmatpur (Rs 2.77 lakh) and Lalgeria (Rs 1.33 lakh).

³⁴ Ramchandrapur (Rs 2.89 lakh), Uday (Rs 0.25 lakh), Jagangirpur (Rs 5.35 lakh), Ashokegram (Rs 11.50 lakh), of Dakshin Dinajpur & Lachhmapur (Rs 0.25 lakh), Chakmakrampur (Rs 0.64 lakh), Changual (Rs 0.17 lakh), Lalgeria (Rs 7.10 lakh) of Paschim Medinipur.

³⁵ Lalgeria (Rs 1.49 lakh), Karnagarh (Rs 3.34 lakh), Bunkibundh (Rs 3.69 lakh), Changual (Rs 1.48 lakh), Garmal (Rs 3.31 lakh) of Paschim Medinipur, Digha (Rs 1.42 lakh), Bhamuria (Rs 5.64 lakh), Raibundh (Rs 0.47 lakh) of Purulia & Ramparachenchera (Rs 20.96 lakh), Belbari-II (Rs 2.24 lakh), Ashokegram (Rs 1.00 lakh), Jahangirpur (Rs 0.98 lakh) of Dakshin Dinajpur.

³⁶ Belbari-II, Ashokegram, Uday, Ramchandrapur, Ramparachenchera, Azmatpur, Lachhmapur, Saltore and Bhamuria.

fictitious or fraudulent payment through fake muster rolls could not be ruled out.

4.1.11.6 Non maintenance of essential records

For better implementation of WBREGS it was important to maintain accurate records of all aspects. Maintenance of these records was a safeguard to ensure transparency and protect the rights of wage labourers. It was observed that the maintenance of important registers like Job Card Register, Employment Register, Asset Register, Muster Roll Receipt Register and Complaint Register in 24 test checked GPs and six test checked Blocks was not satisfactory. It was observed that in 11 test checked GPs³⁷, Job-Card Registers were not maintained. In none of the test checked GPs, Employment Registers contained the information regarding employment demanded and employment allotted with relevant dates. It was further noticed that Muster Roll Receipt and Issue Register of Lalgeria GP of Paschim Medinipur District did not contain date of receipt and issue of muster rolls to Gram Unnayan Samiti (GUS). All these deficiencies are indicative of weak internal control which is bound to affect the achievement of the objective of the scheme.

4.1.12 Social Audit not conducted

An innovative feature of WBREGS was that it provided a pivotal roll to social audit, a public assembly where all the details of the scheme were to be scrutinised as means of continuous public vigilance. The basic objective of social audit was to ensure public accountability / transparency in the implementation of projects, laws and policies. But scrutiny of records revealed that none of the required steps for continuous public vigilance was adopted in any of the test checked districts, blocks and GPs. Citizens' Charter, covering all aspects of duties of panchayats and officials under the Act, was not developed. Internal Audit Cell in the office of the District Programme Co-ordinator was not constituted. Social Audit Forum was not constituted. Grievance Redressal Mechanism was not developed properly as the complainants could not get the grievances redressed on account of non-formation of Grievance Redressal Cell.

Non-existence of these mechanisms required to ensure accountability and transparency in implementation of scheme is likely to harm the interests of beneficiaries who belong to the lowest economical strata of the society.

4.1.13 Non-adherence to Guidelines/ State Government Orders

The deficiencies as enumerated below posed the possibilities of duplication of work, deprivation of livelihood to a larger section, misappropriation of funds and unauthorised payments.

➤ Unique identity number

The guidelines for implementation of the scheme provided that the District Programme Co-ordinator should allot unique identity number and priority number to each work while according administrative approval in order to avoid duplication of work. It was noticed that such a procedure was not

Social Audit Forum was not constituted and Grievance Redressal Mechanism was not developed

Procedure of allotting unique identity number & priority number was not followed

³⁷ Belbari-II, Jahangirpur, Ashokegram, Sonajuri, Kashipur, Barrah, Monihara, Digha, Bhamuria, Saltore and Raibundh.

followed by the District Programme Co-ordinators in any of the test checked districts.

➤ **Non-identification of low wage areas**

As per guidelines, low wage areas where the demand for work at minimum wages is likely to be large, must be identified on priority basis. But it was observed that low wage areas were not identified by the District Programme Co-ordinators of the test checked districts.

➤ **Payment through Bank/ Post office**

As per State Government order, payment to labourers should be made through bank/ post office. But scrutiny of records revealed that in only seven GPs³⁸ out of 24 test checked GPs, payment of wages to labourers was made through bank/ post office.

➤ **Job Cards with photographs**

As per Operational Guidelines of NREGS, photographs of the adult members of the households should be affixed on the Job Cards and Employment Register. But scrutiny of records revealed that in 16 GPs³⁹ out of 24 test checked, photographs were not affixed on any of the Job Cards and Employment Register.

In 16 GPs, photographs were not affixed on Job Cards

4.1.14 Monitoring and evaluation

The scheme guidelines envisaged verification and quality audit by external monitors at both State and District level. The State Government was to designate State Quality Monitors (SQMs) with the approval of SEGC. Similarly, the DPCs were to identify District Quality Monitors (DQMs) with the approval of the State Government. It was observed that SQMs and DQMs were not designated / identified at State and district levels.

While Operational Guidelines envisaged developing of an internet based Management Information System (MIS) to enhance transparency and efficiency of operation process, the same was not developed. Thus, national on-line monitoring system for key performance indicators was not evolved.

The guidelines stipulated inspection of works taken up under WBREGS at 100, 10 and two *per cent* by Programme Officers, District Programme Co-ordinators and State Level Co-ordinator respectively. But the works were not inspected by authorities at any level as per norms during 2006-08.

It was observed that out of 43,061 works relating to WBREGS, only 202 works were inspected by State level officials during 2006-07. Thus checking of only 0.47 *per cent* was done instead of two *per cent* envisaged in the guidelines.

Only 0.47 per cent and 3.73 per cent of works were inspected by State level officials and block level officials respectively

Similarly, district level officials of three test checked districts inspected 0.02 to 3.73 *per cent* of works during 2006-07. In none of the six test checked blocks, block level officials achieved the prescribed norm of 100 *per cent* inspection.

³⁸ Ashokegram, Jahangirpur, Uday, Ramchandrapur, Tapan-chandipur, Azmatpur and Belbari-II.

³⁹ Lachhmapur, Changual, Paparara-II, Chakmakrapur, Karnagarh, Garmal, Lalgeria, Bunkibundh, Kashipur, Monihara, Sonajuri, Burrah, Digha, Bhamuria, Saltore and Raibundh.

During the year 2007-08 also, the picture was not satisfactory. The district level officials of three test checked districts inspected 0.30 to 1.06 *per cent* of works. The block level officials of the test checked blocks inspected zero to 21.15 *per cent* of works. Thus, the inspection at all levels was unsatisfactory.

4.1.15 Discrepancies in reporting to higher authorities

The guidelines for implementation of WBREGS prescribed certain formats for maintenance of complete details of funds received / expenditure incurred, number of households registered, employment demanded and provided to different category of beneficiaries, physical achievement under various activities etc. It was, however, noticed that there were discrepancies between the progress reports made available to audit in the test checked blocks and districts, and the reports forwarded to higher authorities as discussed below:

➤ **Financial reporting**

Excess reporting regarding utilisation of funds was noticed in two test checked districts. While Monthly Progress Report (MPR) for November 2007 of Paschim Medinipur District sent to the State Government showed the excess reporting of utilisation of funds to the tune of Rs 8.00 lakh, the MPR of Purulia District showed excess reporting of utilisation of funds to the extent of Rs 91.48 lakh.

Similarly, excess reporting of utilisation of funds by Rs 32.71 lakh was made in the MPR of Kashipur Block, sent to the district for November 2007, against the cumulative expenditure, as assessed from the MPR of the GPs of the block.

➤ **Job Cards**

Misreporting was noticed in issuing of Job Cards. While MPR for November 2007 of Paschim Medinipur District, sent to the State, showed excess reporting of 2,040 Job Cards, MPR of Purulia District for November 2007, sent to the State, showed excess reporting of 1,705 Job Cards. Similarly, while Kashipur Block of Purulia District reported 26,802 Job Cards, the actual cumulative number of Job Cards was 26,734 as assessed from the MPR of the GPs of the Block. Thus, excess reporting of 68 Job Cards was made. Kharagpur-II Block of Paschim Medinipur District made excess reporting of 163 Job Cards.

➤ **Provision of Employment**

Discrepancies in reporting the generation of mandays was also noticed in the MPRs of test checked districts and blocks.

While MPR for November 2007 of Purulia District, sent to the State Government, reported generation of 32.17 lakh mandays upto November 2007, the actual generation, as assessed from all the blocks of the districts, was 26.11 lakh mandays. Thus, excess reporting of 6.06 lakh mandays was made to the State Government.

While MPR of Kashipur Block, sent to the District, reported 2.04 lakh mandays, the actual was 1.93 lakh mandays, as assessed from the MPR of the

**Excess reporting
of issue of 3,745
Job Cards by
Paschim
Medinipur and
Purulia districts**

GPs under the Block. Thus, 0.11 lakh mandays was showed in excess. Similarly, while MPR of Kharagpur-II block, sent to the District, reported 0.55 lakh mandays, the actual was 0.53 lakh mandays, assessed from the MPR of the GPs under the Block. Thus, 0.02 lakh mandays was reported in excess.

4.1.16 Other points of interest

4.1.16.1 Irregularities in execution of schemes through Line Departments

➤ Delay in Submission of Annual Action Plan

Annual Action Plans (AAP) were required to be submitted to District Programme Co-ordinator by December of the previous year. But it was observed that the Divisional Forest Officers of Medinipur and Jhargram Forest Division submitted Annual Action Plan (2007-08) in April and March 2007 respectively. Respective GPs were not consulted at the time of finalisation of the AAP.

➤ Loss of interest due to non opening of separate bank accounts

The Operational Guidelines of NREGA stipulated that separate bank accounts in public sector banks should be opened for keeping funds. But it was observed that four test checked divisions kept the funds in Treasury. Thus, while the two Forest Divisions of Purulia District incurred a loss of interest to the tune of Rs 3.42 lakh against the funds amounting to Rs 3.11 crore kept in Treasury during 2006-08, the forest divisions of Medinipur District incurred a loss of interest to the tune of Rs 6.89 lakh on funds amounting to Rs 5.67 crore kept in Treasury during 2006-08.

Loss of interest of Rs 10.31 lakh due to non-opening of separate bank accounts during 2006-08

Other Irregularities

- (a) Schedule of Rates for female labourers was not considered for measuring the earth work executed by female labourers. As per guidelines, the admissible rates for the female labourers were 49 cft. per manday in case of hard soil and 85 cft. per manday in case of soft soil. But it was noticed that they were paid @ 58 cft. per manday for hard soil and @ 94 cft. & 99 cft. per manday in case of soft soil. As a result, the female labourers engaged in the works regarding the construction of earthen dams at Roladih and Burigora Mouza in Purulia District were deprived of wage amounting to Rs 0.27 lakh due to less calculation of 369 mandays.
- (b) The prevalent rate of wage to the labourers as followed by the PRIs was not followed. As a result, the labourers were not paid the admissible wages. It was observed that excess payment of Rs 0.08 lakh and less payment of Rs 0.04 lakh were made in the test checked Forest Ranges.
- (c) Payment of wages to the tune of Rs 2.35 lakh was delayed by two to 137 days in three forest ranges of Paschim Medinipur District during 2006-08. Thus, the labourers were deprived from the enhancement of livelihood security.
- (d) Maintenance of important registers like Cash Book, Employment Register, Asset Register, and Muster Roll Receipt Register in the test checked Forest Ranges was not satisfactory. It was observed that

separate Cash Book for NREGA as per guideline was not maintained. Muster Roll Receipt and Issue Register was not maintained at Godapiyasal Range of Medinipur Forest Division while in Chanda Range of the same division, it was found incomplete. The Asset Register was not maintained in the test checked Forest Ranges of Medinipur and Jhargram Forest Divisions.

4.1.17 Conclusion

Review on implementation of WBREGS conducted in three ZPs, six PSs, 24 GPs, and four forest divisions revealed that the basic tenet of providing 100 days of guaranteed wage employment to every household has not been achieved. It was observed that only 0.19 lakh households and 0.23 lakh households respectively were provided with 100 days of work during 2006-08.

Irregularities like delay in preparation and non-distribution of Job Cards to the registered households were also observed in audit.

The scheme provided generation of employment through participative planning duly involving the PRIs and village population through *Gram Sabha* in order to identify the works to be taken up for generation of employment and creation of durable asset with utility. But the test checked districts did not prepare District Perspective Plan (DPP) which envisaged participation of the rural poor. Instances of delay in payment of wages were also noticed.

Social audits were not conducted, thereby defeating the objectives of ascertaining the impact of scheme implementation. Monitoring mechanism was weak.

Recommendations

- DPP which is a tool for the successful implementation of scheme and improving the living conditions of the rural people should be prepared in time. The community should be involved in identifying works.
- Awareness amongst the community regarding the NREG procedures for demanding works should be created. Job Cards should be issued promptly after receiving applications and disposal should be monitored. Responsibility should be fixed for irregularities in issue of Job Cards. Strong campaign among the women should be made.
- Proper maintenance of basic records should be ensured for better monitoring and to record achievements correctly. Feasibility of fixing of responsibility for non-maintenance of records should be examined.
- Action should be taken to transfer the unutilised funds under NFFWP to WBREGS Account.
- Compliance to scheme guidelines should be strictly ensured.
- Line Departments should be instructed to follow the scheme guidelines.
- PRI members should be motivated for involvement. There should be regular review preferably on fixed date at the District, Block and GP level. NREG cell should review progress periodically.
- Social Audit should be done as per guidelines.

4.2 Internal Control System in South 24 Parganas ZP

Highlights

A built-in internal control mechanism to ensure effectiveness in carrying out functions by Panchayat Raj bodies is provided for in the West Bengal Panchayat Act, 1973. The internal controls in South 24 Parganas ZP were found to be weak and inadequate as rules regarding various control measures were not complied with. The system could not ensure economy and efficiency of operation and failed to provide reasonable assurance against the loss of resources and misappropriation of funds.

Shortcomings were noticed in control over preparation of budget and expenditure thereof. An expenditure of Rs 18.05 crore without budget provision was incurred during 2005-08.

(Paragraphs 4.2.6.1, 4.2.6.2)

Non-maintenance of Cash Book led to suspected misappropriation of Rs 4.14 lakh and loss of Rs 12.05 lakh due to wrong adjustment.

(Paragraphs 4.2.7.2, 4.2.7.3)

Advances amounting to Rs 7.47 lakh paid to different officials remained unadjusted.

(Paragraph 4.2.7.5)

Improper maintenance of loan account resulted in liability of accumulated loans for Rs 5.93 crore.

(Paragraph 4.2.7.6)

Non-issue of demand notices resulted in non-realisation of rent to the tune of Rs 61.74 lakh as of 31 March 2008.

(Paragraph 4.2.7.7)

Non-maintenance of records relating to the execution of works resulted in irregular refund of Security Deposit of Rs 7.78 lakh before the completion of work.

(Paragraph 4.2.9.1)

Lack of supervision and monitoring resulted in wrong booking, delayed utilisation of sub-allotted funds and mis-reporting of stock of rice under SGRY.

(Paragraphs 4.2.11 & 4.2.11.1, 4.2.11.2, 4.2.11.3)

4.2.1 Introduction

Internal control system, an integral component of an organisation, is meant to give reasonable assurance to the management that its functions are carried out according to laid down rules and regulations and in an economical, effective and efficient manner. South 24 Parganas ZP is the apex organisation of PRIs of the district and has the power to monitor the activities of 29 PSs and 312 GPs of the District. The West Bengal Panchayat Act, 1973 which governs the functioning of the ZP, has prescribed specific internal control measures.

4.2.2 Organisational Set Up

ZP under the chairmanship of the Sabhadhipati is the key organisation at the district level and has the District Magistrate as the Executive Officer assisted by an Additional Executive Officer and a Secretary. The formal association of the District Magistrate with the ZP provides a strong linkage with other Government Departments. ZP functions through different Standing Committees called *Sthayee Samitis* consisting of elected representatives and nominated Government Officers for preparation of Development Plan/Annual Action Plan, implementation of the schemes regarding economic development and social justice as may be drawn up by or entrusted upon it, management or maintenance of work of public utility and collection of revenue for utilisation of such funds for development work. *Karmadhyakshas* are the head of these *Sthayee Samitis*, assisted by Secretaries who are Government Officers.

4.2.3 Audit Objectives

The audit objectives were to assess whether:

- a) Budgetary and cash controls were adequate and effective;
- b) Annual Plan was prepared and effectively implemented;
- c) Expenditure control mechanism was functional;
- d) Administrative and inventory related controls were in place;
- e) Operational controls were existing to achieve the objectives in an economic, efficient and effective manner;
- f) Monitoring mechanism was adequate and effective; and
- g) Internal Control System was effective.

4.2.4 Audit Criteria

Audit criteria used for the evaluation of control mechanism in the ZP were-

- (i) Provisions of the West Bengal Panchayat Act, 1973 and
- (ii) Orders and instructions of the Government as issued from time to time.

4.2.5 Audit Coverage & Methodology

Internal Control structure of South 24 Parganas ZP was reviewed between October 2008 and December 2008 through test check of records of

the organisation alongwith Baruipur and Bhangore-I PSs and four selected GPs⁴⁰ for the period 2003-08.

The methodology adopted was to test check records with reference to the provisions of the West Bengal Panchayat Act, 1973 and other subsequent orders and instructions of the Government. The sample for audit, inter-alia covered records relating to budget and expenditure, manpower policies, inventory control, internal audit and various control registers.

An Entry Conference with the Additional Executive Officer, South 24 Parganas ZP was held in September 2008. The replies of the ZP were taken into account and suitably incorporated in the relevant paragraphs.

Audit Findings

4.2.6 Budgetary Control

Control over budget and expenditure is essential for optimal utilisation of limited resources to achieve the objectives of the organisation. The West Bengal Panchayat (Budget & Appropriation of Fund) Rule, 1996 delineated the procedures to be followed in preparation of budget. The shortcomings noticed in control over preparation of budget and expenditure thereof are detailed in the succeeding paragraphs.

4.2.6.1 Budget preparation without ascertaining the probable sources of receipts

Probable receipt from the State Government not ensured while preparing budget

Rule 23 of the West Bengal Panchayat (Budget & Appropriation of Fund) Rule, 1996 stipulates that prior to preparation of budget, the Executive Officer must obtain information from the Development and Planning Department of the Government of West Bengal as to the probable grants, contributions and allotment of funds from the State Government under plan and non-plan heads during the following financial year and must obtain information as to the quantum of funds from own sources. But scrutiny of records revealed that the competent authority of the ZP failed to gather such information. The fact will be evident from the scrutiny of the budgets for the years 2005-08 as detailed in the table:

(Rupees in crore)

Year	Receipts			Expenditure		
	BE	Actual	Difference	BE	Actual	Difference
2005-06	208.21	172.82	(-) 35.39	208.21	151.86	(-) 56.35
2006-07	171.21	83.19	(-) 88.02	171.21	99.97	(-) 71.24
2007-08	173.93	184.06	(+) 10.13	173.93	155.14	(-) 18.79

Huge difference between budget estimate and actuals

It may be observed from the above table that while the actual receipts were substantially less than the budget provisions during 2005-06 and 2006-07, the actual receipt was higher than the budget provision during 2007-08.

The ZP also failed to assess the quantum of expenditure in the years in question. It was observed that while the ZP incurred less expenditure by Rs 20.96 crore and Rs 28.92 crore over the actual receipts during 2005-06 and 2006-07 respectively, it incurred excess expenditure of Rs 16.78 crore over receipts during 2006-07.

⁴⁰ Ramnagar-I, Vidyakhali, Tardah and Dhupguri-I.

Thus, the budget estimates were unrealistic due to non-assessment of probable receipts against expenditures.

4.2.6.2 Expenditure without Budget Provision

Except in the case of a pressing emergency, no sum shall be expended by or on behalf of the ZP unless such sum is included in the budget estimates in force at the time of incurring the expenditure. However, the scrutiny of budget estimates alongwith the grant statements for the years 2005-08 revealed that the ZP had incurred expenditure from the balances of previous years without budget provision in the following items:

Expenditure incurred without Budget Provision

(Rupees in crore)

Items	2005-06		2006-07		2007-08	
	BE	Actuals	BE	Actuals	BE	Actuals
Agriculture/NWDPR	Nil	0.29	Nil	1.15	Nil	0.12
Animal Resources	Nil	0.03	Nil	0.12	Nil	0.04
Backward Class Welfare	Nil	0.08	Nil	0.25	Nil	0.02
C & SSI	Nil	Nil	Nil	0.03	Nil	Nil
Fisheries	Nil	0.07	Nil	0.03	Nil	0.24
Foods Supply	Nil	Nil	Nil	0.10	Nil	Nil
Forestry	Nil	0.45	Nil	0.11	Nil	0.30
Health & Family Welfare	Nil	Nil	Nil	0.71	Nil	1.05
Water Investigation	Nil	3.99	Nil	0.24	Nil	0.41
PWD (Roads)	Nil	Nil	Nil	Nil	Nil	0.11
Youth & Sports	Nil	Nil	Nil	Nil	1.10	8.86
RWS	Nil	Nil	Nil	Nil	Nil	0.05
Sundarban Affairs	Nil	Nil	Nil	Nil	Nil	0.30
Total	Nil	4.91	Nil	2.74	1.10	11.50

**Rupees 18.05 lakh
expended during
2005-08 without
budget provision**

Thus, it is evident from the above table that South 24 Parganas ZP incurred expenditure without budget provision and thereby failed to control expenditure which directly indicates that the budget formulation and expenditure control system were deficient.

4.2.7 Financial Control

In the area of financial management, proper internal controls are prescribed in the Acts and Rules. However, it was observed that prescribed internal controls were not observed in respect of custody and disbursement of cash and maintenance of Cash Book and other registers. The findings are discussed in the succeeding paragraphs.

4.2.7.1 Improper Maintenance of Cash Book

In accordance with Rule 21(3) of the West Bengal (ZP & PS) Accounts & Financial Rules, 2003, the cash book shall be maintained by the Cashier or any other authorised employee of the ZP and all such entries in Cash Book shall be checked and verified by the Accountant at the end of each day and placed before the officer authorised by the Executive Officer who shall authenticate each such entry by putting his initial against them. Further, Rule 16 stipulates that if the transactions in account are not verified and reconciled for three consecutive months, the defaulting ZP shall not draw any fund from the account either by cheques or otherwise until account is verified. But

scrutiny of Cash Book of the ZP revealed irregularities and non-observance of norms.

Non-reconciliation of Cash balance of Rs 12.42 crore

- (a) Entries in the Cash Book were left pending from October 2005 to March 2007;
- (b) No reconciliation of Cash Book balance with Treasury balance was done during 1986-06. The scrutiny of records revealed that as of March 2008 the difference of balances between Cash Book and Treasury Pass Book was Rs 12.42 crore (Treasury Pass Book balance: Rs 75.97 crore *minus* Cash Book balance: Rs 63.55 crore).

4.2.7.2 Losses Due to Suspected Misappropriation

Loss of Rs 4.14 lakh due to suspected misappropriation

The ZP had to suffer losses of Rs 0.05 lakh and Rs 4.09 lakh respectively in two separate cases of suspected misappropriation (March 2003 & January 2007) because the Cashier in charge, who was subsequently suspended, neglected to make necessary entries as to receipts and expenditures in the Cash Book.

4.2.7.3 Loss Due to Wrong Adjustment

Rupees 12.05 lakh deposited in the treasury but not credited in the Treasury Pass Book

Scrutiny of records revealed that the cash deposited into the Treasury was not recorded in the Treasury Pass Book. It was noticed that an amount of Rs 12.05 lakh was posted (October 2005) in the payment side of the Cash Book as adjustment entry for amounts deposited (August 1988 to March 2004) into the Treasury whereas the same was not shown credited in the Treasury Pass Book. There was nothing on record to show that the matter was taken up with the Treasury for settlement. As a result the balance of the ZP was reduced by Rs 12.05 lakh and reconciliation so made remained inconclusive.

4.2.7.4 Non-Observance of Norms for Maintenance of Liquid Cash Book

Liquid cash not verified physically

Rule 22(4) of the West Bengal (ZP & PS) Accounts and Financial Rules, 2003 prescribes that the cash drawn through self cheque, unless immediately disbursed, may be recorded in the Liquid Cash Book by the Cashier in Form 31 which shall be balanced, closed and physically verified at the close of the day's transaction by the Drawing and Disbursing Officer. The ZP however, failed to follow the said procedures which resulted in ineffective control over the cash. The fact became evident when physical verification of cash conducted by D.D.O. at the insistence of Audit (November 2008) revealed non-recording of payment of Rs 0.02 lakh in the cash book.

4.2.7.5 Non-Adjustment of Advances

Advance of Rs 7.47 lakh remained unadjusted

Rule 38(3) of the West Bengal Panchayat (ZP & PS) Accounts & Financial Rules, 2003 stipulates that adjustment should be made within 30 days from the date of drawal of advance. The advances which could not be utilised/partly utilised within the specified period of 30 days, has to be deposited supported by adjustment vouchers, if any, within specified days alongwith written explanation stating the circumstances for non-utilisation of advances.

Scrutiny of records revealed that as of August 2008, the ZP authority had failed to adjust an amount of Rs 7.47 lakh, advanced to different officials

during 2005-08 as detailed below:

(Rupees in lakh)

Sl. No.	Date	Holders of Advance	Amount
1	28.07.05	Sanjoy Bose, Deputy Secretary	0.07
2	01.08.05	Sanjoy Bose, Deputy Secretary	0.10
3	04.08.05	Mujahid Kabir	0.005
4	21.12.05	Sri Bimal Mistry, Sabhadhipati	0.03
5	18.05.06	Jayanta Bagchi	0.15
6	07.09.06	Sri Bimal Mistry, Sabhadhipati	0.02
7	06.11.06	Land Acquisition, Collector, 24 Pgs(S)	5.00
8	21.02.07	Deputy Collector	1.40
9	09.03.07	DPRDO, 24 Pgs(S)	0.50
10	23.08.07	Sri Bimal Mistry, Sabhadhipati	0.20
Total			7.47

The above statement also revealed that the authority violated Rule 38(7) which includes that no advance out of ZP fund shall be sanctioned in favour of any member of the ZP in connection with any scheme or programme. It is noticed from the statement above, that more than one advances were given to the *Ex-Sabhadhipati*.

Due to control failure, the responsibility of the officials who failed to submit adjustments against the advances could not be fixed.

4.2.7.6 Improper Maintenance of Loan Account

According to Rule 43 of the West Bengal Panchayat (ZP & PS) Accounts and Financial Rules 2003, separate ledger account shall be maintained for recording funds, raised or received as loan or grants/subsidy/contribution from the State Government for assigned schemes or projects or contribution made by individuals or other bodies for special purposes.

Scrutiny revealed that the loan register was not maintained properly. As per available records the total loan liability as of March 2001 was Rs 5.93 crore which was raised during the period from 1948-92. The liability of interest payable on loans was never calculated by the ZP. Updated position of loan liability could not be assessed by audit for non-production of updated Loan Register.

4.2.7.7 Non-Realisation of Rent

Effective and efficient internal controls were prescribed in Rules 29, 30, 31 of the West Bengal Panchayat (ZP & PS) Accounts and Financial Rules, 2003 for accounting of revenues. Rules 29 and 30 stipulate the necessity of maintaining a Demand and Collection Register to record and monitor the total collection and dues in respect of fixed and miscellaneous demands respectively. Rule 31 provides the scope of issuing demand notice in duplicate to the assessee or lessee requiring the assessee or lessee to pay the dues mentioned in the notice by such date as may be specified in the said notice. It further provides scope for taking appropriate action to recover the dues from the defaulters. However, lapses were noticed in observance of these controls which resulted in non-realisation of rent to the tune of Rs 61.74 lakh at the end of 2007-08 from the tenants of the Baruipur Commercial Complex,

the spaces of which were let out to the State Government offices on rental basis as per specific rate per square feet as detailed below:

(Rupees in lakh)

Rent of
Rs 61.74 lakh
remained un-
realised

Sl. No.	Name of Tenants	Period of Outstanding	Total Outstanding as on 31.3.08
1	SDO, Baruipur	01.01.92 to 31.03.08	39.17
2	Special Officer for industries (SC/ST)	10.11.89 to 31.03.08	0.23
3	West Bengal Handloom & Powerloom	01.09.89 to 31.03.08	3.62
4	Baruipur Jhana L/S Co-op. Marketing Society	10.12.91 to 31.03.08	0.36
5	Divisional Engineer Group Elec. Supply, WBEDCL	01.12.90 to 31.03.08	18.36
Total			61.74

Scrutiny revealed that no Demand and Collection Register in the format as prescribed in the rule was maintained by the ZP during 2003-07. As a result, periodical Demand Notice on the tenants was not served. Moreover, it was informed that no written agreements between ZP and the allottees were made at the time of the allotments. Thus, internal controls were non-existent.

4.2.8 Administrative Controls including Establishment & Stores Management

A review of expenditure revealed lapses in administrative as well as expenditure controls.

4.2.8.1 Irregular Maintenance of Stock Register

The review of Stock Register for medicines revealed the following irregularities:

- Medicines were purchased in bulk without obtaining indent from the Medical Officer of the dispensaries. This resulted in violation of purchase procedures.
- Stock of medicines had not been verified physically at periodic intervals. The fact became evident when 60,000 Ampicillin Kid Tabs became unusable due to expiry of usable period resulting in loss of Rs 0.29 lakh.

Non-verification of
Stock Register of
medicine resulting in
loss of Rs 0.29 lakh

4.2.8.2 Deficiencies in the Maintenance of the Provident Fund Ledger

Deficient internal controls were also noticed in the maintenance of Provident Fund Ledger. It was observed from records that the ZP failed to settle the claims of ex-employees and did not intimate the Directorate of Pension, Provident and Gratuity Fund (DPPG) as well as the Treasury Officer, South 24 Parganas the unclaimed amount of the ex-employees. It was noticed that the amount of interest sanctioned by the DPPG was much higher than the interest calculated and distributed by the authorities of the ZP to the employees during the years 2003-07 as detailed below :

(Rupees in lakh)

Excess payment
of interest
amounting to
Rs 3.81 lakh
during 2003-07

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08
Interest released by the DPPG	9.15	9.76	10.52	11.31	NA
Interest calculated and distributed by ZP to the employees	8.43	9.02	9.70	9.78	NA
Difference	0.72	0.74	0.82	1.53	-

It was revealed from records that the DPPG calculated the interest on the accumulated fund amount of both the existing and retired employees without segregation, while the ZP calculated the interest by segregating the fund amount of the existing and retired employees. As a result, excess interest was paid by the DPPG. Consequently, the Provident Fund balance at the Treasury became inflated. It was noticed further that interest at the prescribed rate (eight *per cent*) was allowed on the fund amount of the ex-employees instead of keeping the same under Suspense Account.

4.2.9 Internal Control in Execution of Works

Public works is a major area of operation of the ZP. Hence implementation of internal controls prescribed was to be ensured without exception.

4.2.9.1 Execution of Works without Essential Records

Register of Works is a permanent and collective record of expenditure incurred during a year on each work. As soon as estimates are sanctioned, the amount of each sanctioned estimate, the allotment for the year and name of the work are entered in the register. But such a register was not maintained by the ZP. As a result, works executed by the ZP could not be ascertained at a glance.

The Stock Register for Measurement Books was not maintained by the ZP. As a result, Measurement Books used in a year could not be ascertained.

The maintenance of Security Deposit Register (SDR) by the ZP was improper and irregular. It was noticed that the SDR was first opened in February 2005. Records of Security Deposits received from contractors were not available earlier to the above date.

The improper maintenance of SDR resulted in refunding (March 2005) of Security Deposit of Rs 7.78 lakh long before the completion of the work to the contractor M/s. Naveen Engineering Company which was engaged in the construction of a new road from Padmapukur More to Sashan Railway Station along the bank of river Adiganga under RIDF-VI scheme which was completed on 21 December 2006 after a delay of 3 years and 9 months beyond scheduled date of completion (February 2003).

Refund of security deposit of Rs 7.78 lakh before completion of the work

4.2.10 Physical Control over Assets

Rules 44 (1) and 45 of West Bengal Panchayat (ZP & PS) Accounts & Financial Rules, 2003 emphasise the need to maintain Register for Immovable Properties and Movable Properties respectively. It is stated that record of all lands, including roads, sites of building tanks, ferries, fisheries, buildings and any other property and interest in the possession of the ZP shall be kept in the Register of Immovable Properties. Similarly, Rule 45 states that Stock Register of Movable Properties shall be maintained. But the ZP failed to submit the updated Registers for both Immovable and Movable Properties. As a result, audit could not ascertain the volume of assets and correct accounting of the same.

4.2.11 Supervision & Monitoring

Section 163 of the West Bengal Panchayat Act, 1973 provides that a ZP shall exercise supervision over Panchayats in the District. It is stipulated in

clause 2C of the Section that ZP may inspect or cause to be inspected the utilisation of funds given to the PS/GP by the State Government for execution of works either directly or through the ZP. But scrutiny of records of two selected PSs and four selected GPs revealed the inadequacy of inspection by the ZP as shown below:

4.2.11.1 Wrong Booking of Sub-Allotted Funds

It was noticed from the records that Bhangore-I PS booked Rs 8.39 lakh instead of Rs 5.30 lakh, being the 1st installment of sub-allotted funds (2007-08) under TFC by the ZP. Similar wrong booking was noticed in case of sub-allotted funds under SSFC from the ZP. It was noticed that the said PS booked Rs 5.30 lakh instead of Rs 8.37 lakh, which was the sub-allotted funds (2006-07) by the ZP. Thus, the deficiency in the inspection by the ZP was evident.

4.2.11.2 Delayed Utilisation of Funds

It was noticed from the Fund Transfer Pass Book of Bhangore-I PS that the grants credited to the Fund Transfer Account remained unutilised for periods ranging from three months to nine months respectively during 2006-08. The fact will be evident from the following statement:

(Rupees in lakh)

Date of Credit	Date of Withdrawal	Amount	Period Unutilised
09.11.2006	20.03.2007	9.49	3 months & above
29.03.2007	24.09.2007	8.00	5 months & above
15.01.2008	06.10.2008	2.70	9 months & above
20.02.2008	12.08.2008	0.76	6 months & above

Delay in crediting of grant in absence of instructions in the Government orders regarding heads of accounts

As per norm, the funds placed in the fund transfer account should be credited to the scheme head immediately. But scrutiny of records revealed that the crediting of grants to the respective scheme head was delayed due to absence of clear instruction in the Government orders regarding heads of accounts. As a result, funds were kept idle for a period of three months to nine months, highlighting the lack of supervision on the part of the ZP.

4.2.11.3 Difference in reporting on stock of rice under SGRY by ZP & PS

It was noticed from the Stock Register of Bhangore-I PS that an initial allotment of 21,738 kg. of rice was made for construction of WBM road from Ghatakpukur to Mallikati in March 2007 under SGRY Scheme. Out of that, 5,060 kg. of rice was issued to labourers involved in the said work and 1,335 kg. of rice was issued towards construction of Kashinath Free Primary School in July 2007. Thereafter, a balance of 15,343 kg. {21,738-(1,335+5,060)} of rice should have been found on record in the Stock Register. But the same was not found on record. Moreover, the statement of Sector-wise expenditure towards foodgrains under SGRY, maintained by South 24 Parganas ZP showed zero balance of rice in respect of Bhangore-I PS as of April 2007.

Thus, it can be concluded that monitoring of stock of foodgrains was neither conducted properly at the PS level nor at the ZP level, leaving wide scope for misuse and / or misappropriation of foodgrains under SGRY.

4.2.12 Internal Audit

The objective of Internal Audit is to assist the administration in effective discharge of its responsibilities. Section 186 A of the West Bengal Panchayat Act, 1973 includes the provision for Internal Audit. It is stipulated that the accounts of the funds of ZP, PS and GP shall be audited periodically by the Regional Accounts and Audit Officer, the Samiti Accounts & Audit Officer / Parishad Accounts and Audit Officer and Panchayat Accounts and Audit Officer respectively within their respective jurisdiction at least once in a month. It was stated by the authorities of the ZP that Internal Audit was conducted by the Auditor deputed by the Office of the Divisional Commissioner upto 2005-06. But the efficacy of the internal audit could not be assessed as the ZP authorities could not produce the reports. However, multiple errors in accounts of the Parishad and non-observance of norms of accounting proved the weakness of the Internal Audit.

4.2.13 Conclusion

The Internal Controls in South 24 Parganas ZP were weak and inadequate. Rules, Regulations and orders regarding budgetary, financial, expenditure and physical control were not properly complied with. The monitoring system was ineffective. The ZP did not have an effective internal audit system in the absence of which the extent of compliance with the existing rules, procedures and instructions were not monitored on a regular basis.

Recommendations

- Probable revenue receipts for the financial year and expenditure of the previous year should be considered while preparing the budget.
- Monitoring of expenditure vis-à-vis budget provisions should be enforced to ensure financial discipline.
- Proper utilisation, maintenance, detailed stock analysis and regular physical verification should be ensured.
- Procedures for maintenance of records and registers should be followed.
- Monitoring and supervision system is weak and requires to be strengthened.

4.3 Devolution of Functions, Functionaries & Funds to PRIs

Highlights

The basic objectives of devolution of powers and responsibilities as envisaged in article 243 G of the Constitution is to empower the PRIs with the authority for planning, budgeting and implementing schemes for economic development and social justice in rural areas.

Out of 29 functions listed in the 11th Schedule of the Constitution, 28 functions were devolved to the PRIs.

(Paragraph 4.3.5.1)

As of March 2008, only 10 out of 19 departments had issued orders matching the Activity Mapping.

(Paragraph 4.3.5. 1)

The Activity Mapping gave the PRIs only partial control over the functions envisaged in the 11th Schedule of the Constitution.

(Paragraph 4.3.5.1)

The performances of the PRIs vis-à-vis the earmarked responsibilities in the Activity Mapping ranged from 29 to 76 per cent.

(Paragraph 4.3.5.2)

The PRIs had only limited control over the departmental functionaries. Further, the functionaries attached to the different levels of PRIs as link officials were irregular in attending the meetings of the *Sthayee Samitis*.

(Paragraph 4.3.5.3)

In respect of most of the devolved functions, no provision for separate head of accounts in the State Budget was made.

(Paragraph 4.3.5.4)

Only two departments out of 10 transferred funds to the PRIs. The flow of untied funds to the PRIs was inadequate. The endeavour of the PRIs to augment their own resources was unsatisfactory.

(Paragraph 4.3.5.4)

The functioning of the District Planning Committee was poor, resulting in absence of proper planning.

(Paragraph 4.3.5.4)

4.3.1 Introduction

Article 243 G of the Constitution provides for devolution of powers and responsibilities by the State Government to the Panchayats in preparation and implementation of plans for economic development and social justice including implementation of schemes relating to the 29 subjects⁴¹ listed in the 11th Schedule of the Constitution. Accordingly, the State Legislature inserted Sections 207 A and 207 B in the West Bengal Panchayat Act, 1973 in 1992 and 1994 respectively for placement of officers and employees at the disposal of PRIs and the transfer of such powers, functions and duties as are exercised, performed and discharged by the State Government.

The State Government order (November 2005)⁴² provides for assigning such functions and activities to the appropriate tier of PRI with authority for planning, budgeting and implementing schemes and taking other possible

⁴¹ (i) Agriculture including agricultural extension, (ii) Land improvement, implementation of land reforms, land consolidation and soil conservation, (iii) Minor irrigation, water management and watershed development, (iv) Animal husbandry, dairying and poultry, (v) Fisheries, (vi) Social forestry and farm forestry, (vii) Minor forest produce, (viii) Small scale industries including food processing industries, (ix) Khadi, village and cottage industries, (x) Rural housing, (xi) Drinking water, (xii) Fuel and Fodder, (xiii) Roads, culverts, bridges, ferries, waterways and other means of communication, (xiv) Rural electrification including distribution of electricity, (xv) Non-conventional energy sources, (xvi) Poverty alleviation programme, (xvii) Education including primary and secondary schools, (xviii) Technical training and vocational education (xix) Adult and non-formal education, (xx) Libraries, (xxi) Cultural activities, (xxii) Markets and fairs, (xxiii) Health and sanitation including hospitals, primary health centres and dispensaries, (xxiv) Family welfare, (xxv) Women and child development, (xxvi) Social welfare including welfare of the handicapped and mentally retarded, (xxvii) Welfare of the weaker sections, and in particular, of the SCs and STs, (xxviii) Public distribution system, (xxix) Maintenance of community assets.

⁴² Assignment of Responsibilities on Three Tier Panchayat Raj Institutions and Mapping of Activities of PR Bodies.

measures related to those activities for economic development and social justice in rural areas.

A review of the devolution was conducted by audit and the findings are discussed in the succeeding paragraphs.

4.3.2 Audit Objectives

The audit objectives of the review were to assess whether:

- (a) All the functions listed in the 11th Schedule had been transferred to the appropriate levels of the PRIs,
- (b) Adequate functionaries were transferred to the PRIs to carry out the devolved functions,
- (c) Funds corresponding to the functions were devolved, and
- (d) The institutional arrangement for planning, budgeting and implementation of the assigned functions had been put in place.

4.3.3 Audit Criteria

The main criteria for assessing the status of devolution of functions, functionaries and funds were:

- (a) The 73rd Amendment to the Constitution containing Articles 243 A to 243 O and the 11th Schedule.
- (b) State Government's order for devolution of responsibilities following the Activity Mapping completed in November 2005.

4.3.4 Audit Scope and Methodology

The records of 21 PRIs (three ZPs⁴³, six PSs⁴⁴ and 12 GPs⁴⁵) and 10 departments⁴⁶ for the period from 2003-08 were scrutinised in three selected districts during the period from 3 November 2008 to 26 December 2008.

The methodology adopted was to test check the records with reference to the provisions of the Activity Mapping (November 2005), norms for allocation of funds to the PRIs by the SFC and the TFC, and the process of planning and implementation of schemes by PRIs and line departments.

An Entry Conference with Principal Secretary, P&RDD was held in November 2008 to explain the audit objectives and methodology.

The audit findings are discussed in the succeeding paragraphs.

⁴³ Cooch Behar, Hooghly and North 24 Parganas.

⁴⁴ Toofanganj-II, Coochbehar-I, Singur, Chinsurah-Mogra, Basirhat-I and Barrackpore-I.

⁴⁵ Bhanukumari-I, Bhanukumari-II, Dewanhat, Ghugumari, Singur-I, Berabari, Saptagram, Kodalia-II, Sangrampur-Shibati, Nimdaria-Kodalia, Kowgachi-I and Kowgachi-II.

⁴⁶ Public Health Engineering, Health & Family Welfare, Animal Resource Development, Micro & Small Scale Enterprises, Water Investigation & Development, Women & Child Development and Social Welfare, Forest, Mass Education Extension, Social Education and Fisheries.

4.3.5 Audit Findings

4.3.5.1 Transfer of functions

The transfer of 28 functions excluding the technical and vocational education was completed through Activity Mapping exercise in November 2005, July 2006 and October 2007. The deficiencies noticed in the mapping are discussed in the following paragraphs:

- **Matching orders not issued by all the departments concerned**

Non-issue of matching orders by nine departments

As of March 2008, only 10 departments⁴⁷ had issued orders matching the Activity Mapping. Nine departments⁴⁸ were yet to issue the matching orders. It was evident from the scrutiny of records of 21 selected PRIs and 10 line departments that the officials of the departments at district, block and GP levels did not have information about the matching orders.

- **Partial control over envisaged functions**

Activity Mapping gives PRIs partial control over the functions

The Activity Mapping specified the responsibilities of *Sthayee Samitis* at each tier of PRIs. An analysis of the responsibilities of the said *Samitis* revealed that most of these are centred around identification of beneficiaries under different schemes. It is evident from the records of ZPs that the prime responsibility in respect of devolved functions is the selection of beneficiaries. Thus, the Activity Mapping gives the PRIs only partial control over the functions envisaged in the 11th Schedule of the Constitution, and more is needed to be done for the envisaged devolution of functions. However, it would be evident from the following paragraphs that the PRIs were not carrying out even these reduced levels of responsibilities.

4.3.5.2 Status of performance of functions by the PRIs

- **Non-performance of devolved functions**

The Activity Mapping earmarked certain responsibilities of *Sthayee Samitis* at each tier of PRIs. A review in respect of seven functions showed that in the three selected ZPs, only 29 to 71 *per cent* of these responsibilities were being performed (as detailed in **Appendix-XLIIIA**).

Similarly, at the PS level, only 29 to 63 *per cent* of the responsibility areas pertaining to the same seven items, were being performed (as detailed in **Appendix-XLIIIB**), while the percentage of performance at the GP level ranged between 35 and 76 *per cent* in respect of the same seven items (as detailed in **Appendix-XLIIIC**).

It is evident that the process of devolution in terms of the performance of the number of functions in respect of devolved responsibilities was yet to take firm roots.

⁴⁷ Animal Resource Development, Women & Child Development and Social Welfare, Health & Family Welfare, Public Health Engineering, Micro & Small Scale Enterprises & Textiles, Forests, Water Investigation & Development, Fisheries, Mass Education Extension and Panchayat & Rural Development.

⁴⁸ (i) Agriculture and Extension work, (ii) Cottage and Small Scale Industries, (iii) Food & Supplies including Public Distribution System, (iv) Back ward Classes Welfare, (v) Information and Cultural Affairs, (vi) School Education, (vii) Land and Land Revenue, (viii) Agricultural Marketing and (ix) Power and Non-conventional Source of Energy.

PHED incurred Rs 2.32 crore on sinking of tubewells, a function devolved to PRIs

- ***Parallel implementation of functions by PRIs and Government departments***

During 2005-08 the PHED incurred expenditure of Rs 0.61 crore in Hooghly District and Rs 1.71 crore in North 24 Parganas District for sinking of tubewells, a function devolved to PRIs. During the same period, the PRIs of these districts also incurred expenditure of Rs 0.71 crore and Rs 2.78 crore respectively for functions of similar nature.

4.3.5.3 Transfer of functionaries

Transfer of powers and functions to the PRIs requires placement of the services of officials and employees attached to the devolved activities with the PRIs. A review of the prevalent system revealed that this was not fully achieved and the PRIs did not have full administrative control over such staff as discussed in the succeeding paragraphs :

- ***Absence of administrative control over the functionaries***

PRIs had limited administrative control over the functionaries

In accordance with the Activity Mapping, the officials of line departments are required to be attached as link officials to the *Sthayee Samitis* of the PRIs. Though the officials of the line departments had been attached as link officials, their pay and allowances as well as the administrative control, including the power to impose penalty under disciplinary rules remained with the line departments. The PRIs had only limited administrative control over the departmental functionaries which could adversely affect the implementation of functions as per intent of PRIs.

- ***Irregular attendance of the link officials in the meetings of Sthayee Samitis***

Scrutiny of records for the period 2005-08 revealed instances of non-attendance/irregular attendance of the link officials in the meetings of the *Sthayee Samitis*. The Sub-Assistant Engineers (Agri-Mechanical) of Water Investigation and Development Department, Assistant Marketing Officers of Agriculture Marketing Department, Sub-Divisional Information & Cultural Affairs Officer of Information and Cultural Affairs Department never attended the meetings of the *Sthayee Samitis* in both the test checked PSs of North 24 Parganas ZP. Similarly, the Range Officer of the Forest Department and Child Development Programme Officer (CDPO) of the Women & Child Development Department of Singur and Chinsurah-Mogra PSs respectively were irregular in attending meetings of the *Sthayee Samitis*.

Co-ordination between the PRIs and the line departments had not materialised

At the GP level too, the supervisors of Integrated Child Development Scheme under Women & Child Development Department never attended the meetings of *Upa-Samitis* of Beraberi and Kodalia-II GPs. Similarly, the functionaries of departments like Agriculture and Extension Works, Forestry including Social Forestry, Animal Resources Development never attended the meetings of the *Upa-Samitis* of Kowgachi-I and Kowgachi-II GPs. In Nimdaria-Kodalia GP of North 24 Parganas District, the functionaries of Animal Resources Development Department and Women & Child Development and Social Welfare Department never attended the meetings of the *Upa-Samitis*.

Thus, the co-ordination between the PRIs and the line departments, which is one of the objectives of devolution, has not materialised fully.

4.3.5.4 Devolution of Funds

Scrutiny of records brought out the following issues pertaining to the devolution of funds:

- ***Non-inclusion of separate head of account in the State Budget in respect of most of the devolved functions***

No separate head of accounts in the State Budget for funds of line departments

Though 10 departments had issued matching orders for devolution of functions, only three departments⁴⁹ had opened a Head of Account for funds transferred to the PRIs. In the absence of a separate head of account in the State budget there was no definite information about the allocation and flow of funds to the PRIs from the line departments. Thus, the mechanism of transfer of funds was not transparent.

- ***Inadequate transfer of funds for devolved functions***

Devolution of funds amounting to Rs 197.43 crore by PHED and H&FWD during 2005-08

Out of 10 test checked line departments, only two viz, H&FW and PHE departments had devolved Rs 142.21 crore and Rs 55.22 crore respectively during 2005-08 to PRIs, as detailed in the following table:

(Rupees in crore)

Name of Departments	Year wise release of funds			Total
	2005-06	2006-07	2007-08	
Public Health Engineering	10.00	35.10	10.12	55.22
Health & Family Welfare	10.35	51.60	80.26	142.21

Further, scrutiny of records of PHE and H&FW departments revealed that the funds transferred to the three selected ZPs were not adequate as shown in the following table :

(Rupees in crore)

Name of ZP	Year wise release of funds from H&FW Department			Year wise release of funds from PHE Department		
	2005-06	2006-07	2007-08	2005-06	2006-07	2007-08
Hooghly	Nil	5.00	7.01	0.25	3.48	5.45
North 24 Parganas	3.30	9.54	Nil	Nil	1.99	0.79
Cooch Behar	3.15	4.75	Nil	0.33	1.10	0.24

The table indicates that some ZPs had not received any funds in some of the years. It was observed that Cooch Behar ZP incurred expenditure of Rs 1.05 crore during 2007-08 out of EFC Grants for construction of health centres, as it did not receive any fund from the H&FW Department in that year.

- ***Inadequate flow of untied funds to the PRIs***

To support and sustain the movement of decentralised planning by the people and its implementation for economic development and social justice, the SFC recommended flow of untied funds comprising 16 per cent of the States Tax collection to the Local Self Governments, of which 12.80 per cent was for the PRIs. But the PRIs of the State received, during the preceding three years, considerably less share of State Taxes as untied funds

⁴⁹ Animal Resources Development Department, Public Health Engineering Department and Women & Child Development and Social Welfare Department.

which will be evident from the following table :

(Rupees in crore)

Deficit in the availability of funds to test checked PRIs ranging from 32 to 80 per cent

Year	Amount of Total Tax Revenue of the State	Entitlement of the PRIs at the rate 12.80 %	Amount actually received by PRIs	Deficit	Percentage of deficit
2005-06	10,388.38	1,329.71	303.63	1,026.08	77.17
2006-07	11,694.77	1,496.93	169.14	1,327.79	88.70
2007-08	13,126.33	1,680.17	218.55	1,461.62	86.99

Thus, it is evident from the above table that the deficit in the availability of funds ranged from 77 to 88 per cent. Similarly, the availability of funds at each tier of the PRIs was much less than the entitlement, ranging from 32 to 80 per cent in respect of test checked PRIs (as detailed in Appendix-XLIV).

- **Functioning of District Planning Committee (DPC)**

The West Bengal DPC Act, 1994 and DPC Rules, 1994 envisaged that the DPC should prepare District Draft Development Plan after consolidation of the annual plans and programmes of the municipalities, panchayats, other development authorities and Government departments functioning within the district plan area. In the test checked districts, the DPCs had been formed but were not performing the assigned functions. The DPC of Hooghly District was constituted in 1996 but no Annual Development Plan or Five Years Perspective Plan for 2003-07 was prepared. In case of Cooch Behar District, the DPC was formed in August 2006, but the Annual Development Plan and Five Years Perspective Plan were not prepared during 2005-07. The position in North 24 Parganas District was the same. Thus, the non-preparation of Annual Development Plan/Five Years Perspective Plan adversely affected the systematic development process.

Non-preparation of Annual Development Plan affects the systematic development process

4.3.6 Conclusion

The devolution of functions to the PRIs remained incomplete as the Activity Mapping was not operationalised by matching orders by most of the line departments. On the other hand, PRIs were not performing even the reduced level of responsibilities devolved on them. In this regard, the PRIs were also constrained by inadequate flow of funds and lack of control over the resources, including the manpower as the functionaries attached to devolved functions were not transferred to PRIs. Sound administrative practices had yet to take firm roots as the link officials attached to *Sthayee Samitis* were beyond the administrative control of PRIs, and were irregular in attending the meetings. In most of the cases, provision of funds for the PRIs in the State Budget was not made, and most of the Government departments did not devolve funds for transferred functions.

Recommendations

The Government may consider implementing the following recommendations:

1. Issuing orders by the line department for full implementation of the Activity Mapping.
2. Make realistic assessment of funds required by the PRIs for the transferred functions, and provide adequate funds.
3. Transfer the functionaries associated with the devolved functions alongwith their administrative control to PRIs.
4. Establish and implement sound administrative practices for planning and implementation of functions.
5. Assign a separate account head in each department's budget for accounting the funds transferred to PRIs.

CHAPTER-5

Execution of Works and Procurement of Supplies

DAKSHIN DINAJPUR ZILLA PARISHAD

5.1 Idle investment of Rs 12.75 crore on irrigation works

Irrigation tube-wells remained incomplete even after incurring Rs 12.75 crore

To provide irrigation water to 2,452 hectare of land, Dakshin Dinajpur ZP undertook (November 2001) sinking and installation of three types⁵⁰ of irrigation tube wells at a total cost of Rs 15.27 crore out of Rural Infrastructure Development Fund (RIDF-VII).

Audit scrutiny revealed that the ZP had completed only one category, i.e. diesel operated shallow tube wells at Rs 63.06 lakh, and not even a single tube well of the other two categories was completed, although more than seven years had passed and an expenditure of Rs 12.75 crore was incurred as of February 2009. The progress of work is shown below.

(Rupees in crore)

Sl. No.	Item of work	Target		Achievement	
		Number	No. of units taken up	No. of units partially completed	Amount spent
(1)	Sinking and Installation of Light duty tube well	275	275	143	5.71
(2)	Sinking and Installation of Shallow tube well (E)	354	354	102	7.04

When pointed out, the ZP stated (February 2009) that all ancillary works had been completed except energisation which was to be provided by the West Bengal State Electricity Distribution Company Ltd. (WBSEDCL). There was no documentary evidence to show that the ZP had persuaded the WBSEDCL for prompt energisation.

Thus, inability of the ZP to get the irrigation tube wells become operational even after lapse of seven years deprived the community of the benefit of irrigation and an expenditure of Rs 12.75 crore, on the incomplete works had remained idle and unfruitful.

MURSHIDABAD ZILLA PARISHAD

5.2 Minor irrigation schemes remained defunct due to non energisation

Thirty six deep tube wells costing Rs 2.39 crore remained defunct due to non-energisation

Murshidabad ZP had undertaken 251 minor irrigation schemes (installation of different type of deep tube wells) for irrigation during 1999-02 and incurred an expenditure of Rs 15.60 crore, as of January 2009.

Scrutiny of records revealed that of the 251 schemes, 36 schemes⁵¹ meant for cultivators of 33 mouzas and costing Rs 2.39 crore were lying

⁵⁰ 1. Diesel operated shallow tube wells; 2. Light duty tube wells & 3. Shallow tube wells

⁵¹

Year	No. of schemes taken up which remained incomplete as of January 2009
1999-00	3
2000-01	9
2001-02	24
Total	36

defunct for seven years for want of funds, energisation and non-completion of items like internal wiring, pump house, pump line etc. The ZP did not take effective action to take up the matter with line department for timely completion of the works as well as with the WBSEDCL to energise the scheme.

The matter of energisation of tube wells could not be resolved with the WBSEDCL

The matter relating to cost escalation of energisation of those deep tube wells and non co-operation of the West Bengal State Electricity Board (WBSEB) was discussed in a meeting of the ZP's *Krishi Sech O Samabaya Sthayee Samiti* in December 2005 but the position remained unresolved as of January 2009. There was nothing on record to substantiate that the ZP had taken up the matter with the WBSEDCL since December 2005.

The ZP admitted (January 2009) the fact and stated that the schemes could not be completed partly due to delay in execution of works by line department and the WBSEDCL and partly due to scarcity of fund.

Thus, 36 irrigation schemes could not be utilised even after spending Rs 2.39 crore and thereby depriving irrigational benefits to 33 mouzas of the ZP due to inertia on the part of the ZP to take effective action to energise the schemes.

HOOGHLY ZILLA PARISHAD

5.3 Bridge constructed at a cost of Rs 4.43 crore remained non-functional due to non-completion of approach roads

The Government guidelines (2002) provide that the funds under Rural Infrastructure Development Fund (RIDF) are meant for development of infrastructure in rural areas and should be restricted to common facilities which are of direct use for economically gainful activities of local people, but road connectivity works should be taken up under Pradhan Mantri Gram Sadak Yojana (PMGSY).

Bridge constructed at a cost of Rs 4.43 crore could not be opened for traffic due to non-completion of approach roads

Hooghly ZP issued work order (January 2003) of Rs 4.43 crore for construction of Kanariaghat Bridge over River Damodar, including protective works and approach roads on either side of the river, under RIDF-VII, disregarding the directives of the Government to include road connectivity works under PMGSY. The work was to be completed by January 2005. During execution, some items of works were required to be revised. The ZP decided (September 2004) to utilise the amount estimated for the approach road (Rs 0.72 crore) towards the revised items so as to complete the bridge only. While accepting the decision of the ZP, the P&RDD discharged its responsibility merely by stating that excess cost should not exceed the sanctioned amount (Rs 4.66 crore), without considering the actual requirement of funds for construction of approach roads. However, the ZP invited a separate tender later (September 2005) for construction of approach roads at an estimated cost of Rs 1.27 crore against available sanctioned funds of Rs 0.23 crore⁵², this time under RIDF-X. This work was to be completed within six months but the same remained incomplete. Only the bridge was completed in July 2006, after incurring an expenditure of Rs 4.43 crore. As a

⁵² Sanctioned fund : Rs 4.66 crore *minus* cost of construction of bridge only : Rs 4.43 crore.

result, the bridge could not be opened to traffic even after a lapse of two and half years as of January 2009.

The ZP stated (November 2007) that all efforts were being taken to ensure quick execution of the approach roads so that the bridge could be used. When it was pointed out by Audit in January 2009, the ZP failed to furnish the present status of the bridge and gave the same response as earlier.

Thus, the ZP twice provisioned RIDF funds for road-connectivity work in spite of State Government's advisory to the contrary. Further, the P&RDD did not enlighten the ZP regarding the additional funds for completion of approach roads while being aware of the fact that funds were insufficient for completing the same. The lapse on the part of the ZP and the P&RDD ensured that the bridge remained non-functional for two and half years⁵³ with no sign of its being put to use soon, leading to blocking up of the entire expenditure of Rs 4.43 crore.

JALPAIGURI ZILLA PARISHAD

5.4 Blocking up of Rs 18.50 lakh due to non-preparation of project report

Lapse in preparing project report resulted in non-completion of super market since 2003 rendering blocking of funds of Rs 18.50 lakh

Jalpaiguri ZP undertook construction of “Vertical extension of Moynaguri super market” at an estimated cost of Rs 25 lakh in March 2003 to mobilise own resources without preparation of project report. The work was scheduled to be completed in July 2003, but continued at a very slow pace, and despite extension of time upto December 2004, could not be completed even by April 2005. Finally, the ZP cancelled the work (April 2005) with order for forfeiture of earnest money. The ZP incurred a total expenditure of Rs 18.50 lakh including payment of Rs 13.90 lakh to the contractor (last payment of Rs 7.21 lakh in June 2006). However, the *Artha, Sanstha, Unnayan O Parikalpana Sthayee Samiti* terminated (April 2007) the tender agreement without forfeiting earnest money of Rs 0.25 lakh. The remaining work was again taken up to be completed by July 2008 but remained incomplete as of February 2009.

The ZP admitted (February 2009) the fact and stated that the delay in construction was due to non-preparation of project report which led to confusion regarding stalls/shops.

Thus, due to non-preparation of the project report, the ZP failed to mobilise any resource even after incurring Rs 18.50 lakh on the market complex.

PANCHAYAT SAMITIS

5.5 Unfruitful expenditure of Rs 1.30 crore on incomplete development works

According to Rule 19(2) of the West Bengal Panchayat (ZP & PS) Accounts & Financial Rules, 2003, PS should not take up any development work without identifying the funds for meeting the liability for the work. Test

⁵³ August 2006, i.e., following month of completion of only bridge (July 2006) to January 2009.

Developmental works remained incomplete for two to seven years due to paucity of funds

check in audit during May 2007 to March 2008 revealed that eight PSs⁵⁴ had undertaken eight works for rural infrastructural development without ensuring adequate funds for the works. Consequently, the works on which Rs 1.30 crore was spent during April 2000 to May 2005 remained incomplete for two to seven years, blocking Rs 1.30 crore, which remained unfruitful.

All PSs admitted (between May 2007 and March 2008) the facts and added that the works could not progress due to paucity of funds.

MATHABHANGA-I PANCHAYAT SAMITI

5.6 Unfruitful Expenditure of Rs 25.43 lakh

Flood rescue centres and primary schools remained incomplete since 2001-02 rendering expenditure of Rs 25.43 lakh unfruitful

To address the acute need of having rescue centres for flood victims and accommodation for primary schools, Cooch Behar ZP allotted Rs 2.18 crore to Mathabhangar-I PS for construction of 60 Anganwadi Centres, 18 Primary Schools and eight Flood Rescue Centres cum Primary Schools (FRCPSs) between 2001-02 and 2008-09. The PS had spent Rs 1.80 crore as of November 2008 leaving Rs 38.20 lakh un-spent due to non-completion of nine⁵⁵ Primary Schools and six FRCPSs⁵⁶ which were discontinued by contractors after incurring an expenditure of Rs 25.43 lakh between December 2002 and 2003.

Audit scrutiny of the records of the 15 incomplete works revealed that the PS had issued (February 2004) fresh work order through re-tender for only one work and cancelled the work orders of the other works in October 2004 without imposing any penalty on the defaulting contractors. The PS could issue fresh work orders for another three works only in October 2008. As of February 2009, none of the 15 unfinished works was completed. The PS stated (February 2009) that the works could not be completed due to non-availability of funds and revision of estimates. The reply was not acceptable as Rs 38.20 lakh had remained unspent.

Thus, the inability of the PS to manage the works and take appropriate action against the contractors in time resulted in works remaining incomplete even after lapse of six and half years, rendering the expenditure of Rs 25.43 lakh incurred on the incomplete works unfruitful and depriving the people of the benefits of schools and FRCPSs.

⁵⁴ Habra-I (Rs 9.84 lakh for flood rescue centres at Rudrapur kashipur IP School, Saula Bonagachi IP School and Kuchlia IP School); Harischandrapur-II (Rs 22.24 lakh for Construction of Community Hall); Jhargram (Rs 9.90 lakh for Construction of Community Hall); Kulpi (Rs 4.24 lakh for Construction of market complex); Mayureswar-I (Rs 9.61 lakh for Construction of Community Hall); Mejia (Rs 12.90 lakh for bridge); Patashpur-I (Rs 8.88 lakh for Construction of Community Hall) and Taldangra (Rs 51.92 lakh for Construction of Community Hall) = **Rs 129.53 lakh, say, Rs 1.30 crore.**

⁵⁵ Bhangamore No-II AP school (Rs 2.36 lakh); Khaterbari GP school (Rs 2.36 lakh); Goribpur 4th plan PS (Rs 2.36 lakh); Ichhaganj GP school (Rs 1.34 lakh); Giladanga GP school (Rs 1.33 lakh); Choto Kesharibari GP school (Rs 1.38 lakh); Satgaon AP school; Kalirhat 4th PS & Barakhalishamari newly set up PS (Rs 2.37 lakh).

⁵⁶ Rangapani Balashi PS (Rs 0.94 lakh); Uttar Daibhangi Spl. Cader PS (Rs 2.41 lakh); Belta Para PS (Rs 1.40 lakh); Barodola Khaterbari GP School (Rs 2.41 lakh); Fakirerkuthi 4th plan PS (Rs 3.59 lakh) & Barakhalishamari AP school (Rs 1.18 lakh) = **Rs 25.43 lakh.**

MURSHIDABAD ZILLA PARISHAD**5.7. Gross inefficiency in allotment and rent collections from stalls at Murshidabad**

Murshidabad ZP constructed 74 stalls in two market complexes at Kandi (58) and Panchanantala (16) in November 2002 and July 2004 respectively at a total cost of Rs 59.07 lakh out of Tenth Finance Commission Grants.

Thirty nine out of 74 stalls could not be leased out

Audit scrutiny revealed that the ZP was able to lease out only 35 stalls (30 in November 2002 and subsequently five stalls) at Kandi and 23 stalls could not be leased out despite several attempts. In respect of 16 stalls at Panchanantala, several steps by the ZP to allot the stalls were in vain. It was also not evident from the available record that the ZP had conducted any demand survey before initialising the project.

Rent of Rs 12.11 lakh from leased out stalls could not be realised due to conflicting clauses in lease agreement

The ZP collected Rs 10.15 lakh as one-time deposit from stall holders at Kandi but could not realise any rent from them due to high rate of rent and also dispute on the lease agreement which contained conflicting clauses – one stating that the deposit paid by the lessee was non-refundable while the other stated that the amount was refundable through deduction of the monthly rent. The ZP has not been able to resolve the matter since then. The unrealised rent from November 2002 to December 2008 amounted to Rs 12.11 lakh.

Thus, due to gross inefficiency in allotment and rent collection in respect of the stalls even after incurring expenditure of Rs 59.07 lakh, the ZP failed to augment its own fund. Besides, rent of Rs 12.11 lakh remained outstanding from the stall holders.

UTTAR DINAJPUR ZILLA PARISHAD**5.8 Injudicious purchase of Pre-stressed Cement Concrete Poles**

Procurement of PCC poles without assessment of requirements resulted in non-utilisation of huge PCC poles valuing Rs 58.67 lakh for two and half years

For implementation of rural electrification schemes funded by the West Bengal Rural Energy Development Corporation Ltd. (WBREDCL), Uttar Dinajpur ZP placed work orders in February 2006 to two contractors for manufacture and delivery of 3,000 Pre-stressed Cement Concrete (PCC) poles at a total cost of Rs 37.07 lakh each with the stipulation to complete delivery of materials within two months from the date of starting production in February 2006.

The ZP placed the work orders without assessing the requirement of poles based on the number of mouzas to be electrified, and the extent of electrification. Consequently, the ZP could not utilise all the 5,940 poles purchased for Rs 99.36 lakh between April and December 2006. The Stock Balance statement revealed that the ZP had not even lifted 3,856 poles from the Stock Yard of the manufacturers as of August 2006.

In July 2007, the WBREDCL requested the ZP to close the pending works and transfer the excess materials to the newly constituted West Bengal State Electricity Distribution Company Ltd (WBSEDCL). As of December 2008, the ZP had utilised 1,989 poles and was left with a balance of 3,466 poles excluding 485 poles that were lifted by the WBSEDCL.

Thus, injudicious decision of the ZP for manufacturing PCC poles without assessing the requirement resulted in non-utilisation of PCC poles for more than two and half years as of December 2008 and blocking of Rs 58.67 lakh towards cost of 3,466 PCC poles.

While admitting (January 2009) the fact, the ZP could not provide the details of the mouzas or the beneficiaries proposed to be benefited, indicating that the purchase had been made in an irresponsible manner without a proper plan of implementation.

KEDARCHANDPUR-II GRAM PANCHAYAT

5.9 Avoidable excess expenditure of Rs 20.45 lakh

Kedarchandpur-II GP under Nowda PS of Murshidabad District incurred expenditure of Rs 27.92 lakh during 2006-07 for plantation of 3,907 fruit bearing plants covering 14.1048 hectare under NREGS.

Excess expenditure of Rs 20.45 lakh incurred due to inflated estimation of works

According to Schedule of Works for rural employment programmes issued by the P&RDD (December 1999), the required mandays for protection of plantation works and fencing to protect the seedlings against grazing should be 10 mandays and 44.6 mandays per hectare respectively. Audit scrutiny revealed that both the items as estimated by the GP were inflated and shown as 2,000 mandays and 186.5 mandays *per* hectare respectively. No technical vetting was done before commencement of the work. Further, the GP splitted the entire work into small parts in order to avoid technical vetting by the higher authority. As a result, the GP engaged 30,841 mandays⁵⁷ for the works against stipulation of 770 mandays⁵⁸ for both the items and incurred excess expenditure of Rs 20.45 lakh⁵⁹. In reply, the GP admitted the fact (February 2009).

Thus, in absence of technical vetting of the competent authority, the GP incurred an excess expenditure of Rs 20.45 lakh on plantation works under NREGS. Hence, the possibility of potential malpractice and undue favour cannot be ruled out.

PANCHAYAT SAMITIS

5.10 Works executed/materials procured valued Rs 3.86 crore without tenders

According to the West Bengal Panchayat (ZP & PS) Accounts and Financial Rules, 2003⁶⁰, PS should invite sealed tender when the estimated amount for the materials to be procured or work to be executed exceeds rupees twenty thousand.

⁵⁷ Area: 14.1048 hectare x 2,186.5 mandays (Protection of plantation: 2,000 mandays/ hectare *plus* fencing protection: 186.5 mandays/ hectare) = **30,841 mandays**.

⁵⁸ Protection of plantation: 141 mandays (10 mandays/ hectare x Area: 14.1048 hectare) *plus* fencing protection: 629 mandays (44.6 mandays/ hectare x 14.1048 hectare) = **770 mandays**.

⁵⁹ Calculated on the prevalent rate of wages of Rs 68 per mandays x excess mandays consumed i.e. (30,841-770) mandays i.e. 30,071 mandays = **Rs 20.45 lakh**.

⁶⁰ Rules 91(3) and 93.

Irregular purchase of material valuing Rs 3.86 crore without inviting tender

Test check in audit revealed that in contravention of the aforesaid provision of Rules, eight PSs executed works and purchased materials valuing Rs 3.86 crore⁶¹ without floating tenders during the period from 2004-07.

When pointed out, six PSs⁶² admitted the fact. Joynagar-I PS stated (March 2008) that no tender was required for purchase from Government approved manufacturer which was not acceptable as there was no such provision in the Rules. Bamangola PS did not furnish any reply.

Due to non-floating of tenders, these PSs could not get the benefit of competitive and the most economical rate in spending public money, besides rendering the process non-transparent.

5.11 Conclusion and Recommendations

Conclusion :

Schemes/works were undertaken without ensuring adequate funds, and without preparation of project reports. The PRIs failed to take timely action to complete the works. Stores were purchased without assessing requirement. The existing procedures for procurement of supplies were not followed. In some cases, assets created could not generate the intended benefit.

Recommendations :

- Compliance with the relevant rules should be effectively monitored and enforced through accountability.
- Steps should be taken to prevent irregularities in tendering and unnecessary purchases. Need based procurement and competitive prices should be ensured.

⁶¹ Suri-I (Rs 4.42 lakh); Diamond Harbour-I (Rs 9.32 lakh); Joynagar-I (Rs 3.69 lakh); Joynagar-II (Rs 4.20 lakh); Chanchal-I (Rs 32.87 lakh); Ratua-I (Rs 103.63 lakh); Bamangola (Rs 120.32 lakh) and Old Malda (Rs 107.55 lakh)=**Rs 386 lakh, say, Rs 3.86 crore.**

⁶² Suri-I, Diamond Harbour-I, Joynagar-II, Chanchal-I, Ratua-I and Old Malda.

CHAPTER-6

Other Issues

MURSHIDABAD ZILLA PARISHAD

6.1 Mismanagement of health facility at Murshidabad

For catering to the health needs of the lower and middle class, Murshidabad ZP spent Rs 3.59 crore (March 2003) on 'Rabindranath Thakur Diagnostic and Medical Care Centre', a joint venture of the ZP and Hospital Management Consultancy Service (HMCS), a unit of Asia Heart Foundation (AHF).

The ZP entered into an agreement (July 2004 and March 2005) with Asia Healthcare Development Private Limited (AHD), for running the facility on the condition that the ZP would hand over the land, building and all other immovable assets to the AHD for a period of 21 years on payment of lease rent of 12.5 *per cent* for the first two years and 15 *per cent* for next 19 years on the total collection of the Centre after deducting the doctors' fees, cost of medicines and consumables. In turn, AHD would run the Centre by providing treatment facilities and bear all running and maintenance expenses. The ZP had the right to inspect the books of accounts of the establishment and take over possession of the Centre and terminate the occupancy, if the payment was pending for four months.

ZP never inspected the books of accounts of medical centre

Scrutiny of records revealed that the ZP had never inspected the books of accounts of the Centre and there was no assurance that the rent paid was related to the collection of the Centre. A difference of Rs 23.88 lakh in total collection during 2005-08 was noticed between the chartered accountant's report and statement of income and expenses as submitted by AHD to the ZP. The veracity of expenses regarding doctors' fees, cost of medicines and consumables could not be verified in absence of details in the chartered accountant's report. The ZP had received only Rs 4.16 lakh from AHD during October 2004 to March 2008. Failure of the ZP to thoroughly scrutinise the books of accounts of AHD led to a situation where the ZP had to be content with only 0.76 *per cent*⁶³ of projected returns and that too over a longer period of time than projected.

Karmadhyakshas expressed concern at the working of AHD

Further, *Karmadhyakshas* of *Janasasthya O Paribesh*, *Khudra Shilpa*, *Bidyut O Achiracharit Shakti* and *Bon O Bhumi Sanskar Sthayee Samitis* expressed their displeasure on the workings of AHD. Consequently, the *Karmadhyaksha* of *Janasasthya O Paribesh Sthayee Samiti* of the ZP visited the Centre and also expressed deep concern (January 2008) regarding poor maintenance of the valuable apparatus, attendance to the patients, inferior

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(Rupees in lakh)			
Period	Projected inflow	Actual inflow statement as furnished by AHD	Percentage of actual inflow on projected inflow
2004-06	151.59	0.54	
2006-07	105.02	1.41	
Total	256.61	1.95	0.76

quality of food served to the patients etc. But, the ZP took no step against AHD as of February 2009.

Health care facility centre created at a cost of Rs 3.59 crore could not achieve the aim of providing health care

Thus, the aim of providing adequate health care facilities to the rural people was not achieved due to inaction and mismanagement of the ZP. Moreover, the ZP also failed to ascertain its share of revenue earned from the centre due to non-inspection of the accounts of AHD.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

6.2 Unrealised revenues of Rs 2.55 crore

Test check of records of eight ZPs and 23 PSs during April 2007 to March 2008 revealed that these PRIs had unrealised revenue of Rs 2.55 crore on account of rent of shops, lease of *ferry ghats* and *bundhs* (as detailed in the **Appendix- XLV**). In some cases, rent had remained unrealised from as far back as 1992.

PRIs failed to realise revenue of Rs 2.55 crore

When pointed out, North 24 Parganas and Jalpaiguri ZPs stated (August 2007 and December 2007 respectively) that reminders had been issued to collect the arrears. Purulia and Dakshin Dinajpur ZPs intimated (September 2007 and January 2008 respectively) that efforts were being made to realise the arrear rent. Purba Medinipur ZP stated (February 2008) that demand could not be sent due to lack of infrastructure. Bankura ZP did not specify (July 2007) any reason for non-realisation. Other two ZPs, i.e., South 24 Parganas and Malda, did not furnish reply.

There was nothing on record to indicate that the PSs had taken any action to realise the dues from defaulters. All the PSs except Illambazar PS admitted the fact.

The inability of the ZPs and PSs to augment their resources by realising outstanding revenues resulted in continued dependence on grants for their functioning, and adversely affected their ability to undertake their mandated activities.

MURSHIDABAD AND HOOGHLY ZILLA PARISHADS

6.3 Blocking up of loan of Rs 3.98 crore and unauthorised retention of interest of Rs 36.41 lakh

The Credit-cum-Subsidy Scheme for rural housing to facilitate construction of houses for economically weaker sections is a part credit (80 *per cent*) and part subsidy (20 *per cent*) scheme. In terms of the scheme, the Housing and Urban Development Corporation (HUDCO) would provide the loan component with interest payable quarterly by the State Government. The Central and State Governments would share the subsidy amount on 75:25 basis.

Loan amounting to Rs 3.98 crore for rural housing neither utilised nor refunded. Interest of Rs 36.41 lakh received from PSs was retained by Murshidabad ZP

Under the scheme, Murshidabad ZP received a loan of Rs 5.58 crore and subsidy of Rs 1.40 crore between January 2002 and September 2002 through the State Government. Audit scrutiny revealed that the ZP did not pass on the entire amount to the PSs and retained Rs 3.20 crore (loan) and Rs 79.99 lakh (subsidy). Further, the ZP also retained interest received from PSs amounting to Rs 36.41 lakh during the period from January 2005 to July 2007. Similarly, Hooghly ZP received through the State Government a loan of

Hooghly ZP retained loan and subsidy of Rs 97.21 lakh

Rs 2.94 crore and subsidy of Rs 73.56 lakh in September 2002. The ZP passed on the amount to three PSs between February 2003 and September 2003. Audit scrutiny revealed that the ZP retained Rs 77.77 lakh (loan) and Rs 19.44 lakh (subsidy), refunded by two PSs in April 2005. Both the ZPs retained loan amount and neither disbursed unutilised subsidy amounts to GPs nor refunded unutilised loan to HUDCO despite the directions of the P&RDD (February 2005) to refund unutilised loan amount to HUDCO and to disburse unutilised subsidy amount to GPs in accordance with the guidelines of IAY.

Both Murshidabad ZP (December 2007) and Hooghly ZP (January 2009) admitted the facts.

Thus, the blocking of loan amount of Rs 3.98 crore by the two ZPs not only frustrated the objective of the scheme but also burdened the State Government with unnecessary interest of Rs 1.92 crore⁶⁴. Besides, Murshidabad ZP also unauthorisedly retained interest of Rs 36.41 lakh received from PSs which was to be refunded to the State Government.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

6.4 Non-utilisation of grants of Rs 9.10 crore for long period

Grants received by ZPs and PSs are required to be utilised within a specific period and a certificate of utilisation has to be furnished to the grantor.

PRIs failed to utilise development grants of Rs 9.10 crore for more than three to 10 years

Test check in audit during the year 2007-08 revealed that eight ZPs⁶⁵ and eight PSs⁶⁶ could not utilise Rs 9.10 crore available under 90 grants for period ranging from three years to more than 10 years. This included Rs 5.87 crore remaining unutilised for three-five years⁶⁷, Rs 3.03 crore for 5-10 years⁶⁸ and Rs 0.20 crore for more than 10 years⁶⁹.

When pointed out, Cooch Behar, North 24 Parganas and Purba Medinipur ZPs stated that action would be taken to utilise the unspent funds. Uttar Dinajpur ZP stated that funds could not be utilised due to delayed receipt of funds and election works but did not indicate specific plans for spending the funds. Other ZPs did not furnish reply.

Khatra and Pursurah PSs stated that steps would be taken to utilise grant. Goghat-I PS stated that the grants were received at the end of the year, hence could not be utilised. Gosaba and Nandakumar PSs cited various

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ZP	(Rupees in crore)	
	Loan amount retained	Interest burdened
Murshidabad	3.20	1.63
Hooghly	0.78	0.29
Total	3.98	1.92*

* Murshidabad ZP: Rs 3.20 crore x 61/12 months (October 2002 to November 2007) x 10 per cent and Hooghly ZP: Rs 77.77 lakh x 44/12 months (May 2005 to December 2008) x 10 per cent = **Rs 1.92 crore.**

⁶⁵ Malda; Purba Medinipur; Cooch Behar; North 24 Parganas; Mursidabad; Purulia; Uttar Dinajpur and Howrah.

⁶⁶ Khatra ; Goghat-I; Pursurah; Gosaba; Nanadakumar; Rampurhat-I; Pandua and Raipur PS.

⁶⁷ Purba Medinipur ZP (Rs 0.60 crore); North 24 Parganas ZP (Rs 0.12 crore); Mursidabad ZP (Rs 0.72 crore); Purulia ZP (Rs 0.57 crore); Uttar Dinajpur ZP (Rs 2.60 crore); Howrah ZP (Rs 0.60 crore); Khatra PS (Rs 0.23 crore); Goghat-I PS (Rs 0.22 crore); Pursurah PS (Rs 0.11 crore); Gosaba PS (Rs 0.07 crore) and Nanadakumar PS (Rs 0.03 crore) = **Rs 5.87 crore.**

⁶⁸ Malda ZP (Rs 0.60 crore); Cooch Behar ZP (Rs 0.26 crore); North 24 Parganas ZP (Rs 1.80 crore); Gosaba PS (Rs 0.26 crore); Rampurhat-I PS (Rs 0.01 crore); Pandua PS (Rs 0.05 crore) and Raipur PS (Rs 0.05 crore)= **Rs 3.03 crore.**

⁶⁹ North 24 Parganas ZP (Rs 0.20 crore).

reasons like non-availability of land, non-participation in tender etc. for non-utilisation, while Rampurhat-I PS attributed it to non-finalisation of the site. Pandua and Raipur PSs stated that funds would be refunded.

The inability of the ZPs and PSs to spend the funds for several years indicated that the ZPs and PSs were not in a position to implement the schemes/grants and the funds were being released without properly assessing the implementation capacity. The State Government needed to strengthen the monitoring mechanism for the utilisation of the grants and encourage capacity building in these institutions to enable them to implement the projects/schemes.

BARDHAMAN ZILLA PARISHAD

6.5 Abandonment of schemes (Rs 1.11 crore) and refund of Rs 1.47 crore under RIDF due to poor absorption capacity

The schemes under RIDF, selected and implemented by ZPs/MP, are meant for development of infrastructure in rural areas with due technical and financial approval of the State Government and the National Bank for Agricultural and Rural Development (NABARD). The Government provides funds to ZP by drawing interest bearing loan from the NABARD for specified development works under separate heads (i.e. RIDF-I, RIDF-II, RIDF-III and so on). The release orders also specifically contain the condition that the funds should be utilised by ZP for the purpose for which it is allotted.

Non-refund of idle funds of abandoned RIDF schemes led to avoidable interest burden of Rs 0.90 crore

(i) Bardhaman ZP received total grant of Rs 1.13 crore in January 2001 for completion of balance works under RIDF-II. But, the ZP could utilise only Rs 0.02 crore for the purpose and took a decision to abandon the schemes and to refund Rs 1.11 crore to the State Government (July 2008), after lapse of a period of more than seven years. But the funds remained lying with the ZP, as of January 2009. Moreover, Rs 62.77 lakh was diverted to Paddy Procurement Accounts (February 2007) without any approval of the State Government which was replenished in July 2007. This resulted in blockage of Rs 1.11 crore for long period for which the State Government would have to bear interest of Rs 0.90 crore⁷⁰.

Unutilised RIDF funds not refunded for 15 months leading to unnecessary interest burden of Rs 0.16 crore

(ii) The ZP received grant of Rs 3 crore in March 2004 under RIDF-VI towards execution of different schemes sanctioned by the NABARD. The ZP could utilise only Rs 1.53 crore and instead of executing the sanctioned schemes, refunded Rs 1.47 crore to the State Government in June 2005 after a lapse of 15 months. This deprived rural population of the benefit of the programme and also burdened the State Government with unnecessary interest of Rs 0.16 crore⁷¹.

The ZP stated (January 2009) that the RIDF-II amount remained unutilised because a decision to abandon the schemes had been taken and that the same would be refunded to the State Government immediately after ascertaining the proper Head of Account.

⁷⁰ Interest: 2002-2009 (December 2008): Rs 1.11 crore x 12 per cent x 81/12 months (seven years and nine months) = **Rs 0.90 crore.**

⁷¹ Interest: (April 2004 to June 2005) : Rs 1.47 crore x 8.5 per cent x 15/12 years = **Rs 0.16 crore.**

Thus, lack of monitoring on the part of the P&RDD, selection of schemes without proper assessment of needs and poor absorption capacity of the ZP for RIDF resulted in blockage of funds for long periods and burdening the state exchequer with unnecessary interest.

HOOGLY ZILLA PARISHAD

6.6 Loss of Rs 1.45 crore due to non-imposition of water charge

Loss of Rs 1.45 crore on account of non-imposition of water charge

Hooghly ZP constructed 23 *boro bundhs* at Khanakul-I and Khanakul-II PSs at an expenditure of Rs 99.38 lakh out of SGRY funds during 2006-07. The *bundhs* were to provide irrigation to 17,990 acres. The ZP was to collect water charges from the beneficiaries at the rate of Rs 816 *per* acre. Audit scrutiny revealed that the ZP did not impose and collect water charge and thus lost Rs 1.45 crore⁷² of revenue during 2006-07.

When pointed out, the ZP admitted (January 2009) that no water charge was imposed but did not spell out any plans to collect the amount.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

6.7 Unproductive Market Complexes and Other Assets valuing Rs 1.75 crore

Market complexes and other assets constructed at a cost of Rs 1.75 crore could not be put to use for a period ranging from one to 12 years

PRIs utilise development funds for improvement of rural infrastructure and creation of remunerative assets viz. market complex, bus terminus, community hall etc. for augmentation of their resources.

Test check in audit between June 2007 to March 2008 revealed that most of the stalls/shops in six market complexes and in one bus terminus, two staff quarters and 12 sheds constructed between 1995 and November 2007 at a total cost of Rs 1.75 crore⁷³ by two ZPs and six PSs had remained un-utilised for periods ranging from one year to 12 years. There was no record to show that demand surveys were conducted before taking up construction of those works.

Audit scrutiny revealed that Malda and North 24 Parganas ZPs and Goalpokhar-I, Mejia and Onda PSs could not allot stalls/shops due to local disturbance, unwillingness of beneficiaries, inaction in distribution, illegal occupation and non-response respectively as well as un-authorized encroachment. North 24 Parganas ZP and Goalpokhar-I and Onda PSs admitted the facts (July, November and June 2007 respectively). Mejia PS stated (June 2007) that market could be utilised after upgradation. Malda ZP did not furnish reply.

Jalpaiguri Sadar and Nabadwip PSs could not put to use their newly constructed staff quarters and admitted (March 2008 and July 2007 respectively) the fact. They stated that the staff quarters could not be allotted due to absence of demarcation and on grounds of safety.

⁷² Rs 816 x 17,790 acre (benefited area) = Rs 1.45 crore.

⁷³ Goalpokhar-I PS (Rs 16.52 lakh for market complex at Nandajhar Hat); Jalpaiguri Sadar PS (Rs 9.21 lakh for Staff quarters); Kaliaganj PS (Rs 11.58 lakh for 12 sheds at Dhukurjhari and Ratan Hat); Mejia PS (Rs 8.45 lakh for market complex at Mejia Bazar); Nabadwip PS (Rs 14.11 lakh for staff quarters); Onda PS (Rs 10.99 lakh for market complex); Malda ZP (Rs 19.13 lakh for bus terminus at Bulbulchandi) and North 24 Parganas ZP (Rs 84.51 lakh for market complexes at Saralpul and Machhalandapur) = Rs 174.50 lakh, Say, Rs 1.75 crore.

Kaliaganj PS admitted (March 2008) that sheds for SGSY beneficiaries remained un-utilised on account of their non-suitability and added that the sheds would be made suitable on receipt of more funds.

Thus, the assets, created at an expenditure of Rs 1.75 crore, could not generate the intended revenue and the entire expenditure remained unfruitful.

JALPAIGURI ZILLA PARISHAD

6.8 Non-realisation of revenues amounting to Rs 36.40 lakh

Jalpaiguri ZP entered into an agreement with Judicial Department (JD), Government of West Bengal (March 2004) for letting out the Sadar Dak Bungalow along with adjoining quarters and land for housing the temporary Circuit Bench of the Hon'ble Kolkata High Court. The terms and conditions required the JD to pay for additions and alteration in addition to a monthly rent of Rs 0.91 lakh. The agreement was valid for two years from March 2004 and was renewable on such enhanced rent as assessed by the Land Acquisition Collector, Jalpaiguri.

**Rent
(Rs 36.40 lakh) and
other dues
(Rs 5.89 lakh)
remained
unrealised for long
period**

Scrutiny of records revealed that the ZP had not taken any step to enhance the rate of rent or to renew the agreement after its expiry (March 2006). The ZP could only realise rent of Rs 15.47 lakh for April 2004 to August 2005 out of a total demand of rent of Rs 51.87 lakh upto December 2008. Besides, the ZP did not get reimbursement of Rs 5.89 lakh from the JD which was paid (December 2004) to the Executive Engineer, Public Works Department, Jalpaiguri Construction Division for construction of a Bungalow and which was not payable by the ZP as per terms and conditions. After the matter was pointed out, the ZP took up the matter with the JD in January 2009.

Thus, lack of timely action deprived the ZP of its legitimate revenue that could have been used for discharging its responsibilities.

PANCHAYAT SAMITIS

6.9 Avoidable expenditure of Rs 35.73 lakh on engagement of excess Sahayikas in Shishu Shiksha Kendras (SSK) under Shishu Shiksha Karmasuchi

**Rupees 35.73 lakh
was incurred on
212 nos of excess
Sahayikas**

For imparting primary education to children of five to nine years Government of West Bengal introduced the *Shishu Shiksha Karmasuchi* (an alternative Parateacher scheme) in the year 1997-98 with the objective of providing primary educational facilities to students living in areas without access to formal education system. According to the guidelines, number of *Sahayikas* to be engaged to teach children would depend on number of learners. The guidelines state that, the 3rd and 4th *Sahayikas* can be engaged in SSKs under *Shishu Shiksha Karmasuchi* only when the number of learners exceeds 80 and 120 respectively.

Audit scrutiny revealed that three PSs incurred an expenditure of Rs 35.73 lakh in excess of requirement in different SSKs on payment of honorarium to 212 surplus *Sahayikas*, as detailed below:

(Rupees in lakh)

Name of PS	Name of the district	Year	No. of students	No. of SSKs	No. of <i>Sahayikas</i> engaged	No. of <i>Sahayikas</i> entitled	Excess no. of <i>Sahayikas</i>	Expenditure
Patharpratima	South 24 Parganas	2004-07	3,099	33	127	92	35	14.70
Balurghat	Dakshin Dinajpur	2006-07	3,007	44	148	97	51	6.12
Panskura-I	Purba Medinipur	2005-07	4,207	53	388	262	126	14.91
Total			10,313	130	663	451	212	35.73

When pointed out, the PSs admitted the fact but did not indicate whether any corrective action had been taken.

BOLPUR SRINIKETAN PANCHAYAT SAMITI

6.10 Avoidable liability of Rs 43.37 lakh for maintenance of water supply project

The Bolpur Water Supply Division, PHE Directorate, handed over the distribution system of water supply project⁷⁴ to Bolpur Sriniketan PS in September 2002. The PS was to pay the water charges to Bolpur Mechanical Division and to recover the amount from beneficiary GPs. User Committees were to be formed to collect water charges from User Groups.

Non-realisation of water charges from beneficiaries led to avoidable liability of Rs 43.37 lakh

Scrutiny of records revealed that the envisaged User Groups had not been formed to collect the water charges. The PS had no information regarding the total demand, receipt and outstanding amount of water charges and was accepting money from GPs without verification. According to the estimate prepared by the PS (June 2006), only 50 *per cent* of total demand could be raised by GPs. As of June 2007, the PS had total fund of Rs 51.32 lakh against which the accrued liability, payable to Bolpur Mechanical Division, amounted to Rs 82.90 lakh, implying a difference of Rs 31.58 lakh in collection. As of May 2008, the liability had increased to Rs 94.69 lakh raising the deficit to Rs 43.37 lakh. When pointed out in Audit (January 2009), the PS assured to take positive action regarding collection of water charges but did not provide any further details.

Thus, due to mismanagement and failure to take timely action, the PS was incurring avoidable liability which would increase further if timely corrective action is not taken.

⁷⁴ The project was providing drinking water through 2,383 single and 129 multiple connections in domestic segment and 34 commercial connections, 909 tube wells and 443 stand posts to the consumers within six GPs.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

6.11 Financial indiscipline in ensuring adjustment of advances

Rule 38 (3) of the West Bengal Panchayat (ZP & PS) Accounts and Financial Rules, 2003, (hereinafter referred to as “Rules”) requires that adjustment of advance should be realised within a reasonable time not exceeding 30 days.

Audit scrutiny during June 2007 to March 2008 revealed that Rs 17.34 crore⁷⁵ advanced by nine⁷⁶ ZPs and 14⁷⁷ PSs up to March 2007 had remained unadjusted after expiry of 30 days in contravention of the Rules.

Advance of Rs 1.03 crore (paid during 1990-95) remained un-adjusted in Bardhaman ZP

In Bardhaman ZP, advances of Rs 1.03 crore paid to five⁷⁸ companies/suppliers for supply of bitumen and cement during the years from 1990-95 remained un-adjusted as of July 2007. The ZP admitted (July 2007) the fact but did not furnish any reasons.

Purulia & Jalpaiguri ZPs paid second & third advances without adjusting first advance

Purulia and Jalpaiguri ZPs paid advances for second and third time to the same person contrary to Rule 38(5) of the aforesaid Rules that further advance shall not be granted to the same individual until the previous advance has been fully adjusted. Total outstanding of such advances was Rs 2.11 crore (60 persons) in Purulia ZP and Rs 6 lakh (eight persons) in Jalpaiguri ZP. Jalpaiguri ZP stated (December 2007) that Rs 66.27 lakh had been adjusted in 2007-08 and effective steps would be taken to get the remaining advances adjusted.

Birbhum ZP did not maintain accounts of un-adjusted advances

Birbhum ZP did not maintain details of the un-adjusted advances until June 2006, when accounts prepared by a CA firm showed total un-adjusted advances of Rs 2.68 crore against which only Rs 0.85 lakh had been adjusted during the years 2005-07. The ZP did not furnish any reasons for the huge outstanding advances.

Murarai-II, Mangalkote, Patrasayer, Suri-I, Bharatpur-I, Kaliaganj, Ratua-I, Hemtabad, Jangipara and Mejia PSs while admitting the position stated that the advances would be adjusted as soon as possible. Dubrajpur PS stated that advance could not be adjusted despite issuing reminders. Suri-II PS stated that adjustment would be shown to next audit. Khanakul-I and Rajganj PSs admitted the position but did not furnish reasons for un-adjusted advances.

The matter was reported to the Government of West Bengal in February 2009. In reply, the Government intimated that Purulia ZP had adjusted (as of May 2009) an amount of Rs 1.47 crore against outstanding advances of Rs 3.68 crore.

⁷⁵ Rs 7.89 crore prior to 2005-06, Rs 2.95 crore (2005-06) and Rs 6.50 crore (2006-07)= **Rs 17.34 crore.**

⁷⁶ Bardhaman (Rs 1.85 crore); Birbhum (Rs 2.67 crore); Jalpaiguri (Rs 1.74 crore); Purulia (Rs 3.68 crore); South 24 Parganas (Rs 1.10 crore); North 24 Paraganas (Rs 0.13 crore); Malda (Rs 0.50 crore); Cooch Behar (Rs 0.06 crore) and Mursidabad (Rs 0.42 crore) =**Rs 12.22 crore.**

⁷⁷ Mangalkote (Rs 1.82 crore); Mejia (Rs 0.02 crore); Ratua-I (Rs 0.01 crore); Hemtabad (Rs 0.01 crore); Patrasayer (Rs 0.42 crore); Jangipara (Rs 0.28 crore); Khanakul-I (Rs 0.85 crore); Rajganj (Rs 0.90 crore); Kaliaganj (Rs 0.01 crore); Suri-II (Rs 0.12 crore); Dubrajpur (Rs 0.19 crore); Suri-I (Rs 0.04 crore); Bharatpur-I (Rs 0.22 crore) and Murarai-II (Rs 0.23 crore) =**Rs 5.12 crore.**

⁷⁸ Indian Oil Corporation/Hindusthan Petroleum Corporation (Rs 66.00 lakh); Birla Industries (Rs 8.18 lakh); Damodar Cement (Rs 15.37 lakh); Modi Cement (Rs 5.64 lakh) and Cement Corporation of India (Rs 8.19 lakh)= **Rs 1.03 crore.**

Thus, financial indiscipline like non-maintenance of advance accounts, non-maintenance of advance accounts holder wise, non-preparation of quarterly list of outstanding advance, non-review of advance accounts by competent authority regularly, laxity in getting adjustment of advance etc. resulted in huge accumulation advances of Rs 15.87 crore. It increased the risk of defalcation/misappropriation and pointed towards a collapse of the internal control mechanism. Procedure prescribed in the Rules regarding advance should be strictly followed to ensure timely adjustment of advance.

UTTAR DINAJPUR ZILLA PARISHAD

6.12 Avoidable interest burden due to unauthorised holding of development funds

The Public Works Department (PWD) placed Rs 39.80 lakh (January 2001) with Uttar Dinajpur ZP to meet the expenditure on schemes under RIDF-III. The conditions included that the amount should be utilised only for the sanctioned purpose and any savings would be surrendered to the PWD before March 2001.

Rupees 31.21 lakh were neither utilised nor refunded since 2001 thereby incurring avoidable interest burden of Rs 30.27 lakh

Audit scrutiny revealed that the ZP could utilise only Rs 8.59 lakh out of the said funds for construction of approach road in March 2002. Thereafter, the ZP neither utilised any further fund nor did it surrender the savings of Rs 31.21 lakh. The PWD also did not monitor the matter. After more than five years, the ZP sought permission for utilisation of the funds under RIDF-V (July 2006), on which the PWD sought clarification (March 2007) regarding reasons for excess demand and excess drawing of funds and reasons for holding unspent funds for such a long period without informing them.

The ZP admitted (February 2009) the fact and stated that a decision to utilise the funds had been taken in December 2008, pending approval of the PWD.

Thus, defying PWD's directives, the ZP withheld Rs 31.21 lakh, for more than eight years. As the funds had been borrowed from the NABARD, the lapses on the part of the ZP and the PWD burdened the State Government with avoidable interest of Rs 30.27 lakh⁷⁹ while the funds remained idle.

PANCHAYAT SAMITIS

6.13 Utilisation Certificates of Rs 8.70 crore not furnished

According to Rules⁸⁰ and guidelines for utilisation of grants, each GP is required to submit an Utilisation Certificate in June every year for the grant received during the previous financial year. PS is responsible for obtaining UC from GPs for onward transmission to the respective grantor⁸¹.

⁷⁹ Rs 31.21 lakh x 12 per cent x 97 months (February 2001 to February 2009) = **Rs 30.27 lakh.**

⁸⁰ Rule 15 of West Bengal Panchayat (GP Misc., Accounts & Audit) Rules, 1990.

⁸¹ Rule 36 (4) of West Bengal Panchayat (ZP & PS) Accounts & Financial Rules, 2003.

**Utilisation
Certificates of
funds worth
Rs 8.70 crore not
obtained from GPs**

Test check in audit between June 2007 and January 2008 revealed that 248 GPs did not furnish UCs for grants of Rs 8.70 crore received from 30 PSs during 2002-07 for implementation of various schemes and programmes. In absence of UCs, there was no assurance whether the grants had been utilised for the purpose for which these were sanctioned.

When pointed out, 24 PSs⁸² admitted (July 2007-January 2008) the fact and stated that UCs would be collected from the defaulters, six PSs⁸³ did not furnish any reply.

6.14 Conclusion and Recommendations

Conclusion :

Inability of the PRIs to augment their own resources by realising outstanding revenues resulted in their continued dependence on grants, adversely affecting their ability to undertake mandated activities. Lack of monitoring on part of the P&RDD, selection of schemes without proper assessment of needs and poor implementation capacity of PRIs resulted in blockage of funds for long periods. Financial indiscipline like non-maintenance of accounts for advances, non-preparation of quarterly list of outstanding advance, non-review of advance accounts regularly, laxity in getting adjustment of advance etc. resulted in huge accumulation of advances.

Recommendations :

- The State Government needed to strengthen the monitoring mechanism for the utilisation of the grants and encourage capacity building in these institutions to enable them to implement the projects/ schemes.
- Procedure prescribed in the Rules regarding advance should be strictly adhered so as to ensure timely adjustment of advance. Laxity in respect of timely monitoring and adjustment of advance should be viewed seriously and proper maintenance of records and adjustment for all advances should be ensured.

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(Rupees in lakh)

Sl. No.	Name of PS	Amount	Sl no.	Name of PS	Amount	Sl no.	Name of PS	Amount	Sl no.	Name of PS	Amount
1.	Simlupal	4.88	2.	Bamangola	91.56	3.	Bharatpur-I	30.20	4.	Andal	20.59
5.	English-Bazar	86.64	6.	Ratua-II	49.46	7.	Barackpore-I	7.54	8.	Harishchandrapore-II	41.46
9.	Chanchal-II	73.30	10.	Ratua-I	13.69	11.	Raiganj	25.79	12.	Khanakul-I	25.96
13.	Gangajalghati	6.76	14.	Alipurduar-II	11.82	15.	Rajarhat	0.82	16.	Balagarh	6.94
17.	Panskura-I	8.32	18.	Kultali	9.61	19.	Jhargram	22.32	20.	Bashirhat-II	10.34
21.	Canning-I	17.28	22.	Mathurapur-I	10.79	23.	Balurghat	115.89	24.	Raninagar-I	12.20
Total = Rs 704.16 lakh											

⁸³ Bishnupur (Rs 24.89 lakh), Joypur (Rs 20.90 lakh), Canning-II (Rs 8.53 lakh), Habra-II (Rs 10.58 lakh), Barasat-I (Rs 27.82 lakh) and Falta (Rs 72.69 lakh) = **Rs 165.41 lakh (Grand Total)**.

- To avoid wasteful expenditure and blocking of funds, incomplete works should be taken up for completion under a time-bound schedule on priority basis before taking up new works.
- Assessment of grants should be a time-bound programme so that unutilised balances could be refunded promptly.

Kolkata,
The

(Bijit Kumar Mukherjee)
Examiner of Local Accounts
West Bengal

COUNTERSIGNED

Kolkata,
The

(A. Roychoudhury)
Accountant General
(Receipt, Works and Local Bodies Audit)
West Bengal

Appendix-I
(Reference : Paragraph 2.1)

GPs that did not prepare annual accounts for the year 2006-07

(Rupees in lakh)

Sl. No.	Name of GPs	Controlling ZP/District	Transaction as per cash book	
			Total Receipt	Total Expenditure
(1)	Barikul	Bankura	39.38	25.89
(2)	Khanrari	Bankura	35.25	23.98
(3)	Amarun-I	Bardhaman	23.68	21.61
(4)	Eruar	Bardhaman	57.22	40.34
(5)	Jashpur	Birbhum	125.72	116.08
(6)	Kapista	Birbhum	63.41	52.78
(7)	Deocharai	Cooch Behar	64.79	52.79
(8)	Mahiskuchi-I	Cooch Behar	48.70	39.16
(9)	Rampur II	Cooch Behar	106.16	51.98
(10)	Hazratpur	Dakshin Dinajpur	91.27	61.18
(11)	Malancha	Dakshin Dinajpur	85.70	55.18
(12)	Dhulagari	Howrah	72.49	42.85
(13)	Singti	Howrah	39.32	29.10
(14)	Paharpur	Jalpaiguri	77.66	60.72
(15)	Shishujhumra	Jalpaiguri	143.76	122.32
(16)	Khargram	Murshidabad	36.67	30.58
(17)	Kurunnoron	Murshidabad	41.77	29.86
(18)	Anismali	Nadia	49.84	35.78
(19)	Bahirgachhi	Nadia	52.47	47.61
(20)	Patharghata-I	Nadia	32.09	21.00
(21)	Shikarpur	Nadia	47.29	38.07
(22)	Dewanchak-I	Paschim Medinipur	52.20	46.12
(23)	Patashpur	Purba Medinipur	49.46	39.15
(24)	Arsha	Purulia	67.60	36.11
(25)	Bargoria Jamtoria	Purulia	56.51	31.56
(26)	Bhandarpuara	Purulia	62.96	37.66
(27)	Buribandh	Purulia	44.41	26.26
(28)	Pindra	Purulia	51.03	27.14
(29)	Bele-Durganagar	South 24 Parganas	65.81	49.39
Total			1,784.62	1,292.25

Appendix-II
(Reference : Paragraph 2.2)

GPs that incurred expenditure without budget allocation during 2006-07
(Rupees in lakh)

Sl. No.	Name of GPs	Controlling ZP/District	Expenditure incurred
(1)	Ayas	Birbhum	58.99
(2)	Ashokegram	Dakshin Dinajpur	44.63
(3)	Sukdevpur	Dakshin Dinajpur	97.16
(4)	Goke-I	Darjeeling	5.87
(5)	Rajyadharpur	Hooghly	62.38
(6)	Banupur-I	Howrah	18.19
(7)	Damdim	Jalpaiguri	32.11
(8)	Churabhandar	Jalpaiguri	62.62
(9)	Sahapur	Malda	59.19
(10)	Chatumadar	Purulia	29.85
(11)	Bhalubasa	Purulia	40.11
(12)	Manara	Purulia	30.62
(13)	Mankiary	Purulia	19.35
(14)	Beergram	Purulia	67.57
(15)	Buribandh	Purulia	26.25
(16)	Narayanpur	South 24 Parganas	32.76
(17)	Sahapur-II	Uttar Dinajpur	47.80
Total			735.45

Appendix-III
(Reference : Paragraph 2.3)

**No. of GPs that incurred expenditure in excess of
budget provision during 2006-07**

(Rupees is lakh)

Sl. No.	Controlling ZP/District	No. of GPs	Expenditure in excess of budget provision	Range of expenditure incurred in excess of budget provision
(1)	Bankura	29	171.96	0.45-29.24
(2)	Bardhaman	74	136.93	0.01-13.65
(3)	Birbhum	19	481.73	0.3-73.08
(4)	Cooch Behar	16	34.05	0.02-10.64
(5)	Dakshin Dinajpur	15	330.70	0.21-95.73
(6)	Darjeeling	2	34.65	10.68-23.97
(7)	Hooghly	44	166.60	0.62-15.09
(8)	Howrah	88	294.74	0.04-10.50
(9)	Jalpaiguri	22	153.02	0.06-31.11
(10)	Malda	58	841.10	0.09-68.50
(11)	Murshidabad	49	418.78	0.08-164.19
(12)	Nadia	66	191.70	0.03-17.36
(13)	North 24 Parganas	45	138.72	0.32-12.98
(14)	Paschim Medinipur	89	767.11	0.12-33.79
(15)	Purba Medinipur	60	272.27	0.25-15.09
(16)	Purulia	19	366.85	0.87-70.67
(17)	South 24 Parganas	86	602.50	0.62-112.70
(18)	Uttar Dinajpur	23	399.42	0.06-49.49
Total		804	5,802.83	

Appendix-IV
(Reference : Paragraph 2.4)

**Cases of direct appropriation of revenues during 2006-07
without depositing into Savings Bank Accounts**

(Rupees is lakh)

Sl. No.	Name of GP	Name of ZP/District	Amount spent out of revenues collected without routing through the Savings Bank Account
(1)	Gorabari	Bankura	0.13
(2)	Baidyanathpur	Bankura	0.14
(3)	Baharamuri	Bankura	0.38
(4)	Bankadaha	Bankura	0.73
(5)	Radhanagar	Bankura	1.15
(6)	Goai	Bardhaman	0.93
(7)	Rajur	Bardhaman	0.04
(8)	Bohar-II	Bardhaman	0.07
(9)	Majdia	Bardhaman	0.19
(10)	Nityanandapur	Bardhaman	0.30
(11)	Agardanga	Bardhaman	0.38
(12)	Patuli	Bardhaman	0.47
(13)	Shushunia	Bardhaman	1.16
(14)	Manteswar	Bardhaman	0.07
(15)	Dogachhia	Bardhaman	0.46
(16)	Jagigram	Birbhum	0.01
(17)	Kaluha	Birbhum	0.02
(18)	Shikarpur	Cooch Behar	0.75
(19)	Putimari-II	Cooch Behar	0.12
(20)	Matalhat	Cooch Behar	0.43
(21)	Dumurdaha-	Hooghly	0.17
(22)	Baklia Dhobapara	Hooghly	0.34
(23)	Somra-I	Hooghly	0.65
(24)	Hazipur	Hooghly	3.13
(25)	Kotalia-I	Hooghly	40.07
(26)	Udang-I	Howrah	0.16
(27)	Baragachhia-I	Howrah	0.17
(28)	Polegustia	Howrah	0.18
(29)	Islampur	Howrah	0.20
(30)	Jagadishpur	Howrah	0.94
(31)	Laskarpur	Howrah	0.09
(32)	Panikauri	Jalpaiguri	0.40
(33)	Fulbari-II	Jalpaiguri	0.69
(34)	Sannyasikata	Jalpaiguri	0.38
(35)	Nurpur	Malda	0.01
(36)	Bairgachhi-II	Malda	0.05
(37)	Deotala	Malda	0.08
(38)	Nazeerpur	Malda	0.08

(39)	Pukhuria	Malda	0.09
(40)	Raniganj-I	Malda	0.13
(41)	Gazole-II	Malda	0.17
(42)	Bairagachhi-I	Malda	0.19
(43)	Chaknagar	Malda	0.33
(44)	Araidanga	Malda	0.09
(45)	Peerganj	Malda	0.18
(46)	Sundarpur	Murshidabad	0.02
(47)	Tinpukuria	Murshidabad	0.12
(48)	Bhagawangola	Murshidabad	0.18
(49)	Dhulauri	Murshidabad	0.32
(50)	Kuli	Murshidabad	0.32
(51)	Madhurkul	Murshidabad	0.34
(52)	Imamnagar	Murshidabad	0.45
(53)	Domkol	Murshidabad	0.70
(54)	Sarangpur	Murshidabad	1.38
(55)	Garaimari	Murshidabad	1.01
(56)	Mahatpur	Nadia	0.24
(57)	Chaita	North 24 Parganas	0.04
(58)	Begumpur - Bibipur	North 24 Parganas	0.05
(59)	Gopalpur-II	North 24 Parganas	0.07
(60)	Khasbalanda	North 24 Parganas	0.36
(61)	Sonapukur-Sankarpur	North 24 Parganas	0.38
(62)	Gopalpur-I	North 24 Parganas	0.49
(63)	Kulti	North 24 Parganas	0.65
(64)	Bakjuri	North 24 Parganas	0.86
(65)	Ghorarash-Kulingram	North 24 Parganas	0.45
(66)	Changual	Paschim Medinipur	0.06
(67)	Mansuka-II	Paschim Medinipur	0.07
(68)	Sankoa	Paschim Medinipur	0.17
(69)	Ajabnagar-II	Paschim Medinipur	1.24
(70)	Shiromoni	Paschim Medinipur	0.03
(71)	Lodhasuli	Paschim Midnapur	0.19
(72)	Balluk-1	Purba Medinipur	0.10
(73)	Kharui-II	Purba Medinipur	0.33
(74)	Lauda	Purba Medinipur	0.51
(75)	Kusumpur	Purba Medinipur	0.82
(76)	Marishda	Purba Medinipur	0.16
(77)	Anchna	South 24 Parganas	0.03
(78)	Mayapur	South 24 Parganas	0.04
(79)	Usthi	South 24 Parganas	0.05
(80)	Krishnapur	South 24 Parganas	0.06
(81)	Chandpur Chaitanyapur	South 24 Parganas	0.09
(82)	Dhanurhat	South 24 Parganas	0.10
(83)	Nisapur	South 24 Parganas	0.11
(84)	Kanganberia	South 24 Parganas	0.23

(85)	Bishnupur Dakshin	South 24 Parganas	0.39
(86)	Rangilabad	South 24 Parganas	0.48
(87)	Ghateswar	South 24 Parganas	1.20
(88)	Yearpur	South 24 Parganas	0.42
(89)	Belon	Uttar Dinajpur	0.44
(90)	Chopra	Uttar Dinajpur	0.69
Total			73.34

Appendix-V

(Reference : Paragraph 2.5)

Discrepancy between Cash Book balance and Pass Book balance remaining unreconciled at the end of 2006-07 (in respect of GPs)

(In Rupees)

Sl. No	Name of GP	Controlling ZP/District	Balance as per Cash Book	Balance as per Pass Book	Unreconciled Difference
(1)	Brahmandiha	Bankura	2815134.89	2815210.39	75.50
(2)	Brindabanpur	Bankura	736515.89	737008.52	492.63
(3)	Eruar	Bardhaman	1809350.46	1809419.51	69.05
(4)	Nirol	Bardhaman	353465.90	353467.90	2.00
(5)	Shushunia	Bardhaman	1086007.74	1048757.77	37249.97
(6)	Pipalan	Bardhaman	63333.89	179030.89	115697.00
(7)	Majhergram	Bardhaman	207760.51	365316.64	157556.13
(8)	Jamna	Bardhaman	202916.23	408991.54	206075.31
(9)	Baghsan	Bardhaman	200912.05	416083.05	215171.00
(10)	Dignagar-I	Bardhaman	349411.50	216563.14	132848.36
(11)	Berenda	Bardhaman	855120.55	622486.21	232634.34
(12)	Guskara-II	Bardhaman	112839.51	136466.05	110773.94
(13)	Joydev-Kenduli	Birbhum	2150780.68	2154918.36	4137.68
(14)	Boxiganj	Cooch Behar	1720769.36	1937482.36	216713.00
(15)	Chaloon	Dakshin Dinajpur	1657276.06	1931349.00	274072.94
(16)	Sukdevpur	Dakshin Dinajpur	6813887.50	7387086.39	573196.89
(17)	Mahabari	Dakshin Dinajpur	2454270.36	2974411.35	520140.99
(18)	Brajaballavpur	Dakshin Dinajpur	2476973.58	2862884.58	385911.00
(19)	Ganguria	Dakshin Dinajpur	2806582.40	3205529.40	398947.00
(20)	Kalikamora	Dakshin Dinajpur	1134201.00	1135300.10	1099.10
(21)	Udaypur	Dakshin Dinajpur	3957710.45	3999889.95	42179.50
(22)	Ellahabad	Dakshin Dinajpur	1299389.40	3150573.50	984996.00
(23)	Upper-Bagdogra	Darjeeling	2052218.45	2044542.45	7676.00
(24)	Maniram	Darjeeling	1869926.94	1935255.94	65329.00
(25)	Hatighisa	Darjeeling	1228446.94	1624902.94	396456.00
(26)	Baruipara Paltagarh	Hooghly	851271.00	861458.00	10187.00
(27)	Raghunathpur	Hooghly	1666832.07	1666734.07	98.00
(28)	Rajbalhat-II	Hooghly	204273.47	204773.47	500.00
(29)	Deulpur	Howrah	1225078.35	1323631.35	98553.00
(30)	Maheshpur	Howrah	1094121.00	1104111.00	9990.00
(31)	Tesimala	Jalpaiguri	1710702.97	2075959.08	262705.63
(32)	Saptibari-I	Jalpaiguri	1518222.00	1467282.00	50940.00
(33)	Barnis	Jalpaiguri	2804642.48	3244939.79	440297.31
(34)	Paharpur	Jalpaiguri	1694507.99	3093667.62	1399159.63
(35)	Churabhandar	Jalpaiguri	1805167.00	2200661.00	32552.00
(36)	Sreepur-I	Malda	1011758.40	1609451.42	597693.02
(37)	Sambalpur	Malda	935830.00	2254784.00	1318954.00
(38)	Pandua	Malda	1843241.93	2680450.93	837209.00
(39)	Majhra	Malda	2472703.52	2955872.96	483169.44
(40)	Chaknagar	Malda	804314.04	1207915.04	403601.00
(41)	Bairgachhi-I	Malda	911840.89	1526068.32	614227.43
(42)	Sahajadpur	Malda	1619499.11	1883334.56	349717.00

(43)	Bairgachhi-II	Malda	1792543.69	1963624.69	171081.00
(44)	Bhabuk	Malda	3002890.26	3010409.77	7519.51
(45)	Aiho	Malda	2262364.24	2398181.07	135816.83
(46)	Raniganj-I	Malda	1062197.94	1969497.35	907299.41
(47)	Paharpur	Murshidabad	2502943.30	2513938.69	10995.39
(48)	Hurshi	Murshidabad	1816137.70	1816157.70	20.00
(49)	Habaspur	Murshidabad	1167263.81	1604024.77	436760.96
(50)	Raninagar-I	Murshidabad	465599.78	1138100.78	672501.00
(51)	Raninagar-II	Murshidabad	424553.91	914097.91	489544.00
(52)	Katlamari-II	Murshidabad	1031771.86	1031271.86	500.00
(53)	Rajapur	Murshidabad	1141161.99	1601716.99	460555.00
(54)	Raipur	Murshidabad	835908.25	1434523.24	598647.74
(55)	Nabagram	Murshidabad	836954.00	836955.00	1.00
(56)	Bhabta-II	Murshidabad	610693.95	934116.26	323422.31
(57)	Mahula-II	Murshidabad	320957.00	650074.41	329117.41
(58)	Kedarchandpur-II	Murshidabad	658953.39	1198987.39	540034.00
(59)	Mirjapur-I	Murshidabad	451647.95	657185.95	205538.00
(60)	Mirjapur-II	Murshidabad	653985.50	1004580.21	350594.71
(61)	Sundarpur	Murshidabad	2515702.60	2534091.42	3759.00
(62)	Begunbari	Murshidabad	1153379.93	1153381.75	1.82
(63)	Fakirdanga-Gholapara	Nadia	356025.69	414904.19	58878.50
(64)	Mayapur-Bamanpukur-I	Nadia	880135.70	917181.70	37046.00
(65)	Bablari	Nadia	958278.79	974216.79	15938.00
(66)	Panighata	Nadia	650145.00	643248.00	6897.00
(67)	Fatepur	Nadia	2038811.03	2039104.39	293.36
(68)	Birpur-II	Nadia	1007058.00	1297186.20	290128.20
(69)	Kachua	North 24 Parganas	675768.58	1130990.58	518052.00
(70)	Champapukur	North 24 Parganas	710442.13	866642.13	156200.00
(71)	Kirtipur-I	North 24 Parganas	1161205.00	1161692.00	487.00
(72)	Kirtipur-II	North 24 Parganas	512306.39	558498.70	16785.00
(73)	Jeliakhali	North 24 Parganas	1320407.87	1321618.65	1210.78
(74)	Chaita	North 24 Parganas	1797817.48	1797850.68	33.20
(75)	Kholapota	North 24 Parganas	1210138.38	1368538.38	158400.00
(76)	Shibdaspur	North 24 Parganas	1367650.23	929493.39	438156.84
(77)	Tutanga	Paschim Medinipur	929620.82	1138730.82	209110.00
(78)	Ranisarai	Paschim Medinipur	1145130.15	1507815.15	362685.00
(79)	Belda-II	Paschim Medinipur	1464589.91	1664647.91	200058.00
(80)	Gramraj	Paschim Medinipur	1034359.20	1212559.20	178200.00
(81)	Bakhrabad	Paschim Medinipur	921606.91	1741800.42	820193.51
(82)	Kashipur	Paschim Medinipur	371814.40	554361.40	182547.00
(83)	Kushbasan	Paschim Medinipur	660283.67	872195.67	211912.00
(84)	Shialsai	Paschim Medinipur	1020852.14	1236702.14	215850.00
(85)	Guaberia	Purba Medinipur	2173933.69	2462842.96	483260.00
(86)	Kola-I	Purba Medinipur	726521.01	733333.01	6812.00
(87)	Kadua	Purba Medinipur	817857.61	818169.62	312.01
(88)	Chandra	Purulia	760456.09	760457.09	1.00
(89)	Chharradumdumi	Purulia	4196739.83	4202227.49	5487.00
(90)	Buribandh	Purulia	1809651.94	2722180.28	2947.00
(91)	Debipur	South 24 Parganas	720346.89	961674.89	241328.00
(92)	Derak	South 24 Parganas	887934.27	850769.60	797.33

(93)	Chandaneswar-II	South 24 Parganas	1418766.63	1418768.63	2.00
(94)	Narayanpur	South 24 Parganas	1544444.55	1501787.92	42656.63
(95)	Abad Bhagabanpur	South 24 Parganas	998892.94	1007400.19	8507.25
(96)	Mathurapur Paschim	South 24 Parganas	753681.15	767431.15	13750.00
(97)	Kautala	South 24 Parganas	753390.77	754421.77	1031.00
(98)	Dighirpar	South 24 Parganas	65382.12	591022.30	797.42
(99)	Nandakumarpur	South 24 Parganas	987188.86	1038566.81	51782.47
Total			13,33,48,567.11	15,65,72,909.37	2,25,71,295.38

Note: The difference mentioned in column 5 excludes the reconciled amount, wherever applicable.

Appendix-VI

(Reference : Paragraph 2.6)

Position of revenue outstanding at the end of 2006-07

(Rupees in lakh)

Sl. No.	Controlling ZP/District	No. of GPs	Total cumulative demand	Total cumulative collection	Total unrealised amount
(1)	Bankura	188	381.36	119.48	261.88
(2)	Bardhaman	265	1063.78	315.45	748.33
(3)	Birbhum	167	520.45	140.04	380.41
(4)	Cooch Behar	122	417.83	58.77	359.06
(5)	Dakshin Dinajpur	63	165.40	36.60	128.80
(6)	Darjeeling	127	265.44	94.36	171.08
(7)	Hooghly	207	576.25	250.90	325.35
(8)	Howrah	153	436.70	157.63	279.07
(9)	Jalpaiguri	141	559.55	152.28	407.27
(10)	Malda	146	303.28	80.24	223.04
(11)	Murshidabad	253	545.93	130.38	415.55
(12)	Nadia	185	717.29	203.04	514.25
(13)	North 24 Parganas	199	812.91	225.77	587.14
(14)	Paschim Medinipur	290	832.8	329.48	503.32
(15)	Purba Medinipur	222	385.71	149.34	236.37
(16)	Purulia	59	80.57	8.47	72.10
(17)	South 24 Parganas	301	977.56	192.86	784.70
(18)	Uttar Dinajpur	97	366.75	75.08	291.67
Total		3,185	9,409.56	2,720.17	6,689.40

Appendix-VII

(Reference : Paragraph 2.7)

**Cases of losses in cash and kind due to theft and defalcation of
GPs funds at the end of 2006-07**

Sl. No.	Name of GP	Controlling ZP	Amount involved	Year of Theft / Defalcation	Nature of theft/ Defalcation	Follow up action taken
(1)	Anchuri	Bankura		2007-08 (25.5.07)	Discrepancy of stock of tubewell parts of Rs. 17,000	FIR lodged
(2)	Alunda	Birbhum		2006-07	Theft of (i) Saree 4 (ii) Dhuti 4 (iii) Shirt 6 (iv) Pant 6 (v) Tubewell parts (vi) Valve 34 (viii) Handel 4	FIR lodged
(3)	Daskalgram Kareya-II	Birbhum		2006-07	2 Calculators , Tower Telephone equipment 3 Stock & Expenditure of T/W Reg, MB \of NREGA, blank job card	G.D.lodged in Nonoor P.S. Memo No 64(3) / DK II Gram Panchayat / 06 Dt 21-07-2006
(4)	Jagadishpur	Howrah		2007	A Minutes register was lost	A GD was recorded in Police Station
(5)	Patharghata-I	Nadia		2006-07	Bicycle	No 148/06 GDE 434
(6)	Sishujhumra	Jalpaiguri	Rs. 50,545	2005-06 2006-07	Collected land & house tax for Rs. 50545 not deposited	Prodhan admitted the fact
(7)	Golapganj	Malda		2006-07	Computer and Xerox machine	FIR lodged
(8)	Dubrajpur	Bankura		5.12.06	FT A/C PassBook Cheque Book lost No 0117008215	FIR on 22.1.07
(9)	Rampara-Chenchra	Dakshin Dinajpur		2006-07	Panchayet's asset destroyed by few people 1plastic&1wooden chair,1 steel almirah, some records relating to NREGS & few TW parts	Prodhan admitted the fact

(10)	Lakshmikantapur	South 24 Parganas	8,731	2006-07	Tax collected for 06-07 not deposited to-panchayat fund	
(11)	Raspunja	South 24 Parganas	3,378	2006	Theft	A FIR was lodged in Bishnupur Police Station, case No. 147 dt. 16.6.06
(12)	Berela-konchmali	Hooghly	1,900	2006-07	theft	FIR no. 42/95 dt. 22.03.98
(13)	Sukhani	Jalpaiguri	3,944	2005-06	theft	Case no. 100/06 dt. 02.12.06
(14)	Sandhipur	Paschim Medinipur		2006-07	Theft of 1 Solar plate	Diary made vide GDE No 423/6 dt 13.06.06
(15)	Samsabad	Purba Medinipur		2006-07	Theft of 40.8 Qntl rice, 12 harricane,,&10 fibre chairs	
(16)	Marnai	Uttar Dinajpur	2,80,000	2000-01	Theft	GD no. 165/2000 Section 394 IPC
(17)	Gurail	Dakshin Dinajpur		2006-07	Theft (Rs. 44,100 in terms of kind) Computer & printer	FIR lodged
(18)	Dunkuni	Hooghly	4,768.31	2002	Theft from GP	FIR No GDE-89/02 dt 15.11.02
(19)	Mahanandatola	Malda		2006-07	Theft of 2 fan from godown	FIR lodged
(20)	Bhadrapur-II	Birbhum	Cheque of Rs. 63360 (mid-day meal)	2006-07	Theft of Cheque Rs. 63,360 (SB 661204 dated 28.2.07)	GD no. 1387 dated 29.3.07
(21)	Kundala	Birbhum		2006-07	Theft of DVD of Rs. 2,910	FIR lodged
(22)	Kulti	North 24 Parganas		2007-08	Theft of files and papers of 3 Almirah	GD no. 444/07 dated 11.10.07

(23)	Beroil	Dakshin Dinajpur		2004-05	Theft of Honda Generator	Intimated to Kushmandi Police Station and B.D.O.
(24)	Sannyasikata	Jalpaiguri		2007	Water supplying machine of GP was theft	Diary No. Rajganj Police Station. dt 14/3/07.

Appendix-VIII

(Reference : Paragraph 2.8)

**Number of GPs that failed to maintain important records
during 2006-07**

SI No.	Name of Register / Book	Total number of GPs that failed to maintain the record		
		Under Presidency Division	Under Bardhaman Division	Under Jalpaiguri Division
(1)	Demand and Collection Register	225	292	149
(2)	Appropriation Register	195	272	183
(3)	General Stock Register	147	206	143
(4)	Advance Register	604	499	310
(5)	Allotment Register	370	460	231
(6)	Works Register	579	776	419
(7)	Asset Register	76	137	9
(8)	Store Account Register	71	163	68

Appendix-IX

(Reference : Paragraph 2.9)

Number of GPs where no Internal Audit was conducted during 2006-07

Sl. No.	Controlling ZP/District	Total no. of GPs under each ZP/District	Total no. of GPs audited under each ZP/District	No. of GPs where no internal audit was conducted	Percentage of total number of GPs where no internal audit was conducted
(a)	(b)	(c)	(d)	(e)	(f) = e/d x 100
(1)	Bankura	190	190	71	37.37
(2)	Birbhum	167	167	47	28.14
(3)	Bardhaman	277	277	25	9.02
(4)	Cooch Behar	128	128	13	10.16
(5)	Dakshin Dinajpur	65	65	35	53.85
(6)	Darjeeling	134	134	11	8.21
(7)	Hooghly	210	210	68	32.38
(8)	Howrah	157	156	23	14.74
(9)	Jalpaiguri	146	145	27	18.62
(10)	Malda	146	146	48	32.88
(11)	Murshidabad	254	254	109	42.91
(12)	Nadia	187	187	65	34.76
(13)	North 24 Parganas	200	200	52	26.00
(14)	Paschim Medinipur	290	290	85	29.31
(15)	Purba Medinipur	223	222	59	26.58
(16)	Purulia	170	169	44	26.03
(17)	South 24 Parganas	312	311	218	70.09
(18)	Uttar Dinajpur	98	97	43	44.33
Total		3,354	3,348	1,043	

Appendix-X

(Reference : Paragraph 2.10)

Statement showing the PSs that did not prepare annual accounts for the year 2004-05, 2005-06 and 2006-07

(Rupees is lakh)

Sl. No.	Name of PS	Name of controlling ZP/district	Total Receipt			Total Expenditure		
			2004-05	2005-06	2006-07	2004-05	2005-06	2006-07
(1)	Gosaba	South 24 Parganas	-	-	595.91	-	-	291.57
(2)	Rampurhat-II	Birbhum	175.67	-	-	112.37	-	-
(3)	Sainthia	Birbhum	260.15	-	-	190.02	-	-
(4)	Suri-I	Birbhum	134.72	274.08	337.42	73.92	154.67	224.00
Total			570.54	274.08	933.33	376.31	154.67	515.57

Appendix-XI

(Reference : Paragraph 2.11)

**PSs that incurred expenditure in excess of budget provision
during 2004-05, 2005-06 and 2006-07**

(Rupees is lakh)

Sl. No.	Name of PSs	Controlling ZP/District	Head of Account	Excess expenditure spent			
				2004-05	2005-06	2006-07	
(1)	Gangajalghati	Bankura	MPLAD	-	1.27	5.87	
			PUP	-	33.44	4.45	
			SSK	-	14.54	-	
			BEUP	-	5.26	-	
			Sanitation	-	-	5.81	
			Untied	-	-	3.22	
(2)	Suri-II	Birbhum	RWS	-	1.81	-	
			BCW	-	5.04	-	
			SGRY	-	-	2.39	
			Untied	-	-	3.69	
			SSK	-	-	5.00	
(3)	Balagarh	Hooghly	SSK	-	8.88	-	
			12th Finance Commission	-	15.07	-	
SGRY	-		10.90	-			
(4)	Chinsurah-Mogra		SGRY	2.18	-	-	
			MPLAD	1.68	-	-	
(5)	Singur		PMGY	1.22	2.08	1.25	
			Health	2.08	-	-	
			HNA	1.13	-	-	
(6)	Dhupguri		Jalpaiguri	Grant-in-aid	-	1.09	-
				11th Finance Commission	-	39.39	-
(7)	Kaliachak-I	Malda	BEUP	28.04	9.92	-	
			BADP	-	-	1.13	
(8)	Manikchak		NOAPS	2.87	-	-	
			Const. of Polytechnique	4.79	-	-	
			Const. of Primary School	2.30	-	-	
			11th Finance Commission	-	4.96	-	
			SSK/MSK	-	18.88	-	
			BADP	-	-	3.00	
			BEUP	-	-	7.55	
			Untied Fund	-	-	4.35	
		EAS/SGRY	-	-	18.56		
		Total Sanitation programme	-	-	3.60		
(9)	Ratua-II	Malda	PUP	3.00	-	-	
			PMGY (GA)	15.94	-	-	
			11th Finance Commission	2.71	-	-	
			SGRY	9.51	-	-	
			NFFW	57.79	-	-	
(10)	Bhagawangola-I	Murshidabad	Old Age Pension	-	.69	-	
			Mid-day Meal	-	102.77	6.35	

			SSK	-	2.09	0
			MSK	-	12.33	5.10
			11th Finance Commission	-	-	0.28
(11)	Khargram		Mid day meal	15.26	-	-
			TSC	-	5.2	-
(12)	Daspur-II	Paschim Medinipur	BEUP	-	1.60	-
			SSK	-	11.16	-
			10th Finance Commission	-	2.52	-
(13)	Jhargram		ITDP	-	9.35	-
			BEUP	-	-	30.06
(14)	Moyna	Purba Medinipur	SSK	-	6.26	-
			12th Finance Commission	-	1.12	-
			SGSY	-	5.36	-
(15)	Chandipur		MPLAD	-	1.08	-
			12th Finance Commission	-	10.33	-
			TSC	-	2.54	-
			NOAPS	-	4.90	-
		NFBS	-	1.20	-	
(16)	Panskura-I		SGSY	-	0.77	1.83
			PMGY	-	0.63	-
			Market Complex	-	-	2.24
			Repair of Roads	-	-	4.55
(17)	Goalpokher-II	Uttar Dinajpur	TSC	1.83	-	3.68
			10th Finance Commission	0.18	-	-
			12th Finance Commission	-	1.54	-
(18)	Kaliaganj		SGRY	17.25	-	-
			BADP	22.78	-	-
(19)	Karandighi		12th Finance Commission	-	22.11	-
			SGRY	-	-	37.79
		NFFWP	-	-	18.45	
Total				146.25	205.55	110.33
Grand Total				462.13		

Appendix-XII
(Reference : Paragraph 2.11)

ZPs that incurred expenditure in excess of budget provision during 2006-07

(Rupees is lakh)

Sl. No.	Controlling ZP/District	Head of account	Excess expenditure spent over budget
(1)	Bankura	Twelfth Finance Commission	6.55
		Eleventh Finance Commission	1.69
		Tenth Finance Commission	1.10
		NWDPR	1.78
(2)	Birbhum	BMS	3.28
		RIDF	45.87
		SGRY (Transport)	34.09
		Swajal Dhara	34.73
(3)	Dakshin Dinajpur	TSC	56.90
		REDC	67.21
(4)	Hooghly	SGRY-I	4.76
		IAY	2.99
		Sajal Dhara	1.02
(5)	Malda	RWS	49.50
		RIDF-VI	348.52
		District Plan	10.37
(6)	Nadia	10th Finance Commission	6.53
		Construction of Muslim Girls Hostel	13.41
		SSA	24.50
		Ranaghat College	2.66
		Construction of Relief Godown	2.50
(7)	Paschim Medinipur	RIDF-V(MI)	64.78
		RIDF-II(roads)	74.48
		IAY	138.10
(8)	Purulia	SGRY	14.72
(9)	Silliguri Mahakuma Parishad	IAY	123.82
		SGRY	641.13
		Health and Family Welfare	68.94
Total			1,845.93

Appendix-XIII

(Reference : Paragraph 2.12)

Discrepancy between Cash Book balance and Pass Book balance remaining unreconciled at the end of 2006-07 (in respect of PSs)

(In Rupees)

Sl. No.	Name of PS	Controlling ZP/ District	Balance as per Cash Book	Balance as per Pass Book	Unreconciled Difference
(1)	Sainthia	Birbhum	10724748.22	12270,082.22	1230900.00
(2)	Labpur		8540722.40	8821192.96	280470.56
(3)	Bharatpur-II	Murshidabad	8535287.95	9109903.95	574616.00
(4)	Baduria	North 24 Parganas	19848141.90	21965265.66	2117123.76
(5)	Barrackpur-II		11945585.97	14322977.47	2377391.50
(6)	Deganga		8906685.54	9878259.00	971573.46
(7)	Habra-II		6855144.50	7848186.00	993041.50
(8)	Basanti	South 24 Parganas	27346028.68	27280155.58	65873.10
(9)	Bhangore-I		14933089.59	16205072.00	1271982.41
(10)	Canning-I		9568211.09	11148181.33	1579970.24
(11)	Canning-II		22147695.17	20967829.92	1179865.25
(12)	Diamond-Harbour-I		10387615.75	10672107.00	284491.25
(13)	Diamond-Harbour-II		5775635.68	6259446.68	483811.00
(14)	Falta		8807166.71	10489788.21	1682621.50
(15)	Gosaba		30433492.00	8814248.52	21619243.48
(16)	Joynagar-II		18386660.96	18583638.35	196977.39
(17)	Kultali		13261539.58	12579785.13	681754.45
(18)	Magrahat-I		14742276.61	16221311.61	565079.00
(19)	Magrahat-II		13612512.00	15244850.00	1632338.00
(20)	Itahar	Uttar Dinajpur	14144315.84	14496254.69	351938.85
Total			27,89,02,556.14	27,31,78,536.28	4,01,41,062.70

Note: The difference mentioned in column 6 excludes the reconciled amount, wherever applicable.

Appendix-XIV

(Reference : Paragraph 2.12)

Discrepancy between Cash Book balance and Pass Book balance remaining unreconciled at the end 2006-07 (in respect of ZPs)

(In Rupees)

Sl. No.	Controlling ZP/ District	Balance as per Cash Book	Balance as per Pass Book	Unreconciled Difference
(1)	Hooghly	162517021.00	148117705.12	14399255.88
(2)	Purba Medinipur	320378780.55	329219572.35	8840791.80
Total		48,28,95,801.55	47,73,37,277.47	2,32,40,047.68

Note: The difference mentioned in column 5 excludes the reconciled amount, wherever applicable.

Appendix-XV

(Reference : Paragraph 2.13)

Cases of losses in cash and kind due to theft and defalcation of PS funds at the end of 2006-07

(In Rupees)

Sl. No.	Name of PSs	Controlling ZP	Amount involved	Year of theft/ defalcation	Nature of irregularities	Follow-up action taken
(1)	Magrahat-II	South 24 Parganas	16,750	2006	Misappropriation	-
(2)	Balurghat	Dakshin Dinajpur	11,141	2004-05	Defalcation	-
(3)	Panskura-I	Purba Medinipur	Two (2) computers sets 12.05.06	2006-07	Theft	Intimated to Police Station
(4)	Kultali PS	South 24 Parganas	22586.2355 quintal food grain	2006-07	Misappropriation of rice from Mid-day Meal and SGRY schemes	Police cases had been lodged by the Executive Officer of Kultali Panchayat Samiti

Appendix-XVI

(Reference : Paragraph 2.14)

Number of PSs that failed to maintain important records as at the end 2006-07

Sl No.	Name of Register / Book	Number of PSs that failed to maintain the record			
		Under Presidency Division	Under Bardhaman Division	Under Jalpaiguri Division	Total
(1)	Demand and Collection Register	29	54	29	112
(2)	Appropriation Register	12	15	7	34
(3)	Asset Register	26	38	16	80
(4)	Annual Accounts	5	7	8	20
(5)	Advance Register	10	32	6	48
(6)	Unpaid Bill Register	7	29	23	59
(7)	Stock Register	18	11	12	41
(8)	Works/Scheme Register	19	16	16	51
(9)	Deposit Ledger	11	24	17	52
(10)	Investment Register	6	18	6	30
(11)	General ledger	18	26	23	67
(12)	Liquid Cash Book	18	28	27	73
(13)	Establishment Check Register	4	14	7	25
(14)	Adjustment Register	2	1	1	4
(15)	Register of Movable and Immovable Properties	21	35	29	85

Appendix-XVII
(Reference : Paragraph 2.14)

**Number of ZPs that failed to maintain important records
as at the end of 2006-07**

Sl. No.	Name of Register / Book	Number of ZPs that failed to maintain the record			
		Under Presidency Division	Under Bardhaman Division	Under Jalpaiguri Division	Total
(1)	Demand and Collection Register	3	4	2	9
(2)	Appropriation Register	2	4	2	8
(3)	Asset Register	2	2	2	6
(4)	Advance Register	-	1	-	1
(5)	Stock Register	-	1	-	1
(6)	Works/Scheme Register	2	3	1	6
(7)	Deposit Ledger	1	-	1	2
(8)	Register of Movable and Immovable Properties	-	5	2	7
(9)	Unpaid Bill	-	4	3	7
(10)	Establishment Check Register	-	-	1	1
(11)	Investment Register	-	3	1	4

Appendix-XVIII
(Reference : Paragraph 2.15)

**Number of PSs where no Internal Audit was conducted
during 2004-05, 2005-06 and 2006-07**

Sl. No.	Controlling ZP/District	Number of PSs where no internal audit was conducted		
		2004-05	2005-06	2006-07
(1)	Bankura	-	19	-
(2)	Bardhaman	-	6	-
(3)	Birbhum	11	8	5
(4)	Cooch Behar	10	2	-
(5)	Dakshin Dinajpur	5	-	-
(6)	Hooghly	10	6	-
(7)	Jalpaiguri	8	1	-
(8)	Malda	11	-	-
(9)	Murshidabad	6	5	7
(10)	Nadia	2	-	-
(11)	North 24 Parganas	2	-	8
(12)	Paschim Medinipur	-	2	-
(13)	Purba Medinipur	-	8	-
(14)	South 24 Parganas	3	-	15
(15)	Uttar Dinajpur	9	-	-
Total		77	57	37

Appendix-XIX

(Reference : Paragraph 3.1.2)

**No. of GPs which did not prepare Annual Action Plan (AAP)
under Indira Awas Yojana during 2006-07**

(Rupees is lakh)

Sl. No.	Controlling ZP/District	No. of GPs which did not prepare annual action plan, in violation of the scheme provision	Amount spent on works outside AAP
(1)	Bankura	6	25.21
(2)	Bardhaman	5	35.40
(3)	Birbhum	8	58.94
(4)	Cooch Behar	1	13.54
(5)	Dakshin Dinajpur	1	7.48
(6)	Darjeeling	6	15.92
(7)	Hooghly	4	32.47
(8)	Howrah	8	76.92
(9)	Jalpaiguri	4	38.59
(10)	Malda	9	128.92
(11)	Murshidabad	19	129.59
(12)	North 24 Parganas	11	65.44
(13)	Paschim Medinipur	15	155.94
(14)	Purba Medinipur	11	112.25
(15)	Purulia	13	33.62
(16)	South 24 Parganas	6	62.62
(17)	Uttar Dinajpur	3	23.18
Total		130	1,016.03

Appendix-XX

(Reference : Paragraph 3.1.3)

**Amount of assistance given to beneficiaries during 2006-07
not selected from BPL list**

(Rupees in lakh)

Sl. No	No. of GPs	Controlling ZP/District	Amount of assistance given (Rs. in lakh)
(1)	70	Bankura	143.22
(2)	148	Bardhaman	474.39
(3)	73	Birbhum	197.06
(4)	11	Cooch Behar	19.65
(5)	27	Dakshin Dinajpur	65.17
(6)	17	Darjeeling	81.83
(7)	103	Hooghly	371.63
(8)	64	Howrah	115.29
(9)	23	Jalpaiguri	94.36
(10)	43	Malda	143.13
(11)	54	Murshidabad	135.86
(12)	47	Nadia	140.29
(13)	64	North 24 Parganas	162.48
(14)	95	Paschim Midnapur	277.94
(15)	55	Purba Medinipur	133.99
(16)	92	Purulia	111.91
(17)	100	South 24 Parganas	275.98
(18)	14	Uttar Dinajpur	50.87
	1,100	Total	2,995.05

Appendix-XXI

(Reference : Paragraph 3.1.4)

**Irregular conferment of ownership of huts solely
on male members during 2006-07**

(Rupees is lakh)

Sl. No.	No. of GPs	Controlling ZP/District	No of cases where ownership conferred solely on male members	Amount of expenditure incurred on construction/upgradation of huts
(1)	146	Bankura	1,423	229.77
(2)	198	Bardhaman	1,461	281.79
(3)	156	Birbhum	2,154	374.95
(4)	123	Cooch Behar	3,905	608.70
(5)	60	Dakshin Dinajpur	1,383	242.68
(6)	25	Darjeeling	335	59.47
(7)	161	Hooghly	1,320	242.07
(8)	112	Howrah	1,360	259.84
(9)	138	Jalpaiguri	3,335	505.25
(10)	106	Malda	2,678	362.70
(11)	119	Murshidabad	889	183.46
(12)	124	Nadia	1,816	332.20
(13)	128	North 24 Parganas	1,567	294.65
(14)	192	Paschim Medinipur	2,169	415.26
(15)	169	Purba Medinipur	2,331	405.30
(16)	117	Purulia	1,005	99.22
(17)	252	South 24 Parganas	3,967	690.79
(18)	85	Uttar Dinajpur	1,769	295.11
	2,411	Total	34,867	5,883.21

Appendix-XXII

(Reference : Paragraph 3.1.5)

**Expenditure incurred during 2006-07 on construction/up-gradation of huts
for beneficiaries having no proof of land ownerships**

(Rupees is lakh)

Sl. No.	No. of GPs	Controlling ZP/District	No. of cases where ownership of land not proved	Amount of expenditure incurred on construction/up-gradation of huts for beneficiaries having no proof of land ownership
(1)	20	Bankura	244	49.85
(2)	19	Bardhaman	378	78.27
(3)	16	Birbhum	204	39.25
(4)	12	Cooch Behar	469	80.52
(5)	1	Dakshin Dinajpur	48	8.58
(6)	1	Darjeeling	85	15.72
(7)	2	Hooghly	68	14.25
(8)	9	Howrah	125	24.00
(9)	8	Jalpaiguri	368	69.82
(10)	4	Malda	129	14.42
(11)	6	Murshidabad	257	45.95
(12)	1	Nadia	39	6.44
(13)	5	North 24 Parganas	315	62.07
(14)	10	Paschim Medinipur	200	25.10
(15)	10	Purba Medinipur	87	17.51
(16)	18	Purulia	434	43.65
(17)	9	South 24 Parganas	246	45.04
(18)	6	Uttar Dinajpur	324	58.06
	157	Total	4,020	698.50

Appendix-XXIII
(Reference : Paragraph 3.1.6)

**Number of cases where construction of sanitary latrines/smokeless chullas
were excluded from construction package during 2006-07**

(Rupees is lakh)

Sl. No.	Controlling ZP/District	Non-construction of Sanitary Latrine		Non-construction of Smokeless Chullah		Assistance given to the beneficiaries
		No. of cases	No. of GPs	No. of cases	No. of GPs	
(1)	Bankura	2,399	76	892	25	484.35
(2)	Bardhaman	4,908	150	1,695	49	1,101.86
(3)	Birbhum	4,152	113	271	9	727.92
(4)	Cooch Behar	3,554	54	800	11	629.03
(5)	Dakshin Dinajpur	1,498	34	317	7	307.99
(6)	Darjeeling	943	18	189	5	177.39
(7)	Hooghly	3,718	100	1,463	40	915.21
(8)	Howrah	4,184	99	1,104	26	928.98
(9)	Jalpaiguri	4,474	61	704	10	726.36
(10)	Malda	6,120	81	1,124	15	886.11
(11)	Murshidabad	7,604	188	176	4	1,367.53
(12)	Nadia	3,638	82	862	23	771.71
(13)	North 24 Parganas	4,937	102	983	18	966.02
(14)	Paschim Medinipur	8,567	150	2,156	37	1,736.13
(15)	Purba Medinipur	6,746	112	1,151	18	1,262.63
(16)	Purulia	2,732	106	483	18	299.47
(17)	South 24 Parganas	8,010	146	806	14	1,550.57
(18)	Uttar Dinajpur	3,206	55	893	15	531.87
Total		81,390	1,727	16,069	344	15,371.13

Appendix-XXIV

(Reference : Paragraph 3.2.2)

**Number of GPs which did not prepare Annual Action Plan (AAP)
during 2006-07 under SGRY**

(Rupees is lakh)

Sl. No.	Controlling ZP/District	No of GPs which did not prepare AAP, in violation of the scheme provision	Amount spent on works outside AAP
(1)	Bankura	19	23.83
(2)	Bardhaman	8	47.77
(3)	Birbhum	24	27.41
(4)	Dakshin Dinajpur	16	52.23
(5)	Darjeeling	2	0.06
(6)	Hooghly	7	58.62
(7)	Howrah	10	43.74
(8)	Jalpaiguri	8	49.47
(9)	Malda	13	46.36
(10)	Murshidabad	42	80.67
(11)	Nadia	1	1.79
(12)	North 24 Parganas	8	45.68
(13)	Paschim Medinipur	29	105.67
(14)	Purba Medinipur	4	10.05
(15)	Purulia	45	422.65
(16)	South 24 Parganas	10	35.52
(17)	Uttar Dinajpur	25	92.95
Total		271	1,144.47

Appendix-XXV

(Reference : Paragraph 3.2.2)

(A) Name of PSs which did not prepare Annual Action Plan (AAP) under SGRY during 2004-05, 2005-06 and 2006-07

(Rupees is lakh)

Sl. No.	Name of PS	Controlling ZP/District	Amount spent on works without preparing AAP		
			2004-05	2005-06	2006-07
(1)	Ilambazar	Birbhum	0	54.51	5.700
(2)	Labpur	Birbhum	0	50.78	19.43
(3)	Rampurhat-II	Birbhum	0	0	5.66
(4)	Bolpur-Sriniketan	Birbhum	0	0	22.86
(5)	Alipurduar-I	Jalpaiguri	123.10	0	0
(6)	Old Malda	Malda	31.42	18.37	13.54
(7)	Harischandrapur-I	Malda	18.98	0	0
(8)	Bharatpur-I	Murshidabad	32.38	12.81	12.21
(9)	Lalgola	Murshidabad	97.14	0	0
(10)	Canning-II	South 24 Parganas	0	0	51.65
(11)	Diamond-Harbour-II	South 24 Parganas	0	0	24.02
(12)	Magrahat-II	South 24 Parganas	0	0	78.97
Total			303.02	136.47	234.04
Grand total			673.53		

(B) Name of PSs which prepared Annual Action Plan (AAP) but works were executed outside AAP under SGRY during 2004-05, 2005-06 and 2006-07

(Rupees is lakh)

Sl. No.	Name of PS	Controlling ZP/District	Amount spent outside AAP		
			2004-05	2005-06	2006-07
(1)	Gangajalghati	Bankura	0	0	2.21
(2)	Sarenga	Bankura	0	13.04	0
(3)	Suri-II	Birbhum	8.11	0	0
(4)	Khanakul-II	Hooghly	0	2.99	0
(5)	Chinsurah-Mogra	Hooghly	179.88	0	0
(6)	Pandua	Hooghly	110.72	0	0
(7)	Khargram	Murshidabad	4.60	0	0
(8)	Haroa	North 24 Parganas	101.81	0	0
(9)	Chandipur	Purba Medinipur	0	5.41	0
(10)	Ramnagar-I	Purba Medinipur	0	4.71	0
			0	0	8.72
(11)	Kulpi	South 24 Parganas	0	0	52.11
(12)	Patharpratima	South 24 Parganas	2.72	0	0
Total			407.84	26.15	63.04
Grand total			497.03		

N. B. :**No. of PSs and total expenditure incurred outside AAP:****No. of PSs (A) plus (B) =25 and expenditure incurred: Rs 673.53 lakh plus Rs 497.03 lakh = Rs 1170.56 lakh.**

Appendix-XXVI
(Reference : Paragraph 3.2.3)

**Number of GPs where percentage of employment opportunities
provided to women ranged from zero to 20 during 2006-07**

Sl. No.	Range	No. of GPs	Controlling ZP/District
(1)	<i>Zero-five per cent</i>	35	Bankura
		62	Bardhaman
		91	Birbhum
		13	Cooch Behar
		24	Dakshin Dinajpur
		6	Darjeeling
		60	Hooghly
		111	Howrah
		20	Jalpaiguri
		83	Malda
		184	Murshidabad
		116	Nadia
		134	North 24 Parganas
		59	Paschim Medinipur
		141	Purba Medinipur
		17	Purulia
		230	South 24 Parganas
		(2)	<i>Six-10 per cent</i>
11	Bankura		
26	Bardhaman		
9	Birbhum		
19	Cooch Behar		
6	Dakshin Dinajpur		
1	Darjeeling		
22	Hooghly		
3	Howrah		
13	Jalpaiguri		
2	Malda		
6	Murshidabad		
8	Nadia		
15	North 24 Parganas		
24	Paschim Medinipur		
12	Purba Medinipur		
3	Purulia		
(3)	<i>11-15 per cent</i>		
		10	Uttar Dinajpur
		10	Bankura
		27	Bardhaman
		11	Birbhum
		11	Cooch Behar

Appendix-XXVII

(Reference : Paragraph 3.2.3)

Number of PSs where percentage of employment opportunities provided to women ranged from zero to 20 during 2004-05 to 2006-07

SI No.	Range	Number of PSs			Controlling ZP/District
		2004-05	2005-06	2006-07	
(1)	Zero-five per cent	1	-	-	Malda
		2	2	2	Murshidabad
		-	2	-	Paschim Medinipur
		-	3	-	Purba Medinipur
		-	-	1	South 24 Parganas
		1	-	-	Uttar Dinajpur
(2)	Six-10 per cent	1	-	-	Jalpaiguri
		1	-	-	South 24 Parganas
(3)	16-20 per cent	-	-	1	Birbhum
Total		6	7	4	

Appendix-XXVIII

(Reference : Paragraph 3.2.4)

Name of GPs that incurred expenditure on maintenance of public assets, in excess of the permissible limit, during 2006-07

(Rupees is lakh)

Sl. No.	Controlling ZP/District	No. of GPs	Total expenditure incurred in excess of permissible limit	Amount of permissible limit (15%)
1.	Bankura	161	147.43	48.51
2.	Bardhaman	202	363.71	210.23
3.	Birbhum	125	100.25	32.36
4.	Cooch Behar	68	238.01	263.93
5.	Dakshin Dinajpur	48	81.66	28.86
6.	Darjeeling	23	141.77	84.98
7.	Hooghly	142	527.57	248.67
8.	Howrah	134	213.77	97.78
9.	Jalpaiguri	85	142.36	101.55
10.	Malda	108	162.69	64.92
11.	Murshidabad	187	171.04	73.43
12.	Nadia	134	261.15	141.40
13.	North 24 Parganas	145	445.18	270.86
14.	Paschim Medinipur	244	329.15	146.43
15.	Purba Medinipur	168	247.77	150.84
16.	Purulia	123	422.68	201.38
17.	South 24 Parganas	225	363.34	142.55
18.	Uttar Dinajpur	62	74.70	41.05
Total		2,384	4,434.23	2,349.73

Appendix-XXIX
(Reference : Paragraph 3.2.4)

Name of PSs that incurred expenditure on maintenance of public assets, in excess of the permissible limit, during 2004-05, 2005-06 and 2006-07

(Rupees is lakh)

Sl. No.	Name of PSs	Controlling ZP/District	Total expenditure incurred in excess of permissible limit			Amount of permissible limit (15%)		
			2004-05	2005-06	2006-07	2004-05	2005-06	2006-07
(1)	Mayureswar-II	Birbhum		6.51	3.04		8.89	1.63
(2)	Rampurhat-I			49.45	11.60		20.38	5.21
(3)	Haripal	Hooghly	147.40			45.12		
(4)	Sreerampur-Uttarpara		29.70			29.70		
(5)	Chanditala-II			88.70			20.46	
(6)	Goghat-II			60.99			12.53	
(7)	Matiali	Jalpaiguri	0.52			11.90		
(8)	Nagrakata		75.15			40.26		
(9)	Rajganj		12.93			79.23		
(10)	Maynaguri			5.71	43.97		32.59	28.64
(11)	Bharatpur-I	Murshidabad	0.61		4.18	6.80	4.89	3.75
(12)	Raninagar-II		20.91	10.11	12.46	4.65	2.44	1.90
(13)	Hanskhali	Nadia	21.49	12.24	15.29	8.76	9.92	12.73
(14)	Barasat-I	North 24 Parganas			4.22			8.43
(15)	Daspur-I	Paschim Medinipur		11.30	12.42		8.92	2.59
(16)	Daspur-II				5.80		8.70	
(17)	Khejuri-I	Purba Medinipur		5.52			4.36	
(18)	Mayna				19.83		14.16	
(19)	Ramnagar-I						3.88	
(20)	Ramnagar-II				5.93		4.95	
(21)	Bishnupur-I	South 24 Parganas	17.21			30.97		
(22)	Gosaba		27.07	68.51	32.02	16.20	18.68	14.40
(23)	Patharpratima		60.87	36.82	9.76	24.03	21.24	8.14
(24)	Bhangore-II				1.39			9.51
(25)	Goalpokher-I	Uttar Dinajpur	45.51			20.69		
Total			459.37	387.42	150.35	318.31	196.99	96.93
Grand total			997.14			612.23		

Appendix-XXX

(Reference : Paragraph 3.2.5)

**Name of PSs that incurred expenditure towards execution of works
engaging contractors during 2004-05, 2005-06 and 2006-07**

(Rupees is lakh)

Sl. No.	Name of PS	Controlling ZP/District	Total expenditure incurred in engagement of contractors		
			2004-05	2005-06	2006-07
(1)	Raniganj	Bardhaman	0	0	99.00
(2)	Rampurhat-I	Birbhum	2.80	0	0
(3)	Bolpur-Sriniketan		6.36	0	0
(4)	Khanakul-II	Hooghly	0	0.51	0
(5)	Nagrakata	Jalpaiguri	0.47	0	0
(6)	Barasat-I	North 24 Parganas	0	0	6.03
(7)	Ramnagar-II	Purba Medinipur	0	7.34	0
(8)	Khejuri-II		0	7.76	0
Total			9.63	15.61	105.03
Grand Total			130.27		

Appendix-XXXI

(Reference: Paragraph 3.3)

Statement showing the PRIs which did not utilise any fund towards the three priority sectors.

(Rupees in crore)

Sl. No.	Priority Sectors	No. and name of PRIs which did not spend any fund	Amount of total TFC fund as received upto March 2008 meant for the sector
(1)	Maintenance of assets including computerisation of accounts	ZP: 5 Howrah, Malda, North 24 Parganas, Purba Medinipur, Purulia	Rs 1.77 crore (five per cent of Rs 35.45 crore)
		PS: 74 Bardhaman: 31, Howrah: 14, Purba Medinipur: 25 and Siliguri Mahakuma Parishad: 4	Rs 1.25 crore (five per cent of Rs 25.08 crore)
		GP: 657 Bardhaman: 277, Howrah: 157, and Purba Medinipur: 223	Rs 3.23 crore (five per cent of Rs 64.66 crore)
	Total	736	6.25
(2)	Creation / Management of Database	ZP: 1 Howrah	Rs 0.59 crore (10 per cent of Rs 5.90 crore)
		PS: 87 Bardhaman: 31, Howrah: 14, Nadia: 17 and Purba Medinipur: 25	Rs 3.01 crore (10 per cent of Rs 30.12 crore)
		GP: 687 Bardhaman: 277, Nadia: 187 and Purba Medinipur: 273	Rs 7.17 crore (10 per cent of Rs 71.65 crore)
	Total	775	10.77
(3)	Drinking Water and Sanitation	ZP: 6 Bankura, Howrah, Murshidabad, Nadia, North 24 Parganas and Purulia	Rs 4.23 crore (10 per cent of Rs 42.29 crore)
		PS: 52 Bardhaman: 31, Nadia: 17, and Siliguri Mahakuma Parishad: 4	Rs 1.98 crore (10 per cent of Rs 19.80 crore)
		GP: 464 Bardhaman: 277 and Nadia: 187	Rs 0.50 crore (10 per cent of Rs 50.26 crore)
	Total	522	6.71
Grand Total		2,050	23.73

Appendix-XXXII
(Reference: Paragraph 3.3.4)

**No. of PRIs which did not prepare Annual Action Plan (AAP)
under TFC grant**

(Rupees is lakh)

Sl. No.	Name of PRIs	District	Amount spent on works outside AAP
PS:			
(1)	Sagar	South 24 Parganas	16.35
(2)	Kumargram	Jalpaiguri	37.48
GP:			
(3)	Magurmari-I	Jalpaiguri	14.48
(4)	Magurmari-II	Jalpaiguri	12.74
(5)	Khoardanga-I	Jalpaiguri	13.18
(6)	Khoardanga-II	Jalpaiguri	7.61
(7)	Chamurchi	Jalpaiguri	12.70
(8)	Ghateswar	Jalpaiguri	5.37
(9)	Chandpur Chaitanyapur	South 24 Parganas	1.91
Total			121.82

Appendix-XXXIII

(Reference: Paragraph 3.3.5)

**Statement showing the selected PRIs that received TFC Grant
and utilisation thereof towards priority sectors during 2005-2008**

(Rupees in lakh)

Sl. No.	Name of PRIs	District	Expenditure on three priority sectors and percentage thereof					Total receipt	Number of sector(s) (col. 4, 5 & 6) on which PRIs incurred expenditure
			Maintenance of accounts	Creation of database	Water & Sanitation	Total expenditure on three priority sectors (7) = (4) plus (5) plus (6)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
ZPs									
(1)	Bankura	Bankura	6.04	18.77	0	24.81	641.24	Two	
(2)	Jalpaiguri	Jalpaiguri	0.07	15.13	0.10	15.3	883.76	Three	
(3)	South 24 Parganas	South 24 Parganas	6.27	33.91	0	40.18	1596.65	Two	
PSs									
(4)	Alipurduar-II	Jalpaiguri	7.16	0.71	0	7.87	48.19	Two	
(5)	Dhupguri	Jalpaiguri	4.63	3.19	6.50	14.32	73.65	Three	
(6)	Gangajalghati	Bankura	5.18	0.26	2.98	8.42	27.94	Three	
(7)	Kumargram	Jalpaiguri	0.05	3.31	0.79	4.15	38.43	Three	
(8)	Mandirbazar	South 24 Parganas	0.17	1.14	0	1.31	37.08	Two	
(9)	Sagar	South 24 Parganas	1.11	0	4.87	5.98	25.17	Two	
(10)	Thakurpukur-Maheshtala	South 24 Parganas	0	0.33	0	0.33	16.11	One	
GPs									
(11)	Banasuria	Bankura	0	0	2.86	2.86	8.64	One	
(12)	Beersingha	Bankura	0.42	0	3.22	3.64	6.04	Two	
(13)	Jagadalla-I	Bankura	0	0.04	4.16	4.2	8.16	Two	
(14)	Jagadalla-II	Bankura	0	0	7.14	7.14	7.14	One	
(15)	Kalpathar	Bankura	0	0	2.54	2.54	7.7	One	
(16)	Kushdwip	Bankura	0.29	0	3.26	3.55	7.89	Two	
(17)	Patrasayer	Bankura	0.22	0	4.07	4.29	10.26	Two	
(18)	Piraboni	Bankura	0	0	0	0	5.36	Nil	
(19)	Bhatibari	Jalpaiguri	8.42	10.87	0	19.29	19.93	Two	
(20)	Chamurchi	Jalpaiguri	0	0.8	0.33	1.13	12.70	Two	
(21)	Tatpara-II	Jalpaiguri	0.82	0	0.54	1.36	7.69	Two	
(22)	Turturi	Jalpaiguri	0.26	2.27	2.8	5.33	13.33	Three	
(23)	Kamakhya-guri-I	Jalpaiguri	1.17	0	3.3	4.47	12.13	Two	
(24)	Khoardanga-I	Jalpaiguri	0.45	1.41	10.93	12.79	13.20	Three	
(25)	Khoardanga-II	Jalpaiguri	1.58	0	1.29	2.87	7.86	Two	
(26)	Magurmari-I	Jalpaiguri	0.99	0.82	0.73	2.54	14.48	Three	
(27)	Magurmari-II	Jalpaiguri	0	0.67	3.04	3.71	12.66	Two	
(28)	Chandpur Chaitanyapur	South 24 Parganas	0.42	0	0.56	0.98	4.74	Two	
(29)	Chatta	South 24 Parganas	0	0	0	0	11.53	Nil	
(30)	Dhablat	South 24 Parganas	0	0.58	0	0.58	9.79	One	
(31)	Dhaspara-Sumatinagar-I	South 24 Parganas	0.21	0.49	3.28	3.98	6.66	Three	
(32)	Ghateswar	South 24 Parganas	0	0	0.54	0.54	6.06	One	
(33)	Joka-I	South 24 Parganas	0	0	0	0	6.56	Nil	
(34)	Joka-II	South 24 Parganas	0	0.11	0	0.11	13.27	One	
(35)	Ramkarchar	South 24 Parganas	0	0	0	0	8.43	Nil	
Total			45.93	94.81	69.83	210.57	3,630.43		
Percentage of expenditure on total receipts			1	3	2				

Note: Eight PRIs incurred expenditure towards three sectors; 16 PRIs incurred expenditure towards two sectors; seven PRIs incurred expenditure towards one sector and four PRIs did not incur expenditure towards any of the three sectors.

Appendix-XXXIV

(Reference: Paragraph 3.3.6)

Statement showing the particulars of selected PRIs which spent**TFC fund towards unapproved items****(Rupees in lakh)**

Sl No	Name of PRIs	District	Total Expenditure	Expenditure Towards unapproved items
ZP:				
(1)	Jalpaiguri	Jalpaiguri	588.54	54.13
(2)	South 24 Parganas	South 24 Parganas	1381.60	10.14
PS:				
(3)	Alipurduar-II	Jalpaiguri	44.31	19.76
(4)	Dhupguri	Jalpaiguri	58.99	15.90
(5)	Kumargram	Jalpaiguri	37.48	32.58
(6)	Sagar	South 24 Parganas	16.35	10.03
(7)	Mandirbazar	South 24 Parganas	26.92	2.12
GP:				
(8)	Jagadalla-I	Bankura	7.94	0.41
(9)	Kushdwip	Bankura	7.58	3.33
(10)	Banasuria	Bankura	8.64	0.95
(11)	Khoardanga-I	Jalpaiguri	13.18	4.62
(12)	Khoardanga-II P	Jalpaiguri	7.61	4.60
(13)	Kamakhyaguri-I	Jalpaiguri	9.70	2.27
(14)	Magurmari-I	Jalpaiguri	14.48	4.59
(15)	Magurmari-II	Jalpaiguri	12.74	3.64
(16)	Chamurchi	Jalpaiguri	12.70	10.00
(17)	Turturi	Jalpaiguri	13.67	6.79
(18)	Chandpur Chaitanyapur	South 24 Parganas	1.91	0.19
(19)	Ramkarchar	South 24 Parganas	8.41	8.41
(20)	Dhablat	South 24 Parganas	7.26	4.64
(21)	Joka-II	South 24 Parganas	8.53	0.03
(22)	Ghateswar	South 24 Parganas	5.37	4.16
Total			2,293.91	203.29

Appendix-XXXV

(Reference: Paragraph 3.3.7)

Statement showing the particulars of selected PRIs which have not submitted or partially submitted Utilisation Certificates (UCs) of TFC Fund

(Rupees in lakh)

Sl. No.	Name of PRIs	Districts	Total Expenditure	UC submitted(Yes/no) If yes, amount of UC submitted
ZP:				
(1)	Bankura ZP	Bankura	339.60	No
(2)	Jalpaiguri ZP	Jalpaiguri	588.54	No
(3)	South 24 Pgs	South 24 Parganas	1381.60	No
PS:				
(4)	Gangajalghati	Bankura	25.96	26.51
(5)	Alipurduar-II	Jalpaiguri	44.31	32.62
(6)	Dhupguri	Jalpaiguri	58.99	58.99
(7)	Kumargram	Jalpaiguri	37.48	35.33
(8)	Sagar	South 24 Parganas	16.35	9.83
(9)	Mandirbazar	South 24 Parganas	26.92	5.18
(10)	Thakurpukur-Maheshtala	South 24 Parganas	9.21	7.66
GP:				
(11)	Jagadalla-I	Bankura	7.94	7.94
(12)	Jagadalla-II	Bankura	7.14	7.14
(13)	Kalpathar	Bankura	4.49	4.49
(14)	Patrasayer	Bankura	10.19	7.97
(15)	Beersingha	Bankura	5.93	5.22
(16)	Kushdwip	Bankura	7.58	7.57
(17)	Dhaspara-Sumatinagar I	Bankura	4.52	No
(18)	Banasuria	Bankura	8.64	8.64
(19)	Piraboni	Bankura	5.35	5.35
(20)	Khoardanga-I	Jalpaiguri	13.18	9.31
(21)	Khoardanga-II	Jalpaiguri	7.61	7.61
(22)	Kamakhyaguri-I	Jalpaiguri	9.70	7.17
(23)	Magurmari-I	Jalpaiguri	14.48	14.34
(24)	Magurmari-II	Jalpaiguri	12.74	No
(25)	Chamurchi	Jalpaiguri	12.70	7.60
(26)	Turturi	Jalpaiguri	13.67	5.48
(27)	Bhatibari	Jalpaiguri	19.29	No
(28)	Tatpara-II	Jalpaiguri	7.69	7.69
(29)	Chandpur Chaitanyapur	South 24 Parganas	1.91	No
(30)	Ramkarchar	South 24 Parganas	8.41	8.41
(31)	Dhablat	South 24 Parganas	7.26	6.69
(32)	Chatta	South 24 Parganas	5.51	5.51
(33)	Joka-I	South 24 Parganas	4.57	4.57
(34)	Joka-II	South 24 Parganas	8.53	8.53
(35)	Ghateswar	South 24 Parganas	5.37	3.93
Total			2,743.36	327.28

Appendix-XXXVI
(Reference: Paragraph 3.3.8)

Statement showing the selected PRIs that failed to collect any revenue

(Rupees in lakh)

Sl. No.	Name of PRIs	District	Amount spent out of TFC
(1)	Piraboni	Bankura	5.35
(2)	Banasuria	Bankura	8.64
(3)	Bhatibari	Jalpaiguri	19.29
(4)	Tatpara-II	Jalpaiguri	7.69
(5)	Turturi-II	Jalpaiguri	13.67
(6)	Kamakhyaguri-I	Jalpaiguri	9.70
(7)	Ramkarchar	South 24 Parganas	8.41
(8)	Joka-I	South 24 Parganas	4.57
(9)	Joka-II	South 24 Parganas	8.53
(10)	Dhaspara-Sumatinagar	South 24 Parganas	4.52
Total			90.37

Appendix-XXXVII
(Reference: Paragraph 3.3.9)

Statement showing the particulars of selected PRIs that failed to realise any maintenance cost

(Rupees in lakh)

Sl. No.	Name of PRIs	District	Cost of water supply and sanitation
ZP:			
(1)	Jalpaiguri ZP	Jalpaiguri	0.10
PS:			
(2)	Kumargram	Jalpaiguri	0.79
(3)	Dhupguri	Jalpaiguri	6.50
GP:			
(4)	Kushdwip	Bankura	3.26
(5)	Banasuria	Bankura	2.86
(6)	Patrasayer	Jalpaiguri	4.07
(7)	Beersingha	Jalpaiguri	3.22
(8)	Kamakhyaguri-I	Jalpaiguri	3.30
(9)	Tatpara-II	Jalpaiguri	0.54
(10)	Turturi	Jalpaiguri	2.80
Total			27.44

Appendix-XXXVIII
(Reference: Paragraph 4.1.8.1)

Statement of Funds Received & Utilised during 2006-07

(Rupees is lakh)

Sl. No.	Name of GP	Funds Available	Funds Utilised	Funds Unspent
(1)	Jahangirpur	19.34	14.94	4.40
(2)	Ashokegram	20.22	13.61	6.60
(3)	Uday	28.81	18.61	10.20
(4)	Belbari-II	34.18	19.82	14.36
(5)	Ramchandrapur	58.07	57.07	1.00
(6)	Ajmatpur	36.63	31.63	5.07
(7)	Tapanchandipur	71.40	70.81	0.59
(8)	Rampara-chenchra	131.21	118.73	12.48
(9)	Kashipur	41.58	27.15	14.43
(10)	Barrah	29.94	13.15	16.79
(11)	Manihara	13.58	6.77	6.81
(12)	Sonaijuri	21.53	16.25	5.28
(13)	Bhamuria	9.53	3.4	6.49
(14)	Saltore	8.15	4.17	3.98
(15)	Digha	12.07	7.88	4.19
(16)	Raibandh	52.29	29.43	22.86
(17)	Karnagarh	13.20	10.73	2.47
(18)	Lachhmapur	15.41	8.60	6.81
(19)	Lalgeria	16.80	16.03	0.77
(20)	Chakmakrampur	7.85	5.80	2.05
(21)	Bankibandh	17.91	12.87	5.04
(22)	Garhmal	16.31	12.16	4.15
(23)	Changual	7.32	4.83	2.49
(24)	Paparara-II	13.94	8.77	5.17
	Total	697.00	532.85	164.42

Appendix-XXXIX

(Reference: Paragraph 4.1.8.1)

Statement of Funds Received & Utilised during 2007-08

(Rupees is lakh)

Sl. No.	Name of GP	Funds Available	Funds Utilised	Funds Unspent
(1)	Paparara-II	10.82	6.55	4.27
(2)	Lachhmapur	17.42	17.40	0.02
(3)	Chakmakrampur	9.60	6.64	2.96
(4)	Changual	13.80	12.37	1.43
(5)	Garhmal	16.71	12.02	4.69
(6)	Lalgeria	8.83	7.76	1.07
(7)	Bankibandh	16.08	15.96	0.12
(8)	Karnagarh	13.15	10.94	2.21
(9)	Raibandh	29.11	26.41	2.70
(10)	Bhamuria	17.91	10.55	7.36
(11)	Digha	22.79	14.99	7.80
(12)	Saltore	11.00	6.52	4.48
(13)	Kashipur	39.18	37.16	2.02
(14)	Barrah	32.54	23.35	9.19
(15)	Manihara	16.03	13.78	2.25
(16)	Sonajuri	13.27	8.92	4.35
(17)	Uday	62.41	31.58	30.83
(18)	Ajmatrampur	11.55	5.34	6.21
(19)	Jahangirpur	21.03	4.21	16.82
(20)	Tapanchandipur	7.84	3.00	4.84
(21)	Ramchandrapur	10.82	7.70	3.12
(22)	Ashokegram	28.96	19.68	9.28
(23)	Belbari-II	20.61	13.13	7.78
(24)	Ramparachenchra	30.40	30.36	0.04
Total		481.86	346.32	135.80

Appendix-XL

(Reference: Paragraph 4.1.8.3)

Funds of NFFWP, not transferred to NREGS Funds

(Rupees in lakh)

Sl. No.	Name of GP	Funds Available
1.	Paparara-II	2.34
2.	Salboni	2.49
3.	Karnagarh	50.51
4.	Bankibundh	6.64
5.	Changual	2.68
6.	Garhmal	10.36
7.	Digha	2.70
8.	Bhamuria	2.65
9.	Saltore	3.50
10.	Raibundh	2.20
11.	Manihara	5.65
12.	Sonaijuri	4.69
13.	Barrah	2.70
14.	Kashipur	1.16
Total		55.27

Foodgrains

Name of GP	Foodgrains (Quintal)
Paparara-II	246.827
Salboni	49.000
Karnagarh	40.000
Bankibundh	250.000
Changual	104.736
Garhmal	300.000
Total	990.563

Value of foodgrains = 990.563 quintal i.e. 99,056.3 kg x Rs 6 per kg = Rs 5.94 lakh.

So, Total funds available = Rs 55.27 lakh *plus* Rs 5.94 lakh = Rs **61.21 lakh**

Appendix-XLI
(Reference: Paragraph 4.1.10.2)

Analytical Statement

2006-07

(Rupees is lakh)

Sl. No.	Name of GP	Nos. of Works	Estimated Value	No. of Works undertaken	Expenditure
1.	Jahangirpur	31	19.50	30	14.94
2.	Ashokegram	115	115.00	30	12.40
3.	Belbari-II	251	304.48	22	19.80
4.	Uday	51	70	31	18.61
5.	Ramchandrapur	142	359	87	57.00
6.	Ajmatpur	94	114.00	39	31.63
7.	Tapanchandipur	94	92.00	58	70.81
8.	Ramparachenchra	100	175.00	76	119.00
9.	Kashipur	20	73.67	20	27.24
10.	Barrah	15	74.66	14	13.15
11.	Manihara	6	10.55	6	6.77
12.	Sonaijuri	13	13.68	13	16.25
13.	Digha	5	11.84	5	7.88
14.	Bhamuria	7	10.86	5	3.03
15.	Raibundh	276	127.00	191	29.43
16.	Saltore	29	17.53	28	4.17
17.	Changual	27	56.00	5	1.53
18.	Paparara-II	77	100.00	5	4.95
19.	Lachmapur	106	150.25	14	8.60
20.	Garhmal	153	185.87	4	3.87
21.	Bankibundh	46	105.50	4	4.73
22.	Chakmakrampur	220	245.35	9	7.53
23.	Lalgeria	78	59.50	9	13.55
24.	Karnagarh	132	228.67	4	5.22
Total		2,088	2,738.57	709	502.14

Appendix-XLII

(Reference: Paragraph 4.1.10.2)

Annual Plan vis-à-vis implementation of Schemes

(Rupees in lakh)

Sl. No.	Name of GP	No. of Schemes in the AP	Total outlay of the AP	No. of Schemes taken up for implementation	Actual Expenditure incurred
(1)	Raibundh	74	99.57	36	26.40
(2)	Bhamuria	74	99.57	06	10.55
(3)	Digha	128	198.41	13	14.98
(4)	Saltore	82	75.56	32	6.52
(5)	Kashipur	85	201.30	28	37.15
(6)	Barrah	71	152.81	21	23.34
(7)	Monihara	75	225.70	16	13.77
(8)	Sonajjuri	85	184.00	15	8.92
(9)	Ashokegram	124	295.00	20	19.68
(10)	Belbari-II	262	267.85	23	13.12
(11)	Uday	103	175.40	49	31.58
(12)	Ramchandrapur	538	584.08	15	7.70
(13)	Tapanchandipur	381	567.92	06	3.00
(14)	Ramparachenchra	378	684.73	26	3.03
(15)	Ajmatpur	179	241.37	11	5.33
(16)	Jahangirpur	79	105.52	06	4.20
(17)	Paparara-II	196	202.90	00	00
(18)	Changual	103	204.74	12	9.87
(19)	Lachhmapur	955	298.84	24	17.40
(20)	Chakmakrampur	239	230.80	02	1.23
(21)	Garhmal	155	182.11	10	7.43
(22)	Lalgeria	77	79.85	01	6.31
(23)	Bankibandh	43	106.50	11	9.99
(24)	Karnagarh	129	230.97	02	0.96
Total		4,615	5,695.50	385	282.46

Appendix-XLIII(A)

(Reference: Paragraph 4.3.5.2)

Non-performances of devolved functions by ZPs

Sl. No.	Item	Responsibilities	Performance		
			Cooch Behar	Hooghly	North 24 Parganas
1	Animal Resources & Development	13	4	4	7
2	Health & Family Planning	18	4	10	14
3	Forestry including Social Forestry	8	2	--	7
4	Women & Child Development & Social Welfare	2	1	1	1
5	Water Investigation & Development	5	--	3	2
6	Land & Land Reforms	10	6	4	8
7	Public Health Engineering	7	1	2	6
Total		63	18	24	45
Percentage			29	38	71

Appendix-XLIII(B)

(Reference: Paragraph 4.3.5.2)

Non-performances of devolved functions by PSs

Sl. No.	Item	Responsibilities	Performance					
			Tufangunj-II	Cooch Behar-I	Singur	Chinsurah Mogra	Basirhat-I	Barrackpore-I
1	Animal Resources & Development	13	8	8	6	4	11	11
2	Health & Family Planning	22	16	10	10	8	16	10
3	Forestry including Social Forestry	6	1	1	1	0	6	6
4	Women & Child Development & Social Welfare	6	4	5	5	4	3	2
5	Water Investigation & Development	4	0	0	0	0	0	1
6	Land & Land Reforms	13	11	11	3	3	8	8
7	Public Health Engineering	6	4	5	3	1	0	1
Total		70	44	40	28	20	44	39
Percentage			63	57	40	29	63	56

Appendix-XLIII(C)
(Reference: Paragraph 4.3.5.2)
Non-performances of devolved functions by GPs

Sl. No.	Items	Responsibilities	Performance											
			Bhanukumari-I	Bhanukumari-II	Dewanhat	Ghughumari	Singur-I	Beraberi	Saptagram	Kodalai-II	Sangrampur Shibati	Nimderia Kodalia	Kowgachi-I	Kowgachi-I
1	Animal Resources & Development	17	8	8	8	8	7	8	6	4	13	13	13	13
2	Health & Family Planning	25	19	12	20	20	20	10	11	10	17	14	16	23
3	Forestry including Social Forestry	7	5	6	5	5	1	2	2	2	7	1	5	3
4	Women & Child Development & Social Welfare	9	9	10	10	10	8	8	9	8	9	6	7	8
5	Water Investigation & Development	6	4	0	1	1	1	1	0	1	4	0	4	4
6	Land & Land Reforms	11	9	9	4	7	1	1	1	1	8	8	8	8
7	Public Health Engineering	8	1	0	1	1	5	6	5	3	4	4	4	4
	Total	83	55	45	49	52	33	37	34	29	62	46	57	63
	Percentage		66	54	59	62	40	45	41	35	75	55	69	76

Appendix-XLIV

(Reference: Paragraph 4.3.5.4)

Inadequate flow of funds to the PRIs

(Rupees in crore)

ZP Level				
Name of ZPs	Entitlement during 2005-08	Actual receipts during 2005-08	Deficit	Percentage of deficit
Coochbehar	15.54	6.05	9.49	61
Hooghly	15.98	5.45	10.53	66
North 24 Parganas	17.34	11.82	5.52	32
Total	48.86	23.32	25.54	
PS Level				
Tufangunj-II	1.00	0.53	0.47	47
Coochbehar-I	1.83	0.98	0.85	46
Singur	0.92	0.37	0.55	60
Chinsurah-Mogra	0.68	0.46	0.22	32
Basirhat-I	0.64	0.34	0.30	47
Barrackpur-I	0.53	0.27	0.26	49
Total	5.60	2.95	2.65	
GP Level				
Ghughumari	0.44	0.17	0.27	61
Dewanhat	0.35	0.20	0.15	43
Bhanukumari-I	0.33	0.12	0.21	64
Bhanukumari-II	0.29	0.08	0.21	72
Singur-I	0.08	0.04	0.04	50
Beraberi	0.17	0.06	0.11	65
Saptagram	0.29	0.10	0.19	66
Kotalia-II	0.21	0.08	0.13	62
Sangrampur-Shibati	0.27	0.09	0.18	67
Nimdaria Kotalia	0.25	0.09	0.16	64
Kowgachi-I	0.25	0.05	0.20	80
Kowgachi-II	0.12	0.04	0.08	67
Total	3.05	1.12	1.93	

Appendix-XLV
(Reference: Paragraph 6.2)

Statement showing unrealised revenues of ZPs and PSs

(Rupees is lakh)

SI No.	Name of PRIs	Particulars of own source revenue	Amount	Position as of
(1)	South 24 Parganas ZP	Rent of market stall	59.95	October 2007
(2)	Bankura ZP	Lease rent of Bundh	10.93	July 2007
		Rent of Stall	6.87	Do
(3)	Purba Medinipur ZP	Lease rent of land	32.60	February 2008
(4)	Purulia ZP	Rent	9.49	September 2007
(5)	Dakshin Dinajpur ZP	Stall Rent	2.05	January 2008
(6)	North-24 Parganas ZP	Stall Rent	2.17	August 2007
		Lease rent of ferry	6.93	Do
(7)	Malda ZP	Stall Rent	16.88	March 2008
(8)	Jalpaiguri ZP	Stall rent	13.45	December 2007
(9)	Illambazar PS	Lease money of roads	2.28	October 2007
(10)	Jhargram PS	Rent of shops of market complex	1.18	June 2007
(11)	Sagardighi PS	Rent of shops of market complex	1.33	January 2008
		Electricity Charges of shops	0.80	Do
		Rent of other house	0.58	Do
(12)	Sarenga PS	Rent of shops of market complex	4.57	July 2007
(13)	Khanakul-II PS	Lease money of ferry ghats	7.73	June 2007
(14)	Kaliaganj PS	Lease money of pond	1.55	July 2007
(15)	Balagargh PS	Lease money of ferry ghat	4.93	June 2007
(16)	Bamangola PS	Rent of market shops	3.93	July 2007
(17)	Barjora PS	Water charge	1.57	May 2007
(18)	Gangajalghati PS	Rent of market shops	1.52	April 2007
(19)	Barrackpur-I PS	Rent of market shops	5.45	January 2008
(20)	Mathurapur-II PS	Lease money of ferry ghat	4.34	March 2008
(21)	Kandi PS	Rent of market shops	2.56	November 2007
(22)	Dubrajpur PS	Rent of market shops	2.74	July 2007
		Lease money of ferry ghat	9.13	Do
(23)	Amdanga PS	Water charge	5.96	February 2008
(24)	Bolepur-Sriniketan PS	Water charge	28.50	September 2007
(25)	Magrahat-I PS	Rent of stalls	0.26	March 2008
(26)	Harishchandrapur-II PS	Ferry ghat	0.41	July 2007
(27)	Rampurhat-II PS	Ferry ghat, hat etc.	0.42	August 2007
(28)	Raiganj PS	Market Rent	0.48	June 2007
(29)	Khejuri-I PS	Market Rent	0.47	May 2007
(30)	Englishbazar PS	Ambulance lease rent and guest house rent	0.13	August 2007
(31)	Jamuria PS	Market Rent	0.48	October 2007
Total			254.62	

PREFACE

This Report for the year ended 31 March 2008 contains the results of audit of accounts of Urban Local Bodies in the state of West Bengal.

The Report has been prepared for submission to the Government of West Bengal in accordance with the provisions of the West Bengal Municipal Act, 1993 and other respective Acts of six Municipal Corporations.

The cases mentioned in this Report are among those, which came to notice in the course of test audit of accounts of 49 ULBs during the period July 2007 to May 2008, as well as those noticed in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2007-08 have also been included wherever considered necessary.

OVERVIEW

This Report contains eight chapters, containing observations of audit on accounting procedures and financial management, revenue receipts, establishment, material management, implementation of schemes, performance audit as well as other important issues. A synopsis of the Audit findings is presented in this overview.

Excess expenditure of Rs 13.53 crore over the budget provision incurred by 12 ULBs during 2005-06 to 2007-08 has not been regularized.

[Paragraph 2.1.2]

Out of 40 ULBs in the Kolkata Metropolitan area, only two ULBs had submitted their accounts for 2006–07. All 85 ULBs in non-metropolitan area had not submitted even the opening balance sheets as on 1 April 2007.

[Paragraph 2.2]

Six ULBs did not reconcile their cash book balance with the bank balance and four ULBs had not prepared the Receipt and Payment Accounts for 2004–07.

[Paragraph 2.3.1 & 2.3.2]

Six out of 48 ULBs diverted Rs.79.33 lakh sanctioned for specific purposes during the years 2004–05 to 2006–07 depriving the beneficiaries of the intended benefits.

[Paragraph 2.6]

Fifteen ULBs accumulated a liability of about Rs.35.98 crore due to non-payment of loan in time. The increasing liabilities adversely impact the financial stability of the ULBs and in turn reduce their capacity to raise market loans for developmental works.

[Paragraph 2.8]

All primary schools under the municipalities stood transferred to the District Primary School Council (DPSC) together with their lands, buildings and other properties. All teachers and other staff were deemed to be employed by DPSC with effect from 15 April 1992. Despite this arrangement for taking over liabilities of primary schools by DPSC, 14 ULBs incurred a total expenditure of Rs.5.59 crore towards salary of employees and maintenance of primary schools during the period 1992–08.

[Paragraph 2.11]

Delay by 11 ULBs ranging from one month to 10 years in crediting money into Provident Fund resulted in loss of interest on Provident Fund account to the tune of Rs.4.82 crore, thereby creating an additional burden on them.

[Paragraph 2.14]

Inadmissible remission allowed in property tax resulted in loss of revenue of Rs.89.64 lakh in three ULBs.

[Paragraph 3.3]

Non-imposition of surcharge on property tax for commercial holdings by 25 ULBs during 2001–08 resulted in loss of revenue of Rs 3.13 crore.

[Paragraph 3.4]

Eight ULBs sustained a loss of Rs.4.16 crore due to non imposition or under imposition of water charge during the period from February 2003 to the date of audit.

[Paragraph 3.5]

In violation of the norms fixed by the State Government regarding employment of staff, four ULBs irregularly spent Rs.3.71 crore during the years 2005–07 on engagement of excess casual staff.

[Paragraph 4.1]

In absence of Special Fund, five ULBs failed to pay gratuity and pension to the retired employees and accrued a liability of Rs.5.86 crore as of March 2007.

[Paragraph 4.2]

Coochbehar Municipality and Siliguri Municipal Corporation procured cement from local market instead of from the West Bengal Essential Commodity Supply Corporation (WBECSC) resulting in avoidable expenditure of Rs.23.39 lakh.

[Paragraph 5.1]

Developmental works left incomplete by six ULBs, even after the lapse of a considerable period, failed to generate expected revenue rendering the entire expenditure of Rs.3.55 crore unproductive.

[Paragraph 5.2]

Sixteen ULBs had not utilised Rs.10.78 crore out of Rs.23.13 crore received under Employment Generation Scheme grants as of March 2008. Seven ULBs expended Rs.5.18 crore under the scheme without involving the Community Development Societies (CDS). The expenditure on wages by seven ULBs was far below 40 *per cent* of the total cost of work, implying non-generation of employment of approximately 34782 mandays. Englishbazar and Alipurduar municipalities failed to utilise earmarked grants of Rs.35.58 lakh during 2005-08 for generation of employment among SC / ST category.

[Paragraph 6.1]

Eight ULBs had expended Rs.6.03 crore of the National Slum Development Programme fund during 2005-08 for development of the entire municipal area without targeting identified slum areas. Works valued at Rs.5.01 crore were executed through contractors by 15 ULBs during 2004-08 without involving CDS. Five ULBs diverted Rs.56.08 lakh during 2003 – 07. Fifteen ULBs did not take up any work against the earmarked fund of Rs.1 crore for construction of shelter during 2005-08.

During 2003-07, 10 ULBs spent Rs.4.44 crore without setting up Neighbourhood Committee / Slum Development Committee.

[Paragraph 6.2]

Burdwan Municipality paid old age pension to 426 beneficiaries under National Old Age Pension Scheme during March 2000 to March 2008 though the pensioners were below the age of 65 years at the time of sanction.

[Paragraph 6.3.2]

PERFORMANCE AUDIT

INTERNAL CONTROL MECHANISM IN BIDHANNAGAR MUNICIPALITY

Internal controls of the Bidhannagar Municipality were inadequate and ineffective. The Municipality had unspent fund of Rs.8.07 crore, some of which had been received in 2003-04. The Cash Book was not written on the day of transaction and the Annual Accounts for 2006-07 was not submitted to Audit. Under-valuation of three holdings had led to loss of property tax of Rs.9.86 crore upto second quarter of 2005. Advances of Rs.79.60 lakh were booked in final head of account without adjustment vouchers. Materials worth Rs.44.51 lakh were purchased during 2005-06 to 2007-08 without inviting tender / quotations. The whereabouts of 12 submersible pumps valuing Rs.18.77 lakh was not known to the Municipality. The works of Rs.31.29 lakh were not recording in the measurement book.

[Paragraph 7.1]

SOLID WASTE MANAGEMENT

The management of municipal solid waste is the responsibility of the municipality under the 74th Constitutional amendment. The Kolkata Municipal Corporation (KMC) has the responsibility of managing about 4000 tones per day of solid waste. A review of the management of solid waste by KMC revealed non-compliance with the Rules issued by the Government of India, with serious implications for health and environmental hazards.

The provisions of the Municipal Solid Waste (Management and Handling) Rules, 2000 (MSWMHR) have not been implemented even 8 years after they came into force. House to house waste collection was not regular and satisfactory. The reducing, recycling and reusing of waste as well as reducing load on transportation and land fill were not achieved due to non-segregation of waste at source. Insufficient number of containers and existence of open storage points led to littering and non compliance of the norms for storage safety. Less than half of the existing transportation capacity was being utilised and the cost of transportation was high, indicating inefficiencies in the transportation management. There was uneven deployment of working force in collection and transportation of waste and the monitoring staff did not do their allotted duty. KMC did not take any protective measures to prevent adverse effect on the health of the conservancy staff engaged in manual handling of solid waste. Improper disposal system led to contamination at Dhapa site with adverse environmental consequences which were not addressed. No action has been taken to prevent recycling of toxic waste through consumption of

agricultural and horticultural produce from the area. Absence of processing of waste led to production of green house gas which caused land subsidence and environmental degradation.

(Paragraph 7.2)

CAR PARKING PROJECTS ON PPP BASIS

KMC awarded two multistoried car parking projects at Rowdan Street and Lindsay Street to a private partner without competitive bid. The financial and other interests involving investment of land by KMC were not safeguarded. The agreed annual revenue was only five *per cent* of gross revenue of the parking projects. Even after investment of land valued at Rs.29.14 crore, KMC gave interest free loan of Rs.3.00 crore to the private partner resulting in loss of interest of Rs.3.53 crore. KMC did not opt to share lease premium of commercial outlets at Lindsay Street mall which resulted in huge monetary loss. The projects failed to achieve the objective of easing traffic congestion in the project areas and to maintain on-the-street parking income prevailing prior to execution of the projects. In the whole process, the private partner was allowed all the benefits disregarding public safety and the investment made by KMC.

(Paragraph 7.3)

OTHER IMPORTANT CASES

Violating its own code, KMC awarded supply-contract of ductile iron pipe to a company without inviting tender during 2003-2005. Again ignoring the lowest offer received against limited quotations KMC awarded the contract at a higher rate to the same company resulting in excess expenditure of Rs.76.33 lakh.

(Paragraph 8.1)

In Dum Dum Municipality, the revenue of Rs.7.67 lakh collected during June 2005 to March 2007 was not deposited with the Municipality till May 2008 resulting in misappropriation of municipal fund.

(Paragraph 8.2)

CHAPTER I

INTRODUCTION

1.1 Background

Municipal Bodies have been accorded constitutional status in the 74th Constitutional Amendment Act of 1992 and raised to the status of 'Government' at the local level.

Article 243W of the Constitution of India envisages that the State Government may, by law, endow the Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities, subject to such conditions as may be specified therein, with respect to (i) the preparation of plans for economic development and social justice and (ii) the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the Twelfth Schedule.

Out of 126 Urban Local Bodies (ULB) in West Bengal, 120 municipalities are governed according to the provisions of the West Bengal Municipal Act, 1993 and six municipal corporations¹ are governed according to the provisions of the respective Acts legislated separately. Except these six municipal corporations, all other municipalities were classified into five groups on the basis of the population as ascertained in the preceding census for the purpose of application of the provision of the Act. Each municipality is divided into a number of wards, which is determined and notified by the State Government having regard to the population, dwelling pattern, geographical condition and economic consideration of the respective area. The minimum number of wards is nine and the maximum number is kept between 15 and 141 depending on the size of the ULB. An elected Councillor represents each ward.

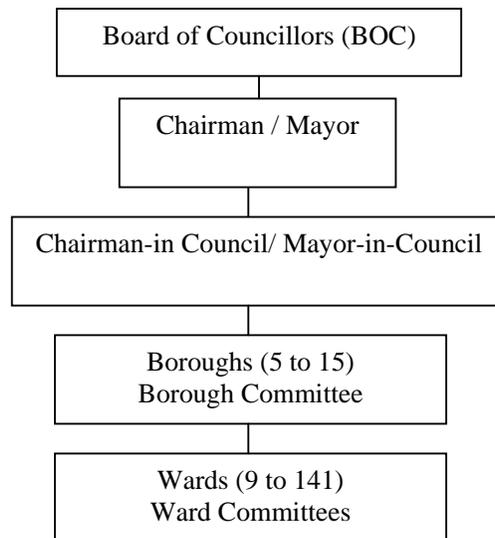
In 2001 the urban population in West Bengal was 2.25 crore spread over 2060 sq.km. with a density of 10915 per sq.km as against the total population of 8.02 crore. During 1991 to 2001, the urban population increased by 20.20 *per cent*, which was lower than the previous decade (29.49 *per cent*).

1.2 Organizational Structure

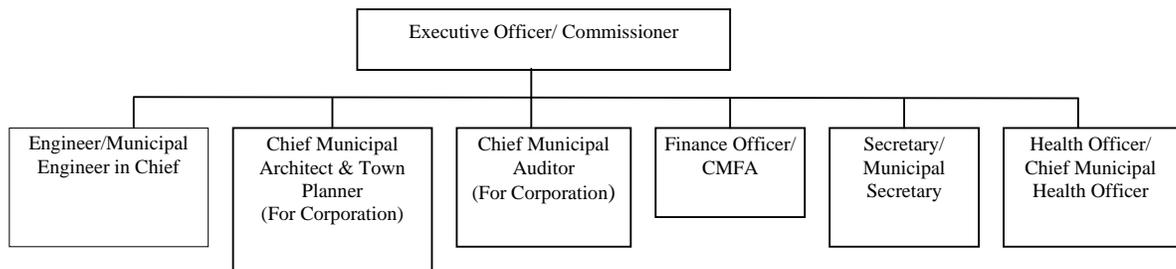
The Chairman/ Mayor, elected by the majority of the Board of Councillors (BOC), is the executive head of the ULB and presides over the meetings of the Chairman-in-Council/ Mayor-in-Council responsible for governance of the body. The executive power of a ULB is exercised by the Council. The Chairman presides over the Board of Councillors. The Chairman-in-Council/ Mayor-in-Council enjoys such power as is delegated by the Board.

¹ Kolkata, Howrah, Siliguri, Asansol, Durgapur and Chandernagore municipal corporations. With effect from November 2008, except Kolkata and Howrah, all Municipal Corporations are brought under the West Bengal Municipal Corporation Act, 2006.

Every ULB having a population of three lakh or more, groups the wards into five (up to 15 in respect of municipal corporation) boroughs. Boroughs are constituted with not less than six contiguous wards and a Borough Committee is also constituted for each Borough. The Councillors of the respective wards are the members of such Borough Committee and elect the Chairman (not being a member of Chairman-in-Council/ Mayor-in-Council) from among themselves. The Borough Committee discharges such functions, as the ULB requires it to discharge. At ward level, the ULB constitutes Ward Committee under the Chairmanship of the Ward Councillor. The organizational structure of the governing body of an ULB is as under:



Under the administrative control of the Board of Councillors, the ULB creates its establishment structure headed by an Executive Officer/ Commissioner. Other officers are also appointed to discharge specific functions of respective area/ nature. Subject to the supervision and control of the Chairman/Mayor, the Executive Officer/ Commissioner functions as the principal executive of the ULB. The Executive Officer/ Commissioner and the Finance Officer exercise such powers and perform such functions as notified by the State Government from time to time. The structure of an Urban Local Body is as below:



1.3 Powers and Functions

The ULBs exercise their powers and functions in accordance with the provisions of Article 243W of the Constitution. Some obligatory functions of the ULBs are as follows:

- Water supply for public and private purpose;
- Construction and maintenance of sewage and drainage system;
- Collection and disposal of solid waste;
- Construction and maintenance of streets, bridges, fly-overs etc.;
- Construction and maintenance of public latrines, urinals and similar conveniences;
- Lighting of public streets and other public places;
- Construction and maintenance of markets;
- Preventing and checking spread of dangerous diseases including immunization;
- Town planning and development including preservation of monuments, places of historical, artistic and other importance; and
- Overall administration including survey, removal of encroachment, dangerous buildings, registration of births and deaths and pollution control of all kinds.

Further, the ULBs may at their discretion provide the services either wholly or partially out of its property and fund for the following services:

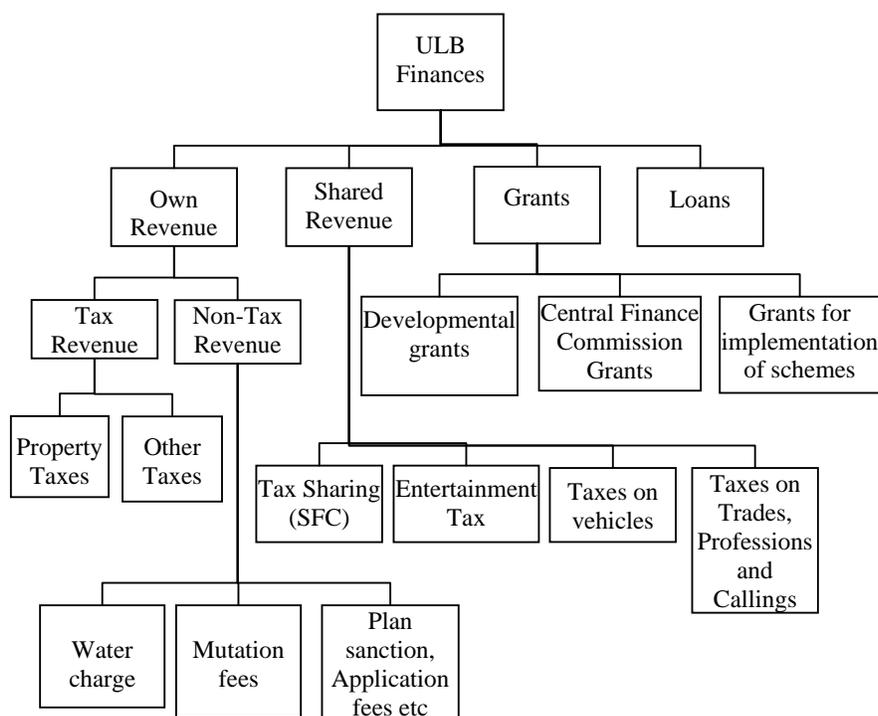
- Education;
- Sanitation;
- Relief in the time of famine, flood or earthquake;
- Old-age-homes, orphanage;
- Public works relating to relief, care of sick, medical service; and
- Low-cost dwelling houses for socially backward classes or citizens.

The State Government may impose or transfer any such functions and duties of the Government to the ULB including those performed by the departments. Such activities may include employment schemes and programmes, social forestry, health and family welfare, cottage and small-scale industries, formal and non-formal education etc.

1.4 Financial Profile

The ULB fund comprises receipts from its own source, grants and assistance from Governments and loans obtained from any public financial institutions or nationalized banks or such other institutions as the State Government may approve. A flow chart of finances of a ULB is as under:

Sources of finances of ULBs



The property tax on land and building is the principal source of tax revenue of an ULB.

The main sources of non-tax revenue of an ULB are plan sanction fees, mutation fees and water charges. All collections as permissible under the statute in force, such as tax and non-tax revenue, are meant for maintenance of administration and services to the tax payers.

The State Government releases administrative grants to the ULBs to compensate their revenue expenditure. Grants and assistance released by the State Government and the Central Government are utilised for developmental activities as specified in the respective schemes or projects.

The loans raised from different sources with prior approval of the State Government are utilised for execution of various projects/schemes.

1.5 Twelfth Finance Commission Grants

The Twelfth Finance Commission (TFC) allotted Rs.393.00 crore for the ULBs of West Bengal for the five years (2005-10) to be paid in ten equal instalments with the recommendation to provide at least 50 *per cent* of the grants-in-aid for Solid Waste Management (SWM). The State Government may assess the requirement of funding support for data building and maintenance of accounts for each local body and earmark funds accordingly out of the total allocation. According to the recommendation, it is mandatory for the State Government to transfer the grants released by the Government of India (GOI) to the ULBs within 15 days of the amount being credited to the State Accounts.

GOI released the entire approved grant of Rs.235.80 crore for the years 2005-08 in six installments of Rs.39.30 crore each. The second instalment of a particular year was released in the following financial year. The receipt of TFC grants for 2005-2008 (up to July 2008) and utilisation are shown below:

(Rupees in crore)

Year	Approved allocation	Receipt from Govt. of India	Released to ULBs	Expenditure
2005-06	78.60	39.30	39.30	20.04
2006-07	78.60	78.60	78.83	42.49
2007-08	78.60	78.60	78.60	118.13*
		39.30*	39.30*	
Total	235.80	235.80	236.03	180.66

* The amount released in July 2008 pertaining to the year 2007-08.

An amount of Rs.23.06 lakh was released by the State Government towards interest for delay in release of the first installment of 2005-06. Rs.55.37 crore remained unspent and the tax payers were deprived of intended services aimed under the scheme.

Test check of accounts of 25 municipalities revealed that during 2005-08, these municipalities had received a total of Rs.41.83 crore which included Rs.18.42 crore earmarked for Solid Waste Management (SWM). The expenditure incurred on SWM and on other development works during 2005-08 is as shown below:

(Rupees in lakh)

Name of the ULB	Receipt			Expenditure		
	SWM	NSWM	Total	SWM	NSWM	Total
Asansol	129.01	198.03	327.04	53.36	195.14	248.50
Baruipur	26.99	35.31	62.30	19.24	27.25	46.49
Basirhat	67.32	77.45	144.77	0.00	48.72	48.72
Bhatpara	162.59	214.73	377.32	20.17	183.00	203.17
Chandernagore	121.57	109.27	230.84	49.62	83.40	133.02
Dhulian	37.44	39.51	76.95	10.76	31.90	42.66
Dum Dum	28.53	36.90	65.43	32.58	41.06	73.64
Durgapur	170.57	230.01	400.58	123.8	187.67	311.47
Englishbazar	115.00	105.8	220.8	0.00	59.24	59.24
Gayespur	30.50	44.29	74.79	21.76	35.51	57.27
Kamarhati	72.99	107.05	180.04	38.69	107.98	146.67
Kulti	126.40	158.57	284.97	53.03	126.45	179.48
Mirik	22.50	26.58	49.08	7.29	12.91	20.20
North Barrackpore	54.55	66.10	120.65	52.23	61.00	113.23
Panihati	113.10	171.57	284.67	37.39	140.26	177.65
Rajarhat-Gopalpur	105.40	134.48	239.88	78.23	77.63	155.86
Rishra	49.98	60.04	110.02	32.37	52.70	85.07
Serampur	53.84	75.90	129.74	36.84	78.19	115.03
Taki	50.62	70.03	120.65	27.27	69.03	96.30
Mathabhanga	17.63	19.86	37.49	14.47	17.29	31.76
Bidhannagar	106.18	106.18	212.36	58.19	38.61	96.80
Naihati	85.78	85.78	171.56	57.45	85.52	142.97
Garulia	32.06	46.68	78.74	12.08	51.88	63.96
Titagarh	48.89	60.39	159.28	23.10	40.51	63.61
Baranagar	12.70	10.73	23.43	12.56	10.67	23.23
Total	1842.14	2291.24	4183.38	872.48	1863.52	2736.00

It may be seen from the above table that the releases for SWM in respect of these 25 ULBs fell short by Rs.2.50 crore of the entitlement of Rs.20.92 crore. However, the ULBs spent only Rs 8.72 crore being 47 *per cent* of Rs.18.42 crore available for SWM. The prescribed standards of management of solid waste viz. segregation at source, processing of waste and maintenance of landfill could not be achieved by these ULBs.

1.6 Accounting Reforms / Arrangements

In view of the recommendation of Eleventh Finance Commission (EFC), Ministry of Finance, Government of India entrusted the responsibility of prescribing appropriate accounting formats for the ULBs to the Comptroller and Auditor General of India (CAG).

The CAG constituted a Task Force which recommended (2002) accrual based double entry system of accounting for the ULBs. Accordingly the Ministry of Urban Development, GOI in association with the CAG developed the National Municipal Accounts Manual (NMAM) as recommended by the CAG's Task Force. The recommendations were accepted by the West Bengal Government and a Steering Committee was formed (January 2004) to coordinate the implementation of the accrual based system of accounting.

To bring about the change in the accounting system, the Accounting Manual for ULBs, West Bengal (excluding municipal corporations) was prepared in February 2006 based on the NMAM. Accordingly, the West Bengal Municipal Act, 1993 was amended (effective from 1 October 2006) and the West Bengal Municipal (Finance and Accounting) Rules, 1999 were amended with effect from 1 January 2007. The implementation of reform was started from the financial year 2006-07 for the ULBs in Kolkata Metropolitan Area and from 2007-08 for other municipalities.

As of 31 March 2008² no accounts in double entry system were prepared by the municipalities except the Kolkata Municipal Corporation (KMC). The Steering Committee entrusted (February 2004) KMC to prepare its accounting manual within a period of one year but they could not complete the work till March 2009.

1.7 Audit Arrangement

The recommendations of the EFC stipulate that the CAG shall be responsible for exercising control and supervision over proper maintenance of the accounts of ULBs and their audit.

The West Bengal Municipal Act, 1993 and the Acts governing other Municipal Corporations envisage that the accounts of a body shall be examined and audited by an auditor appointed by the State Government. Accordingly, the State Government in exercise of the power conferred by the Acts, appointed the Examiner of Local Accounts (ELA), West Bengal as the Auditor for audit of the accounts of the ULBs. The Acts further envisage that the Auditor shall prepare the report on the accounts examined and shall send such report to the Chairman/

² As of February 2009 opening balance sheets in respect of 15 ULBs in KMA (Bansberia, Baranagar, Barasat, Barrackpore, Baruipur, Gayespur, Hooghly-Chinsurah, Kamarhati, Konnagar, Madhyamgram, New Barrackpore, Pujali, Rajpur-Sonarapur, Rishra and South Dum Dum) and 10 ULBs in non-KMA (Birnagar, Burdwan, Chakdah, Dainhat, Joynagar-Mozilpur, Kalna, Katwa, Mathabhanga, Taki and Tarakeswar) have been received.

Mayor and a copy thereof to the Director of Local Bodies or such other officers as the State Government may direct.

1.8 Audit Coverage

Out of 126 ULBs, audit of accounts of 49 ULBs (**Appendix 1**) covering the financial year upto 2004-05, 2005-06, 2006-07 and 2007-08 was conducted during July 2007 to May 2008.

1.9 Follow up action on Audit Reports

Reports of the ELA on ULBs for the years 2003-04, 2004-05, 2005-06 and 2006-07 were submitted to the Government of West Bengal in May 2005, August 2006, July 2007 and May 2008 respectively. A State Level Audit Committee was constituted on 23 February 2006 to examine the findings of the Audit Reports on ULBs. Only one meeting was held on 24 April 2008 and Audit Report for the year 2003-04 was taken up for consideration.

1.10 Response to Audit Observations

The Chairman/ Mayor are required to comply with the observations contained in the Inspection Reports (IRs) and rectify the defects and omissions and report their compliance to ELA within three months from the date of issue of IRs.

The details of IRs and the paragraphs outstanding as of December 2008 are given below:

Year of issue	No. of Inspection Reports	No. of outstanding paras	Money Value (Rupees in crore)
Upto 2001	191	416	210.14
2001-02	106	337	207.82
2002-03	81	263	167.44
2003-04	361	764	884.97
2004-05	141	520	533.56
2005-06	243	1076	605.15
2006-07	182	1735	1053.39
2007-08	338	3061	1829.58
Total	1643	8172	5492.05

A review of the IRs, which were pending due to non-receipt of replies, revealed that the Heads of the offices, whose records were inspected by ELA, did not send any reply to a large number of IRs/ paragraphs. The Principal Secretaries/ Secretaries of the Departments, who were informed of the position through half yearly reports, also failed to ensure that the concerned officers of the ULBs take prompt and timely action. Although a Departmental Audit Committee was formed, it met only thrice in the year 2007-08.

CHAPTER-II

ACCOUNTING PROCEDURES AND FINANCIAL MANAGEMENT

According to the West Bengal Municipal Act, 1993 and Rules made thereunder, each Urban Local Body (ULB) shall present the budget estimate before the Board of Councillors (BOC) for adoption after discussion. Within six months of the close of a year, a financial statement consisting of the Balance Sheet, Income and Expenditure Account, Receipts and Payments Account and Fund Flow Statement shall be prepared in the form and manner prescribed, and presented before the BOC. The succeeding paragraphs bring out the deficiencies in accounts noticed during audit of 49 ULBs taken up during the period July 2007 to May 2008.

2.1 Budget Provisions

As per the West Bengal Municipal (Finance and Accounts) Rules, 1999 the departmental heads of the Municipality under the direction of the Member-in-Charge shall prepare their estimated receipts and expenditure in consultation of the Borough Committees or the Ward Committees and report the same to the Chairman. The Accounts Department shall in consideration of the departmental requirement and probable resources prepare the Draft Annual Budget Estimates which shall be finalized by the Chairman with the help of the officers without any budget deficit. After necessary consideration by the Chairman-in-Council, the said draft Annual Budget Estimate shall be placed before the Board of Councillors at a meeting specially convened for the purpose as provided under Section 82 of the West Bengal Municipal Act, 1993.

2.1.1 Failure to incur the budgeted expenditure

In 27 ULBs there were persistent savings in expenditure *vis-à-vis* the budget provisions over the last three years, indicating unrealistic estimates and absence of definite work plans. The overall budget provision and the expenditure of these ULBs for the years 2005-06, 2006-07 and 2007-08 are given in the following table, while the unit-wise position is detailed in Appendix 2A, 2B and 2C.

Year		Budget Provisions	Actual expenditure	Savings (-) Excess (+)	Percentage deviation
		(Rupees in crore)			
2005-06	Revenue	965.32	875.62	(-)89.70	(-) 9.29
	Capital	330.65	235.51	(-)95.14	(-) 28.77
2006-07	Revenue	1157.30	1108.65	(-)48.65	(-) 4.20
	Capital	429.09	218.25	(-)210.84	(-) 49.14
2007-08	Revenue	1329.47	1041.18	(-)288.29	(-) 21.68
	Capital	685.26	482.16	(-)203.10	(-) 29.64

It would be seen from the Appendix 2A, 2B and 2C that there were substantial savings in both the revenue (3 to 69 *per cent*) and the capital heads (2 to 98 *per cent*).

2.1.2 Excess of expenditure over budget estimates

As per provisions of the municipal law, no payment out of Municipal Fund shall be made unless such expenditure is covered by a current budget grant and sufficient balance of such budget grant is available.

Test check of budget provisions and expenditure revealed that 12 municipalities incurred expenditure more than the budgeted provisions under various heads of account during 2005-06 to 2007-08 as detailed below:

(Rupees in lakh)				
Name of ULB	Year	Budget provision*	Expenditure	Excess
Burdwan	2006-07	54.50 (7)	78.73	24.23
	2007-08	253.70 (4)	389.77	170.46
Englishbazar	2005-06	44.46 (8)	59.48	15.02
	2006-07	32.09 (8)	49.63	18.54
Alipurduar	2005-06	19.02 (2)	21.02	2.00
	2006-07	10.00 (3)	12.76	2.76
Garulia	2006-07	47.87 (5)	89.32	41.45
Taki	2006-07	42.20 (7)	86.68	39.48
Baranagar	2005-06	7.00 (3)	208.73	201.73
	2006-07	82.00 (3)	272.27	190.27
New Barrackpore	2006-07	186.15 (4)	239.25	53.10
Panihati	2005-06	429.46 (13)	726.57	297.11
	2006-07	316.57 (10)	396.47	79.90
Egra	2005-06	25.74 (15)	45.90	20.16
	2006-07	22.80 (13)	33.22	10.42
Midnapur	2006-07	111.09 (19)	155.95	44.86
	2007-08	242.22 (16)	355.99	113.77
Panskura	2006-07	8.10 (7)	9.97	1.87
Dhulian	2006-07	51.00 (5)	70.32	19.32
	2007-08	118.09 (7)	125.10	7.01

*Number of heads of accounts are given in bracket.

The municipalities did not furnish any reasons for incurring excess expenditure nor did they initiate any action to regularize the excess over the budget estimate. Five ULBs incurred the expenditure of Rs.3.70 crore without making any provision in the Budget estimate during 2006-08 as detailed below:

Name of ULB	Year	Amount (Rupees in lakh)	Purpose
Baranagar	2005-07	141.54	Drainage
		22.08	Ferry
		5.80	Welfare
Burdwan	2006-07	2.68	Commission agent
		2.39	Labour for stores
		145.90	Land
	2007-08	8.44	EFC
		12.48	NSDP
		8.44	BMSF
		5.02	HUDCO

Dhulian	2006-07	2.04	Pump house
		2.79	Pipelines
Garulia	2006-07	1.63	SJSRY
		6.69	Water logging
New Barrackpur	2006-07	2.15	NSDP
Total		370.07	

Mirik Municipality did not prepare any budget estimate for the year 2005-06 but spent Rs.62.05 lakh during that year.

2.2 Arrears in preparation of Annual Accounts

The ULBs were to switch over to accrual accounting system from 2006-07 (ULBs in Kolkata Metropolitan Area) and 2007-08 (other ULBs). As of 31 March 2008, only 2 out of 40 ULBs in the KMA area had submitted their 2006-07 accounts while none of the 85 ULBs in the non-KMA areas had submitted even the opening balance sheets as on 1 April 2007.

	ULBs in KMA	Other ULBs
Opening Balance Sheet received	11 ¹ (as on 1 April 2006)	Nil
Subsequent annual accounts received	2 ² (2006-07)	Nil
Accounts/Opening Balance Sheet due	38 (2006-07)	85 Opening Balance Sheets (as on 1.4.2007)

2.3 Deficiencies in Accounts

2.3.1 Non-preparation of Receipt and Payment Account

Apart from not preparing opening balance sheet as per amended West Bengal Municipal (Finance and Accounting) Rules, 1999, the following municipalities had not prepared even the Receipt and Payment Accounts for the periods detailed below:

Sl.No.	Name of ULB	Arrear in accounts
1.	Baruipur	2006-07
2.	Kulti	2006-07
3.	Mursidabad	2004-05 to 2006-07
4.	Baranagar	2005-07

2.3.2 Deficiencies in Receipt and Payment Account

In the accounts of Burdwan Municipality for the year 2007-08, the financial transactions of a medical unit under IPP VIII were not incorporated, thus excluded receipt and expenditure of Rs.90.65 lakh and Rs.1.11 crore respectively.

In six other municipalities the Bank balance as per Cash Book and actual Bank balance was not reconciled periodically as detailed below:

¹ Bansberia, Baranagar, Barasat, Barrackpore, Baruipur, Kamarhati, Konnagar, Madhyamgram, New Barrackpore, Pujali and South Dum Dum.

² Bally and Serampur.

Sl. No.	Name of the Municipality	As of	Balance as per Cash Book	Bank balance as per Bank/Treasury	Difference
			(Rupees in crore)		
1.	Baruipur	March 2007	1.75	1.51	(+)0.24
2.	Mursidabad	March 2007	2.58	2.64	(-)0.06
3.	Garulia	March 2007	(-)0.55	0.90	(-)1.45
4.	Titagarh	March 2007	1.68	2.01	(-)0.33
5.	Berhampore	March 2007	3.28	2.20	(+)1.08
6.	Gayespur	March 2008	5.08	6.83	(-)1.75
Total			13.82	16.09	(-)2.27

Thus, against the Cash Book balance of Rs.13.82 crore, the actual Bank/Treasury balance was Rs.16.09 crore. The reasons for variation could not be detected by audit due to non-furnishing the details of remittance, payments and bank scroll. The differences need immediate reconciliation by the respective ULBs.

2.4 Deficiencies in the Balance Sheet of Kolkata Municipal Corporation (KMC) for the year ending 31 March 2007

The KMC had submitted two annual accounts in double entry system as on 31 March 2008 viz. that of Kolkata Municipal Corporation and Kolkata Environment Improvement Project – a project division of KMC. Following important deficiencies in these annual accounts (year ending 31 March 2007) were noticed:

2.4.1 The assets did not include 6 packages of Slum Improvement Project, with a Gross Block of Rs.16 crore, which were completed and put to use during the period from January 2005 to November 2006 but were not transferred to KMC by KEIP. This resulted in understatement of Gross Block by Rs.16 crore, with corresponding overstatement of KEIP Advance by Rs.16.00 crore. Further, non-charging of depreciation on the said assets resulted in overstatement of surplus as well as Municipal Fund by Rs.1.62 crore.

2.4.2 The assets did not include the cost of the Office Building of KEIP valued at Rs.12.54 crore which led to under-statement of the Gross block of KMC as on 31 March 2007 by Rs.12.54 crore with corresponding overstatement of KEIP Advance. Further, due to non-charging of depreciation of Rs.0.84 crore (December 2003 to March 2007), the Excess of Income over Expenditure was overstated with corresponding overstatement of Municipal Fund.

2.4.3 Assets valuing Rs.32.86 crore were being shown as in progress for 10-17 years' without conducting any physical verification. This resulted in overstatement of Assets under Capital Work in Progress and Expenditure on General Infrastructure Improvement not yet capitalized as well as Municipal Fund by Rs.32.86 crore. KMC admitted (March 2008) the fact and assured that action would be taken after proper identification of the said projects, but no adjustment was done.

2.4.4 Receivables of Rs.20.23 crore on account of Licence fees and Rs.41.85 crore on account of Tax on Profession, Trades & Callings had remained unchanged for over 5 years (since 2001-02). The Corporation did not produce any document in support of the said receivables rendering them irrecoverable. Non-adjustment of the same resulted in overstatement of Receivables and the Municipal fund to the extent of Rs 62.08 crore.

2.4.5 KMC has continued to show Rs.74.26 crore towards Dues from Government and other Institutions for executing schemes/works on behalf of various grantors. In absence of the commitment or acceptance of the debtors/grantors in support of the expenditure (Rs.5.55 crore since 1990-91; Rs. 18.52 crore since 1996-97 and Rs.8.79 crore since 1997-98), the claim for reimbursement of the amount is not valid as receivables. As a result the Receivables remains overstated with corresponding overstatement of Municipal Fund by Rs.74.26 crore.

2.4.6 Loans & Advance of Rs.330.71 crore remained unchanged for over six years. The amount being irrecoverable as revealed in the Notes and Schedules to the Accounts, is required to be written off in the Income & Expenditure Account. Thus Loans & Advances, and Municipal Fund had been overstated by Rs.330.71 crore.

2.4.7 Accumulated Advances of Rs.14.60 crore remained unchanged for more than five years and the management continued to attach the same note to the accounts stating that they had initiated the process for write-off but no write-off had been effected till March 2007. This resulted in overstatement of Advances and Municipal Fund to the extent of Rs.14.60 crore.

2.5 Poor utilization of developmental grants

Grants and assistance released to the ULBs for execution of specific projects are required to be utilized in the respective year. It was observed that 14 ULBs had utilised only 48-53 percent of the grants available during 2006-08, as shown below:

Year	Opening balance	Receipts	Total	Utilisation	Percentage of utilization	Remarks
	(R u p e e s i n c r o r e)					
2006-07	530.55	894.48	1425.02	758.80	53	ULB wise details given in Appendix 3
2007-08	666.23	1436.52	2102.74	1000.01	48	

These developmental grants were given for improvement of road, drain, supply of drinking water, construction of office building etc. and the failure of the ULBs to utilize even half of the amounts indicated that developmental expenditure needed to be planned and monitored more effectively so that the intended benefits reach the needy people.

2.6 Diversion of funds

During the period from 2004-05 to 2006-07 six out of 48 ULBs diverted Rs.79.33 lakh sanctioned for specific purposes. This defeated the very purpose of the grants and deprived the beneficiaries of intended benefits, as shown below:

Sl No.	Name of the ULB	Purpose of the grant	Expended for	Amount (Rupees in lakh)
1.	Basirhat	MPLAD	Staff salary	2.33
2.	Baruipur	Repairing works of roads damaged in flood 2005	Construction of drain, guard wall, retaining wall, pavement.	3.41
3.	Mursidabad	BMS, EGP, Water supply and SJSRY	Purchase of electrical goods, repair of car, staff salary, office stationary, wages, payment of ex-gratia and festival advance during August 2005 to October 2006.	15.64
4.	Jalpaiguri	NSDP	Roads, departmental work bill during 2004-06.	3.96
5.	Dhupguri	IDSMT	Construction of roads and drains in different wards	48.57
6.	Suri	SJSRY	Purchase of galvanized iron pipelines, electrical goods, conservancy material, tractor hire charges, pension, etc.	5.42
Total				79.33

Thus, due to unauthorized utilization of funds for administrative, maintenance and works not specified under the schemes, the intended objectives could not be achieved.

2.7 Loan taken without approval of the Government

As per Section 72(1) of the West Bengal Municipal Act, 1993, a ULB requires prior permission of the State Government to obtain loan. However, the Garulia Municipality took loan of Rs.23.36 lakh during 2006-07 without the approval of the State Government. The loan was also not backed by any resolution of the Board of Councilors.

2.8 Increasing indebtedness

Fifteen out of 48 ULBs did not repay the loan and interest accrued thereon resulting in accumulation of liability as detailed below:

Name of ULB	Year of loan	Source of loan	Amount of loan	Liability	As of
			(Rupees in lakh)		
Durgapur	NA	LIC, Bank	NA	1325.05	March 2007
Mursidabad	NA	NA	NA	2.53	March 2007

Chandernagore	NA	NA	NA	40.00	March 2007
Mirik	NA	Central Govt.	NA	5.43	March 2007
Asansol	1980-81 to 1992-93	LIC	231.00	342.78	March 2007
Basirhat	1983-84 to 1994-95	Government and LIC	93.22	Not computed	March 2007
Englishbazar	2004-05	Uttarbanga Unnayan Parishad	34.91	5.36	March 2007
Coochbehar	NA	Bank and other institution	NA	301.99	March 2007
Siliguri	NA	Bank	NA	87.90	March 2007
Egra	2004-05	Bank	12.00	17.37	March 2007
Berhampore	2004-06	Other institution	NA	56.44	March 2007
Naihati	NA	Bank	NA	3.41	March 2007
North Barrackpore	1997-98 to 2000-01	CUDP-III & Eight Plan projects	495.18	987.29	March 2008
Midnapur	NA	NA	NA	130.10	March 2008
Gayespur	1984-85 to 1993-94	CUDP-III	65.23	292.58	March 2008

According to the Act sinking funds were to be created for each loan for debt servicing. Non compliance to the Act led to indefinite liability creating additional burden on revenue fund of the ULBs.

2.9 Liability towards outstanding water charges

Baranagar and Panihati municipalities do not have adequate water works to cater to the need of general public. They procure water from Kolkata Metropolitan Development Authority. However, they had not paid water charges amounting to Rs.10.53 crore and Rs.7.24 crore respectively upto March 2007. No reasons for non payment were furnished by the municipalities.

Howrah Municipal Corporation had been supplying potable water to Bally Municipality since May 1986. An amount of Rs.6.62 crore was outstanding from Bally Municipality as of March 2006 despite Howrah Municipal Corporation raising the bills regularly.

2.10 Loss of fund due to theft, defalcation, misappropriation etc.

Cases of theft, defalcation and misappropriation of funds were noticed in the following ULBs as detailed below:

Name of ULB	Period	Particulars	Amount (Rupees in lakh)
Mursidabad	2005-07	Non-deposit of miscellaneous receipts	0.32
Mal	2006-07	Non-deposit of collection money from the Receipt book Nos. 44 and 45	0.25
Rishra	2006-07	Non-deposit of collected water charges	0.01
Total			0.58

In terms of Rule 26 of the West Bengal Municipal (Finance and Accounting) Rules, 1999 in case of loss of money by embezzlement, theft, or otherwise, the Chairman or the Vice-Chairman or the Executive Officer or the Secretary should lodge a first information report (FIR) in the local police station, and promptly report the matters to the Chairman-in-Council. When the matter has been fully enquired into, he shall submit a complete report showing the total sum of money lost, the manner in which it was lost, and the steps taken to recover the amount and the punishment imposed on the offenders, if any. It was observed that only Mal Municipality had lodged FIR in July 2007. The other municipalities did not take any action as provided under the Rules. No responsibility for these lapses had been fixed by the respective ULBs.

2.11 Unwarranted expenditure

In terms of a notification dated 15 April 1992 by the Government of West Bengal, all primary schools under the municipalities stood transferred to the District Primary School Council (DPSC) together with their lands, buildings and other properties and all teachers and staff were deemed to be employed by DPSC from that date.

Despite the above arrangement, 14 ULBs had incurred a total expenditure of Rs.5.59 crore towards salary of employees and maintenance of primary schools during the period 1992-2008 as shown below:

Name of ULB	Year	No. of schools	Amount (Rupees in lakh)
Durgapur	2006-07	2	12.38
Suri	2005-07	NA	7.54
Jhalda	2005-07	5	23.89
Kamarhati	2005-07	1	9.16
Englishbazar	1992-07	3	153.90
Garulia	4/2006 to 1/2008	6	31.92
Baranagar	2005-07	6	45.47
Panihati	2003-07	1	5.96
Berhampore	2005-07	5	96.35
Naihati	2006-07	3	15.32
Rishra	2005-07	5	52.00
Burdwan	2007-08	9	53.03
Bhatpara	1992-2007	1	32.25
Dum Dum	2006-08	1	20.25
Total			559.42

The Government had reimbursed Rs.20.79 lakh, Rs.1.06 crore and Rs.22.58 lakh to Jhalda, Englishbazar and Bhatpara municipalities against their expenditure of Rs.23.89 lakh, Rs.1.54 crore and Rs.32.25 lakh respectively. Except Durgapur Municipal Corporation, no ULB had taken up the matter with the Government for handing over the schools. Thus, the ULBs were incurring expenditure which should have been used for providing municipal services to the people.

2.12 Non-recovery/ non-payment/ delay in payment of electricity charges

Panihati and Tamluk municipalities paid Rs.20.39 lakh and Rs.11.53 lakh respectively during 2000-2008 for electricity charges in respect of municipal staff quarters but did not recover the same from the occupants till the close of the year 2007-08. Serampur Municipality failed to recover electricity charges amounting to Rs.0.52 lakh for the period from April 2005 to March 2008 from the lease holder of the burning *ghat*.

Seven³ municipalities, though adequate funds were available did not pay electricity charges amounting to Rs.10.54 crore during 2003-08, which created avoidable additional burden on account of surcharge/penalty. Similarly, the delay in payment of electricity bills led to avoidable expenditure of Rs.10.36 lakh by Basirhat (Rs.0.27 lakh), Kamarhati (Rs.0.92 lakh), Coochbehar (Rs.6.49 lakh), Garulia (Rs.0.62 lakh), Bidhannagar (Rs.0.88 lakh) and Dhuliyani (Rs.1.18 lakh) municipalities during 2003-07.

2.13 Non adjustment of advances

In terms of Rule 189 of the West Bengal Municipal (Finance & Accounting) Rules, 1999, different accounts in the advance ledger shall be balanced quarterly and signed by the Executive Officer, Finance Officer or any other authorized officer, who shall also satisfy himself that steps are being taken to recover or adjust the advances outstanding for more than three months.

It was observed that advances aggregating Rs.16.47 crore granted by 20 ULBs to Chairmen, Councillors, employees, suppliers, contractors and government organisations for various purposes remained unadjusted till March 2007/March 2008 (**Appendix - 4**). In Basirhat, Dubrajpur, Englishbazar, Mursidabad, Naihati, Taki and Titagarh municipalities, advances were outstanding for one to 48 years. This is indicative of weak internal control mechanism to follow up regular adjustment of advances resulting in blocking of institutional funds.

2.14 Loss of interest on Provident Fund

Provident Fund subscriptions are required to be credited to the fund account at the treasury within 15 days of the next month to avoid loss of interest to the subscribers. It was noticed that 11 out of 48 ULBs did not remit the Provident Fund subscriptions into the fund account in the treasury within the stipulated time in spite of regular deduction from salaries. Such delays, ranging from one month to 10 years, resulted in loss of interest of Rs. 4.82 crore accrued during the intervening period, thereby creating an additional burden on the ULBs (**Appendix - 5**) as the same was not payable by the Government.

³ Basirhat (Rs 77.04 lakh), Kulti (Rs 71.30 lakh), Coochbehar (Rs 1.14 crore), Garulia (Rs 244.56 lakh), Rishra (Rs 30.00 lakh), Tamluk (Rs 1.14 crore) and Serampur (Rs 4.03 crore).

Berhampore, Dum Dum, Garulia, Jalpaiguri and Rishra municipalities did not deposit Rs.2.03 lakh, Rs.17.34 lakh, Rs.55.23 lakh, Rs.65.59 lakh and Rs.1.32 crore respectively for the periods from 1983-84 to 2006-07, to the Provident Fund account maintained in the treasury. This created a liability of Rs.7.55 crore on these ULBs towards the PF Account. Due to improper maintenance of records the liability in respect of Berhampore Municipality towards interest could not be ascertained.

2.15 High maintenance cost on revenue generating assets

Six ULBs maintained various properties like auditorium, municipal markets, marriage hall, municipal *abasan* (housing complex), ferry *ghat*, etc. with the aim to generate revenue. Scrutiny revealed that the expenditure incurred on maintenance of these assets was significantly higher compared to the income earned as shown below:

Name of the ULB	Nature of assets	Period	Income from the asset	Expenditure on maintenance	Loss
			(Rupees in lakh)		
Durgapur	Auditorium	October 2004 to March 2007	15.94	30.46	14.52
Basirhat	4 Municipal Markets	1997-2007	8.85	14.05	5.20
Asansol	Rabindra Bhavan	2001-07	20.80	82.25	61.45
Coochbehar	4 Municipal <i>Abasan</i>	2004-07	35.51	50.74	15.23
Baranagar	Ferry ghat	2005-07	14.65	35.44	20.79
Howrah	Sarat Sadan	2005-07	38.84	146.63	107.79
Total			134.59	359.57	224.98

The ULBs did not review the income streams of these assets to ensure that revenues cover at least the maintenance expenditure so that the resources of the ULBs are available for developmental and other projects.

2.16 Non remittance of Government dues / other dues

As per provisions, tax deducted at source shall be credited to the Government account in the succeeding month. It was, however, seen that Suri Municipality failed to deposit the Income Tax and Sales Tax deducted (April 2006 to February 2007) at source amounting to Rs 0.46 lakh as of March 2007. Similarly Coochbehar Municipality deducted subscription/loan of Employees Cooperative Societies of Rs.42.29 lakh from the salary bills from October 2001 to September 2006 but the same was not remitted in time, attracting penalty of Rs.19.93 lakh that had become payable to the Society.

2.17 Deficiencies in maintenance of cash book / stock register

The following deficiencies were noted in 24⁴ULBs test checked.

- i) Entries in the Cash Book were not authenticated by the competent authority.
- ii) Pages of the cash book were left blank.
- iii) Daily cash balance was not verified and certified.
- iv) Transactions were not entered in the Cash Book on the date of occurrence.
- v) Correction, alteration and overwriting in Cash Book were made without authentication of competent authority.
- vi) Bills were passed without necessary pay order by the authority.
- vii) Indents and issue of receipt books were not regularly accounted for.
- viii) All receipts and issues were not entered in the stock register.
- ix) Physical verification of stock was not done.

2.18 Non-maintenance of basic records

The prescribed basic records viz. Work Register, Stock Register, Investment Register, Loan Register, Un-paid Bill Register, Self Cheque Register, Deposit Ledger, Asset Register, Register of Tool and Plants, Register of Civil Suits, Demand and Collection Register of different revenue and Advance Ledger were not being maintained by 33 ULBs⁵ test checked.

2.19 Internal Audit

In terms of Section 91 of the West Bengal Municipal Act, 1993 the State Government may by rules provide for internal audit of the accounts of a Municipality in such manner as it thinks proper.

Rule 24 of the West Bengal Municipal (Finance and Accounting) Rules, 1999 stipulates that the Chairman-in-Council (CIC) of the Municipality shall cause a checking of accounts of the Municipal Fund, at least once in every month. In course of such checking, the officer authorized in this behalf shall identify the errors, irregularities and illegalities, if any, in the matter of maintenance of accounts and make notes of the same. The CIC shall also cause the preparation of a report on checking of accounts of the Municipal Funds for every quarter which shall be placed before the Municipal Accounts Committee and the Director of Local Bodies, for examination and report.

It was noticed that 43 ULBs did not conduct any internal audit during 2005-08. The Chief Municipal Auditor of Kolkata Municipal Corporation conducted some transaction audit during 2006-07 with the help of outside agencies. Dhupguri, New Barrackpore, North Barrackpore, Panihati and Pujali municipalities initiated steps to conduct internal audit of their accounts.

⁴ Alipurduar, Bhatpara, Baranagar, Basirhat, Coopers' Camp, Dhulian, Dhupguri, Egra, Garulia, Jalpaiguri, Jhalda, Mal, Mathabhanga, Midnapur, Mirik, Mursidabad, New Barrackpore, North Barrackpore, Panihati, Panskura, Rajarhat-Gopalpur, Rishra, Titagarh, Tufanganj.

⁵ Asansol, Alipurduar, Bhatpara, Baranagar, Basirhat, Bidhannagar, Burdwan, Chandernagore, Coochbehar, Coopers' Camp, Dhupguri, Dum Dum, Durgapur, Egra, Garulia, Jalpaiguri, Jhalda, Jhargram, Kamarhati, Kulti, Midnapur, Mursidabad, Naihati, New Barrackpore, North Barrackpore, Panihati, Panskura, Pujali, Rajarhat-Gopalpur, Serampur, Taki, Tamluk, Tufanganj.

2.20 Conclusion

Preparation of budget proposals and financial accounting were found to be defective and not in accordance with the West Bengal Municipal Act, 1993 and other Municipal Corporation Acts. There was lack of budgetary control and absence of reliable budget formulation. Although the ULBs dealt with substantial sums, a full fledged accounts wing with skilled staff continued to be lacking in most of the ULBs to ensure proper budget preparation and accuracy in accounts. Most of the ULBs failed to present accounts in time. Loss of interest on provident fund, increasing liability on unpaid loan, unwarranted expenditure, non adjustment of huge advances, irregular maintenance of cash book and non reconciliation of bank book indicated inadequate internal control and monitoring to ensure proper accounting of substantial public funds spent by the ULBs. Non preparation of balance sheet was indicative of lack of transparency of assets and liabilities in the management of public funds besides non implementation of the provisions of Acts.

2.21 Recommendations

- Strengthening management information system for oversight of the BOC and other statutory committees;
- Preparation of budget taking inputs from Ward Committee and constituent department and targets thereagainst;
- Maintenance of a comprehensive data base for all tax payers, licensees, tenants for watching issue of demand in time and prompt collection of revenues; identification of parking and advertisement spaces;
- Accountability of expenditure and internal check system; and
- Flawless material accounting and strict regular accounting of cash collection.

CHAPTER III

RECEIPTS

Tax and non-tax revenue levied by the ULBs as per provision of the Act (own fund), revenue share (assigned revenue) by the State Government, grants and contributions are the resources of the ULBs. The deficiencies in management of resources noticed during audit are described in the succeeding paragraphs.

3.1 Budget estimates and actuals of own fund

The receipt of a ULB comprises Own Fund and State Government grants in the shape of shared taxes and administrative grant. The budget estimate of government grants may not be anticipated as the actual receipt depends on the release of grants by the State Government. The Own Fund is comprised of receipts generated mainly from property tax. The variations between budget estimates and actual receipts from own source of 27 ULBs including six Corporations during the years 2005-06, 2006-07 and 2007-08 respectively are given below (unit wise position is detailed in **Appendix – 6**):

(Rupees in crore)

Year	Budget Estimates	Actual receipts	Variations Increase(+) Shortfall(-)	Percentage of realisation
2005-06	639.41	621.64	(-)17.77	97
2006-07	789.68	915.60	(+)125.92	116
2007-08	1005.62	807.81	(-)197.81	80

The main reasons for the excess/shortfall over budget estimates were non-assessment of previous performance and proper future action plan. Collection performance of 13 out of 27 ULBs (including Kolkata Municipal Corporation) was less than 80 *per cent* of the budget estimate in 2007-08 while Asansol, Bhatpara and Englishbazar municipalities showed steady growth of revenue collection. Collection of Durgapur and Midnapur municipalities exceeded the budget estimate during all the three years. Though the overall realization indicated progressive trend in 2005-07, it however declined in 2007-08.

3.2 Poor monitoring of Property Tax collection

Property tax is the main source of own fund of the ULBs. The position of arrears, current demand, collection and outstanding property tax (including service charge on Central Government properties) in respect of 26 ULBs during 2005-08 are detailed below:

(Rupees in crore)

Year	Demand			Collection			Total outstanding dues
	Arrear	Current	Total	Arrear	Current	Total	
2005-06	187.08	60.26	247.34	18.92	30.77	49.69 (20)	197.65
2006-07	198.21	65.48	263.69	19.63	33.72	53.35 (20)	210.34
2007-08	214.03	67.74	281.77	23.98	36.21	60.19 (21)	221.58

(Figures in bracket indicate percentage of collection of the total demand)

Unit-wise details are given in **Appendix – 7A, 7B and 7C.**

An average of 20 to 21 *per cent* of the total demand has been collected during 2005-08 thereby further raising the arrear demand at the close of the each year. The collection out of current demand was around 50 *per cent*, resulting in adding to the arrears. Only six ULBs could collect upto 50 *per cent* or more of the total dues (property tax) during the period. Pujali Municipality could show a sustained collection between 98 and 99 *per cent*.

Section 147 of the West Bengal Municipal Act, 1993 provides that any tax levied under the Act may be recovered in accordance with the following procedure:

- (a) by presenting a bill or
- (b) by serving a demand notice, or
- (c) by distraint and sale of a defaulter's movable property, or
- (d) by attachment and sale of a defaulter's immovable property, or
- (e) by attachment of rent due in respect of land or building, or
- (f) As a public demand under the Bengal Public Demands Recovery Act, 1913

Section 149 of the Act provides that when a property tax becomes due on any land or building, the Chairman shall cause to be presented to the owner or the occupier thereof a bill for the amount due. As per section 150(2) such tax shall be payable in quarterly instalments and every such instalment shall be deemed to be due in the first day of the quarter in respect of which it is payable.

Test check of records of property tax revealed that most of the ULBs did not even present the tax bill to the tax payers as provided under section 149. The procedures prescribed under section 147 were never followed by the ULBs to ensure prompt recovery of municipal dues. The poor collection added to the outstanding dues accumulating huge arrears at the end of each quarter. Other reasons for accumulation of huge tax arrear were non payment of property tax/service charge by the Central and State Government Offices, litigated properties, closed and sick industries.

3.3 Remission in property tax beyond permissible limit– Rs. 89.64 lakh

In terms of Section 111(4) of the West Bengal Municipal Act, 1993 any person who is dissatisfied with the decision on annual valuation of his property as entered in the assessment list, may prefer an application for review before the Board of Councillors (BOC) within a period of two months from the date of presentation of bill for payment of tax.

The provision under Section 112(1) of the Act stipulates that every application presented under sub-Section (4) of Section 111 shall be heard and determined by a Review Committee. It also provides that the Review Committee may reduce the valuation of any land or building. However, such reduction shall not be more than twenty five *per cent* of the annual valuation of such land or building except in the case of gross arithmetical or technical mistake. In contravention of the above provision, the concerned Review Committee in respect of three ULBs allowed remission (there being no calculation error) upto the maximum of 57 *per cent*, as of March 2008 without recording any reason for such reduction. This resulted in loss of Municipal revenue amounting to Rs.89.64 lakh pertaining to the period 1996-97 to 2007-08 as detailed below:

(Rupees in lakh)

Sl No.	Name of the ULB	Period	Loss
1.	Burdwan	January 1997 to March 2006	80.86
2.	Rishra (six cases)	July 2004 to December 2007	6.66
3.	Rajarhat-Gopalpur (45 cases)	April 2006 to March 2008	2.12
Total			89.64

3.4 Non/ under imposition of surcharge – loss of revenue of Rs 3.13 crore

3.4.1 As per Section 97 of the West Bengal Municipal Act, 1993, a surcharge of not less than 20 *per cent* and not more than 50 *per cent* of the total property tax imposed on a holding shall be levied as the BOC may from time to time decide, if such holding is wholly or in part used for commercial, industrial or such other non-residential purposes. Section 93 of the Durgapur Municipal Act, 1994 also specified imposition of surcharge on commercial holdings but the rate was not mentioned. The rate of surcharge shall form part of property tax for the purpose of recovery.

In violation of the above provisions, 25 ULBs did not impose any surcharge on property tax for commercial holdings during 2001-2008. Computed at the minimum rate of 20 *per cent*, the loss of revenue amounts to Rs.3.13 crore (**Appendix -8**). The reasons for non imposition of surcharge were not on record. Though the matter was pointed out in the earlier Audit Reports ending 31 March 2004, 2005, 2006 and 2007 no corrective measures were taken.

3.4.2 Kamarhati Municipality imposed surcharge at the rate of 15 *per cent* on commercial holdings and collected Rs 10.71 lakh from 165 holdings in 2005-06 and Rs.10.68 lakh from 185 holdings during 2006-07. The rate imposed for surcharge was actually lower than the minimum rate of 20 *per cent* fixed by Government and the Municipality sustained a loss of revenue of Rs.7.17 lakh during 2005-07.

3.5 Outstanding water charge – Rs 31.34 crore

In terms of Section 226 (1) of the West Bengal Municipal Act, 1993, it shall be the duty of every municipality to supply potable water for the domestic use of inhabitants. The supply of water for domestic and non-domestic uses may be charged at such scale of fee or price as may be prescribed. The water charge ranging from Rs.15 to Rs.150 per month for supply of water to domestic and non-domestic consumers was to be fixed on the basis of property tax and ferrule⁷ size.

⁷ A device placed on a water pipe to allow fixed quantum of water to flow through it.

However, due to non imposition of charges or imposition of charges at a lower rate, eight ULBs sustained a loss of Rs 4.16 crore during the period from February 2003 to March 2008/April 2008 as shown below:

(Rupees in lakh)

Name of ULB	Period	Minimum chargeable amount	Amount charged	Loss
Asansol	November 2006 to March 2008	31.71	Nil	31.71
Midnapur	October 2006 to April 2008	57.77	5.56	52.21
Garulia	July 2006 to March 2007	22.88	Nil	22.88
Baranagar	2004-07	124.20	Nil	124.20
Naihati	February 2003 to March 2007	110.76	Nil	110.76
Tamluk	2004-08	16.04	7.43	8.61
Baruipur	2006-07	3.11	Nil	3.11
Englishbazar	August 2005 to September 2007	130.39	67.75	62.64
Total		496.86	80.74	416.12

It was also noticed in audit that 14 ULBs had outstanding water charges since the date of imposition by the respective ULBs amounting to Rs.31.34 crore at the end of March 2007/2008 as detailed below:

(Rupees in lakh)

Name of ULB	As of	Amount
Asansol	March 2007	7.77
Bhatpara	March 2008	70.05
Chandernagar	March 2007	66.66
Dubrajpur	March 2008	0.74
Englishbazar	March 2007	3.86
Kamarhati	March 2007	191.70
Mathabhanga	March 2008	2.98
Mekhliganj	March 2007	0.52
Kulti	March 2007	7.05
New Barrackpore	March 2007	0.48
Rishra	March 2007	1.16
Serampur	March 2008	32.91
Suri	March 2007	17.18
Tamluk	March 2008	8.57
Kolkata	March 2008	2722.00
Total		3133.63

The ULBs did not take any distress action for realization of such huge outstanding dues or furnish any reasons thereof.

3.6 Non realisation of rent/ lease money – Rs 1.66 crore

In 12 ULBs, the arrears in realisation of rent/*salami*⁸ from stalls, shops and market complexes amounted to Rs.1.66 crore till the date of audit as detailed in **Appendix – 9**.

Delays in realisation of rent/*salami* reduced the revenue of these ULBs to that extent, thereby widening the resource gap.

3.7 Collection of penalty for unauthorised construction –Rs 1.47 crore

In terms of Sec 218 of the West Bengal Municipal Act, 1993, if the construction of any building has been commenced without obtaining sanction or permission under the law or has been completed otherwise than in accordance with the particulars on which such sanction was based or in violation of any condition lawfully given or any alteration or addition completed in breach of any provision of the Municipal Act, the Board of Councillors may make an order directing such construction to be demolished or altered upon such order. It shall be the duty of the owner to cause such demolition to the satisfaction of the BOC. In default, such construction may be demolished or altered by the BOC at the expense of the said owner.

Test check of records of four⁹ municipalities revealed that in violation of the said provision of the Act an amount of Rs 1.47 crore was collected from tax payers as penalty charges /fines for unauthorized construction during 2005-2008. Instead of taking action against construction which was not in accordance with the sanction, the municipalities freed the deviators with fine. This may encourage major deviations in the construction which may be detrimental to the interest of the general public.

Such collection of revenue without observing any prescribed norms may also attract litigations and consequent financial burden towards compensation, damages etc.

3.8 Recovery of misappropriated receipts at the instance of audit

As per Rule 79 of the West Bengal Municipal (Finance and Accounting) Rules, 1999, all collections made by the collection clerk shall be entered in daily collection challan and credited to the cashier's cash book on the very day of collection.

Test check of miscellaneous receipts of four municipalities revealed that staff members did not deposit Rs.13740 collected during 2005-07 and retained the money with them. On this being pointed out by audit the concerned staff members deposited these amounts in 2008 as detailed in the table below:

Name of ULB	Source of collection	Period of collection	Amount (Rupees)	Date of deposit
Mursidabad	Levy on tourist	13 to 21 December 2005	1832	20 March 2008
New Barrackpore	Enlistment fees/Provisional certificate	1 April 2006 to 31 December 2007	7920	29 January 2008

⁸ One time premium payable by leasee or tenant.

⁹ Baruipur (2005-07):Rs 4.44 lakh, Baranagar (2005-07):Rs 121.19 lakh, North Barrackpore (2006-08): Rs 13.32 lakh and Serampur (2006-08):Rs 7.69 lakh.

Rishra	Toll tax collection	7 June to 13 July 2006	988	8 February 2008
Howrah	License fees	2005-06	3000	6 May 2008
Total			13740	

No action has been initiated by the municipalities against the concerned officials as per Rule 26 of the West Bengal (Finance and Accounting) Rules, 1999. Non/short deposit of public funds within the stipulated time limit amounts to temporary embezzlement besides reflecting inadequate financial discipline in the Municipality and absence of internal control and supervision.

3.9 **Short / non realisation of revenue – Rs.38.64 lakh**

As per provisions of the Municipal Act and the respective Corporation Act, when a person liable for payment of any tax is deemed to be in default, such sum, not exceeding 15 *per cent* of the amount of tax may be recovered by way of penalty and simple interest not exceeding 10 *per cent* per annum shall be payable on the amount of bill remaining unpaid after its presentation from the next day after expiry of thirty days from the commencement of the quarter following that in which the bill is presented. However, Asansol Municipal Corporation and Serampur Municipality did not charge interest due and penalty on arrears of property tax. Instead they allowed rebate on arrears of property tax and thus suffered loss of revenue of Rs.34.79 lakh and Rs.3.85 lakh respectively during 2006-08.

3.10 **Conclusion**

Taxes, Rents and charges for service are the main source of Municipal Fund which ensures continuance of services to the tax payers. Test check of 49 ULBs revealed inadmissible remission of property tax of Rs.89.65 lakh by five ULBs, non imposition of minimum surcharge of Rs.3.13 crore on commercial buildings by 25 ULBs, non/short realisation of water charges of Rs.4.16 crore by eight ULBs. Non recovery of lease money also reflected non observance of provisions of the Acts. Lack of monitoring over collection of property tax, water charges, fees and other charges causing accumulation of dues adversely affected the capacity of ULBs to provide services to their tax payers.

Arbitrary remission/under-assessment of taxes, inadequate supervision and monitoring have reduced the mobilization of own sources of revenue.

3.11 **Recommendations**

- Maintenance of a comprehensive data base for all tax payers, licensees, tenants;
- Watching prompt issue of demands and revision of taxes at regular interval;
- Prompt collection of revenues and persuasion of outstanding dues;
- Identification of parking, advertisement spaces and other areas of revenue.

CHAPTER IV

ESTABLISHMENT

Each ULB has its municipal establishment for the smooth running of day to day activities. The Board of Councilors of a ULB, with the prior approval of the State Government, may create posts of officers and other employees and fix the salary and allowances to be paid out of the Municipal Fund. The ULB may also provide for pension, gratuity, incentive, bonus and reward for its employees as per their entitlement.

Audit scrutiny revealed several irregularities which are discussed in the succeeding paragraphs:

4.1 Appointment of staff in excess of sanctioned strength– excess expenditure of Rs 3.71 crore

As per provision 53 of the West Bengal Municipal Act, 1993, the State Government has the power to fix norms regulating the size of the municipal establishment for each municipality. In violation of the provision, four municipalities engaged a large number of casual workers and spent Rs.3.71 crore during the years 2005-07 on wages, as shown below:

(Rupees in lakh)

Name of municipality	Year	Sanctioned Strength	Men in position	Vacancy	Casual labours engaged	Expenditure incurred
Englishbazar	2005-06	516	415	101	626	125.91
	2006-07		438	78	663	
Jalpaiguri	2005-06	449	407	42	223	118.37
	2006-07		395	54	217	
Garulia	2006-07	263	185	78	216	49.41
DumDum	2006-07	141	131	10	135	77.72
Total						371.41

These casual employees were engaged in excess of the sanctioned strength of the respective municipalities. Neither the specific job nor the area of deployment was ever identified or recorded by the ULBs.

4.2 Non-creation of Special Fund for pension – liability of Rs 5.86 crore

Coochbehar, Mekhliganj, Jalpaiguri, Berhampore and Serampore municipalities did not create 'Special Fund' as required under Government Circular dated 5 May 1982 for payment of pension and gratuity to their employees. As a result, Coochbehar, Mekhliganj, Berhampore and Serampore municipalities failed to pay gratuity and pension to 279 retired employees

(excluding Jalpaiguri and Serampore) and accrued a liability of Rs 5.86 crore on this account as of March 2007.

Further, Rajarhat-Gopalpur Municipality deposited Pension and Gratuity Fund pertaining to the years 1995-96 to 2003-04 in the General Provident Fund Account maintained at the treasury. In June 2001, the Government stated that Pension Fund kept in the treasury was not an interest bearing fund after which the Municipality created a Special fund but failed to transfer Rs 62.55 lakh from treasury into that Fund maintained at the bank. As a result, the fund lying idle in the treasury for four to ten years did not earn any interest.

4.3 Conclusion

The expenditure of Rs.3.71 crore by four municipalities on engagement of staff in excess of sanctioned strength was indicative of inadequate management of manpower. Irregular expenditure on establishment deprived the rate payers of obligatory and discretionary services. Coochbehar, Mekhliganj, Jalpaiguri, Berhampore and Serampore municipalities out of 49 ULBs test checked did not create special fund for payment of terminal benefits to the retired employees. As a result they failed to pay gratuity and pension to 279 retired employees (excluding Jalpaiguri and Serampore) and accrued a liability of Rs.5.86 crore on this account as of March 2007. The non compliance to the provisions had adverse implication as regards the assured social security of the employees.

4.4 Recommendations

- Work load and existing man power are to be reviewed both by the local governments and the State government and re-fix sanction strength of functionaries with reference to actual work load; and
- The provisions regarding social security of the retired local governments employee be strictly adhered to so as to avoid delay in payment of terminal benefits including pension.

CHAPTER V

MATERIAL MANAGEMENT AND EXECUTION OF WORKS

ULBs are responsible for maintenance of the infrastructure which enables the provision of services to the people and also execution of various developmental works. The deviations from prescribed procedure such as excess expenditure on procurement of material, incomplete works and non utilisation of assets noticed during test check of municipal accounts are described in the following paragraphs:

5.1 Avoidable expenditure on procurement of material – Rs 23.69 lakh

Coochbehar Municipality and Siliguri Municipal Corporation (SMC) procured 2428.5 MT and 1263 MT of cement respectively from local market instead of from the West Bengal Essential Commodity Supply Corporation (WBECSC), a Government undertaking. The difference in rate varied between Rs.193 to Rs.1420 per MT. This resulted in an avoidable expenditure of Rs.19.15 lakh at Coochbehar Municipality during 2002-07 and Rs.4.24 lakh at Siliguri Municipal Corporation during 2006-07 as detailed below:

(In rupees)

Name of ULB	Period	Quantity (MT)	Purchase rate	Rate of WBECSC	Difference in rate	Excess
Coochbehar	2002-03	93.5	3200	2884	316	29546
		283	3800	2947	853	241399
	2003-04	370	3800	2947	853	315610
	2004-05	600	4000	3335	665	399000
		500	4100	3292	808	404000
	2005-06	125	4000	3292	708	88500
		307	4100	3292	808	248056
	2006-07	40	4920	3500	1420	56800
110		4700	3500	1200	132000	
Siliguri	April - May 2006	550	4200	4007	193	106150
	June 2006-March 2007	713	4460	4014	446	317998
Total		3691.5				2339059

In reply, the Coochbehar Municipality stated (November 2007) that they had purchased the cement on credit from the local market due to financial crisis and the procurement of cement from the WBECSC took longer time. The reply was not tenable as it was observed that the dealer had been paid advance for supply of cement. The SMC stated (February 2008) that the WBECSC had refused to supply cement and the Mayor-in-Council had decided (24 April 2006) to purchase the cement from local market. However, from the delivery order

dated 11 August 2006 it was seen that the WBECSC had supplied 300 MT cement to SMC on credit.

5.2 Unproductive expenditure on completed/incomplete construction – Rs 3.55 crore

Six municipalities undertook various developmental works like construction of *Matri Sadan*, market complexes, bus terminus, auditorium and pathology centre during 2000-08. Test check of records revealed that the works remained incomplete for more than two to six years (**Appendix -10**). The execution of the works was delayed mainly due to non-arrangement of the required fund before execution of work, faulty selection of site, non-execution of register deed with land owners and lack of follow up with the Municipal Engineering Directorate for speedy completion of revenue generating asset.

The assets lying incomplete failed to generate expected revenue for the municipalities rendering the entire expenditure of Rs.3.55 crore unproductive.

Jalpaiguri Municipality constructed a Matri Sadan in June 2001. The State Urban Development Agency supplied medical equipment, furniture, X-ray machine and medicines valued at Rs.25 lakh and an ambulance in 2001-02. The Municipality stated that due to shortage of manpower, the Matri Sadan did not function properly and the medicines worth Rs.6 lakh had become time barred. The ambulance was also left unused for the last six years as it was very large and unsuitable to ply in the narrow street of Jalpaiguri. Thus, the acquisition of medicines and equipments without ensuring the scope of utilization resulted in loss of public fund besides deprival of intended benefits.

5.3 Conclusion

The purchase at higher rates in violation of the general procedures for purchase indicated deficient procurement practices.

Non completion of works / projects within the stipulated date blocked public funds Rs.3.55 crore in seven municipalities rendering the entire expenditure unproductive and caused undesirable delay in providing intended services to the beneficiaries. Non utilisation of created assets frustrated the very purpose of augmentation of revenue.

5.4 Recommendations

- Prescribed procurement should be adopted in respect of all purchases and execution of works;
- Works should be completed in time so as to provide intended services to the beneficiaries as per targeted schedule; and
- Remunerative assets should be put to use immediately on completion of works so that the objective of augmentation of revenue is fully achieved.

CHAPTER VI

IMPLEMENTATION OF SCHEMES

The Urban Local Bodies implement various Central/ State sponsored schemes. Test audit of 49 ULBs audited during the year revealed various non-compliance issues in the implementation of the schemes as discussed in the succeeding paragraphs.

6.1 Employment Generation in Urban Area Scheme (EGS)

The Government of West Bengal launched Employment Generation Scheme (EGS) in September 2005 for employment generation as well as improvement and maintenance of civic infrastructure in urban areas by direct engagement of urban poor without involvement of contractors. The works under this scheme have to be done directly by the ULBs either through Ward Committees or through Community Development Societies (CDS) with the overall objective of ensuring creation of wage employment for the members of the urban poor. The works under the scheme were to be identified by the Ward Committees/CDS.

6.1.1 Poor utilisation of EGS Grants

Sixteen ULBs had not utilised Rs.10.78 crore out of Rs.23.13 crore received as of March 2008 (**Appendix 11**). In 2007-08, the utilisation was only four to 56 *per cent* and only five corporations/municipalities had utilised funds to the extent of 50 *per cent* and above though fund were received well in time. No reason was on record for low utilisation.

Englishbazar and Alipurduar municipalities failed to utilise earmarked grants of Rs 24.32 lakh and Rs 11.26 lakh respectively during 2005-08 for generation of employment among SC/ST category. The position in other ULBs could not be ascertained due to lack of maintenance of proper records.

6.1.2 Non-involvement of Community Development Societies (CDS)

As per the guidelines issued by the State Government, the works under EGS would have to be done directly by the ULBs either through Ward Committees (WC) or through Community Development Societies (CDS). Records indicated that seven¹⁰ municipalities had expended Rs.5.18 crore under the scheme without involving the Community Development Societies (CDS).

6.1.3 Non-adhering to wage-material ratio

6.1.3.1 As per the guidelines, the wage and material component should be at 40:60 ratio.

Test check of the works executed during 2005-08 by the seven ULBs as detailed in the table given below revealed that the expenditure on wages was far

¹⁰ Mursidabad (Rs 3.75 lakh), Mal (Rs 15.19 lakh), Dhupguri (Rs 23.57 lakh), Garulia (Rs 54.99 lakh), Panihati (Rs 56.67 lakh), Pujali (Rs 19.26 lakh) and Burdwan (Rs 345.05 lakh).

below 40 *per cent* of the total cost of work as detailed below, implying non-generation of employment of approximately 34782¹¹ mandays:

(Rupees in lakh)					
Name of ULB	Wage	Material	Total	Ratio	Excess expenditure on material
Dhupguri	0.18	2.88	3.06	6:94	1.04
Alipurduar	2.52	16.24	18.76	13:87	4.98
Garulia	22.08	48.94	71.02	31:69	6.33
New Barrackpore	5.06	20.25	25.31	20:80	5.06
Panihati	15.67	58.64	74.31	21:79	14.05
Dum Dum	10.49	23.63	34.12	31:69	3.16
North Barrackpore	10.27	26.67	36.94	28:72	4.51
Total					39.13

The reasons for excess expenditure on material were not on record.

The wage material ratio in Kulti, Jhalda and Jhargram municipalities could not be ascertained due to incomplete maintenance/non-maintenance of detailed records of man-days generated.

6.1.3.2 As per para 7 of the guidelines, the ULBs shall have to submit to the Municipal Affairs Department (MAD) one set of vetted estimates of individual work accompanied by the recommendation of the WCs and the BOC's resolution. It was observed that Kulti, Coopers Camp, Dhupguri and Burdwan municipalities did not submit vetted estimates of individual works to the MAD. Consequently, the Government was unaware of the status of implementation, employment generation as well as the extent of involvement of WCs in the implementation of the scheme.

6.1.4 Non-maintenance of stock registers and list of urban poor

As per para 10 of the guidelines, ULBs should maintain Ledger Books as well as registers for Stock (for material component), quantum of work done and complete list of the urban poor/Community Development Society members eligible to participate as wage earners in the scheme. Test check revealed that Kulti, Mal, Jhalda, Coopers Camp, Alipurduar, Serampur, Jhargram municipalities and Asansol MC did not maintain Ledger Book, Measurement Book, Stock Register for material component and the quantum of work done. There was no register showing the complete list of urban poor/CDS members in Asansol Municipal Corporation, Coopers Camp, Kulti, Jhalda, Englishbazar, Dhupguri, Alipurduar, New Barrackpore, Panihati, Serampur, Jhargram and Burdwan municipalities. In absence of the above records, Audit could not verify the eligibility of the beneficiaries and whether equal opportunity was extended to the urban poor/CDS members.

6.2 National Slum Development Programme (NSDP)

NSDP, a Centrally sponsored scheme, was introduced in 1996-97 with the objective of slum improvement, slum upgradation and urban poverty alleviation by providing basic amenities like water supply, storm water drains, community centres for pre-school education, non-formal education, primary health care

¹¹ One unskilled labour (Rs 75 per day) is considered for one skilled labour (Rs 150 per day) and computed accordingly.

including immunization, provision for shelter, etc. Not less than 10 *per cent* of the allocation under the scheme should be utilised for construction/upgradation of houses for the urban poor and the scheme should be implemented at the grass-root level by Neighbourhood Committee and Community Development Societies.

Test check of records relating to the implementation of NSDP brought out the following points:

6.2.1 Non-declaration of slum area

Programme guidelines of NSDP require each ULB to declare the slum areas / pockets before execution of developmental works. Eight¹² ULBs had expended Rs.6.03 crore of the NSDP fund during 2005-2008 for general development of the entire municipal area without targeting the development of the slum areas/ pockets.

[REDACTED]

6.2.5 Absence of Neighbourhood Committee / Slum Development

6.4 Conclusion

The poor utilisation of funds of Employment Generation Scheme (EGS) by 16 ULBs ranging from four to 56 *per cent* indicated inadequate attention to the Government objectives and policies for providing basic amenities and services. The expenditure of Rs.6.03 crore incurred by 8 ULBs under the NSDP during 2005-2008 for general development of entire municipal area without specifically targeting the slum areas frustrated the very objective of slum development.

Non-implementation of certain schemes / component of schemes and irregular implementation including diversion of fund deprived targeted beneficiaries of intended benefits.

6.5 Recommendations

- Implementation of the schemes as per guidelines;
- Adequate controls need to be put in place to prevent irregular / excess payments and diversion of funds;
- Completion of incomplete works / projects; and
- Evaluation of derived benefits by an independent agency.

CHAPTER VII

PERFORMANCE AUDIT

7.1 INTERNAL CONTROL MECHANISM IN BIDHANNAGAR MUNICIPALITY

HIGHLIGHTS

The oversight of the BOC and other statutory committees over the management of the Municipality was not adequate and needed to be strengthened.

(Paragraph 7.1.5.1)

Budget was not adequately used as a tool of financial control. The Municipality had unspent fund of Rs.8.07 crore, some of which had been received as far back as in 2003-04.

(Paragraph 7.1.6.2 & 7.1.6.3)

Cash Book was not written daily. Annual Account for 2006-07 was not submitted to Audit.

(Paragraph 7.1.6.5 & 7.1.6.6)

The Municipality did not have a complete data base of taxes/fees. Under-valuation of three holdings had led to loss of property tax of Rs.9.86 crore upto second quarter of 2005.

(Paragraph 7.1.7.1 & 7.1.7.3)

As on 26 September 2008, property tax, advertisement tax and parking license fee amounting to Rs.30.28 crore were outstanding for collection.

(Paragraph 7.1.7.6)

Advances of Rs.79.60 lakh were directly booked in the final head of expenditure without getting adjustment vouchers.

(Paragraph 7.1.8.1)

Materials worth Rs. 44.51 lakh were purchased during 2005-06 to 2007-08 without inviting tender/ quotations.

(Paragraph 7.1.8.3)

Stock account was not maintained systematically and material valuing Rs.56.24 lakh issued without proper requisition and work orders reference made it difficult for audit to check how the material was utilized. The whereabouts of 12 submersible pumps valuing Rs.18.77 lakh was not known to the Municipality.

(Paragraph 7.1.9.1)

Departmental works worth Rs.31.29 lakh were executed without recording in the measurement book.

(Paragraph 7.1.9.2)

7.1.1 Introduction

The Bidhannagar Notified Area Authority was constituted in April 1989 and was converted to Bidhannagar Municipality in April 1995. The Municipality caters to a population of 1.66 lakh (2001 census) spread over 68 blocks under 23 wards and 5 sectors. The Municipality is responsible for providing better conditions of habitation including supply of quality water, maintenance of roads, street light arrangement, conservancy works, construction and maintenance of drainage and sewerage works etc.

7.1.2 Audit Objective

The objective of audit was to assess whether:

- the internal control mechanism especially in respect of monitoring of receipts, expenditure and accounting was functioning efficiently and effectively, and
- the provisions of Acts, rules and general principles of prudence were being complied with.

7.1.3 Scope of Audit and Audit Coverage

The audit covering the period from 2003-04 to 2007-08 was conducted during August to October 2008 by test check of records of Bidhannagar Municipality. During this period, the receipts of the Municipality ranged between Rs.18.51 crore and Rs.32.22 crore while the expenditure ranged between Rs.18.28 crore and Rs.28.56 crore. An entry conference was held (August 2008) with the Chairman of the Municipality and after completion of audit, the audit observations were discussed (October 2008) with the officers of the Municipality.

7.1.4 Audit Criteria and Methodology

The following audit criteria were used:

- The West Bengal Municipal Act, 1993, the West Bengal Municipal (Financial and Accounting) Rules, 1999 and other relevant Act and Rules;
- Agenda and minutes of management meetings;
- Accounting and administrative instructions of the Government and the Municipality; and
- Terms and conditions of grants sanctioned.

The audit was carried out through a test check of records of the Municipality. Audit queries were raised during the audit and based on the replies to the queries, audit observations have been made. The main audit findings are discussed below.

7.1.5 MUNICIPAL GOVERNANCE

7.1.5.1 Board of Councillors (BOC)

As per the Section 51 of the West Bengal Municipal Act, 1993, (referred to as the Act, hereafter) the Board of Councillors (BOC) should meet not less than once every month to discuss budget, annual accounts, imposition of taxes, execution of projects/works and any matters devolved to municipality under the Act. If there is no business to transact, the Chairman shall notify the fact to the councillors. The Municipality furnished resolutions of only 28 meetings for the 46 months period from February 2004 to November 2007. Thus, it was not clear

whether the prescribed meetings of the BOC were being held regularly. It was further observed that -

- the resolutions were not maintained chronologically in a separate bound book and the important issues like deviations from expenditure and receipt budget were not there in the resolutions produced to audit.
- agenda was prepared without relevant supporting documents and were not circulated to the members well in advance as required under Rule 11 of the West Bengal Municipalities (Procedure and Conduct of Business) Rules, 1995.
- there was no resolution to show any delegation of power and duties to the Standing Committees as per Section 23 B of the Act.

Due to non maintenance of systematic records relating to remission of taxes, sanction for expenditure and exemption of taxes /fees, audit could not verify the extent of oversight of the BOC as stated in the succeeding paragraphs.

7.1.5.2 Ward Committees and Standing Committees

As per Section 23 of the Act, each ward of a Municipality shall have a Ward Committee. The Municipality could not furnish minutes of the meetings of any of the 23 Ward Committees, although it was seen from records that Rs.31.13 lakh had been expended for holding these meetings. There were 6 Standing Committees¹⁴ but resolutions books of only two committees, namely, (i) Public Works (PW) and (ii) Finance and Resource Mobilisation (FRM) were furnished. The resolution books revealed that during the period from 21 April 2003 to 19 December 2007 only 5 meetings of the PW Standing Committee and 2 meetings of the FRM Standing Committee were held. The Municipality, however, could not furnish any record showing placement of such resolutions before the BOC for appropriate action.

7.1.5.3 Municipal Accounts Committee

As per Section 92 of the Municipal Act, 1993, the Municipal Accounts Committee (MAC) constituted by the BOC shall examine the Accounts of the Municipality, Auditor's Reports on the accounts, Special Audit Report and the Physical Verification Report and place the result of examination before the BOC. The Municipality could not furnish any records in support of the fact that the MAC had ever performed these responsibilities.

7.1.5.4 Internal Audit

As per the Section 91 of the Act, the State Government may by rules provide for internal audit of the day to day accounts of a municipality in such manner as it thinks fit. But the first internal audit for the period from April 2007 to September 2007 was conducted by a Chartered Accountants firm. However, most of the irregularities pointed out remained un-addressed. Internal audit for the period October 2007 to March 2008 was done by the audit team of Directorate of Cooperative Audit, Government of West Bengal; the report was

¹⁴ (i) Finance and Resource Mobilisation Standing Committee; (ii) Solid Waste Management Standing Committee; (iii) Water Supply Standing Committee; (iv) Health, Education and Urban Poverty Alleviation Standing Committee; (v) Public Works Standing Committee and (vi) Public Health and Sanitation Standing Committee.

still awaited (December 2008). The post audit so conducted did not fulfill the objective of day to day audit of the accounts.

7.1.5.5 Statutory Audit

The West Bengal Municipal Act, 1993 requires that report of the Statutory Auditor should be placed in a meeting of the BOC specially convened for this purpose along with the recommendations of the Chairman-in-Council (CIC) regarding action taken or to be taken to remedy the defects pointed out in the report.

None of the three Inspection Reports of the Examiner of Local Accounts (ELA), West Bengal, the statutory auditor, for the period from 1989-90 to 2005-06 received by the Municipality in September 1991, July 2005 and July 2008 were placed before the BOC as per available records. The Municipality did not even furnish replies to these reports.

7.1.6 FINANCIAL MANAGEMENT

7.1.6.1 Control measure not implemented

As per rule 246 of the Municipal (Finance and Accounting) Rules, 1999, the Chairperson of the Municipality being the elected executive head signs cheques for expenditure as well as approves plans for expenditure in works/procurement etc. The Administrative Reforms Committee had suggested that cheque signing should be vested with Executive Officer and Finance Officer along with one councillor so authorized by the Board so as to give relief to the busy chairpersons after necessary amendments to the Act and the Rules. The desired change is yet to be effected by the Government. The present system of issuing cheque fails to restrict drawing of advances and debiting the amounts drawn to final head of expenditure. The huge funds so drawn were left unadjusted for want of detailed documents in support of actual expenditure.

7.1.6.2 Poor budgetary control

As per rule 27 of the Municipal (Finance and Accounting) Rules, 1999, the departmental heads of the municipality under the direction of the member in charge of the C-I-C, shall prepare estimated receipt and expenditure in consultation with the ward committees. Audit did not find any record to show that the ward committees were consulted and ward wise plan framed. **Appendix 14** shows that the municipality's estimates of its own resources were 29 to 47 per cent higher than the actual, while the expenditure was 9 to 41 per cent less than the budget estimates during the period 2003-04 to 2006-07. This indicated that budgetary control needed strengthening.

The annual budget estimates were prepared in a routine manner and the budget was not used as a tool to exercise control over expenditure and monitor own resources. A few cases noticed in audit are given below:

- The Municipality has no system of financial concurrence before taking up new work or procurement of material conforming to budget provision and availability of funds resulting in excess expenditure over budget provision. For example, the expenditure of Rs.3.11 crore was incurred against revised budget proposal of Rs.1.83 crore during 2004-05 to 2006-07 but the excess expenditure of Rs.1.28 crore was not regularised by the BOC.

- The estimates of own receipt was not based on past trends. No record was furnished to show that the Standing Committee or the BOC had discussed the variations between the actual and the estimates.
- The Municipality incurred expenditure of Rs.1.31 crore for purposes for which there was no provision in the budget estimates and the scheme and general funds were diverted.

7.1.6.3 Under utilisation of Grant

The Municipality could not utilize the funds received as far back as in 2003-04, but continued to receive further funds. It had unspent balance of Rs.8.07 crore as on 31 March 2008 as under.

(Rupees in lakh)

Head of account	Available balance as of March 2008*	Unutilized amount	Idle since
N S D P	11.59	11.59	2003-04
Urban water supply Scheme	0.49	0.49	2003-04
Census 2001	0.36	0.36	2003-04
S C students	0.71	0.19	2003-04
S T students	0.63	0.63	2003-04
Mid day meal	3.55	3.55	2007-08
State Finance Commission	103.09	47.89	2006-07
Twelfth Finance commission	155.56	41.78	2005-06
Employment generation	89.79	44.81	2004-05
Water logging	7.00	7.00	2006-07
Civic service	434.00	217.00	2006-07
Total	806.77	375.29	

*These include left over funds as well as fresh receipts.

No reason for the non utilisation of fund was furnished, but audit observed that lack of timely preparation of work plan was one of the reasons.

7.1.6.4 Fund kept in current accounts

According to the Section 68 of the West Bengal Municipal Act, 1993, the C-I-C may invest moneys not required for immediate use. The schemes guidelines also prohibit maintenance of current account in bank. However, the Municipality kept the Municipal Fund in 14 current accounts except the Chairman's Relief Fund. Audit scrutiny showed that during 2004-05 to 2007-08, the Municipality retained huge fund in current account without earning any interest. The minimum fund aggregating Rs.89.66 lakh was available for investment in different spells during the above four years. Keeping the funds idle in the current accounts resulted in loss of interest of Rs.39.81 lakh computed at the rate of 10 per cent per annum compounded annually.

7.1.6.5 Cash book

The Municipality did not maintain up to date cash book and thus the day to day transactions were left unrecorded on the day of occurrence. Therefore, the monthly cash book balances (including bank and treasury) were not readily available and reconciled. The cash book and bank reconciliation for the year

2006-07 was completed only in September 2008. Due to non recording of transaction on the date of occurrence, receipts (Rs.7.66 lakh) and expenditure (Rs.2.90 lakh) were omitted from the entries in the cash book. Similarly, cheques (Rs.2.66 lakh) that were not credited by bank remained unadjusted.

The Municipality had the practice of drawing huge amounts on self cheque. It drew Rs.7.36 crore on 710 self cheques during 2004-05 to 2007-08 to meet expenses on establishment, wages, honorarium to councillors, ward committee meetings and different kinds of advance etc.

7.1.6.6 Annual Accounts

As per notification dated 5th January 2007, the Municipality was to prepare the annual accounts i.e. Receipts and Payment accounts, Income and Expenditure accounts and Balance Sheet in double entry system from 2006-07 in the format prescribed. The Municipality could not submit its Receipt and Payment accounts relating to the years 2003-04 to 2005-06, in addition to failure to prepare the accounts in double entry format from 2006-07.

7.1.6.7 Refundable security deposits

The Deposit Ledger showing party-wise details of amount at credit, purpose, date of receipt, adjustment by refund/utilization was not maintained in the prescribed format. Therefore, Audit could not cross check the payment/utilisation of Rs.2.87 crore made during 2003-04 to 2007-08 against the corresponding deposit made earlier.

7.1.6.8 Annual verification of securities

The Municipality had term deposit of Rs.6.52 crore as of August 2008 as submitted to Audit. A Register of term deposits is being maintained from 2006-07, but annual verification of securities as required under Rule 196 had not been done as yet. Thus, the position of investment/ encashment during the period 2003-04 to 2005-06 could not be checked. The original instruments were also not shown to audit.

7.1.7 RESOURCE MONITORING

The table below shows the position of own funds of the Municipality for the years 2003-04 to 2006-07.

(Rupees in lakh)					
Year	Property Tax	Advertisement Tax	Rent	Others	Total
2003-04	616.15	76.79	202.34	166.79	1062.07
2004-05	717.25	61.61	145.04	141.09	1064.99
2005-06	640.18	52.96	171.29	221.2	1085.63
2006-07	1362.18	84.14	169.62	343.37	1959.31

There was a steep increase in collection of revenue in 2006-07 due to general revision of property tax. The Municipality raises demand for taxes/rent/fees and collects the revenue from the assesseees through the West Bengal State Co-operative Bank Ltd (WBSCOB). Audit scrutiny revealed several deficiencies in the system of raising demand and collection of revenues, as discussed below:

7.1.7.1 Incomplete database of resources

Except the property tax, all other taxes/fees were required to be collected before granting relevant licence/permission as per Section 118 (trade licence) and 122/123 (advertisement tax/fee) or before signing the agreement for parking licence. It was seen that Rs.28.92 lakh remained outstanding against advertisement tax (Rs.23.15 lakh) and parking licence fees (Rs.5.77 lakh) as of September 2008.

The Municipality is yet to have a complete and updated database of demand and collection of taxes/fees. As a result, information regarding periodic collection and outstanding, persistent defaulters, omission in serving demand etc. was not available for audit check.

Of the 1045 trade licenses issued during 2006-07, demand notices were served in only 794 cases, that too during the year 2008-09, reportedly due to failure to transfer the data from the earlier software to the new software.

7.1.7.2 Demands and collection not reconciled

Tax/fees/rents collected are to be compared with demand raised for detecting discrepancies and defaults in payment. The Municipality has no system of periodic reconciliation, though required under Rule 69. Audit scrutiny of collection revealed huge discrepancies between the two sets of records as detailed below:

(Rupees in lakh)

Items	Period	Collection as per Collection Department	Collection recorded		Difference
			Amount	Records	
Trade Licence fee	2006-07	17.22	14.62	Budget document	2.60
Market rent	January 2008	5.00	4.92	Bank scroll.	0.08
Property tax	2003-04	581.29	616.15	Budget document	24.86
	2004-05	685.55	717.25	Do	31.70
	2005-06	579.78	640.18	Do	70.40
	2006-07	1078.75	1362.18	Do	283.43

Thus, the differences in collection are indicative of inadequate control/monitoring of collection vis-à-vis demand.

7.1.7.3 Irregularities in valuation

Test check revealed undue favour to big holdings and licencees, and deviations from BOC decisions, Municipal Act, and general principles of award, as detailed below -

(a) Under-assessment of annual valuation of holdings

Section 106 of the West Bengal Municipal Act, 1993, requires that for the purpose of assessment of property tax, annual value of a holding shall be deemed to be the gross annual rent at which such holding might be reasonably expected to be let less an allowance of 10 per cent for repair and maintenance. If the gross annual rent cannot be easily estimated, only then the annual value has to be

assessed on cost basis¹⁵. For annual value exceeding Rs.999, the percentage of property tax shall be “twenty (22 prior to October 2002) plus annual value divided by 1000” but not exceeding 30 *per cent* (40 *per cent* prior to October 2002). The BOC had decided to assess annual value at the rate of rent of Rs.25 *per sq.ft* per month for commercial holdings from the year 2000.

Out of 18 files requisitioned, only eight files were furnished to Audit. Their scrutiny revealed that the assessment of annual valuation was made on cost basis for three hotels (Hyatt, Ayash and Sojourn) and on a lower rate of rent of Rs.10 *per sq.ft. per month* for Suraksha Hospital. The total annual valuation of the four holdings was assessed to be Rs.2.04 crore and quarterly property tax was determined at Rs.5.91 lakh. The annual valuation of the above four holdings having an area of 421731 sq.ft stood at Rs.11.39 crore at the rate of rent of Rs.25 per month prescribed by the BOC. The quarterly property tax payable on the holdings amounted to Rs.85.40 lakh at the rate of 30 *per cent* (Rs.113.87 lakh prior to October 2002) as prescribed under Section 96 of the Act. The under-assessment of annual valuation and property tax resulted in loss of property tax of Rs.79.49 lakh (Rs.102.77 lakh prior to October 2002) every quarter. Thus, the under assessment led to a loss of property tax of Rs.9.86 crore up to the second quarter of 2005 for 54 quarters ranging from two to 24 quarters in respective holding. The Municipality did not furnish any reason for contravention of the provisions of the Act.

(b) Non-availability of records of parking licence fee

There was no record to indicate whether the Municipality has ever surveyed to identify the total number of parking spaces within its jurisdiction. While awarding (February 2008) parking licenses for the year 2008-09 in respect of 12 locations, five existing locations viz. Prasasan Bhavan to Mayukh Bhavan (Rs.1.35 lakh), Hotel Sojourn (Rs.0.60 lakh), CK Market (Rs.0.81 lakh), Service Road in front of HSBC (Rs.2.87 lakh) and Nicco Park (Rs.9.60 lakh) with revenue potential of Rs.15.23 lakh were not included in the tender to get competitive price. Due to non availability of records it could not be ascertained whether parking licences were eventually issued for these five locations through competitive bidding.

(c) Display of kiosk etc. - undue favour to private agency

In May 2007 the Municipality invited rates for 125 model bus passenger sheds and 900 illuminated kiosks in lamp posts for display of advertisement. The highest bidder (Rs.1.66 crore) failed to deposit the requisite fees within due date (23 July 2007), and the Municipality asked the second highest bidder (Rs.1.56 crore) to execute the work for Rs.1.66 crore which they refused. The Municipality then offered the work to the third highest bidder - Karukrit Publicity Pvt. Ltd. at their quoted rate of Rs.1.27 crore without inviting fresh tender. The agency was allowed 180 days to complete the work after which the Municipality would be entitled to receive fees from the agency. But the Municipality allowed extension of four months from April 2008 to July 2008 for reasons not on record, which not only contravened the agreement but entailed loss of revenue of Rs.42.33 lakh for four months at the rate of Rs.127 lakh per annum. The agency was also allowed to construct 12 square feet kiosks instead of 6 square feet

¹⁵ The annual value of a building shall be an amount not less than five per cent, but not exceeding 10 per cent of the value of the holding obtained by adding estimated cost of erecting the building at the time of assessment less the depreciation as per rates provided under Income Tax Act, 1961.

without increase in fees and approval of BOC. The loss could not be ascertained in absence separate rate offered for 900 kiosks.

7.1.7.4 Undue remission of tax and fee

Test check also revealed arbitrary remission of tax/fees as detailed below:

The Municipality allowed remission of Rs.35.44 lakh being 90 *per cent* of total land tax of Rs.39.37 lakh due from Hyatt hotel for second quarter of 1996 to second quarter of 2002 without any recorded reasons. The remission was in contravention of Section 112 of the Municipal Act which provides that maximum remission of 25 *per cent* may be allowed by a Review Committee constituted by the BOC.

The Municipality allowed remission of advertisement tax at the rate of Rs.10450 per quarter from March 2006 to May 2006 to the advertisement agencies for reasons not on record. In the absence of records showing the number of hoardings to which such remission was granted, the total amount of remission could not be ascertained. As per the list furnished for 2007-08 there were 176 hoardings. The remission of fees for each quarter for 176 hoardings works out to Rs.18.39 lakh at the rate of Rs.10450. The Municipality had not laid down policy to regulate such remissions.

In case of parking licence fee, the Municipality allowed exemption of fees of Rs.2.35 lakh by granting parking licence to an agency for one more year (2007-08) without any fees (collection in the previous year Rs.2.10 lakh) and another agency was allowed to continue with the parking sites without depositing the fees of Rs.0.25 lakh for the remaining period.

The Municipality could not furnish records showing that such remission/exemption was allowed with the approval of the BOC.

7.1.7.5 Demand for property tax not issued

Test check of Collection Register of property tax relating to the period October 2001 to June 2005 revealed that the Municipality did not issue property tax demand to 75 holdings (private) in 31 blocks for periods ranging from 2 quarters to 16 quarters involving property tax of Rs.1.37 crore although demand bills on other holdings of the same blocks were served.

The abstract of demand and collection of property tax for the year 2006-07 revealed that the Municipality also did not serve property tax bills amounting to Rs.1.45 crore relating to the period July 2005 to March 2007 (demand from April 2007 onwards was pending due to litigation) to 1723 holdings.

The Municipality did not furnish any record relating to issue of demand notice. Test check of collection registers, however, revealed that the Municipality never served demand of property tax though it was due on the first day of a quarter. Similarly, advertisement taxes and parking licence fees payable in advance were also not pursued in time, as would be evident from the table below:

Period of Property Tax	Details of demand served		
	Date	No. of bills	Amount (Rs. in crore)
July 2005 to March 2006	5 December 2005	11981	1.80
April 2006 to March 2007	1 November 2006	18826	10.55

For advertisement tax, the demand for the year 2007-08 was served on or after 11 September 2007 while the demand for the year 2008-09 was not served till 15 September 2008. The position pertaining to the earlier years could not be ascertained for want of records. This pointed to absence of monitoring of issue of demand notice and collection of municipal dues.

7.1.7.6 Outstanding dues not pursued

Due to absence of complete database of demand vis-à-vis collection, the outstanding property tax, advertisement tax and parking licence fee were not ascertainable. The Municipality furnished a list showing arrears of property tax (up to 30 June 2005) as on 26 September 2008, which showed that arrears of property tax amounted to about Rs.30 crore while the arrears of advertisement tax and parking licence fee amounted to Rs.23.15 lakh and Rs.5.14 lakh respectively.

However, the correctness of the list is doubtful since the Municipality did not maintain complete and updated database. For instance, the Municipality was unaware of outstanding parking licence fee of Rs.0.80 lakh against Nataraj Fee Car Parking Co-operative. Further arrears of property tax (Rs.87.72 lakh) and advertisement tax (Rs.2.90 lakh) were not carried forward to the following years during the period 2003-04 to 2007-08.

The Municipality did not maintain database showing details of shops allotted, allotment reference, measurement and monthly rent for any of 15 markets. The bill register revealed that the total monthly rent receivable from 1243 allotted shops in 14 markets (except FD market) was Rs.2.45 lakh. However, the rent was not collected at regular intervals and the outstanding dues against these shops rose to Rs.41.49 lakh as of August 2008. The arrear included Rs.39.80 lakh due from 242 shops/stalls remaining outstanding for 15 months to more than 12 years.

The handing over of possession of stalls/shops in FD market was started since April 2006 but collection of rent had not been started resulting in accumulation of arrear of Rs.3.32 lakh. The BOC had not prescribed any policy regarding expeditious collection of dues, fixation and periodical revision of rent.

7.1.8 EXPENDITURE CONTROL

7.1.8.1 Booking of advance as final expenditure

The Municipality booked the amount of advances to final heads of expenditure without getting the expenditure vouchers. Test check revealed that the Municipality paid advance of Rs.79.60 lakh during the period from 2003-04 to 2007-08 but did not maintain detailed subsidiary ledger/advance registers to watch regular adjustment which left no scope for audit to check whether expenditures were made for the purpose for which the advances were given.

7.1.8.2 Weak control over expenditure

The following cases point to poor control over the expenditure:

The Municipality did not record the date of receipt of electricity bills and also failed to pay the bills in time inspite of getting the bill well in advance. As a result it had to bear additional liability of Rs.11.67 lakh towards surcharge for late payment during 2003-04 to 2007-08 though there was minimum bank balance of Rs.1.86 crore through out the above years excluding the funds lying in the treasury.

The Attendance Sheet of drivers, helpers and others showed that all the contract drivers and helpers for the 10 tippers had performed their duties on all days during the period from 15 June 2008 to 14 August 2008. The log books of the vehicles, however, revealed that some vehicles did not perform journey for 78 days. Thereby the Municipality paid Rs.24699 in excess due to lack of internal check.

Checking of log books revealed that the departmental vehicles were consuming fuel ranging from 4.07 litre per km to 2.7 litre per km during 2003-04 to 2007-08. Moreover, log books of five vehicles revealed that 35024 litres of fuel was issued for journey of 14367 km thereby resulting in alarming mileage of 0.41 *km per litre*. The Municipality did not fix any norm for consumption of fuel for departmental vehicles, indicating absence of measures to plug pilferage of fuel.

The annual maintenance contracts (AMC) for operation and maintenance of street light include supply of certain quantity of spares/materials. The Municipality paid Rs.61.96 lakh to contractors during 2003-04 to 2007-08 for replacement of lamps, chokes, igniters etc. The Municipality also purchased fittings worth Rs.43.92 lakh during the same period and issued to the same contractors. There was no record to check utilisation of new spares/fittings procured by the Municipality and those supplied by the contractors, which made it difficult to verify whether proper controls were exercised in the purchase of spares and payment to the contractors.

The Municipality also did not deduct sales tax and income tax amounting to Rs.12.02 lakh during 2003-04 to 2007-08 from the bills of contractors/suppliers.

7.1.8.3 Materials purchased without invitation of tender

As per Rule 157 of the West Bengal Municipal (Finance and Accounting) Rules, 1999, all works exceeding Rs.5000 shall be awarded through competitive tenders. When the lowest tenders are not accepted, the reasons for the same shall be clearly stated. The Municipality purchased materials valuing Rs.44.51 lakh during 2005-06 to 2007-08 without inviting tender. Materials valuing Rs.13.86 lakh were purchased by inviting quotations from selected vendors instead of open tender though value of each purchase was more than Rs.3 lakh. The Municipality has no policy in this regard.

7.1.9 STORES MANAGEMENT

Register of works and contractors ledger were not maintained by the Municipality as required under financial rules. Therefore bill-wise and contractor-wise checking in audit was not possible.

7.1.9.1 Deficiency in stores accounting

The Municipality purchased materials like street light accessories, pumps, pipes, stone chips, bricks etc. for Rs.1.43 crore during 2003-08 and directly supplied to the work site/contractors without operating the stock account/material at site account. Thus, checking of quantity procured and utilised for a particular work and evaluation of closing balance at any point of time was not possible. It was also not ascertainable whether such purchases were based on requisitions with reference to a particular work and properly accounted for. Some instances noticed are detailed below:

- The Municipality did not maintain stock accounts of bitumen and cationic emulsion systematically. It did not furnish records of issue of 214.50 MT bitumen and 13.20 MT cationic emulsion during March 2006 to August 2008 for road repairing works. So, utilisation of the materials valuing Rs.56.24¹⁶ lakh could not be checked in audit. Test check revealed that the cost (Rs.0.58 lakh) of 2.8 MT cationic emulsion issued in excess was not recovered from the contractor.
- The Municipality had six submersible pumps as on 1 April 2003 and procured 29 pumps worth Rs.54.73 lakh during 2003-04 to 2007-08. Out of the total 35 pumps, 14 pumps were utilized in new tube wells sunk during that period leaving a balance of 21 submersible pumps as of 31 March 2008. The Municipality stated to have only 9 pumps at their stock which indicated that they were not aware of the whereabouts of 12 pumps valuing Rs.18.77 lakh.
- Stock account of printed application forms was not maintained, making it difficult to verify whether all forms procured and sale proceeds there against were accounted for. The receipt on sale of forms reduced from Rs.25.60 lakh in 2003-04 to Rs.4.95 lakh in 2004-05 and thereafter continued around that level. The reasons for such decrease could not be checked in audit due to non maintenance of relevant records. Further, the Municipality did not furnish the stock account of printed Money Receipts. Therefore, it could not be verified if Money Receipts were issued chronologically and all the sums collected were accounted for in the Municipal Fund.

7.1.9.2 Measurement books for departmental works not maintained

The Municipality did not furnish any record/work order for the works executed departmentally during 2003-08 and work wise expenditure could not be ascertained due to non-maintenance of works abstract. Test check of five work-files relating to such works revealed that the Municipality had incurred expenditure of Rs.31.30 lakh on seven departmental works during the year 2007-08. But the details of measurement of the works were not recorded in measurement book, in contravention of rule 150 and 152 of the West Bengal (Financial and Accounting) Rules, 1999. Thus, non-measurement of a work led to non-accountal of addition to asset or quantum of maintenance carried out.

7.1.10 NON MAINTENANCE OF CONTROL REGISTERS/ DATABASE

The West Bengal Municipal (Finance and Accounting) Rules, 1999 require maintenance of various books of accounts/registers for transparency of the municipal accounts and exercising effective control over the state of affairs. The municipality did not maintain the following vital registers due to which audit scrutiny/checks could not be done as mentioned against each.

Non-maintenance of records and non-exercise of prescribed checks	Reference of authority	Impact in brief
Valuation List	Rule 45	Audit could not check the nature of holdings, assessment and timely collection of tax.
Abstract of Accounts	Rule 206	Correctness of entries made in the Annual Statement of Accounts could not be ensured.

¹⁶ Bitumen at the rate of Rs. 24939/MT & Cationic Emulsion at the rate of Rs 20791/MT.

Unpaid Bill Register	Rule 233	Position of unpaid liabilities could not be ensured.
Register of Land	Rule 268	Municipality's immovable properties would remain out of accounts since no register detailing assets including land in possession was maintained.
Physical verification of Stock & Store Account	Rule 176(1)	Theft, loss and damage, if any, of articles in store remained out of notice.

7.1.11 Conclusion

The internal control system in the Municipality was not adequate. The financial planning or the budget formulation was not based on inputs from grass root level. The poor control over resource management, expenditure and receivables affected the financial position of the Municipality. Undue remission on annual valuation resulted in evasion of huge amount of property tax. Due to non-maintenance of prescribed records in proper format it was difficult for the Municipality to assess the achievements and also for audit to provide assurance.

7.1.12 Recommendations

- The BOC should exercise adequate oversight through the administration and active participation of the statutory committees.
- Budget should be based on the inputs from Ward Committees and constituent departments and cash management and preparation of annual accounts should be geared up.
- A comprehensive database of the receivables should be prepared to ensure timely issue of demands and optimum collection of revenue.
- The expenditure is to be incurred only after authorisation by the competent authority. The advances should be closely monitored and adjusted within prescribed time period.
- Materials purchased and issued/utilised should be recorded with proper reference and physical verification should be conducted regularly.

KOLKATA MUNICIPAL CORPORATION

7.2 SOLID WASTE MANAGEMENT

HIGHLIGHTS

The management of municipal solid waste is the responsibility of the municipality under the 74th Constitutional amendment. The Kolkata Municipal Corporation (KMC) has the responsibility of managing about 4000 MT per day of solid waste. A review of the management of solid waste by KMC revealed non-compliance with the Rules issued by the Government of India, with serious implications for health and environmental hazards as briefly discussed below:

The provisions of the Municipal Solid Waste (Management and Handling) Rules, 2000 have not been implemented even 8 years after they came into force.

(Paragraph 7.2.6)

House to house waste collection was not regular and satisfactory. The reducing, recycling and reusing of waste as well as reducing load on transportation and land fill were not achieved due to non-segregation of waste at source.

(Paragraph 7.2.8 & 7.2.9)

Insufficient number of containers and existence of open storage points led to littering and non compliance of the norms for storage safety.

(Paragraph 7.2.10)

Less than half of the existing transportation capacity was being utilised and the cost of transportation was high, indicating inefficiencies in the transportation management.

(Paragraph 7.2.11)

There was uneven deployment of working force and the monitoring staff did not do their allotted duty.

(Paragraph 7.2.12)

KMC did not take any protective measures to prevent adverse effect on the health of the conservancy staff engaged in manual handling of solid waste.

(Paragraph 7.2.13)

Improper disposal system led to contamination at Dhapa site with adverse environmental consequences which were not addressed. No action has been taken to prevent recycling of toxic waste through consumption of agricultural and horticultural produce from the area.

(Paragraph 7.2.14 & 7.2.15)

Absence of processing of waste led to production of green house gas which caused land subsidence and environmental degradation.

(Paragraph 7.2.16)

7.2.1 Introduction

Municipal Solid Waste is waste generated by household and consists of paper, organic wastes, metals etc. The responsibility for management of municipal solid waste has been devolved to the municipalities under the 74th Constitutional amendment. The Kolkata Municipal Corporation (KMC) Act, 1980 mandates the KMC to manage the solid waste of the areas under its administrative jurisdiction. The Municipal Solid Waste (Management and Handling) Rules, 2000 (MSWMHR) issued by the Government of India apply to every municipal authority responsible for collection, segregation, storage, transportation, processing and disposal of municipal solid wastes. The Twelfth Finance Commission (TFC) while extending special grants to Urban Local Bodies (ULB) emphasized the need for solid waste management and earmarked 50 *per cent* of the grant for this purpose.

The KMC has a population of 45 lakh (Census 2001) spread over 187 sq km with a daily floating population of 20 lakh. The residential population is expected to grow at the rate of 0.4 *per cent* per year¹⁷. The total road length in KMC area is 3275 km¹⁸ and the total solid waste generation is estimated at 4000 MT¹⁹ per day at an average of 850 gm /capita/day.

7.2.2 Organisational set up

KMC has 141 Wards under 15 Boroughs. The management of municipal solid waste under KMC is vested with the Commissioner and is looked after by the Chief Municipal Engineer (SWM) assisted by two Deputy Chief Engineers, four Deputy Directors and three Executive Engineers at the Headquarters. At the field level (borough, dumpsite and workshop), the collection, transportation and disposal of wastes and operation and maintenance of vehicles are managed by the Assistant Directors and Assistant Engineers together with supervisors and majdoors.

7.2.3 Audit objectives

The objective of audit was to evaluate the performance of KMC in reusing and recycling the municipal solid waste including creation of commensurate infrastructural facilities with specific focus on the following aspects:

- Whether the planning for development of infrastructure as per provisions of MSWMHR was taken up.
- Whether the solid waste collection was regular and adequate and man power deployed was appropriate.
- Whether segregation was carried out to reduce the load factor and facilitate recycling, reuse and better disposal.
- Whether adequate and safe storage facilities were created.
- Whether adequate transportation was provided.

¹⁷ Ref: The Report of the Master Plan of Solid Waste Management (Vol.I) by Kolkata Environment Improvement Project, KMC (May,2005).

¹⁸ Ref: As above.

¹⁹ Ref: The Report of the Chittaranjan National Cancer Institute sponsored by Central Pollution Control Board, New Delhi.

- Whether processing facilities and proper landfill were developed and aftercare of used landfills was ensured.

7.2.4 Audit criteria

The audit criteria used for assessing the performance of various activities under the management were as under:

- Functions and powers entrusted to KMC under the KMC Act, 1980;
- The Municipal Solid Waste (Management and Handling) Rules, 2000, and
- Recommendations and guidelines of the Twelfth Finance Commission.

7.2.5 Audit coverage and methodology

Implementation of the MSWMHR and existing procedures of management of solid waste in KMC were reviewed during October to December 2007 and November to December 2008 through test check of records of KMC headquarter, eight Boroughs, four garages, dumping sites at Dhapa and Garden Reach, State Pollution Control Board, Environment Department and Chittaranjan Cancer Research Institute. Dumping sites and several waste storage points were also visited and photographs taken, wherever required. These have been included in the report.

AUDIT FINDINGS

7.2.6 Implementation status and deficiencies in planning

Rule 4 of the MSWMHR stipulates the following time schedule for development of infrastructure and services for solid waste management:

Completion criteria	Schedule
Setting up of waste processing and disposal facilities.	By 31 December 2003 or earlier.
Monitoring of performance of waste processing and disposal facilities.	Once in six months.
Improvement of existing land-fill sites as per provision of these rules.	By 31 December 2001 or earlier.
Identification of land-fill sites for future use and making sites ready for operation.	By 31 December 2002 or earlier.

The KMC could not achieve any of the above milestones as of December 2008. KMC did not have any landfill and its application (April 2004) to State Pollution Control Board (SPCB) for authorization for a landfill at Dhapa had been pending for want of necessary documentation (including DPR for house to house collection, segregation, composting etc.) and environment clearance from the Government of West Bengal. No record in support of any progress in the matter was made available by KMC. However, it was learnt from the Environment Department, Government of West Bengal that no proposal for environment clearance for the proposed landfill site had been received till March 2008. It was also noticed that the proposed site falls within the wetland identified for conservation under Ramsar Convention, 2002. Thus, the management of solid

waste did not take off in line with the Rules, even eight years after their coming into effect.

7.2.7 Financial management

The year-wise expenditure incurred by KMC towards management of municipal solid waste during 2002-03 to 2007-08 was as under:

(Rupees in crore)		
Year	Revenue expenditure	Capital expenditure
2002-03	130.81	1.63
2003-04	134.17	2.10
2004-05	132.69	0.11
2005-06	134.71	13.55
2006-07	142.53	16.42
2007-08	159.33	2.05
Total	834.24	35.86

Out of the capital expenditure of Rs.35.86 crore, Rs.33.81 crore was utilized for constructing unloading platform at dumping site, improvement of the approach road and procurement of tipper trucks, dumper placers and containers for improved transportation and storage of solid waste.

7.2.8 Irregular collection of solid waste

The Schedule II to the Rules prescribes the criteria for collection of solid wastes, organizing house-to-house collection and devising collection of wastes from slums, hotels, slaughter house, market place etc.

Test-check of records of eight boroughs²⁰ revealed that house to house collection service was not provided on a collective stretch of 106 km in four wards²¹. Regular service was also not provided along Sashi Bhusan Dey Street, 70 bastis in Prem Chand Baral Street of Borough V and Arupota, Khanaberia and Kacharipara areas of Borough VII. In Borough IV, 45 *per cent* houses remained unattended while the service was provided only thrice a week in 11 wards²² even though contractors had been engaged for daily collection. The collection was carried out on alternate days on a stretch of 25 km in Ward-99 and 27 km in Ward-100. In some Boroughs (XIII, XIV and XV), the long distances between primary collection points and the vat points hampered the garbage collection.

Owing to non-collection of solid waste on regular basis, the waste remained in the open vats for considerable time which led to littering and attracted stray animals causing health hazards. This violates the compliance criteria stipulated in schedule II of the Rules, which prohibits littering.

²⁰ Boroughs IV, V, VII, X, XII, XIII, XIV and XV.

²¹ 19.5 km road (W-106), 15.7 km (W-107), 23.8 km (W-108) and 47 km (W-109).

²² Wards 115, 122, 123, 126, 128, 131, 137, 138, 139, 140 and 141 under borough XIV and XV.



*Stray animals and birds moving around waste storage facility
Borough X, Prince Anwarshah Road: 21 March 2009 at 10.15 am*



*Littering of waste along road side
Borough X, Lake Gardens: 24 March 2009 at 10.30 am*

In Borough XII and XV, contractors were engaged for collection of solid waste on road length of 150 km and 133 km respectively while the serviceable road length in these boroughs was only 133 km and 102 km.

7.2.9 Non segregation of waste at storage point

Segregation means separating the solid waste into groups of organic, inorganic, recyclables and hazardous wastes. The recyclables are directly transported to the processors for producing new products, which helps in reducing the load of solid waste. The waste if not segregated at source causes hazards to the environment.

In 2003, KMC under Kolkata Environment Improvement Project (KEIP) conducted a survey which indicated that 30 per cent of garbage generated was recyclable, 45-50 per cent was compostable and the remaining 20-27 per cent was inert. However, no steps for source segregation of waste into biodegradable, recyclable and inert wastes had been taken up in any Borough or even in commercial and institutional premises, as required under serial no. 2 of Schedule

II of the Rules. Mass awareness programme for motivating people for segregation of waste at source was also not organised in accordance with the provision of Schedule II of Rules.

7.2.10 Inadequate and improper storage

The KMC has no record of any formal assessment of the requirement of location-wise storage capacity as required under serial no. 3 of Schedule II of the Rules. Although the Rules require provision of such stores so that the waste is not exposed to atmosphere, more than 58 per cent of the storage points were open vats. As of 31 March 2008, the Corporation had 297 containers and 419 open vats/spots; however, the register of vats/spots did not give details of their size and capacity.



*Open waste store on road invaded by scavengers
Borough:IV, Mechua, Barabazar: 22 December 2007 at 11.30 am*

7.2.11 Inefficiencies in transportation of waste

Test check of records for the month, March 2007 revealed that out of 76 containers under Jadavpur unit (Borough XI and XII), only 20 were lifted daily. Similarly in South Suburban unit, only 23 out of 49 containers under Borough XIII and XIV were lifted daily. Thus, on an average 82 containers remained unattended daily in these areas. Twenty nine open vats under boroughs IV, VII and X were without any boundary walls. The management stated (April 2008) that a few new containers could not be placed due to scarcity of space and public protest.

While the storage facilities were not being attended daily for clearing of waste, as required under the provisions of serial no 4 of Schedule II of the Rules, the KMC was using less than 50 per cent of its transportation capacity as shown in the following table.

Types of vehicle	2004-05			2005-06			2006-07			2007-08		
	Avai lable	Ply ing	Utilisa tion (%)	Avai lable	Ply ing	Utilisa tion (%)	Avai lable	Ply ing	Utilisa tion (%)	Avail able	Ply ing	Utilisa tion (%)
Tipper truck	99	55	56	97	56	58	106	51	48	106	51	48
Dumper placer	78	43	55	79	43	54	140	46	33	140	46	33
Tractor	15	7	47	15	7	47	15	7	47	15	7	47

Despite the fact that KMC had purchased dumper placer, pay-loader etc. worth Rs.25.74 crore during 2002-03 to 2007-08, the table shows that only 33 to 58 *per cent* of these vehicles were in operation in the last four years. In fact, the percentage of tipper trucks in operation had come down from 56 in 2004-05 to 48 in 2007-08, while the percentage of dumper placers in operation had declined from 55 to 33. The vehicles were in a plyable condition and KMC had sufficient staff to operate them.

Against 78 dumper placers available as of March 2005 only 43 to 46 were in operation. Again 62 dumper placers were procured in 2005-06 at a cost of Rs.6.70 crore. Thus, in 2006-07 the number of dumper placers should have been 140. However, records showed only 119 dumper placers i.e. whereabouts of 21 dumper placers were not on record. KMC stated (April 2008) that the vehicles were lying in the garages but no record like stock register etc. in support of the statement was furnished for verification.

The daily amount of waste transported to the two dump sites at Dhapa and Garden Reach through own vehicles and private transporters and the cost incurred in the last four years are shown in the following table:

	2004-05		2005-06		2006-07		2007-08	
	Own	Private	Own	Private	Own	Private	Own	Private
MT/day	1072	1739	1166	2085	1261	1947	1114	2477
Cost (Rs. in crore)	13.44	9.48	13.33	9.99	14.25	10.97	16.38	15.33
Cost/ MT (Rs. in lakh)	1.25	0.55	1.14	0.48	1.13	0.56	1.47	0.62

The cost of transportation by the Corporation was more than two times that of the private agency. The Corporation utilized only 33 to 58 *per cent* of its transport capacity. The optimum utilization of available infrastructure of KMC would increase its carrying capacity by 67 to 42 *per cent* bringing down the cost almost at par with that paid to the private agencies. Non-segregation of waste at source, responsible for added load on transportation, also resulted in higher cost.

7.2.12 Imbalance in deployment of work force

The Corporation had 9866 staff as on 31 March 2008 for collection of solid waste. As per norms prescribed in the Manual on Municipal Solid Waste Management, the Corporation had a surplus of 2831 cleaning staff.

The deployment of cleaning staff was uneven. There were 26 cleaning staff *per 10 km* in Borough I to IX and 49 cleaning staff *per 10 km* in Borough X to XIV. A comparative study of different localities indicated that the number of cleaning staff *per 10 km* varied between 13 and 85, which created overstaffing in some Boroughs and understaffing in others. In Borough XV, 313 cleaning staff were in position despite the fact that the total collection work had been entrusted to contractors. The deployment of the staff and the record of activities performed by them were not furnished to audit.

KMC stated that the number of cleaning staff (Mazdoors) was actually inadequate, considering the total road length of 6000 km under KMC area.

However, no supporting document was available to show that the road length was 6000 km and not 3275 km recorded in the Master Plan.

KMC deployed more than a thousand supervisory staff during 2004-05 to 2007-08 as under:

Supervisory staff	2004-05	2005-06	2006-07	2007-08
Supervisors	24	24	22	22
Overseers	263	287	273	273
Sub-overseers	801	750	706	706
Total	1088	1061	1001	1001
Expenditure (Rupees in crore)	11.27	11.53	12.26	12.26

The deployment of such large number of staff with reference to work load and the norms thereof were not produced to audit. The monitoring mechanism in the form of daily/weekly report, by the supervising officials on the performance of the field staff on collection of garbage, attendance of mazdoor and addressing of public complaints was not in existence. Signature of the Sub-overseer in the space provided in the trip card was not available in case of departmental vehicles as a result of which the confirmation of whether the trips were actually made could not be cross-checked.

Complaint Register for recording grievances regarding cleaning of garbage was maintained only in 15 ward offices of four²³ boroughs test checked and 19 wards had no office. The day to day activities in those wards were organized through borough offices.

7.2.13 Safety measures for conservancy staff not adequate

As per Schedule II to Rule 6 of the Rules, manual handling of waste is prohibited. If unavoidable, manual handling should be carried out under proper precaution with due care for safety of workers. In KMC, the waste is handled manually without any protective gear like gloves, masks, etc. No medical check-up of the conservancy staff engaged in collection, loading and unloading of waste was ever conducted.

7.2.14 Improper disposal system

KMC dumps more than 98 *per cent* (3000 tons per day) of the collected solid waste at Dhapa, and the balance at Garden Reach. Dhapa is located within the East Kolkata Wetlands, an internationally recognized wetland under the Ramsar Convention²⁴, 2002. This site is being used as dumping ground for solid waste long before the declaration of the area as wet land of international importance under the Ramsar Convention and the MSWMH Rules, 2000 came into force. KMC applied to SPCB for construction of landfill at this site but it was not authorized by them. The waste is not segregated into biodegradable, recyclable and inert materials and is dumped indiscriminately. The dumping ground has no more space and the heaps have already attained alarming height of more than 22

²³ One in XII, five in XIII, six in XIV and seven in XV.

²⁴ The East Kolkata wetlands, situated in the eastern fringe of the city of Kolkata was declared as Ramsar Site in 2002, in consonance with the Convention on Wetlands held in Ramsar, Iran, in 1971 to which India was a signatory.

meters with distinct risk of collapse and the associated adverse environmental consequences.



Untreated dumped waste at Dhapa threatening the environment

There is no arrangement for checking the amount of methane, leachate and underground pollution level. A part of the leachate is absorbed in the waste and ground and the rest is collected in open drain which is discharged into water body / open drainage channel without being treated. The ground water and the ambient air has not been tested at any time during the last three years. Thus the compliance criteria stipulated at serial no. 5 and 6 of Schedule II of the Rules in respect of processing and disposal of municipal solid waste were not met.

7.2.15 Contamination at Dhapa dump-site

A report (2004-05) of the National Cancer Research Institute (NCRI) sponsored by the Central Pollution Control Board, New Delhi indicated high bacteria level around the dumpsite, canals and the vegetables grown in surrounding areas bore alarming levels of lead and chromium. No steps have, however, been taken to stop production & consumption of such vegetables, posing serious threat to public health.

According to Environmental Pollution Control Journal²⁵, methane has 21 times more warming potential than that of carbon-di-oxide. The emission of methane from solid waste dumped by KMC is of the order of 63.23 thousand ton per year, the carbon di-oxide equivalent of which is 13.28 lakh ton. KMC has not initiated any action to address this alarming situation by processing biodegradable materials to arrest formation of methane.

7.2.16 Impact analysis

7.2.16.1 Inadequate collection and transportation

As per the NCRI report, KMC has daily accumulation of 4000 tons of solid waste, of which on an average 3208 ton is transported daily, leaving a large amount of solid waste unattended. Due to inefficient transport management, the collection remains inadequate resulting in environmental pollution.

²⁵ Vol-8 No.1, November-December 2004 publication.

7.2.16.2 Health hazards to Conservancy staff

The Report *ibid* also noted that the conservancy staff engaged in collection, loading and disposal of waste in KMC were suffering from an array of respiratory, gastrointestinal, dermatological, hematological, immunological and neurobehavioral problems, genotoxic changes attributable to their nature of occupation and lack of proper protective measures and safety. However KMC did not initiate any protective measures recommended in the Report.

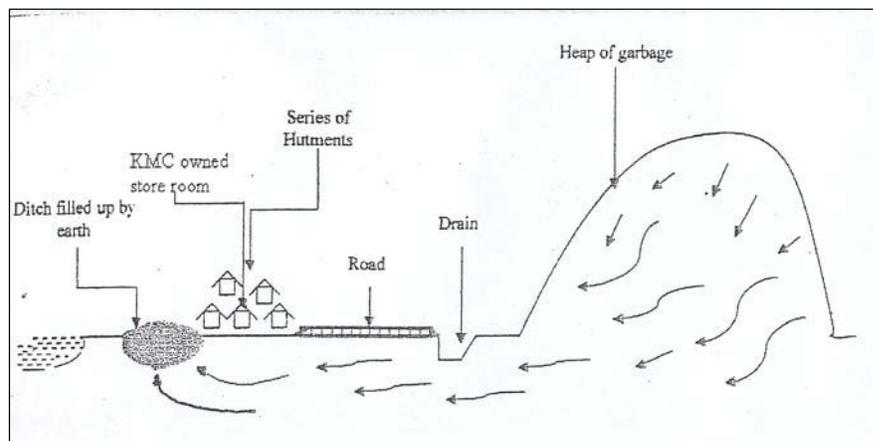
7.2.16.3 Land subsidence at Dhapa disposal site

There is no plant or arrangement at the Dhapa dumpsite for processing and final disposal of waste or any system of reducing the load. A portion of the dump site subsided on 23 April 2006 resulting in bulging up of a flat land including a motorable pavement, linear cracks across the road and severe damage to the newly constructed surface drain and storeroom.



Gases from untreated waste created cracks and environmental hazards

A four member Committee, constituted by KMC to investigate the reasons and recommend measures to stop such occurrence, inspected (10 May 2006) the area. The Committee reported (22 May 2006) that it was due to a localized pressure bulb created under the affected landfill site as depicted below:



Movement of gases

The audit team visited the Dhapa dumping site along with Executive Engineer in charge of the site in October 2007 and witnessed that certain area in Makaltala village (having a population of 450) on the northern side of the dumping site had already bulged up to one and half feet posing severe threat to environment and safety in general and inhabitants of the area in particular.

7.2.17 Conclusion

There were serious deficiencies in the solid waste management by the KMC. The existing system of collection and disposal of waste was inadequate and inefficient. The compliance with the Rules had not been achieved in many years after their target dates. No system was in place for segregation of waste at the source and KMC had been unable to provide for an environment friendly landfill. No efforts had been made to address the environmental problems created by the existing dump-site at Dhapa.

7.2.18 Recommendations

- The Solid Waste (Management and Handling) Rules, 2000 in regard to segregation of waste, closed containers, processing and disposal should be fully complied with.
- Survey should be conducted to assess the close containers requirement and action taken to stop open storage of solid waste.
- Close monitoring of utilisation of the transportation capacity is of utmost importance; steps should be taken to remove the inefficiencies in capacity utilization.
- Speedy construction of scientific landfill of inert materials should be done.
- The present dump-sites should be regularly inspected and steps should be taken to protect the underground water level from contamination and methane gas formation.
- Recycling of toxic material through agricultural and horticultural produce must be prevented.
- Protective measures for the persons engaged in handling the waste should be implemented.
- Periodic monitoring of leachate and contamination of atmosphere and ground water need be done as per Rules.

7.3 CAR PARKING PROJECTS ON PPP BASIS

HIGHLIGHTS

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

(Paragraph 7.3.2.1)

KMC agreed for five per cent of gross revenue of the parking zones and 10 per cent of profit if net profit persists for three consecutive years without considering prevailing revenue and investment involved.

(Paragraph 7.3.2.2)

The sharing pattern of return was not revised despite substantial increase (214 *per cent*) in working area and addition of shopping mall in the most important commercial site with higher economic potentiality.

(Paragraph 7.3.2.3)

Though the projects were on BOOT basis without cash investment in any form by KMC, the contractor was paid an interest free loan of Rs.3.00 crore out of the State Government grants meant for revenue gap resulting in loss of Rs.3.53 crore towards interest.

(Paragraph 7.3.2.4)

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

(Paragraph 7.3.2.6)

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

(Paragraph 7.3.2.7)

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

(Paragraph 7.3.2.8)

7.3.1 Introduction

Kolkata Municipal Corporation (KMC) undertook two multistoried car parking projects on Public Private Partnership (PPP) basis at Rowdan Street and Lindsay Street which started functioning in November 2001 and April 2007 respectively. The projects taken up on *Build Own Operate Transfer* basis were selected for audit review. The audit was conducted during September - December 2008 to check whether:

- the projects were taken up after proper feasibility study and cost benefit analysis;
- general principles of contract were followed;

- public interest was protected; and
- the objectives of the project were fulfilled.

The audit findings are discussed below.

7.3.2 Audit Findings

7.3.2.1 Contract awarded without open bid

Based on an audio-visual presentation (9 September 1999) by a private party, Simplex Projects Ltd. (SPL), the Mayor ordered (10 September 1999) constitution of a committee comprising former Principal Engineer (Traffic and Transportation), Government of West Bengal as Chairman and Chief Municipal Engineer (Planning and Development), KMC and Controller of Municipal Finance and Accounts, KMC to explore the possibility of installation of multi-level car parking system. However, the Mayor-in-Council (MIC) resolved (7 October 1999) in favour of installation of the car parking system at Humayun Place and Rowdan Street on KMC land even before the Committee submitted (14 October 1999) its report. The resolution of the MIC was not placed before the BOC for approval though it involved transfer of public asset. The projects were awarded (November 1999) to Simplex Projects Ltd. without any open competitive bid.

7.3.2.2 Deviation from Committee's recommendations

The Committee submitted its report on 14 October 1999 with the following main recommendations:

- KMC would provide the road space at a minimal rate along with the permission to construct, build and commercially operate the parking facility for 20 years.
- KMC would not provide any commercial space within *Parkomat*²⁶ or away from *Parkomat* at any site except the right for commercial advertisement within the existing guideline/ practices of KMC.
- KMC would also have to prohibit on-the-street parking in the zone of influence where this parking facility would be set up in order to make the projects viable.
- The private partner would install, maintain and operate the *Parkomat* for 20 years at their cost and pay to KMC five *per cent* of the gross annual revenue earned from parking. If there are profits after meeting the loan service, operation and maintenance costs in any of the year, the promoter would pay 50 *per cent* of this additional profit to KMC as bonus.

Documents/working papers on the basis of which the revenue-sharing was recommended, were not made available to audit.

Audit analysis revealed that many of the recommendations of the Committee were overruled while entering into agreement as detailed below:

²⁶ Car parking place.

- The private partner was allowed to build commercial outlets at Lindsay Street without sharing of lease premium. Commercial advertisement on the *Parkomat* was allowed at Rowdan Street; other commercial activity would be granted for the sake of viability subject to written approval of KMC.
- The sharing of net profit was brought down to 10 *per cent* from recommended rate of 50 *per cent*; that too subject to the condition that there was profit in three consecutive years.

Thus, deviation from the recommendations of the Committee by allowing construction of commercial space on *Parkomat* and reduction in share of net profit with attached condition of three consecutive year's profit undermined the interest of KMC.

7.3.2.3 Expansion in scope of work for the benefits of the private partner

The agreement was executed on 8 November 1999 to develop and construct a multi-level car parking system at Humayun Place (772 sq.m) and Rowdan Street (1268 sq.m). The agreement signed by the Municipal Commissioner was not registered. Subsequently, in October 2002 KMC decided to shift the second parking from Humayun Place to Lindsay Street on the ground that the parking system at Humayun Place would not accommodate more than 110 cars and the parking load was very high around the New Market area (Lindsay Street). The private partner was handed over (4 March 2003) a much bigger area (3600 sq.m) at Lindsay Street for which a fresh agreement was executed on 21 October 2002. The change of site from Humayun Place to Lindsay Street increased the working area by 214 *per cent* from that originally agreed to and added more important commercial site with higher economic potentiality. Despite increase in area and economic importance, sharing pattern of return was not revised. The agreement was signed much before the approval of the proposal by the BOC (30 November 2002) on the ground that the MIC felt the project had to be completed within a short time.

7.3.2.4 Undue benefit to the private party

The original agreement for Rowdan Street and KMC rules did not contain any provision for any payment to the private partner. However, the partner intimated (April 2000) KMC regarding difficulty in mobilizing fund for the project. Inability to mobilize fund indicated poor financial status of the partner which was not given due consideration before awarding the projects. In response, KMC paid an interest free loan of Rs.3 crore to SPL through an additional agreement (20 December 2000) diverting State Finance Commission grant meant for revenue gap. As per the agreement, the private party was to furnish statement of expenditure of such advance and a bank guarantee of Rs.1.00 crore valid for the construction period against the advance. The guarantee thus did not cover the risk against repayment. The loan was paid between January 2001 and November 2001 without fixing any repayment schedule. The accrued loss of interest to KMC worked out to Rs.3.53 crore (at the rate of 10 *per cent* per annum compounded quarterly). Despite the objection of the State Government (July 2001) on diversion of the fund, no action had been taken by KMC to effect recovery. After the matter was raised in Audit, KMC in March 2009 wrote to SPL to return the amount. The SPL did not make any repayment till April 2009.

The second agreement of October 2002 gave the private partner right to construct a mall on the Lindsay Street site. According to the fresh clauses, the private partner would have the right to enter into lease agreements with the prospective lessees of the commercial outlets in the mall for a period of 60 years renewable in blocks of 30 years. The agreement provided that the lease deeds for the shopping outlets would be signed by KMC. The private partner would sign as confirming party and would have the right to collect the premium. KMC would be entitled to collect only the secondary basic rent. The agreements provided ownership to SPL for 20 years in respect of the *parkomats* whereas the ownership of the shopping outlets (to the respective lessees) was valid for 60 years. There was no clause regarding responsibility of maintenance of the commercial outlets. Thus, instead of safeguarding public assets and interest, the provisions in the agreement paved the way for benefits exclusively to the private partner.

7.3.2.5 Building plan was not sanctioned

The building plans of both the projects were not submitted to and sanctioned by the Municipal Building Committee (MBC) as per Rule 35 and 36 of the CMC Building Rules, 1990. As a result there was no assurance regarding the structural design and fire fighting arrangement, thus severely compromising public safety. Further, non-processing of the building plan through KMC caused huge financial loss towards sanction plan fees which could not be assessed for want of details of building plan and area covered there under.

7.3.2.6 Extension of all financial benefits to private partner

The agreement did not have any clause allowing KMC to have access to the records of the day-to-day operation of the projects and the revenue earned from the *parkomats*. The details of the number of cars parked daily in the *parkomats* could not be made available by KMC. No means or systems to ascertain the gross revenue of the project to determine the agreed share was provided in the agreement. Even in respect of Lindsay Street project no provision was made for submission of financial and performance records to KMC.

The private partner constructed a mall having about 200 commercial outlets on the *parkomat* at Lindsay Street against 128 outlets shown in the site plan. KMC invested Rs.29.14 crore being the prevailing cost of land provided for the *parkomat* and the shopping mall at Lindsay Street. The partner has already leased out 142 outlets to the intended buyers during September 2006 to April 2008 and earned premium of Rs.24.66 crore from the lessees. There was no provision in the agreement for sharing the premium so received. KMC was entitled to secondary basic rent from the lessees of the commercial outlets in the mall. KMC fixed basic rent at Rs.60 per sqm per quarter but did not furnish the analysis of the rate so fixed. Even the rent was not realized and the outstanding rent for 2200 sqm stood at Rs.10.56 lakh for the period from April 2007 to March 2009. KMC had not executed lease deed with the allottees of the shops.



Commercial outlet within the Lindsay Street Project

The shopping malls at the most prime commercial locality of the city (Lindsay Street) involved investment of land costing Rs.29.14 crore by KMC and also interest free loan of Rs.3.00 crore. The private partner has been allowed the entire lease premium disregarding the investment made by KMC and the responsibility of maintenance of the asset for initial period of 60 years.

7.3.2.7 Stamp Duty avoided

In violation of Indian Stamp Duty Act, 1899 (entry no.5 of Schedule 1A of Section 3), the agreements transferring ownership of projects were not registered. The long term transfer of lands valued at Rs.29.14 crore (according to KMC's schedule of rates) attracted stamp duty of Rs.2.04 crore at the prevailing rate of 7 per cent ad valorem. Thus, non-registration of the agreements/lease deed deprived the State Government of the duty to the tune of Rs.2.04 crore.

7.3.2.8 Performance of the projects

Feasibility report, if any, prepared prior to launching of the two projects with the estimated number of cars to be accommodated was not available. However, it was ascertained from the records that 475 cars (Rowdan Street:195 and Lindsay Street:280) could be accommodated at a time in these two projects. A test check of records of SPL for 12 months revealed that on an average only 360 cars (Rowdan Street: 163 and Lindsay Street: 197) were parked daily.



Car Parking space remain unutilized at Rowdan Street and Lindsay Street

The shortfall was due to the inability of KMC to enforce ban on street parking in the zone of influence of both the projects as stipulated in the agreement. Audit investigations revealed that other unauthorized private agencies were operating within the zone of influence of the projects and were charging a fee of Rs.7 per hour per car against Rs.20 charged by SPL in the projects. But KMC did not earn any revenue against those unauthorized collections in the zone of influence. This served as disincentive for parking cars within the two *parkomats* and added to the roadside congestion on both the sites, defeating the very objective of the projects.



Unauthorized car parking within the zone of influence of Rowdan Street and Lindsay Street Projects

KMC also could not show any clearance from the Government of West Bengal regarding satisfactory fire protection installation in respect of Rowdan Street Project.

The financial performance for the *parkomats* was also not encouraging. Against the dues of Rs.15.59 lakh (five *per cent* of gross revenue) for the years 2001-08 on car parking in both the projects, KMC so far received only Rs.1.42 lakh. Apart from this an investment of Rs.29.14 crore and interest free loan of Rs.3.00 crore was also made on these *parkomats*. It did not receive any share of profit which was linked to continuous profit in three consecutive years.

7.3.2.9 Conclusion

Audit evidence indicated that the parking projects were taken up without following transparent competitive procedures. The agreements provided favourable treatments to the private partner rendering undue financial benefit in the form of interest free loan and the entire premium of commercial outlets of the mall. The financial interest of KMC and public safety *vis-a-vis* structural soundness and fire safety measures were not safeguarded. The projects also failed to achieve the objective of easing traffic congestion in the project areas and adding to the revenue stream of KMC. The private partner was the only beneficiary in the whole process.

7.3.2.10 Recommendations

- The agreements should be reviewed mutually with regard to sharing benefits by both the sides on the proportion of investment made both in cash and kind.

- Mechanism for periodical inspection of maintenance of assets by the private partner, performance of the projects and the accounts by KMC should be put in place.
- The sharing of premium against the shopping malls should be reviewed and incorporated in the agreement considering the proportionate investment in the form of land contributed by KMC.
- The loan paid to the private partner beyond scope of projects on BOOT basis should be recovered immediately with interest accrued thereon.
- Penal clause for deviation from agreement to be incorporated safeguarding the interest of KMC.

CHAPTER VIII

OTHER IMPORTANT CASES

KOLKATA MUNICIPAL CORPORATION

8.1 Undue advantage to supplier resulted in loss of Rs.76.33 lakh

KMC, violating its own code, purchased ductile iron pipes from a company without ensuring fair market price during 2003-2005. Again ignoring the lowest offer received against limited quotations KMC awarded contract at a higher rate to the same company resulting in excess expenditure of Rs.76.33 lakh.

The Water Supply Department, Kolkata Municipal Corporation (KMC) regularly requires Ductile Iron (DI) pipes of different diameters for maintenance of the underground waterlines or for laying new pipelines.

A check of records of KMC from the year 2003 to 2008 showed that Electrosteel Casting Ltd. (ECL) and Lanco Kalahasti Ltd., an associate of Electrosteel Casting Ltd., had monopolized the supply of the pipes to KMC. KMC never invited open tenders to get the benefit of competitive bidding and fair market price. This was done in violation of the Article 783 of KMC Code, which states that no work or supply of goods shall be commenced and no liability for expenditure shall be incurred in connection with any work or any purchase whatever, unless tenders have been duly called for and accepted by the proper authority. The value of the pipes purchased during the above period totaled about Rs.53.95 crore.

Scrutiny further revealed that in September 2005 the Supply Department called for limited quotations for procurement of 9300 meters of DI pipes along with 19000 joints from the above two manufacturers and Jindal Saw Ltd. The price offered by Jindal Saw Ltd. (Rs.3.78 crore) was the lowest, compared to Rs.5.08 crore offered by Electrosteel Casting Ltd. In November 2005, Electrosteel Casting Ltd. wrote to KMC stating that the rates of Jindal Saw Ltd. were to force their unproven pipes into use and pleaded KMC to include eligibility criteria for purchase of DI pipes. The Controller of Stores and Purchase while noting that the KMC would save Rs.1.30 crore if the order was placed with Jindal Saw Ltd., observed that it might have a little less experience and there might be a time lag in delivery. On the basis of this, a notice inviting tender was published in newspaper in January 2006 without specifying eligibility criteria. The tender documents stated that the supplier would have to produce a certificate from a Government official that his pipes were working satisfactorily at least for three years. This kind of certificate of three years performance had little use since the life of the pipe is 100 years. The Kolkata Metropolitan Development Authority, a bigger purchaser did not attach such performance clause. Jindal Saw Ltd. was registered with DGS&D having credential of receiving supply orders from New Delhi Municipal Corporation, Surat Municipal Corporation, PHED Jaipur etc. Thus, by inserting the clause, the Jindal Saw Ltd. was unduly debarred

from participating in this tender because it had launched such products less than three years before.

The contract was awarded again to Electrosteel Casting Ltd. at a price of Rs.4.59 crore for revised quantity of 12800m of pipes and 17000 joints. The rates were still higher than those of Jindal Saw Ltd. in the earlier quotation. KMC gave the purchase orders in phases in February, April and August 2006 for staggered delivery. Audit scrutiny also revealed that even in the case of Electrosteel Casting Ltd. the delivery was delayed by 3 to 8 months finally resulting in time lag in delivery and contrary to the argument of the Controller of Stores and Purchase. KMC stated (September 2008) that delay was not on the part of the supplier but due to non availability of space in its stores. Compared to the rates offered by Jindal Saw Ltd., KMC not only paid extra amount of Rs.76.33 lakh but also continued with the practice of not inviting open tender in violation of the KMC Code, *ibid*.

The matter was reported to the Corporation and the Government in March 2009; their replies have not been received (April, 2009).

DUM DUM MUNICIPALITY

8.2 Misappropriation of hospital receipts

The revenue of Rs.7.67 lakh collected during June 2005 to March 2007 was not deposited in the Local Fund Account resulting in misappropriation of the municipal fund.

According to Rule 184 of West Bengal Municipal (Finance and Accounting) Rules, 1999 all subscription and donations and other miscellaneous receipts collected by Municipal Hospitals and Dispensaries shall be deposited in the Local Fund Account of Municipality. Rule 217 and 218 *ibid* provides that all receipts shall be entered daily in the cash book under the direct supervision of the Finance Officer or in his absence the officer authorized for the purpose.

The Dum Dum Specialised Hospital and Cancer Research Center (DSH&CRC) is under the jurisdiction of Dum Dum Municipality. The Municipality entrusted (October 2005) the duty of collection of daily hospital receipts from the cash counters to the General Duty Attendant. The Attendant was also responsible to remit the same to the cashier of the Municipality and handover the receipted *challans* to the Record Keeper of the Hospital. In a subsequent order (September 2006) issued by the Chairman, an Upper Division Clerk of the hospital was made responsible to check the *challans* along with the copy of receipts. Administrative Officer, DMSH&CRC was the supervisory officer for the checking.

The cross check of collection records of DSH&CRC and cashier's cash book revealed that Rs.1.94 crore were handed over to the Attendants for deposit to the cashier during June 2005 to March 2007. The cashier's cash book revealed that an amount of Rs.1.87 crore only was credited to the Municipal Fund during the period resulting in short deposit of Rs.7.67 lakh. The Municipality neither

took any action against the defaulter staffs for delay in deposit nor made any effort to conduct detailed scrutiny of collection and deposit until pointed out in Audit (May 2008).

Though the Municipality issued order (September 2006) for checking collection and remittance by the hospital staff, it did not ensure actual implementation of the same. The Finance Officer of the Municipality did not monitor the remittance of hospital receipts in the Municipal Fund and failed to observe the orders of the authority.

The Chairman of the Municipality while accepting audit observations stated (May 2008) that henceforth the collections and their remittance into the Municipal Fund would be monitored by the Finance Officer or the Executive Officer to ensure the credit of collected revenue into the Municipal Fund. After the misappropriation was pointed out in Audit, the Municipality issued (May 2008) show cause notice to the collectors and recovered Rs.0.10 lakh (May 2008) from one of the defaulters.

The matter was referred to the Municipality and the Government in October 2008; their replies have not been received (April, 2009).

RANIGANJ MUNICIPALITY

8.3 **Lack of monitoring resulted in misappropriation of rice**

Mid-Day Meal rice worth Rs.5.33 lakh was found short with the transporter-distributor due to inadequate monitoring and sound internal control system.

Under the Mid-Day Meal Programme, Government of India assists the municipalities by providing rice from the nearest godown of Food Corporation of India (FCI). The Raniganj Municipality was implementing the programme in the primary schools in its municipal area, with the help of an authorized transporter who also distributed rice to the schools on monthly basis and maintained the stock of rice. It was observed in audit of the stock register of the Municipality that there was an opening balance of 81.66 MT of rice as on 1 April 2006 and 301.01 MT of rice was received from FCI during April 2006 to 10 June 2008. But the receipted *challans* for distribution of rice to schools for the same period were available for only 195.77 MT as against 382.67 MT. Therefore, the stock of rice lying with the transporter-distributor stood at 186.90 MT as on 11 June 2008. However, the physical verification of stock as on 11 June 2008 conducted in the presence of Audit showed only 8.1 MT of rice resulting in a shortfall of 178.80 MT of rice.

On being pointed out by Audit, the Municipality formed (August 2008) an Enquiry Committee (EC) which subsequently found (September 2008) further receipted *challan* of 144.32 MT and arrived at (September 2008) a shortage of 34.48 MT of rice valuing Rs.5.33 lakh at the rate of Rs.1545 per quintal. The Municipality did not effect recovery of the stock or the amount (December 2008).

The Municipality did not have a system of regularly collecting the receipted *challans* as proof of actual supply of rice to schools nor did it have a regular system of physical verification and reconciliation of stock maintained by the transporter-distributor. This facilitated misappropriation of rice to the extent of Rs.5.33 lakh. The Municipality allowed the defaulting distributor to recoup the shortage and continue lifting and distribution of rice. The Municipality further stated (9 April 2009) that it had obtained more *challans* for distribution of 23.52 MT of rice leaving a shortage of 10.97 MT which had been purchased and stocked at the godown. It, however, did not justify the reasons for continuance of defaulting distributor.

The matter was referred to the Government in February 2009; their replies have not been received (April, 2009).

Kolkata
The

(Arun Kumar Bhattacharya)
Examiner of Local Accounts
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The

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Accountant General
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APPENDIX – 1**Name of ULBs**

(vide para:1.8 ; page: 7)

Sl. No.	Name of ULB	Period of Audit
1.	Asansol MC	2006-07
2.	Alipurduar	2005-07
3.	Baranagar	2005-07
4.	Baruipur	2005-07
5.	Basirhat	2005-07
6.	Berhampore	2005-07
7.	Bhatpara	2007-08
8.	Bidhannagar	2004-07
9.	Burdwan	2005-08
10.	Chandernagore MC	2006-07
11.	Coochbehar	2004-07
12.	Coopers' Camp	2004-07
13.	Dhulian	2006-08
14.	Dhupguri	2005-07
15.	Dubrajpur	2006-08
16.	Durgapur MC	2006-07
17.	Dum Dum	2006-08
18.	Egra	2005-07
19.	Englishbazar	2005-07
20.	Garulia	2006-07
21.	Gayespur	2006-08
22.	Howrah MC	2005-06
23.	Jalpaiguri	2005-07
24.	Jhalda	2005-07
25.	Jhargram	2006-08

Sl. No.	Name of ULB	Period of Audit
26.	Kolkata MC	2006-07
27.	Kamarhati	2005-07
28.	Kulti	2006-07
29.	Mal	2005-07
30.	Mathabhanga	2006-08
31.	Mekhliganj	2005-07
32.	Midnapur	2006-08
33.	Mirik	2005-07
34.	Mursidabad	2004-07
35.	Naihati	2006-07
36.	New Barrackpore	2006-07
37.	North Barrackpore	2006-07
38.	Panihati	2005-07
39.	Panskura	2006-08
40.	Pujali	2006-08
41.	Rajarhat-Gopalpur	2006-08
42.	Rishra	2005-07
43.	Serampur	2006-08
44.	Siliguri MC	2006-07
45.	Suri	2005-07
46.	Taki	2006-07
47.	Tamluk	2006-08
48.	Titagarh	2005-07
49.	Tufanganj	2005-07

APPENDIX 2A
Statement showing budget estimate and actual expenditure for the year 2005-06
(vide para: 2.1.1; page: 9)

(Rupees in lakh)

Sl. No.	Name of ULB	Revenue				Capital			
		Budget estimate	Actuals	(-) Savings (+) Excess	Percentage of utilization	Budget estimate	Actuals	(-) Savings (+) Excess	Percentage of utilization
1.	Alipurduar	161.47	136.88	(-)24.59	85	506.75	123.50	(-)383.25	24
2.	Asansol	2169.30	1110.33	(-)1058.97	51	2286.00	1248.24	(-)1037.76	55
3.	Baranagar	1425.10	1330.16	(-)94.94	93	0	0	0	0
4.	Baruipur	186.95	166.12	(-)20.83	89	380.27	78.45	(-)301.82	21
5.	Basirhat	350.73	260.79	(-)89.94	74	1306.50	266.90	(-)1039.60	20
6.	Bhatpara	1772.78	1169.32	(-)603.46	66	0	0	0	0
7.	Burdwan	1360.89	1485.72	(+)124.83	109	88.44	54.36	(-)34.08	61
8.	Chander-nagore	1427.65	1389.33	(-)38.32	97	5.00	3.36	(-)1.64	67
9.	Dhulian	138.49	128.49	(-)10.00	93	0.70	0.15	(-)0.55	21
10.	Durgapur	2057.88	2426.42	(+)368.54	118	3725.14	2669.21	(-)1055.93	72
11.	Englishbazar	954.83	668.29	(-)286.54	70	506.50	564.34	(+)57.84	111
12.	Gayespur	499.59	252.54	(-)247.05	51	164.94	89.07	(-)75.87	54
13.	Howrah	6659.65	5809.02	(-)850.63	87	1167.00	805.02	(-)361.98	69
14.	Jhargram	251.61	158.80	(-)92.81	63	412.97	82.45	(-)330.52	20
15.	Kamarhati	1637.13	1214.44	(-)422.69	74	922.21	450.40	(-)471.81	49
16.	Kolkata	69083.00	63945.00	(-)5138.00	93	20339.00	16084.00	(-)4255.00	79
17.	Mathabhanga	124.51	105.68	(-)18.83	85	57.50	55.06	(-)2.44	96
18.	Midnapur	790.42	665.69	(-)124.73	84	64.97	47.74	(-)17.23	73
19.	New Barrackpore	239.12	217.70	(-)21.42	91	7.50	1.73	(-)5.77	23
20.	Panihati	782.38	952.54	(+)170.16	122	23.00	26.70	(+)3.70	116
21.	Panskura	165.72	80.20	(-)85.52	48	2.00	0.03	(-)1.97	2.00
22.	Pujali	279.89	283.55	(+)3.66	101	116.06	115.26	(-)0.80	99
23.	Rajarhat-Gopalpur	953.33	793.22	(-)160.11	83	227.00	210.42	(-)16.58	93
24.	Siliguri	1888.31	1816.33	(-)71.98	96	52.69	37.45	(-)15.24	71
25.	Taki	139.51	115.12	(-)24.39	83	333.80	164.91	(-)68.89	49
26.	Tamluk	334.07	284.51	(-)49.56	85	0	0	0	0
27.	Titagarh	698.03	595.99	(-)102.04	85	369.00	371.99	(+)2.99	101
	Total	96532.34	87562.18	(-) 8970.16	91	33064.94	23550.74	(-) 9514.20	71

APPENDIX 2B

Statement showing budget estimate and actual expenditure for the year 2006-07

(vide para: 2.1.1; page: 9)

(Rupees in lakh)

Sl. No.	Name of ULB	Revenue				Capital			
		Budget estimate	Actuals	(-) Savings (+) Excess	Percentage of utilization	Budget estimate	Actuals	(-) Savings (+) Excess	Percentage of utilization
1.	Alipurduar	178.26	155.10	(-)23.16	87	581.50	271.79	(-)309.71	47
2.	Asansol	1910.44	1357.60	(-)552.84	71	2222.29	1623.77	(-)598.52	73
3.	Baranagar	1365.00	1433.45	(+)68.45	105	35.00	61.27	(+)26.27	75
4.	Baruipur	231.17	174.88	(-)56.29	76	306.02	56.06	(-)249.96	18
5.	Basirhat	328.37	297.80	(-)30.57	91	1195.15	407.85	(-)787.30	34
6.	Bhatpara	1764.37	1239.03	(-)525.34	70	0	0	0	0
7.	Burdwan	1779.52	1443.22	(-)336.30	81	39.50	207.01	(+)167.51	524
8.	Chander-nagore	1599.84	1438.31	(-)161.53	90	5.00	1.77	(-)3.23	35
9.	Dhulian	179.84	171.10	(-)8.74	95	1.50	0.18	(-)1.32	12
10.	Durgapur	2524.63	3223.57	(+)698.94	128	4161.12	2436.02	(-)1725.10	59
11.	Englishbazar	807.61	737.18	(-)70.43	91	463.00	328.96	(-)134.04	71
12.	Gayespur	300.45	275.32	(-)25.13	92	283.00	123.14	(-)159.86	42
13.	Howrah	6736.52	6017.68	(-)718.84	89	1817.62	896.07	(-)921.55	49
14.	Jhargram	287.90	170.58	(-)117.32	59	587.85	139.79	(-)448.06	24
15.	Kamarhati	1835.60	1337.52	(-)498.08	73	815.41	338.11	(-)477.30	41
16.	Kolkata	87486.00	85070.00	(-)2416.00	97	28355.00	13638.00	(-)14717.00	48
17.	Mathabhanga	126.43	130.73	(+)4.30	103	68.10	66.65	(-)1.45	98
18.	Midnapur	888.18	718.67	(-)169.51	81	46.71	28.12	(-)18.59	60
19.	New Barrackpore	254.25	239.55	(-)14.70	94	38.50	43.85	(+)5.35	114
20.	Panihati	1152.17	1153.83	(+)1.66	100	30.00	22.57	(-)7.43	75
21.	Panskura	176.79	80.92	(-)95.87	46	22.00	21.25	(-)0.75	97
22.	Pujali	286.45	278.36	(-)8.09	97	122.36	101.84	(-)20.52	83
23.	Rajarhat-Gopalpur	1053.23	845.66	(-)207.57	80	950.50	514.63	(-)435.87	54
24.	Siliguri	1053.23	1948.55	(-)105.51	95	78.10	57.91	(-)20.19	74
25.	Taki	146.21	127.02	(-)19.19	87	367.00	196.24	(-)170.76	53
26.	Tamluk	377.27	313.54	(-)63.73	83	0	0	0	0
27.	Titagarh	899.81	485.45	(-)414.36	54	316.50	242.14	(-)74.36	77
	Total	115729.54	110864.62	(-)4864.92	96	42908.73	21824.99	(-)21083.74	51

APPENDIX 2C

Statement showing budget estimate and actual expenditure for the year 2007-08

(vide para: 2.1.1; page: 9)

(Rupees in lakh)

Sl. No.	Name of ULB	Revenue				Capital			
		Budget estimate	Actuals	(-) Savings (+) Excess	Percentage of utilization	Budget estimate	Actuals	(-) Savings (+) Excess	Percentage of utilization
1.	Alipurduar	201.96	182.81	(-)19.15	91	1400.00	451.99	(-)948.01	32
2.	Asansol	2296.21	1969.44	(-)326.77	86	4789.25	2654.92	(-)2134.33	55
3.	Baranagar	1976.98	1752.57	(-)224.41	89	39.63	50.72	(+)11.09	128
4.	Baruipur	199.89	56.89	(-)143.00	28	231.40	195.99	(-)35.41	85
5.	Basirhat	528.67	338.87	(-)189.80	64	1493.60	328.07	(-)1165.53	22
6.	Bhatpara	1235.80	1322.21	(+)86.41	107	3479.78	1589.84	(-)1889.94	46
7.	Burdwan	1926.39	1799.14	(-)127.25	93	436.31	175.62	(-)260.69	40
8.	Chander-nagore	1817.65	1658.89	(-)158.76	91	0	0	0	0
9.	Dhulian	199.36	191.52	(-)7.84	96	9.00	0.20	(-)8.80	2
10.	Durgapur	4130.77	3981.79	(-)148.98	96	6174.11	4030.69	(-)2143.42	65
11.	Englishbazar	1101.78	851.43	(-)250.35	77	549.00	284.23	(-)264.77	52
12.	Gayespur	366.04	312.64	(-)53.40	85	335.00	122.87	(-)212.13	37
13.	Howrah	7465.96	5546.20	(-)1919.76	74	2229.65	1249.81	(-)979.84	56
14.	Jhargram	319.43	213.27	(-)106.16	67	819.00	272.16	(-)546.84	33
15.	Kamarhati	1945.70	1470.60	(-)475.10	76	2320.31	660.26	(-)1660.05	28
16.	KMC	97421.00	74825.00	(-)22596.00	77	40553	34791.00	(-)5762.00	86
17.	Mathabhanga	159.96	152.77	(-)7.19	96	26.40	12.65	(-)13.75	48
18.	Midnapur	985.97	739.69	(-)246.28	75	42.71	29.53	(-)13.18	69
19.	New Barrackpore	380.32	277.56	(-)102.76	73	50.00	53.51	(+)3.51	107
20.	Panihati	1376.72	1257.76	(-)118.96	91	25.00	38.83	(+)13.83	155
21.	Panskura	301.96	181.58	(-)120.38	60	20.00	16.03	(-)3.97	80
22.	Pujali	676.05	338.54	(-)337.51	50	140.50	47.33	(-)93.17	34
23.	Rajarhat-Gopalpur	1835.70	1144.23	(-)697.47	62	2900.00	773.64	(-)2126.36	27
24.	Siliguri	2509.53	2393.21	(-)116.32	95	93.20	81.65	(-)11.55	88
25.	Taki	162.96	50.00	(-)112.96	31	134.65	40.74	(-)93.91	30
26.	Tamluk	563.06	477.70	(-)85.36	85	0	0	0	0
27.	Titagarh	861.67	631.25	(-)230.42	73	234.69	263.51	(+)28.82	112
	Total	132947.49	104117.56	(-)28829.93	78	68526.19	48215.79	(-)20310.40	70

APPENDIX -3
Statement showing utilisation of developmental grants during the year 2006-08
(vide para: 2.5; page: 13)

Sl. No.	Name of ULB	Opening Balance	Receipts	Total	Expenditure	Closing Balance	Percentage of Utilisation
2006-07							
1	Bhatpara	76.90	170.68	247.58	79.17	168.41	32
2	Dhulian	15.83	25.10	40.93	33.28	7.65	81
3	Dubrajpur	36.71	29.10	65.81	23.28	42.53	35
4	Dum Dum	6.49	22.94	29.43	4.68	24.75	16
5	Gayespur	31.64	40.23	71.87	46.33	25.54	64
6	Jhargram	40.47	46.17	86.64	76.79	9.85	89
7	Mathabhanga	17.17	22.89	40.06	35.54	4.52	89
8	Midnapur	56.81	154.61	211.42	124.2	87.22	59
9	North Barrackpore	21.06	48.99	70.05	24.71	45.34	35
10	Panskura	16.35	72.48	88.83	28.36	60.47	32
11	Pujali	1.62	13.31	14.93	13.03	1.90	87
12	Rajarhat-Gopalpur	55.98	108.73	164.71	110.13	54.58	67
13	Serampur	10.98	62.14	73.12	44.19	28.93	60
14	Tamluk	142.55	77.11	219.66	115.11	104.55	52
Total		530.56	894.48	1425.04	758.80	666.24	53

2007-08

1	Bhatpara	168.41	155.39	323.80	67.93	255.87	21
2	Dubrajpur	42.53	15.73	58.26	22.44	35.82	39
3	Dum Dum	24.75	49.72	74.47	17.57	56.90	24
4	Dhulian	7.65	66.26	73.91	36.59	37.32	49
5	Gayespur	25.54	24.25	49.79	30.34	19.45	61
6	Jhargram	9.85	445.81	455.66	177.11	278.55	39
7	Mathabhanga	4.52	59.68	64.20	35.54	28.66	55
8	Midnapur	87.22	200.53	287.75	130.05	157.70	45
9	North Barrackpore	45.34	55.16	100.50	43.03	57.47	43
10	Panskura	60.47	68.62	129.09	81.53	47.56	63
11	Pujali	1.90	19.90	21.80	15.33	6.47	70
12	Rajarhat-Gopalpur	54.58	136.39	190.97	140.38	50.59	74
13	Serampur	28.93	64.50	93.43	74.74	18.69	80
14	Tamluk	104.55	74.58	179.13	127.43	51.70	71
Total		666.24	1436.52	2102.76	1000.01	1102.75	48

APPENDIX - 4
Statement showing outstanding advances
(vide para: 2.13; page: 17)

(Rupees in lakh)

Sl. No.	Name of ULB	As on	Outstanding advances	Remarks
1.	Alipurduar	31.03.07	89.13	NA
2.	Baruipur	31.03.07	1.27	Rs.0.53 lakh remained unadjusted from Ex-Chairman (90-91 to 2000-01)
3.	Basirhat	31.03.07	108.00	Outstanding ranged between 5 to 48 years. Advanced to 115 persons including Rs.40 lakh paid to 44 Ex- Councilors, Rs.3.83 lakh to 7 present Councilors and rest to officials, contractors/ suppliers etc.
4.	Chander-nagore	31.03.07	61.44	NA
5.	Coochbehar	31.03.07	35.87	NA
6.	Dubrajpur	31.03.08	12.87	Rs.5.39 lakh was advanced to Chairman & Ex- cashier between 1997 and 2003.
7.	Englishbazar	31.03.07	79.53	Rs.74.60 lakh was outstanding for 3 to 29 years.
8.	Gayespur	31.03.08	17.65	NA
9.	Jhargram	31.03.08	1.34	NA
10.	Midnapur	31.03.08	913.08	Rs.837.52 lakh had been advanced to various Government organizations like MED,PHE,PWD, etc.
11.	Mursidabad	31.03.07	57.58	Outstanding ranged between 5 to 10 years and was advanced to 117 persons including employees, contractors, Ex- councilors.
12.	Naihati	31.03.07	0.06	Outstanding from August 2004
13.	Panihati	31.03.07	57.32	NA
14.	Panskura	31.03.08	7.57	NA
15.	Serampur	31.03.08	46.98	NA
16.	Siliguri	31.03.07	129.24	Advanced to 158 employees.
17.	Suri	31.03.07	13.68	NA
18.	Taki	31.03.07	10.16	Rs.1.32 lakh was outstanding for 1 to 3 years and was advanced to various Ex-councilors & Accountant.
19.	Titagarh	31.03.07	3.70	Rs.3.24 lakh was outstanding for 8 to 35 years and was advanced to Contractors and municipal staffs.
20.	Tufanganj	31.03.07	0.07	NA
Total			1646.54	

APPENDIX - 5

Statement showing liability due to non-deposit/delay in deposit of
General Provident Fund in to the Treasury

(vide para: 2.14; page: 17)

(Rupees in lakh)

Sl. No.	Name of the ULB	Amount not deposited		Delay in deposit	Loss of interest towards GPF	Total Liability
		Period	(Rupees in lakh)		(Rupees in lakh)	(Rupees in lakh)
1.	Asansol	NA	NA	1 month to 9 months (7/06-6/07)	2.92	2.92
2.	Baranagar	NA	NA	1 month to 26 months (11/03-12/07)	15.45	15.45
3.	Berhampore	2005-07	2.03	NA	NA	2.03
4.	Dum Dum	(2/84 to 7/88)	17.34	NA	30.99	48.33
5.	Garulia	(12/97 to 1/08)	55.23	8 year 8 months to 9 year 10 months (4/97-11/97)	23.72	78.95
6.	Jalpaiguri	{Rs 12.33 lakh (1/86 to 11/91) + Rs.39.97 lakh (8/03 to 3/07) + Rs.9.67 lakh (Arrear ROPA) +Rs.3.62 lakh (CPF Balance)}	65.59	NA	132.44	198.03
7.	Naihati	NA	NA	One to 10 months (11/05-10/07)	2.59	2.59
8.	North Barrackpore	NA	NA	1 month (3/06-2/07)	0.14	0.14
9.	Rishra	(1987-07)	132.00	NA	259.00	391.00
10.	Serampur	NA	NA	(1/07-3/08)	0.89	0.89
11.	Titagarh	NA	NA	One month to 4 years (10/02-3/07)	14.17	14.17
Total			272.19		482.31	754.50

APPENDIX 6

Statement showing Budget Estimate, Actual Realisation and Percentage of Own Fund during the period 2005-06, 2006-07 and 2007-08

(vide para 3.1; page: 21)

(Rupees in lakh)

Sl. No.	Name of the ULBs	Budget Estimate			Actual Realisation			Percentage of realisation		
		2005-06	2006-07	2007-08	2005-06	2006-07	2007-08	2005-06	2006-07	2007-08
1.	Alipurduar	103.19	133.06	160.6	68.61	100.3	115.27	66	75	72
2.	Asansol	1521.50	1346.82	1461.05	906.52	1254.43	1681.77	60	93	115
3.	Baranagar	750.1	664	951.94	619.2	809.85	910.1	83	122	96
4.	Baruipur	75.00	84.37	81.09	68.94	86.04	61.62	92	102	76
5.	Basirhat	149.44	183.56	221.56	144.17	164.69	137.59	96	90	62
6.	Bhatpara	618.75	524.90	415.02	379.17	326.02	370.03	61	62	89
7.	Burdwan	561.5	637.95	972.25	547.26	515.25	737.88	97	81	76
8.	Chandernagore	553.9	510.05	600.4	484.91	499.19	565.57	88	98	94
9.	Dhulian	24.39	35.14	30.09	6.35	32.85	23.16	26	93	77
10.	Durgapur	1487.68	1745.81	2443.96	2252.43	2634.36	2850.47	151	151	117
11.	Englishbazar	493.36	434.81	447.46	413.95	380.71	402.8	84	88	90
12.	Gayespur	121.46	194.49	261.98	110.46	73.57	185.07	91	38	71
13.	Howrah	3118.88	3162.60	4450.32	2405.91	2268.30	2643.80	77	72	59
14.	Jhargram	72.70	97.06	98.82	142.67	70.55	81.38	196	73	82
15.	Kamarhati	705.15	762.74	896.16	567.45	768.48	777.41	80	101	87
16.	Kolkata	49177.00	63679.00	81938.00	49320.00	77053.00	64624.00	100	121	79
17.	Mathabhanga	60.44	68.65	69.53	56.69	56.09	72.37	94	82	104
18.	Midnapur	207.91	222.37	317.09	282.61	326.76	358.39	136	147	113
19.	New Barrackpore	151.52	168.16	174.54	141.83	173.49	178.00	94	103	102
20.	Panihati	617.75	689.52	747	559.7	949.92	738.76	91	138	99
21.	Panskura	320.1	22.83	31.66	11.62	14.88	17.89	4	65	57
22.	Pujali	278.1	184.75	181.93	270.68	163.92	178.82	97	89	98
23.	Rajarhat-Gopalpur	850.03	1029.25	1225.25	652.95	738.61	967.35	77	72	79
24.	Siliguri	1098.20	1215.73	1268.96	1024.48	1434.56	1239.25	93	118	98
25.	Taki	50.73	58.61	56.46	48.21	42.16	49.60	95	72	75
26.	Tamluk	156.8	181.65	190.8	121.12	128.99	137.55	77	71	72
27.	Titagarh	615.71	929.7	868.06	555.77	492.93	674.91	90	53	78
Total		63941.29	78967.58	100561.98	62163.66	91559.90	80780.81	97	116	80

APPENDIX – 7A

Statement showing demand and collection of property tax for the year 2005 – 06

(vide para: 3.2; page: 22)

(Rupees in lakh)

Sl. No.	Name of ULB	Demand		Collection		Percentage of realisation	Balance	
		Arrear	Current	Arrear	Current		Arrear	Current
1.	Alipurduar	150.12	51.41	27.77	11.41	19	122.35	40.00
2.	Asansol	5127.45	790.53	63.22	394.62	8	5460.23	395.91
3.	Baranagar	656.39	347.41	48.93	154.68	20	607.46	192.73
4.	Baruipur	65.66	21.93	2.73	10.87	16	62.93	11.06
5.	Bhatpara	1362.75	293.40	119.85	234.20	21	1242.90	59.20
6.	Basirhat	43.46	53.44	17.16	26.94	46	26.30	26.50
7.	Burdwan	119.71	250.86	89.08	170.53	70	30.63	80.33
8.	Chandernagore	58.97	118.50	6.05	99.01	59	52.92	19.49
9.	Dhulian	12.02	12.04	0	0	0	12.02	12.04
10.	Durgapur	1267.38	740.66	181.00	365.88	27	1086.38	374.78
11.	Englishbazar	216.15	149.43	64.07	74.69	38	152.08	74.74
12.	Gayespur	730.99	146.72	56.89	21.05	9	674.10	125.67
13.	Howrah	6051.36	1232.17	492.92	466.13	13	5558.44	766.04
14.	Jhargram	100.74	37.09	21.27	15.94	27	79.47	21.15
15.	Kamarhati	384.07	314.24	130.87	217.44	50	253.20	96.80
16.	Mathabhanga	36.87	19.60	6.30	6.07	22	30.57	13.53
17.	Midnapur	136.08	100.08	37.71	59.44	41	98.37	40.64
18.	New Barrackpore	22.43	32.99	6.58	24.72	56	15.85	8.27
19.	Panihati	1030.72	295.11	74.29	128.88	15	956.43	166.23
20.	Panskura	1.50	2.50	0.50	0.88	35	1.00	1.62
21.	Pujali	101.85	164.87	99.40	163.65	99	2.45	1.22
22.	Rajarhat-Gopalpur	56.50	257.50	65.53	74.87	45	(-)9.03	182.63
23.	Siliguri	611.98	425.52	100.61	253.89	34	511.37	171.63
24.	Taki	14.10	9.23	2.60	6.51	39	11.50	2.72
25.	Tamluk	55.10	49.12	3.94	2.08	6	51.16	47.04
26.	Titagarh	293.38	109.98	172.61	92.57	66	120.77	17.41
	Total	18707.73	6026.33	1891.88	3076.95	20	17220.88	2949.38

APPENDIX – 7B

Statement showing demand and collection of property tax for the year 2006 – 07

(vide para: 3.2; page: 22)

(Rupees in lakh)

Sl. No.	Name of ULB	Demand		Collection		Percentage of realisation	Balance	
		Arrear	Current	Arrear	Current		Arrear	Current
1.	Alipurduar	162.35	51.41	30.94	14.80	21	131.41	36.61
2.	Asansol	5460.13	794.20	86.83	469.92	9	5373.30	324.28
3.	Baranagar	799.91	312.72	104.14	149.33	23	695.77	163.39
4.	Baruipur	62.72	22.59	12.94	11.29	28	49.78	11.30
5.	Bhatpara	1302.10	313.41	68.93	172.99	15	1233.17	140.42
6.	Basirhat	52.79	53.42	11.42	26.48	36	41.37	26.94
7.	Burdwan	99.57	478.43	90.77	110.90	35	8.80	367.53
8.	Chandernagore	72.39	150.82	10.46	108.28	53	61.93	42.54
9.	Dhulian	23.24	11.55	9.42	15.48	72	13.82	(-)3.93
10.	Durgapur	1461.16	1151.21	434.00	732.47	45	1027.16	418.74
11.	Englishbazar	226.82	136.64	40.65	68.22	30	186.17	68.42
12.	Gayespur	799.78	146.72	29.27	19.91	5	770.51	126.81
13.	Howrah	6450.12	968.24	404.94	306.03	10	6045.18	662.21
14.	Jhargram	99.62	73.16	23.99	17.85	24	75.63	55.31
15.	Kamarhati	350.11	303.31	89.52	217.13	47	260.59	86.18
16.	Mathabhanga	44.43	19.99	8.50	5.89	22	35.93	14.10
17.	Midnapur	139.01	140.10	74.97	107.25	65	64.04	32.85
18.	New Barrackpore	24.11	33.32	6.44	26.51	57	17.67	6.81
19.	Panihati	1124.72	301.80	208.93	137.32	24	915.79	164.48
20.	Panskura	2.20	1.40	0.37	0.84	34	1.83	0.56
21.	Pujali	3.66	165.77	1.38	164.36	98	2.28	1.41
22.	Rajarhat-Gopalpur	173.60	318.15	74.81	106.09	37	98.79	212.06
23.	Siliguri	683.01	425.52	103.87	255.89	32	579.14	169.63
24.	Taki	14.12	15.10	9.55	7.52	58	4.57	7.58
25.	Tamluk	51.16	49.34	9.71	29.32	39	41.45	20.02
26.	Titagarh	138.19	109.98	16.34	89.48	43	121.85	20.50
Total		19821.02	6548.3	1963.09	3371.55	20	17857.93	3180.68

APPENDIX – 7C

Statement showing demand and collection of property tax for the year 2007 – 08

(vide para: 3.2; page: 22)

(Rupees in lakh)

Sl. No.	Name of ULB	Demand		Collection		Percentage of realisation	Balance	
		Arrear	Current	Arrear	Current		Arrear	Current
1.	Alipurduar	168.02	51.41	36.00	16.31	24	132.02	35.10
2.	Asansol	5697.58	794.20	78.55	706.02	12	5619.03	88.18
3.	Baranagar	859.16	302.71	129.61	146.70	24	729.55	156.01
4.	Baruipur	58.71	22.60	15.91	12.20	35	42.80	10.40
5.	Bhatpara	1373.59	313.20	117.43	136.67	15	1256.16	176.53
6.	Basirhat	28.62	71.16	10.46	25.49	36	18.16	45.67
7.	Burdwan	791.30	622.79	160.28	185.37	24	631.02	437.42
8.	Chandernagore	104.00	160.00	26.68	127.86	59	77.32	32.14
9.	Dhulian	9.98	11.57	7.36	4.34	54	2.62	7.23
10.	Durgapur	1446.00	968.00	247.00	574.00	34	1199.00	394.00
11.	Englishbazar	254.59	136.54	44.87	75.39	31	209.72	61.15
12.	Gayespur	897.32	151.65	482.03	42.10	50	415.29	109.55
13.	Howrah	6707.40	1227.88	484.73	349.45	11	6222.67	878.43
14.	Jhargram	130.94	40.87	15.06	14.45	17	115.88	26.42
15.	Kamarhati	346.28	306.32	55.48	227.12	43	290.80	79.20
16.	Mathabhanga	49.27	19.99	10.77	7.57	26	38.50	12.42
17.	Midnapur	96.89	142.09	58.40	103.67	68	38.49	38.42
18.	New Barrackpore	24.47	33.55	7.60	28.72	63	16.87	4.83
19.	Panihati	1076.67	305.29	99.59	144.49	18	977.08	160.80
20.	Panskura	2.39	1.40	0.30	0.76	28	2.09	0.64
21.	Pujali	3.69	165.78	1.45	164.33	98	2.24	1.45
22.	Rajarhat-Gopalpur	310.85	329.07	151.37	128.99	44	159.48	200.08
23.	Siliguri	748.77	425.52	132.71	261.86	34	616.06	163.66
24.	Taki	12.29	15.10	4.19	9.12	49	8.10	5.98
25.	Tamluk	61.47	49.24	6.50	32.29	35	54.97	16.95
26.	Titagarh	142.34	106.23	13.97	95.34	44	128.37	10.89
Total		21402.59	6774.16	2398.3	3620.61	21	19004.29	3153.55

APPENDIX -8

Statement showing loss of revenue due to non imposition of surcharge
(vide para: 3.4; page: 23)

(Rupees in lakh)

Sl. No.	Name of ULB	No. of Commercial/ Non residential Holding	Yearly Tax	Annual surcharge	Period	Loss
1.	Alipurduar	13	3.08	0.62	2005-2007	1.24
2.	Asansol	3340	112.88	22.58	2006-07	22.58
3.	Baranagar	137	10.78	2.16	2003-07	8.64
4.	Basirhat	647	6.72	1.34	April 2005 to June 2007	3.02
5.	Berhampore	81	13.66	2.73	2005-07	5.46
6.	Coochbehar	103	3.13	0.63	2002-07	3.15
7.	Dubrajpur	1170	2.81	0.56	2005-08	1.69
8.	Durgapur	291	492.81	98.56	2006-07	98.56
9.	Englishbazar	150	6.98	1.40	April 2002 to September 2007	7.68
10.	Egra	265	0.56	0.11	April 2005 to December 2007	0.30
11.	Garulia	745	49.35	9.87	2006-2007	9.87
12.	Jhargram	41	2.54	0.51	2006-08	1.02
13.	Kulti	58	16.56	3.31	April 2006 to September 2007	4.97
14.	Mal	621	9.22	1.84	2005-07	3.68
15.	Mekhliganj	143	1.11	0.22	2005-07	0.44
16.	Midnapur	215	16.40	3.28	October 2006 to March 2008	4.92
17.	Mirik	288	1.59	0.32	2005-07	0.64
18.	Naihati	1952	13.82	2.76	2006-07	2.76
19.	New Barrackpore	1498	5.16	1.03	2006-07	1.03
20.	North Barrackpore	NA	27.91	5.58	2006-08	11.16
21.	Panihati	225	56.45	11.29	2005-07	22.58
22.	Rajarhat-Gopalpur	297	168.05	33.61	2006-08	67.22
23.	Serampur	2015	55.95	11.19	2006-08	22.38
24.	Taki	43	2.09	0.42	2006-07	0.42
25.	Tamluk	1198	12.77	2.55	2005-08	7.65
Total						313.06

APPENDIX – 9
Statement showing non realization of rent/salami/development fees
from stalls/shops

(vide para: 3.6; page: 25)

(Rupees in lakh)			
Sl. No.	Name of the ULB	As on	Rent/salami not realised from stalls / shops etc.
1.	Suri	March 2007	6.40
2.	Burdwan	March 2007	24.21
3.	Jhalda	March 2007	1.06
4.	Coopers Camp	March 2007	8.37
5.	Kamarhati	March 2007	8.38
6.	Englishbazar	September 2007	26.38
7.	Taki	March 2007	25.53
8.	Dubrajpur	March 2008	14.39
9.	Midnapur	March 2008	18.98
10.	Bhatpara	March 2008	9.62
11.	Mathabhanga	March 2008	17.87
12.	Howrah	March 2007	4.36
Total			165.55

APPENDIX - 10

Statement of incomplete works

(vide para: 5.2; page: 30)

(Rupees in lakh)

Sl. No.	Name of ULB	Particulars of works	Schedule date of completion	Reason	Expenditure
1.	Baruipur	Construction of Matri Sadan	Not mentioned in the work order dated 1.3.2006.	Non-mobilisation of fund	2.50
2.	Coochbehar	Construction of market complexes, special repair works, etc.	Between March 2003 and June 2004.	-do-	60.10
3.	Taki	Construction of bus terminus	June 2002.	MED had not completed the work	42.01
4.	Egra	Construction of market complex	December 2003.	Failure in mobilization of fund and faulty site selection	15.96
5.	Berhampore	Market complex	September 2004.	No registered agreement was executed with the land owners. They moved to court and stay order was obtained	29.37
6.	Mathabhanga	Construction of auditorium	Stipulating no time schedule in the work order dated 1.12.2006.	Non-mobilisation of fund	79.89
7.	Pujali	Construction of Maternity Home and Pathology Centre	No time frame was fixed for speedy completion of work.	Sanitation, plumbing, furnishing not yet done	125.10
Total					354.93

APPENDIX – 11
Statement showing utilisation of EGS grants during the year 2005-08
(vide para: 6.1.1; page: 31)

(Rupees in lakh)

Sl. No	Name of ULB	Receipt			Expenditure			Closing Balance at the end of 31.3.2008	Percentage of utilisation		
		05-06	06-07	07-08	05-06	06-07	07-08		05-06	06-07	07-08
1.	Asansol	106.76	106.33	46.59	8.64	41.96	129.12	79.97	8	21	62
2.	Bhatpara	79.68	79.35	79.64	0.00	11.37	10.16	217.15	0	7	4
3.	Burdwan	72.59	72.29	72.55	2.68	29.24	45.05	140.46	4	21	24
4.	Chandernagore	43.85	44.68	44.84	15.06	24.12	31.90	62.29	34	33	34
5.	Dhulian	31.08	31.05	31.16	17.83	18.59	28.22	28.76	57	42	50
6.	Dubrajpur	17.70	29.60	21.99	0.00	13.47	26.39	29.48	0	28	47
7.	Dum Dum	33.70	34.06	34.18	0.00	17.16	16.96	67.82	0	25	20
8.	Durgapur	93.39	93.01	93.34	22.07	55.02	98.31	104.35	24	33	49
9.	Gayespur	24.86	36.73	30.84	2.08	19.00	15.22	56.13	8	32	21
10.	Mathabhanga	15.13	14.07	15.12	2.16	16.95	9.79	15.41	14	63	39
11.	Midnapur	50.09	49.88	50.07	3.46	21.74	43.63	81.22	7	23	35
12.	North Barrackpore	33.60	34.96	36.58	10.86	27.90	29.80	36.58	32	48	45
13.	Panskura	30.50	30.37	30.48	0.35	38.89	26.86	25.26	1	64	52
14.	Rajarhat-Gopalpur	59.48	59.24	59.45	58.44	1.50	59.10	59.09	98	2	50
15.	Serampur	48.86	48.86	49.04	0.54	47.39	52.74	46.09	1	49	53
16.	Tamluk	37.11	36.96	37.09	13.08	36.01	35.22	27.80	35	58	56
Total		778.38	801.44	732.96	157.25	420.31	658.47	1077.86	20	30	38

APPENDIX - 12

Statement showing expenditure incurred on engagement of contractor under NSDP

(vide para: 6.2.2; page: 33)

(Rupees in lakh)

Sl. No.	Name of the Municipality	Year	Expenditure
1.	Basirhat	2005-07	19.59
2.	Suri	2005-07	47.32
3.	Mal	2005-06	11.19
4.	Coopers Camp	2005-06	2.56
5.	Kamarhati	2005-07	73.05
6.	Englishbazar	2005-07	185.88
7.	Dhupguri	2005-07	11.76
8.	Coochbehar	2004-07	29.44
9.	Mekhliganj	2005-07	5.32
10.	Bidhannagar	2004-07	8.91
11.	Baranagar	2005-06	46.96
12.	Berhampore	2005-06	9.21
13.	Naihati	2006-07	16.20
14.	Dum Dum	2006-08	20.15
15.	Dhulian	2006-08	13.34
Total			500.88

APPENDIX –13

Statement showing under utilization for shelterless people in NSDP

(vide para: 6.2.4; page: 33)

(Rupees in lakh)

Sl. No.	Name of ULB	Year	Total available fund	Amount earmarked for shelter
1.	Basirhat	2005-07	97.32	9.73
2.	Suri	2005-07	93.06	9.31
3.	Baruipur	2005-07	25.49	2.55
4.	Kulti	2006-07	185.26	18.53
5.	Coopers Camp	2004-07	36.71	3.67
6.	Kamarhati	2005-07	121.87	12.19
7.	Englishbazar	2005-07	82.99	8.30
8.	Dhupguri	2005-07	37.71	3.77
9.	Baranagar	2005-07	85.11	8.51
10.	Panihati	2005-07	121.66	12.17
11.	Naihati	2006-07	16.70	1.67
12.	Midnapur	2006-08	41.25	4.13
13.	Panskura	2006-08	20.16	2.02
14.	Gayespur	2006-08	13.67	1.37
15.	Dum Dum	2006-08	25.11	2.51
Total			1004.07	100.43

Appendix- 14

(Reference Para 7.1.6.2; Page:40)

(Rupees in crore)

	Receipts						Expenditure		
	Budget estimate		Actual receipt		Percentage of variation		Budget provision	Actuals	Percentage of variation
	Own	Others*	Own	Others*	Own	Others*			
2003-04	14.95	16.21	10.62	7.89	29	51	31.13	18.28	41
2004-05	18.85	13.88	10.65	9.14	44	34	32.70	20.06	39
2005-06	20.34	16.98	10.86	15.26	47	10	37.30	23.92	36
2006-07	13.79	17.76	19.59	12.63	42	29	31.54	28.56	9
	67.93	64.83	51.72	44.92			132.67	90.82	

* Including grants.

Figures for 2007-08 were not available.

APPENDIX 15

GLOSSARY OF ABBREVIATIONS

AMC	Asansol Municipal Corporation
BMSP	Basic Minimum Services for Poor
BOC	Board of Councilors
BPL	Below Poverty Line
CAG	Comptroller and Auditor General of India
CDS	Community Development Society
CIC	Chairman-in-Council
CMFA	Controller of Municipal Finances and Accounts
CUDP	Calcutta Urban Development Programme
CVB	Central Valuation Board
DPC	District Planning Committee
DPSC	District Primary School Council
DWCUA	Development of Women and Children in Urban Area
EFC	Eleventh Finance Commission
ELA	Examiner of Local Accounts
HUDCO	Housing and Urban Development Corporation Limited
IDSMT	Integrated Development of Small and Medium Towns
IRs	Inspection Reports
IT	Income Tax
KEIP	Kolkata Environment Improvement Project
KMC	Kolkata Municipal Corporation
KMDA	Kolkata Metropolitan Development Authority
MAD	Municipal Affairs Department
MARC	Municipal Administrative Reforms Committee
MED	Municipal Engineering Directorate
MPC	Metropolitan Planning Committee
MPLAD	Member of Parliament Local Area Development
NHC	Neighbourhood Committee
NOAPS	National Old Age Pension Scheme
NSDP	National Slum Development Programme
PHED	Public Health and Engineering Department
PT	Professional Tax
PWD	Public Works Department
SAE	Sub Assistant Engineer
SDC	Slum Development Committee
SFC	State Finance Commission
SJSRY	Swarna Jayanti Shahari Rozgar Yojana
SMC	Siliguri Municipal Corporation
ST	Sales Tax
SWM	Solid Waste Management
TFC	Twelfth Finance Commission
ULB	Urban Local Bodies
UWEP	Urban Wage Employment Programme
WBECSC	West Bengal Essential Commodity Supply Corporation
WC	Ward Committees