

CHAPTER 4

AUDIT OF TRANSACTIONS

CHAPTER-4

AUDIT OF TRANSACTIONS

4.1 Audit of non-compliance with rules and regulations

PASCHIM MEDINIPUR ZILLA PARISHAD

4.1.1 Avoidable expenditure of ₹ 21.02 lakhs

Paschim Medinipur ZP allowed extra carriage of 18 kms on supply of materials from two quarries to worksite for execution of road work from Goaltore to Hoomgarh and incurred avoidable expenditure of ₹ 21.02 lakh

Paschim Medinipur ZP undertook (between February 2010 and July 2011) widening and strengthening of road from Goaltore to Hoomgarh (17 kms) under Rural Infrastructure Development Fund. Scrutiny of analysis of rates prepared by the ZP revealed that the ZP analysed rates for supply of stone materials considering *Baharagorah* and *Chandanpur* variety and computed distance from the source i.e. Baharagorah and Chandanpur to worksite as 150 and 160 kms respectively. While checking the distances with reference of SOR and analysis of rates for supply of bitumen at site, actual distance computed was 132 and 142 kms²⁰ respectively. Thus, the ZP made an avoidable payment of ₹ 21.02 lakh²¹ due to erroneous calculation of distance from quarries to worksite.

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Carriageway	Reference/page no. of records	Distance (in km)
Haldia to worksite	Analysis of rates for supply of bitumen at site	150
Haldia to Kharagpur	Annexure-IV (Page 328) of SOR	108
Kharagpur to worksite	150 kms <i>minus</i> 108 kms	42
Baharagorh to kharagpur	SOR 1998-1999 page no. 269	90
Baharagorh to worksite	42 kms <i>plus</i> 90kms	132
Chandanpur to Kharagpur	SOR 1998-1999 page no. 269	100
Chandanpur to worksite	42 kms <i>plus</i> 100 kms	142

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Item	Quantity executed (m ²)	Admissible rate(₹/m ²)	Rate allowed by ZP(₹/m ²)	Excess rate(₹/m ²)	Total (in ₹) less tendered rebate of 6.99%
(i)	(ii)	(iii)	(iv)	(v)=(iv)-(iii)	(vi)={ (ii)x(v) } less 6.99 per cent
WBM-grade 2	20844.8	224.28	229.31	5.03	97520.37
WBM-grade 3	62061.24	208.72	238.87	30.15	1740353.25
20mm (PMC)	63750.24	119.84	123.77	3.93	233025.81
6mm seal coat	63750.24	43.67	44.55	0.88	52178.81
Total					2123078.24
Less 1 per cent cess					21230.78
Total extra avoidable expenditure					21,01,847.46

When pointed out in audit in December 2011, the ZP did not furnish any reply.

Thus, the ZP allowed extra carriage of 18 kms from both quarries to worksite and incurred avoidable expenditure of ₹ 21.02 lakh.

**PASCHIM MEDINIPUR, JALPAIGURI AND COOCH-BEHAR
ZILLA PARISHADS**

4.1.2 Avoidable expenditure of ₹ 82.65 lakh

Paschim Medinipur, Jalpaiguri and Coochbehar ZPs did not consider nearest availability of materials while execution of road works and incurred an avoidable expenditure of ₹ 82.65 lakh towards costly road metals in lieu of cost effective schedule approved materials available at nearest quarry

Indian Road Congress (IRC) for rural roads stipulates that in road construction works, optimum use of the locally available materials should be done and also selection of materials should be based on availability, economy and previous experience. National Rural Roads Development Agency also suggests that use of local materials in lieu of conventional hard stone aggregates can bring about savings to the tune of 25 per cent of conventional construction costs.

(i) Paschim Medinipur ZP executed upgradation of ‘Turka to Amarda (6.25 kms)’ and ‘Bakurabad to Khakurda (5 kms)’ roads between April 2010 and April 2011 under Rural Infrastructure Development Fund (RIDF). The ZP utilised costly *Baharagorah* variety stone aggregates for execution of 63,724.91m² in lieu of schedule approved cost effective *Nilgiri* variety stone materials and incurred avoidable expenditure of ₹ 20.71 lakh²². While accepting the audit observation, the ZP stated

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Name of Roads upgraded (i)	Quantity executed (m ²) (ii)	Rate allowed (₹/m ²) (iii)	Rate of nearest quarry (₹/m ²) (iv)	Avoidable rate (₹/m ²) (v)=(iii)-(iv)	Avoidable expenditure (₹ in lakh) (vi)=(ii)x(v)	Tender rebate (in per cent) (vii)	Avoidable expenditure less tender rebate (₹ in lakh) (viii)={(vi)x100-(vii)}%	
Turka to Amarda	36485.63	231.11	187.93	43.18	15.75	1.11	15.58	
Bakurabad to Khakurda	27239.28	214.63	194.88	19.75	5.38	0.75	5.34	
Total	63724.91						20.92	
Less cess 1 per cent								0.21
Avoidable expenditure								20.71

(December 2011) that *Baharagorah* variety was considered technically superior than *Nilgiri* variety. The reply is not tenable as both the varieties are schedule approved. Also the ZP did not furnish documents in support of higher technical effectiveness of *Baharagorah* variety.

(ii) Similarly, the ZP considered distances of 200, 242 and 266 kms for transportation of road aggregates of *Chandil* quarry in lieu of shortest distance of 100, 142 and 166 kms from *Chandanpur* quarry respectively to the worksite for construction of three roads viz. 'Jamna to Pingla', 'Khasjungle to Murar', and 'Binpur to Belatikri' and incurred avoidable expenditure of ₹ 13.02 lakh²³.

The ZP stated (December 2011) that both *Chandil* and *Chandanpur* varieties were chosen for works executed but *Chandil* variety was presumed to be better in comparison to others. The reply is not tenable as both varieties are schedule approved and the ZP executed six other roads using material from *Chandanpur* variety. The ZP considered the aggregates of *Chandanpur* variety during bitumen coating on the road 'Binpur to Belatikri' where other aggregates were carried from *Chandil*.

(iii) Jalpaiguri ZP considered carriage of road materials from a distance of 65 kms (*Panna* quarry) to worksite in lieu of materials available at shortest distance of 41 kms from *Howri* quarry to the worksite. The ZP considered 40 kms for carrying river bed materials from *Salbari* in lieu of actual distance of 24 kms.

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Name of roads	Item of work	Quantity executed (in m ²)	Rate allowed (₹/m ²)	Admissible rate (₹/m ²)	Excess rate (₹/m ²)	Avoidable payment (₹ in lakh)	Tender rebate (in per cent)	Excess expenditure including (₹ in lakh)
(i)	(ii)	(iii)	(iv)	(v)	(vi)=(iv)-(v)	(vii)=(vi)x(iii)	(viii)	(ix)={ (vii)-(100-viii) }%
Jamna to Pingla	Premix carpet	16125	133.58	111.58	22.00	3.55	1	3.51
	Seal coat	16125	40.31	35.28	5.03	0.81	1	0.80
Khasjungle to Murar	Premix carpet	11880	139.46	117.46	22	2.61	16.59	2.18
	Seal coat	11880	41.70	36.67	5.03	0.60	16.59	0.50
Binpur to Belatikri	Premix carpet (Chandil)	36407.2	138.73	121.70	17.03	6.22	0.60	6.16
	Seal coat (Chandanpur)	36407.2	34.91	34.91	0	0	0.60	0
Total Avoidable Payment								13.15
Less 1 per cent cess								0.13
Total avoidable payment after deducting cess								13.02

As a result, the ZP incurred avoidable expenditure of ₹ 8.69 lakh²⁴.

In the same way, in course of construction of road from Rajgaunge PO More to Kukurjan GP, the ZP considered carriage of 65 kms from Panna quarry in lieu of nearest quarry at a distance of 55 kms for carrying boulders and 40 kms for carrying other road materials from Balason. As a result, the ZP incurred avoidable expenditure of ₹ 7.98 lakh²⁵. The ZP incurred avoidable expenditure of ₹ 11.80 lakh²⁶ towards construction of road from Railgate near BDO office to Dhupguri by considering carriage of 45 kms from Jaldhaka quarry to the worksite in lieu of nearest distance of 26 kms from Chamurchi quarry. Thus, the ZP incurred avoidable

²⁴ Khurakadam More to Jharbeltali

Item of work	Quantity executed	Rate allowed	Admissible rate	Excess rate	Excess expenditure including tendered rebate of 3 per cent (₹ in lakh)
(i)	(ii)	(iii)	(iv)	(v)=(iii)-(iv)	(vi)={{(v)x(ii)x(100-3)}}%
RBM consolidation	3754.54m ³	628.47/m ³	613.57/m ³	14.90/m ³	0.54
WBM compaction	20990.44m ²	111.08/m ²	90.12/m ²	20.96/m ²	4.27
Shingles consolidation	21018.65m ²	100.31/m ²	80.85/m ²	19.46/m ²	3.97
Total					8.78
Less 1 per cent cess					0.09
Total excess expenditure					8.69

²⁵ Rajgaunge PO More to Kukurjan GP

Item of work	Quantity executed (in m ²)	Rate allowed (₹/m ²)	Admissible rate (₹/m ²)	Excess rate (₹/m ²)	Excess expenditure including tendered rebate of 26.67 per cent (₹ in lakh)
(i)	(ii)	(iii)	(iv)	(v)=(iii)-(iv)	(vi)={{(v)x(ii)x(100-26.67)}}%
WBM compaction	24288.75	111.08	97.84	13.24	2.36
Shingles consolidation	23812.50	100.31	75.14	25.17	4.39
Premix carpet	24288.75	78.93	72.91	6.02	1.07
Seal coat	24288.75	40.13	38.79	1.34	0.24
Total					8.06
Less 1 per cent cess					0.08
Total excess expenditure					7.98

²⁶ Railgate near BDO office to Dhupguri pucca road

Item of work	Quantity executed (in m ²)	Rate allowed (₹/m ²)	Admissible rate (₹/m ²)	Excess rate (₹/m ²)	Excess expenditure including tendered rebate of 33.13 per cent (₹ in lakh)
(i)	(ii)	(iii)	(iv)	(v)=(iii)-(iv)	(vi)={{(v)x(ii)x(100-33.13)}}%
WBM compaction	33000.06	89.81	69.49	20.32	4.48
Shingles consolidation	33000.06	80.28	60.76	19.52	4.31
Premixed carpet	32827.87	74.51	69.85	4.66	1.02
Seal coat	32827.87	39.24	29.61	9.63	2.11
Total					11.92
Less 1 per cent cess					0.12
Total excess expenditure					11.80

expenditure of ₹ 28.47 lakh due to excess carriage of road materials from quarries to worksites.

On being requested to furnish rate analysis of the road materials that had been carried from nearest quarries, the ZP submitted (February 2012) the same but did not clarify reasons for non consideration of the same.

(iv) Coochbehar ZP undertook construction of Akrahat to Hukudar road between November 2009 and February 2011 under RIDF. The ZP considered distance of 97 kms from *Basra* quarry to worksite for carriage of road materials in lieu of 76 kms distance from nearest quarry at *Dimdima*. As a result, the ZP incurred avoidable expenditure of ₹ 20.45 lakh²⁷.

When pointed out the ZP stated (January 2012) that extra expenditure occurred due to usual practice of collection of materials from *Basra* quarry.

Thus, the ZPs did not consider nearest availability of materials while executing road works and incurred an excess expenditure of ₹ 82.65 lakh towards costly road metals in lieu of cost effective schedule approved materials available at nearest quarry.

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Item of Work	Quantity executed	Rate allowed	Admissible rate	Excess rate	Avoidable expenditure (₹ in lakh)	Avoidable expenditure less tender rebate of 2.25 per cent (₹ in lakh)
(i)	(ii)	(iii)	(iv)	(v)=(iii)-(iv)	(vi)=(ii)x(v)	(vii)={{(vi)-(100-2.25)}}%
Patching of Potholes	1449.29m ³	₹ 1826.20/m ³	₹ 1339.6/ m ³	₹ 486.6/m ³	7.05	6.89
WBM Grade-2	11491.72m ²	₹ 177.82/m ²	₹ 155.45/m ²	₹ 22.37/m ²	2.57	2.51
WBM Grade-3	42361.84m ²	₹ 189.47/m ²	₹ 167.28/m ²	₹ 22.19/m ²	9.40	9.19
20mm premix carpet	42361.84m ²	₹ 119.24/m ²	₹ 114.24/m ²	₹ 5/m ²	2.12	2.07
Total						20.66
Less 1 per cent cess						0.21
Avoidable expenditure						20.45

PASCHIM MEDINIPUR AND COOCH-BEHAR ZILLA PARISHADS

4.1.3 Excess expenditure of ₹ 28.32 lakh due to non-adherence to Schedule of Rates

Paschim Medinipur and Coochbehar ZPs did not adhere to the provisions of Schedule of Rates (SOR) and incurred excess expenditure of ₹ 28.32 lakh

(a) Prime coat is an application of bituminous material to an absorbent granular surface preparatory to any super imposed bituminous treatment or construction. Indian Roads Congress (IRC) and SOR of Public Works (Roads) Department (PWRD) specified that 0.75kg/m^2 of liquid bituminous emulsion is required for laying prime coat on the low porosity surface such as Water Bound Macadam (WBM) surface. Medium porosity surface such as cement stabilised soil base surface and high porosity surface such as gravel base need liquid bituminous emulsion of 1.05 kg/m^2 and 1.35 kg/m^2 respectively.

Paschim Medinipur ZP executed construction and strengthening/widening of eight PMGSY roads between March 2008 and June 2011 under RIDF. Scrutiny revealed that the ZP projected low porosity bitumen emulsion @ 0.75 kg/m^2 for the prime coat in the Detailed Project Reports of those roads but in the rate analysis, bitumen emulsion @ 1.05 kg/m^2 was considered. Accordingly, the estimate was prepared and rate was reflected in bill of quantity. The ZP did not adhere to the specification of IRC and SOR and allowed prime coat @ 1.05 kg/m^2 for eight roads covering WBM surface of $2,37,248.66\text{ m}^2$ in lieu of stipulated 0.75 kg/m^2 . This resulted in excess consumption of bitumen and excess expenditure of ₹ 19.79 lakh on those works.

In reply, the ZP stated (December 2011) that the prime coat was laid @ 1.05 kg/m^2 due to higher traffic movement. But the reply was not acceptable as quantity of bitumen emulsion was dependent on the nature of surface as specified in the manual of IRC and SOR of PWRD and not on traffic movement.

(b) The SOR also envisaged apportionment of cost of loading, unloading and stacking as 40, 35 and 25 *per cent* respectively for the item 'cost of loading and unloading' under 'earthwork in road embankment'. As per the SOR, rate of stacking i.e. 25 *per cent* would be deducted in case of pre-work and post-work measurement of earthwork.

The ZP prepared estimate and issued Bill of Quantity stipulating that payment on earthwork would be made in cubic meter on the finished work as per specification on the basis of pre work and post work level for widening and strengthening of Pirakata-Goaltore road. As such, the ZP had to make payment of earthwork @ ₹ 32.25 per m³ after deducting 25 *per cent* from the rate on earthwork as per schedule provision. But the ZP made payment of ₹ 43 for loading and unloading without deducting rate of stacking. As a result, the ZP made excess payment of ₹ 5.24 lakh²⁸.

The ZP stated (December 2011) that framing of estimate and vetting of the same were done by PWD (Roads) and there was no over expenditure as tendered rate was much below the SOR. It is evident from the reply that the ZP was aware beforehand but did not bring up the matter to the notice of PWD (Roads).

(c) Addenda Corrigenda of SOR of Public Works (Roads) Department (PWRD) stipulated that complete rate of steel materials should be arrived at by adding actual carriage cost from source to site and contractor's profit with the basic price.

Scrutiny of rate analysis prepared by Coochbehar Zill Parishad revealed that the ZP considered ex-quarry rate of steel materials in lieu of

²⁸ Pirakata-Goaltore road

Chainage in km	Quantity of Earthwork (in m ³)	Rate allowed in (₹/m ³)	Admissible rate (₹/m ³)	Excess rate (₹/m ³)	Total excess paid (₹ in lakh)	Tendered rebate (in <i>per cent</i>)	Excess payment after tendered rebate (₹ in lakh)
(i)	(ii)	(iii)	(iv)=(iii)-{(iii)x25%}	(iv)=(iii)-(iv)	(v)={(ii)x(iv)}/100000	(vi)	(vii)=(v)-(vi)
0-7.5	27431.651	43	32.25	10.75	2.95	26.01	2.18
7.5-16.5	41123.748	43	32.25	10.75	4.42	29.96	3.10
Total Excess payment							5.29
Less 1 per cent cess							0.05
Excess payment							5.24

considering basic prices in course of construction of bridge at Astamirghat under Madhupur Gram Panchayat.

As a result, the ZP made excess payment of ₹ 3.29 lakh²⁹.

The ZP stated (January 2012) that excess payment occurred due to non-availability of addenda corrigenda of SOR.

Thus, the ZPs incurred excess expenditure of ₹ 28.32 lakh due to non-adherence to the specification of IRC and SOR.

JALPAIGURI AND PURULIA ZILLA PARISHAD

4.1.4 Excess payment of ₹ 16.06 lakh

Jalpaiguri and Purulia ZPs incurred excess expenditure of ₹ 16.06 lakh due to non adherence to rates stipulated in SOR

(a) Schedule of Rate (SOR) issued by Public Works (Roads) Directorate stipulates the rate of laying of seal coat over the premixed surface at ₹ 7.50 per m².

Scrutiny of Detailed Project Report (DPR) and Bill of Quantity of eight roads prepared by Jalpaiguri ZP during July and September 2007 under Rural Infrastructure Development Fund (RIDF) revealed that the ZP included rate of laying of seal coat as ₹ 16 per m² in lieu of scheduled rate of ₹ 7.50 per m². As a result, the total rate got inflated. Further, the DPRs were sent to Panchayat & Rural Development Department (P&RDD) and

²⁹ Bridge at Astamirghat

Item	Schedule rate (₹/MT)	Carriage (₹/MT)	Contractors profit @ 10% of cost	Unit cost of materials (₹/MT)	Cost including 1% cess
(i)	(ii)	(iii)	(v)=(ii)x10%	(vi)=(ii)+(iii)+(iv)	(vii)=(vi)x101%
Joist (200x100)	32430	3770.10	3243	39443.10	39837.53
Channel	39350	3770.10	3935	47055.10	47525.65
Joist (450x100)	45780	3797.60	4578	54155.60	54697.16
Angle	32430	3770.10	3243	39443.10	39837.53
Plate	32430	3770.10	3243	39443.10	39837.53

Statement showing excess payment

Item	Quantity used (in MT)	Rate allowed (₹/MT)	Admissible rate (₹/MT)	Excess rate (₹/MT)	Excess amount paid (₹ in lakh)	Excess payment after tender rebate of 2.65% ₹ in lakh)
(i)	(ii)	(iii)	(iv)=(vii) of table above	(v)=(iii)-(iv)	(vi)={ (v) x(ii) } / 100000	(vii)=(vi)-2.65%
Joist (200x100)	16.01	55461.12	39837.53	15623.59	2.50	2.44
Channel	1.78	57194.28	47525.65	9668.63	0.17	0.17
Joist (450x100)	7.38	61238.32	54697.16	6541.16	0.48	0.47
Angle	4.35	52572.52	39837.53	12734.99	0.55	0.54
Plate	0.21	63549.2	39837.53	23711.67	0.05	0.05
Excess payment						3.66
Less 1 per cent cess						0.37
Excess payment						3.29

Finance Department for obtaining approval under RIDF. But the lapse was not detected by these two departments while sanctioning the works. The ZP accordingly executed the works between February 2009 and April 2011 and incurred an excess expenditure of ₹ 13.62 lakh³⁰ due to allowance of excess rate for laying of seal coat.

When this was pointed out, the ZP admitted (February 2012) the fact and stated that allowance of higher rate towards labour and machinery component had occurred inadvertently. In the reply the ZP stated that they did not rectify the error at the time of execution as the rates were vetted by higher authorities i.e. P&RDD and Finance Department. It is evident from the reply that the ZP detected the error prior to execution but did not take any action to rectify it despite having the opportunity to do so by bringing the issue to the notice of P&RDD and Finance Department.

(b) Purulia ZP prepared (December 2010) rate analysis of bitumen considering rates of SOR (November 2008) in lieu of rates envisaged in 1st corrigenda Addenda issued in January 2009 for improvement of road from Gurda More to Kalaboni Road.

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Sl. No.	Name of the roads constructed	Quantity executed (in m ²)	Rate of consolidation (seal coat) (₹/m ²)	Admissible rate (₹/m ²)	Difference of rate (₹/m ²)	Less rate offered by contractor (in per cent)	Excess payment (₹ in lakh)
1)	Dakshin Jhar Beltali to Gadher Kuthi	29776.68	38.50	29.92	8.58	21.43	2.01
2)	khurkadam more to Jharbeltali	21022.97	40.38	31.78	8.60	3	1.75
3)	Railgate near BDO Office to Dhupguri Pucca Road via Begunbari	32827.87	39.24	30.65	8.59	33.13	1.89
4)	Taleswarguri pipe line to High road shanti nagar chowpathi	18503.65	39.22	30.63	8.59	17.02	1.32
5)	Rajgaunge Office to Kukurjan GP office	24288.75	40.13	31.53	8.60	26.67	1.53
6)	Hemguri Primary School to Chengmari Kadamtala along Gholani river	19850.51	38.29	29.70	8.59	21.01	1.35
7)	Jalpesh to Naya Bandar(Bazar)	17931.90	38.93	30.35	8.58	21.99	1.20
8)	Mahakal more to Chengmari Harendranath	32976.96	37.8	29.92	7.88	1	2.57
Total							13.62

As a result, the ZP made excess payment of ₹ 2.44 lakh³¹.

When pointed out in audit (December 2011) the ZP did not furnish reason for non-adoption of latest rates prescribed in SOR.

Thus, non-adherence to SOR and corrigenda led to incorrect project report and excess payment of ₹ 16.06 lakh.

PASCHIM MEDINIPUR ZILLA PARISHAD

4.1.5 Excess payment of ₹ 14.34 lakh

Paschim Medinipur ZP made excess payment of ₹ 14.34 lakh due to non-adherence to approved rate of utilisation of bitumen by contractors

Paschim Medinipur ZP undertook (December 2006) Pirakata-Goaltore Road (0-7.5 and 7.5-16.70 km) under Rural Infrastructure Development Fund after getting technical approval from Superintending Engineer, State Highway Circle, Public Works (Roads) Directorate. The work included item of 75mm compacted thickness of bituminous macadam as a base course in which quantity of bitumen was fixed at 4 *per cent* by weight of total mix. The same specification of work was also evident in rate analysis and also in Bill of Quantity issued to contractors (March 2008).

Scrutiny of test reports determining the bitumen content in the total mix revealed that the contractors utilised bitumen at an average rate of 3.29 and 3.36 *per cent* by weight respectively for two chainage of roads in lieu of approved 4 *per cent* of total mix. But the ZP ignored the test reports and

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Sl. No.	Name of the item of works executed	Quantity executed (in m ²)	Rate allowed (₹/ m ²)	Admissible rate (₹/ m ²)	Difference of rate (₹/ m ²)	Excess payment (₹ in lakh)	Excess payment after deducting tender rebate of 0.05 per cent (₹ in lakh)
(i)	(ii)	(iii)	(iv)	(v)	(vi)=(iv)-(v)	(vii)=(iii)x(vi)	(viii)=(vii)-0.05 per cent
1)	Premix carpet	14437.5	105.04	95.25	9.79	1.41	1.41
2)	Seal coat	14437.5	44.42	39.80	4.62	0.67	0.67
3)	Primer Coat	1369.49	28.90	25.99	2.91	0.04	0.04
4)	Tack coat	14437.5	14.22	11.85	2.37	0.34	0.34
Total							2.46
Less 1 per cent cess							0.02
Total excess payment							2.44

settled the contractors' bill at a rate of 4 *per cent*. As a result, the ZP made excess payment of ₹ 14.34 lakh³² during 2010-11.

The ZP stated (December 2011) that the nomenclature was changed by the publications of corrigendum of SOR where 3.25 *per cent* came into force in lieu of 4 *per cent* though the consumption of bitumen remained unaltered 5.3kg/m². The reply is not tenable because the approved estimates alongwith the rate analysis, Bill of Quantity and work order envisaged the consumption of bitumen at the rate of 4 *per cent* by weight of the total mix. Specification to be executed by the contractor remained unaltered as the ZP did not issue any further clarification to the contractor in pursuance of corrigendum. Therefore, preconditioned rate specified in BOQ i.e. quantity of bitumen at 4 *per cent* by weight of total mix was to be executed by the contractor. Besides, at the time of clarifying a separate case in respect of another ZP, Panchayat and Rural Development Department directed (June 2006) that Bill of Quantity was the main item of the contract and the agency was legally bound to accept the rate quoted by him.

Thus, the ZP made excess payment of ₹ 14.34 lakh due to non-adherence to approved rate of utilisation of bitumen.

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Chainage (in km)	No. of test conducted	Total percentage of bitumen in the mix	Average percentage of bitumen content in the total mix	Content of bitumen in kg as required (@4%)	Content of bitumen as per report (kg/m ²)	Short quantity used (kg/m ²)	Total less (in kg)	Cost of bitumen /kg	Total amount excess paid including tendered rebate
(i)	(ii)	(iii)	(iv)=(iii/ii)	(v)	(vi)=(v/4%) x(iv%)	(vii)=(v)-(vi)	(viii)	(ix)	(x)=(viii)x(ix)
0-7.5	11	36.2	36.2/11=3.29	5.36	4.4086	0.9514	41250m ² x 0.9514kg/m ² = 39245.25	24.301	39245.25kg x 24.301 less 26.01% = 705642
7.5-16.7	38	127.77	127.77/38=3.36	5.36	4.5024	0.8576	50049.32 m ² x 0.8576kg/m ² = 42922.296	24.216	42922.296kg x 24.216 less 29.96%= 728000
Total									14,33,642

JALPAIGURI ZILLA PARISHAD

4.1.6 Payment of ₹ 30.58 lakh through false documents

Jalpaiguri ZP made payment of ₹ 30.58 lakh to the contractor on the basis of false royalty challans without verifying authenticity of the document

Jalpaiguri ZP undertook construction of reinforced cement concrete bored pile foundation bridge over river Garam. Bill of Quantity (BOQ) issued (November 2005) to the contractor contained the item of earthwork of 8000 m³ at the rate of ₹ 25 per m³ (land owned/arranged by the Department) with the stipulation that the work should be completed within 500 days.

Scrutiny of measurement books revealed that the contractor executed 47,801.07m³ earthwork (between April 2006 and August 2010) at the rates ranging from ₹ 25 to ₹ 174.45 instead of BOQ of 8000m³ at the rate of ₹ 25. Scrutiny further revealed that the contractor submitted royalty challans obtained (April and May 2010) from the Block Land and Land Reforms Officer (BL&LRO), Alipurduar-I for 18,406.05m³ of earth arranged by the contractor. The ZP settled the claim of ₹ 31.53 lakh for arranging earth of 18071.10 m³ at the rate of ₹ 174.45 on the basis of the said challan of the contractor. Consequent upon audit enquiry, (February 2012) about genuineness of royalty challans submitted by the contractor, the BL&LRO, Alipurduar-I intimated that no such challans were issued from their end. Therefore, the contractor claimed ₹ 31.53 lakh through false documents and the ZP paid ₹ 30.58 lakh (deducting 3 per cent tender rebate) without verifying fact from BL&LRO.

In turn, the ZP did not furnish any reply but forwarded the reply of the BL&LRO to audit.

Thus, the ZP made payment of ₹ 30.58 lakh without checking the authenticity of bills/challans submitted by the contractor. This also indicated weak internal control mechanism of the ZP which resulted in loss of public money.

COOCH BEHAR ZILLA PARISHAD

4.1.7 Undue benefit of ₹ 26.82 lakh

Coochbehar ZP extended undue favour of ₹ 26.82 lakh due to non adherence to SOR and also lack of internal control mechanism in monitoring of works executed by contractors in respect of strengthening and widening of three roads

Schedule of Rates (SOR) issued by the Public Works (Roads) Directorate in November 2008 specified that for earthwork in road embankment and construction of sub-grade in all sorts of soil at Optimum Moisture Content (OMC), rate of compacted earth is arrived at by adding cost of compaction of earth of ₹ 61.60 per cubic meter with total cost of loose earth after dividing by compaction factor (0.92). Thus minimum cost of earthwork at OMC stood at ₹ 102.51³³ per cubic meter. For execution of earthwork at OMC, SOR also specified certain tests to be carried out for required compaction of earth and test records needed to be maintained. For execution of earthwork at non-OMC, the rate of compaction is to be arrived at by adding the cost of compaction of earth of ₹ 17.10 per cubic meter with total cost of earth after dividing by the compaction factor (0.92).

Scrutiny of records revealed that Coochbehar ZP got technical sanction (October 2008) of ₹ 3.38 crore for execution of 'strengthening and widening of road from 'Akrahat to Hukuduar' under RIDF from Panchayat & Rural Development Department (P&RDD). The item of execution of earthwork at OMC as prepared and approved was estimated at ₹ 81.60 per cubic meter which was much less than minimum rate as specified in SOR. The ZP issued Bill of Quantity (July 2009) to the contractor indicating earthwork at OMC at the rate of ₹ 82.42 per cubic meter (including 1 per

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Earthwork for construction of sub-grade in all sorts of soil at OMC	Rate per m ³ (at OMC)
Cost of earth/m ³ (36.70/0.92)	39.89
Compaction of earth in road embankment	61.60
Total	101.49
Add 1% cess	1.01
Total unit rate at OMC	102.51

cent cess). The contractor executed 38060.74 cubic meter earth work at ₹ 82.42 per cubic meter and the ZP settled the claim without having any test report showing that the work had been executed at OMC. The required compaction control reports were also not evinced from records. The fact is evident that the ZP did not monitor the work as per specification and also allowed the contractor to execute the work at non OMC and extended favour of ₹ 16.56 lakh³⁴ to the contractor.

In the similar way, the ZP extended undue favour to the contractors to the tune of ₹ 10.26 lakh⁸ for execution of 10,998.50 and 12,564.53 cubic meters earth work respectively for two roads 'Choukushi Balarampur to Balarampur Battala' and 'Duari bridge to Dhulia Hat' between November 2009 and December 2011.

When the matter was pointed out in audit and supporting documents for justifying the allowance of rate to the contractor were sought, the ZP admitted the fact and stated (January 2012) that due to allowance of lesser rate in the estimate the ZP could not monitor the work as per specification. The replies indicate that the ZP was aware that the rate was not commensurate with the specification of SOR and allowed the contractors to work without adhering the terms of contract.

Thus, the ZP did not monitor the works executed by contractors and extended undue favour of ₹ 26.82 lakh by not adhering to SOR. It is also

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Name of the roads	Quantity of earthwork executed (in m ³)	Rate of compaction at OMC (₹/m ³)	Rate of compaction if not compacted at OMC (₹/m ³)	Difference (₹/m ³)	Excess payment (₹ in lakh)	Tender rebate (in per cent)	Net excess amount paid (₹ in lakh)
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)=(2)x(4)	(7)	(8)=(6)-(7)
Akrahath to Hukudar	38060.74	61.60	17.10	44.50	16.94	2.25	16.56
Choukushi Balarampur to Balarampur Battala	10998.50	61.60	17.10	44.50	4.89	2.11	4.79
Duari bridge to Dhulia Hat	12564.53	61.60	17.10	44.50	5.59	2.15	5.47
Total							26.82

evident that P&RDD also did not exercise its obligatory check and accorded technical sanction for a rate not specified in SOR.

KANKSA GRAM PANCHAYAT

4.1.8 Doubtful expenditure of ₹ 10.70 lakh

Absence of measurement of the works, certificate of correctness of the engineer primarily required for making any payment, periodicity of work, approval of executive body and tender procedure turned the expenditure of ₹ 10.70 lakh doubtful

Rule 17(12) of the West Bengal Panchayat (GP Accounts, Audit and Budget) Rules, 2007 prescribes that all payments shall be made on the basis of a bill supported by the Measurement Book (MB) entries prepared by the engineer-in-charge of the work. Similarly, Rule 9 of the aforesaid rule stipulated that any payment from the Gram Panchayat fund shall be made against a valid bill or claim showing details of such claims. If such bill or claim is found on scrutiny to be genuine and in order by the Nirman Sahayak in case of programme or scheme, he shall place the bill or claim to the Executive Assistant with his observation to the effect that the claim is checked and found genuine and in order and only then the bill may be paid.

Bardhaman Zilla Parishad (ZP) released (Jan 2011) ₹ 10.70 lakh in favour of Kanksa Gram Panchayat (GP) for infrastructure development in connection with “*Rajya Panchayat O Gramonnayan Saptaha 2010*” under Third State Finance Commission grant. While releasing the fund, the ZP also instructed the GP to preserve relevant papers including MB for audit. The GP expended ₹ 10.70 lakh towards infrastructural development of four schools and a club including beautification of a statue.

Scrutiny revealed that the GP did not maintain MB for those works and paid the entire amount of ₹ 10.70 lakh received from ZP. Further, quantity and rate for any item of work and period of execution were not mentioned in the bill. Moreover, the required certificate of correctness and appropriateness of the claim was not recorded in the bill/voucher by the Nirman Sahayak.

It was revealed that in violation of Rule 17(5) of the aforesaid rule, the GP collected three quotations (without date) for selecting the contractor instead of inviting tenders. Neither any approval of the *Artho O Parikalpana Upa-Samiti* was obtained for the said work nor was the basis of selection of the contractor found on record.

When pointed out the GP stated that works were executed as per order of the ZP but failed to explain the reason for non-maintenance of MB and non-compliance with provision of rules.

Thus, non-compliance with rules rendered the expenditure unverifiable in audit.

NORTH 24 PARGANAS ZILLA PARISHAD

4.1.9 Loss of ₹ 96.54 lakh

Revenue of ₹ 96.54 lakh was forgone by North 24 Parganas ZP due to extension of unauthorised concession of development charges and failure to implement new rates of development charges after September 2008

As per the West Bengal Town & Country (Planning and Development) Act, 1979 (hereinafter referred to as Act), development charge is levied for carrying out any development activity or change in land use pattern for which permission is required, in whole or in part of the planning area, at rates not exceeding those specified under the Act. Power to collect development charges was delegated to North 24 Parganas ZP in 1986.

Scrutiny of records revealed that Sachis Kiran Roy Memorial Trust, a private developer, sought permission from North 24 Parganas ZP on December 2007 for construction of Adamas Institute of Technology. Engineers of the ZP inspected the site and proposed (December 2007) development charge at the rate of ₹ 200 per square meter for commercial use and ₹ 205 per square meter for change of land use pattern from agriculture to commerce i.e. the maximum rates fixed by the State Government as per West Bengal (Town & Country) Planning and Development Act 1979. Sabhadhipati, Executive Officer and Executive Engineer of the ZP reduced (December 2007) both charges to ₹ 100 per square meter without seeking approval of the concerned *Sthayee Samiti* of

the ZP, as prescribed. Similarly, in subsequent phases of construction, the ZP allowed (March and April 2008) concessional rates to the developer citing reduced rate allowed in the first phase as precedence.

In September 2008, the State Government enhanced the rates of development charges by issue of notification, imposing fixed amounts of ₹ 300 and ₹ 400 for commercial use and charge of land use pattern from agriculture to commerce, respectively. In violation of the said notification, the ZP allowed (November 2010) concessional rate of development charges at ₹ 100 per square meter on both counts to the trust for construction of Adamas Institute of Legal Studies, Management and Professional Training again citing the rate allowed in December 2007 as precedence. Approval of the *Sthayee Samiti* of the ZP was not sought.

The State Government enhanced the rate for volume content of building from ₹ 5 per cubic meter to ₹ 10 per cubic meter through the same notification. However, the ZP charged the Trust at the pre-revised rate of ₹ 5 per cubic meter.

Thus, the ZP extended unauthorised concession to the said trust and non-adherence to Government notification resulted in loss of ZP funds of ₹ 85.18 lakh³⁵.

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Name of developers	Items	Units	Development charges fixed (w.e.f 19.09.08)		Development charges actually levied and collected		Loss of Government revenue due to extending undue concession (in ₹)
			Rate (in ₹)	Amount (in ₹)	Rate (in ₹)	Amount (in ₹)	
(i)	(ii)	(iii)	(iv)	(v)=(iii)x(iv)	(vi)	(vii)=(vi)x(iii)	(viii)=(v)-(vii)
Sachis Kiran Roy Memorial Trust	For Institution use (Commerce)	14,525.94 m ²	300/m ²	43,57,782.00	100/m	14,52,594.00	29,05,188.00
	For change of use (Agriculture to Commerce)	17,765.71 m ²	400/m ²	71,06,284.00	100/m ²	17,76,571.00	53,29,713.00
	For volume content of building in m ³	56,656.73 m ³	10/m ³	566567.30	5/m ³	2,83,283.65	2,83,283.65
Sub total				120,30,633.30		35,12,448.65	85,18,184.65
BGD Memorial	For Institution use (Commerce)	509.48 m ²	300/m ²	1,52,844	200/m ²	1,01,896	50,948.00
	For change of use (Agriculture to Commerce)	5,523.95 m ²	400/m ² (w.e.f 19.09.08)	22,09,580	205/m ²	11,32,409.80	10,77,170.20
	For volume content of building in m ³	1,528.44 m ³	10/m ³ (w.e.f 19.09.08)	15,284.40	5/m ³	7,642.20	7,642.20
Sub-total				23,77,708.40		12,41,948.00	11,35,760.40
Total loss							96,53,945.05

The ZP stated (November 2011) that Sachis Kiran Roy Memorial Trust was involved in social welfare activities (establishment of educational institutes) and hence such special benefit was allowed. The reply is not acceptable as no discretion was received regarding reducing the charges fixed by the State Government. In September 2012, the ZP stated that the concerned Barberia Mouza (JL 8) did not fall within the Kolkata Metropolitan Development Authority (KMDA) and therefore no development charges would be imposed. An extract of notification of Government of West Bengal issued in June 2001 was furnished by the ZP in support of the reply. The reply is not acceptable as the said Mouza was brought under the jurisdiction of West Bengal Town & Country (Planning & Development) Amendment Act, 2006.

Further, another developer, BGD Memorial Trust also applied (February 2010) for special concession on development charges on similar grounds (establishment of educational institute under the banner of West Bengal University of Technology and recognition from AICTE) but the request was rejected.

However, scrutiny of the case of BGD Memorial Trust revealed that the ZP collected development charges at the maximum of the pre-revised rate and not on the enhanced rate applicable from September 2008. The ZP did not place the decision before the *Sthayee Samiti* for approval. This resulted in short collection of ₹ 11.36 lakh³⁵ from the developer.

ZP admitted (November, 2011) the lapse and stated that it would recover the shortfall from BGD Memorial Trust.

Thus, failure to adhere to the provisions of the West Bengal Town & Country (Planning and Development) Act 1979 and Amendment Act 2006 and unauthorised allowance of concessional/pre-revised rate to two developers resulted in loss of ₹ 96.54 lakh.

4.2 Audit against propriety / expenditure without justification

PASCHIM MEDINIPUR AND COOCH BEHAR ZILLA PARISHADS

4.2.1 Avoidable expenditure of ₹ 62.01 lakh

Paschim Medinipur and Coochbehar ZPs incurred an avoidable expenditure of ₹ 62.01 lakh due to selection of costly chandil variety stone chips in lieu of schedule approved cost effective pakur variety materials and steel carried through Kharagpur station and Durgapur respectively

(a) Paschim Medinipur ZP undertook widening and strengthening of Pirakata to Goaltore (0-7.50 kms and 7.50-16 kms) road in March 2008 consisting of bituminous work under Rural Infrastructure Development Fund. The ZP selected Chandil variety stone chips for the purpose and estimated the rate considering transportation from Chandil to the worksites.

Scrutiny of Schedule of Rates (SOR) and analysis of rates revealed that pakur variety stone chips were cheaper than chandil variety and also cost effective if were transported via Kharagpur rail station. It was analysed that the ZP could have avoided ₹ 57.90 lakh³⁶ for execution of 75 mm bituminous works of 91,299 square meters had the transportation of Pakur variety stone chips via Kharagpur station to worksites been considered.

When pointed out in audit, the ZP stated (December 2011) that they were not aware of any yard which was used for loading or unloading of metal or chips at Kharagpur rail station. The reply is not tenable as the SOR considers Kharagpur rail station for loading/unloading of Pakur variety stone chips since 1998-1999. While vetting another project proposal of the

³⁶

Chainage (in km)	Quantity executed (in m ²)	Rate allowed (₹/m ²)	Rate of Pakur variety by rail transport via Kharagpur to worksite by road transport (₹/m ²)	Excess rate allowed (₹/m ²)	Tendered rebate (%)	Avoidable expenditure after deducting 1 per cent cess (₹ in lakh)
0-7.5	41,250	451.32	360.33	90.99	26.01	27.49
7.5-16.7	50,049	458.29	370.65	87.64	29.96	30.41
Total	91,299					57.90

ZP the Superintending Engineer, South Western Circle, Public Works Department and the ZP opined that Pakur was the approved quarry for road construction work in South Bengal and carriageway cost of stone aggregate from Pakur to Kharagpur railway siding by goods train and onwards to project site by road was cost effective.

(b) Similarly, Coochbehar ZP considered carriage of steel from Kolkata in lieu of Durgapur which was the nearest destination, for construction of three bridges. As a result, the ZP incurred avoidable expenditure of ₹ 4.11 lakh³⁷.

The ZP admitted (January 2012) the fact.

Thus, Paschim Medinipur and Coochbehar ZPs incurred an avoidable expenditure of ₹ 62.01 lakh due to selection of costly Chandil variety stone chips in lieu of schedule approved cost effective Pakur variety material, and due to carriage of steel from far away destination.

4.3 Persistent/pervasive irregularities

ZILLA PARISHADS AND PANCHAYAT SAMITIS

4.3.1 Idle grants of ₹ 10.18 crore

Thirtyone PRIs did not utilise developmental grants of ₹10.18 crore which led to blocking of funds.

In terms of Rules 36(4) and 116(5) of the West Bengal Panchayat (ZP and PS) Accounts and Financial Rules, 2003, it is obligatory on the part of any Zilla Parishad/ Mahakuma Parishad or Panchayat Samiti to utilise funds received from the government or any other authority for implementation of specified schemes, without delay and to submit utilisation certificates within six months from the date of receipt of grant or before applying for further grants for the same purpose, whichever is earlier.

³⁷

Name of bridges	Avoidable expenditure (₹ in lakh)
Bridge over river Sanaijan	0.96
Bridge over river Gadhadhar	1.51
Bridge over river Raidak-I	1.68
Total avoidable expenditure	4.15
Less 1 per cent cess	0.04
Extra avoidable expenditure	4.11

Review of Cash Analysis report, Receipt and Payment Statement, Appropriation Register and Grant Statement of eight ZPs and 23 PSs³⁸ conducted during 2010-11 revealed that these PRIs did not utilise ₹ 10.18 crore in respect of different government grants (265 heads) received for various social assistance programmes, creation of durable community assets, infrastructural development, relief funds, finance commission grants and other grants for three to eight years. No evidence was found in the records of these PRIs that they took any initiative to utilize funds for the purposes for which those were sanctioned or to surrender the same to the sanctioning authority. The funds were lying idle with respective treasury/ bank accounts under concerned heads.

When this was pointed out, North 24 Parganas ZP stated (November, 2011) that steps had already been taken to utilise the unspent funds for maintenance of completed schemes. The reply is not acceptable as the guidelines / sanction order of these schemes did not allow utilisation of balance funds towards maintenance of schemes. Besides, idle funds included unutilised funds of SGRY (LF) to the tune of ₹ 13.79 lakh and as per GOI directive (20.11.07), SGRY (LF) was to be transferred to NREGS. Khejuri II PS replied that resolution for utilisation of fund could not be taken due to long absence of PS office bearers. However, the matter was taken up with Purba Medinipur Zilla Parishad (February 2011) and DM, Purba Medinipur (February 2010) for obtaining directions for utilisation of unutilised fund which were awaited till June 2011. Md Bazar PS replied that they were unaware of the mode of surrender of the unspent funds of the schemes that were not in existence.

Fifteen PRIs replied that necessary steps would be taken for utilisation or surrender of the unspent balances without specifying any reason for non-

³⁸ **Zilla Parishads (8 ZPs):** North 24 Pgs : ₹ 259.80 lakh; Siliguri Mahakuma Parishad: ₹ 14.92 lakh South 24 Pgs: ₹ 45.25 lakh; Bankura: ₹ 35.20 lakh; Murshidabad: ₹ 129.14 lakh; Coochbehar: ₹ 138.40 lakh; Jalpaiguri: ₹ 63.75 lakh; Nadia: ₹ 30.03 lakh.

Panchayat Samitis (23 PSs): Kultali: ₹ 4.18 lakh; Old Malda ₹ 15.64 lakh; Baruipur: ₹ 3.75 lakh; Habra II: ₹ 4.24 lakh; Moynaguri: ₹ 40.14 lakh; Pandua: ₹ 11.69 lakh; Alipurduar I: ₹ 12.80 lakh; Rajganj ₹ 8.68 lakh; Jalpaiguri Sadar: ₹ 56.59 lakh; Singur: ₹ 7.15 lakh; Sandeshkhali I: ₹ 12.66 lakh; Md Bazar: ₹ 1.79 lakh; Baduria: ₹ 3.05 lakh; Banshihari I: ₹ 3.10 lakh; Basanti: ₹ 12.48 lakh; Bhangar I: ₹ 11.93 lakh; Andal : ₹ 2.33 lakh; Joynagar I: ₹ 32.91 lakh; Mathabhanga I: ₹ 13.29 lakh; Khejuri II : ₹ 6.40 lakh; Saltora ₹ 14.53 lakh; Sandeshkhali II: ₹ 11.25 lakh and Panskura I: ₹ 11.02 lakh.

utilisation. Remaining 13 PRIs³⁹ did not furnish any reply. In the absence of reply, reason for non-utilisation could not be ascertained.

It was evident from the replies that the PRIs did not utilise the funds within six months from the date of their receipt as prescribed in the aforesaid rule. Moreover no initiative was undertaken to utilise/surrender funds till the point was raised by audit. Non-utilisation of grants resulted in non-creation of durable community assets, failure in infrastructural development and targets fixed under various social assistance programmes not being achieved.

The matter of non-utilisation of government grants in respect of Murshidabad, Coochbehar, Siliguri Mahakuma Parishad, North 24 Parganas and South 24 Parganas ZPs was earlier raised in the Audit Reports between the years 2008 and 2011, but no improvement was found during successive audits of these PRIs.

Thus, lack of initiative of the part of PRIs led to non-utilisation of developmental grants which remained idle for three to eight years. Non-utilisation of funds deprived rural people from intended benefits. This also indicated lack of monitoring by the grant sanctioning authority before release of developmental grants to PRIs.

ARAMBAGH PANCHAYAT SAMITI

4.3.2 Unfruitful expenditure of ₹ 49.20 lakh

Change of site of execution for muslim girls' hostel led to litigation and inability of the PS to resolve the issue resulted in unfruitful expenditure of ₹ 49.20 lakh towards the incomplete hostel besides contractor's demand of compensation of ₹ 1.58 lakh.

Government of West Bengal, Minorities Development and Welfare Department accorded approval (2003) for the construction of Muslim Girls' Hostel at a cost of ₹ 70.08 lakh, on 0.33 acre land donated by Nazir Golam Zilani Ansari Wakf Estate under Arambagh Mouza through a

³⁹ **Zilla Parishads (5 ZPs):** South 24 Pgs; Bankura; Murshidabad; Cooch Behar; Jalpaiguri; **Panchayat Samitis (8 PSs):** JoynagarI; Basanti; Singur; Rajganj; Pandua; Moynaguri; Old Malda and Sandeshkhali II.

registered deed for the said hostel. Arambagh PS was entrusted with the work of implementing the scheme.

Scrutiny of records revealed that Arambagh PS decided (February 2006) to shift the location of hostel towards low land at the southern part of the same plot due to some dispute. During construction of 1st floor, Nazir Golam Zilani Ansari Wakf Estate intimated (March 2009) SDO, Arambagh that the hostel was constructed at a place outside the donated plot and that place was being used for religious purposes. The Estate also requested to construct the hostel as per the map of the land. Thereafter, the Executive Officer of PS instructed (April 2009) the contractor to pause the construction. On the plea of the contractor the EO ordered to start the work on 19 May 2009 without solving the problem and after construction of the roof of second floor the work was stopped by the Idgaha Committee. The work remained suspended since September 2009.

In order to complete the work timely DM, Hooghly formed a team for spot visit on 6 January 2010 and directed (January 2010) SDO, Arambagh to monitor the work. The team observed that the scheme was not executed at the place mentioned in the deed and the PS formed a beneficiary committee keeping the landowners in the dark. In order to solve the problem, demarcation of total area of 0 .33 acre by the BLLRO in presence of landowners and registration of rectification deed were proposed. Further the Idgaha Committee also demanded construction of boundary wall before taking up further construction and a sketch map showing the hostel building including boundary wall for rectification deed. But the PS failed to solve the situation till July 2012. The work remained incomplete for nine years from 2003 as the rectification deed did not materialize. In the process, the PS expended ₹ 49.20 lakh out of ₹ 68.00 lakh received till July 2012.

Meanwhile the contractor demanded ₹ 1.58 lakh as compensation for loss due to material damage. The PS took decision (April 2010) to pay compensation and to cancel the tender but no payment was given to him.

When pointed out, the PS accepted (January & July 2012) the observations and stated that building was constructed outside the donated land and delay was due to circumstantial effect of such deviation.

Thus, change of site of execution led to litigation. Inability of the PS to resolve the issue resulted in non-completion of the hostel and expenditure of ₹ 49.20 lakh became unfruitful alongwith liability of ₹ 1.58 lakh towards unpaid compensation. Moreover the target of the State Government for providing hostel to girls of minority community was not achieved.

PASCHIM MEDINIPUR AND HOWRAH ZILLA PARISHADS

4.3.3 Loss of Indira Awas Yojana (IAY) assistance of ₹ 72.84 crore

Paschim Medinipur and Howrah ZPs failed to adhere to conditions stipulated for release of IAY funds, resulting in reduction of ₹ 72.84 crore of their entitlement during 2010-11. Consequently, 16,187 families were deprived of the benefit of housing under the scheme

(A) Indira Awas Yojana (IAY), a centrally sponsored scheme, is funded by Government of India (GOI) and the State Government in the ratio of 75:25. One of the GOI preconditions for release of central share stipulates that more than 10 *per cent* of the funds available during the previous year should not have remained unspent. In case, the permissible limit is exceeded, the central share would be reduced by that amount of excess at the time of release of the second installment.

Scrutiny revealed that Paschim Medinipur ZP had funds available to the extent of ₹ 128.31 crore during 2009-10. After expending ₹ 80.20 crore, ₹ 48.11 crore was carried forward to 2010-11 which was 37 *per cent* of available funds of 2009-10. As a result of underutilisation, GOI curtailed entire second installment of ₹ 41.40 crore of 2010-11 in March 2011. Consequently, there was no release of state share of ₹ 13.80 crore (1/3rd of central allotment of ₹ 41.40 crore) in favour of the ZP.

(B) Further, GOI laid down (April and May 2010) another condition that complete proposal for second instalment for the year 2010-11 would have

to be submitted by 15th March 2011 and proposals received after that date would not be entertained.

Scrutiny revealed that Howrah ZP did not adhere to the date fixed by GOI and submitted the proposal to the State Government on 24 March 2011. As a result, GOI as well as the State Government did not release second instalment of ₹ 17.64 crore (GOI: ₹ 13.23 crore and State Government: ₹ 4.41 crore).

Thus, two ZPs could not avail IAY assistance of ₹ 72.84 crore due to short utilisation of available funds and failure to adhere to the target date of sending the proposals. It was further noticed that the deducted amount was not restored during 2011-12 in favour of the two ZPs.

On the matter being pointed out by audit (October and December 2011), Paschim Medinipur ZP did not furnish any reply while Howrah ZP admitted the fact.

Thus, failure to adhere to the conditions stipulated by GOI for release of IAY funds led to loss of IAY assistance of ₹ 72.84 crore. Had the ZPs followed GOI stipulations, 16,187 rural poor⁴⁰ would have benefited through construction of new houses under the scheme.

GRAM PANCHAYATS

4.3.4 Irregularities in procurement of material and maintenance of Store Account register

Twenty three GPs failed to adhere to rules while procuring materials valuing ₹ 28.67 lakh. Besides, two GPs did not enter stock valuing ₹ 7.39 lakh into Store Account register

Rules 11 (2) (a) of the West Bengal Panchayat (GP Accounts, Audit and Budget) Rules 2007 stipulates that tender should be invited for purchase of any stock of articles valuing rupees twenty thousand or more from firms generally known to deal in the articles and materials to be so purchased; and, for purchases of less than rupees twenty thousand, sealed quotations of rates should be invited from at least five such firms.

⁴⁰ ₹ 72.84 crore / ₹45,000 (cost fixed per house) = 16,187.

During scrutiny of records of GPs it was revealed that 23 GPs⁴¹ did not invite tenders/ quotations while procuring materials for works during 2010-11. These GPs expended ₹ 28.67 lakh out of Mahatma Gandhi National Rural Employment Guarantee Scheme, Backward Region Grant Fund, 12th FC, 13th FC, 2nd SFC and 3rd SFC and towards purchase of materials.

Further, In terms of rule 25 (2) of the said rule, a GP should maintain a Store Account Register showing every receipt and issue of material.

Simulia GP and Sannyasikata GP procured materials worth ₹ 4.05 lakh and ₹ 3.35 lakh respectively under different schemes but did not enter the receipt of those materials in Store Account Register. As a result, issue/ utilisation of materials against works could not be verified.

Thus, the aforesaid GPs irregularly procured materials valuing ₹ 28.67 lakh without inviting tender/ quotation and two GPs did not enter procured material valuing ₹ 7.39 lakh in the Store Account register, rendering the process non-transparent. Moreover, due to failure to invite tenders/ quotations, the GPs could not get the best competitive and most economic rates and they failed to observe financial propriety while spending public money.

⁴¹ **Bardhaman ZP** - Jagadanandapur GP (₹ 0.95 lakh), Mertala GP (₹ 0.32 lakh) and Purbasthali GP (₹ 2.33 lakh).

Birbhum ZP – Barla GP (₹ 0.25 lakh), Mashra GP (₹ 0.83 lakh) and Mitrapur GP (₹ 0.88 lakh).

Cooch Behar ZP - Hemkumari GP (₹ 0.84 lakh).

Jalpaiguri ZP - Bidhannagar GP (₹ 0.75 lakh), Domohani-II GP (₹ 1.06 lakh) and Vivekananda-I GP (₹ 0.96 lakh)

Malda ZP – Jatradanga GP (₹ 0.70 lakh).

Paschim Medinipur – Arrah GP (₹ 0.22 lakh), Bakhrabad GP (₹ 0.85 lakh), Bhimpur GP (₹ 0.22 lakh), Binpur GP (₹ 0.80 lakh), Jogardanga GP (₹ 0.42 lakh), Kharika Mathani GP (₹ 2.58 lakh), Kusumpur GP (₹ 0.17 lakh), Manidaha GP (₹ 0.82 lakh) and Shilda GP (₹ 7.65 lakh).

Purba Medinipur – Lauda GP (₹ 2.24 lakh)

Purulia ZP – Bhandarpuara Chipida GP (₹ 1.79 lakh) and Sonajuri GP (₹ 1.04 lakh).

4.4 Failure of oversight/ governance

ZILLA PARISHADS AND PANCHAYAT SAMITIS

4.4.1 Failure in augmentation of revenue of ₹ 7.82 crore

Sixty nine PRIs failed to augment revenue to the tune of ₹ 7.82 crore due to inertia in collection, non implementation of the bye- laws and absence of formal agreements.

Generation of revenue is essential to finance developmental activities planned by PRIs and to assure the benefits of economic progress to rural poor. In terms of Section 133 of the West Bengal Panchayat Act, 1973, PRIs may levy tolls on vehicles on any road, bridge, ferry service vested/established by it or under its management. When the assets or properties owned, vested or under the control of panchayat bodies are leased out for fixed revenue, the recoveries for such leased out properties are to be considered as fixed demand and should be recorded in the Demand and Collection Register.

Scrutiny of records of 13 ZPs and 36 PSs during 2011-2012 revealed that these PRIs leased out *ferry ghats, hats*, water bodies etc. Stalls of market complexes and bungalows were also given on rent. Demand and collection register of these PRIs revealed that ₹ 5.57 crore remained unrealised from their leased out/rented properties constructed for the augmentation of revenue (**Appendix-XXII**). It was also noticed that they did not take any appropriate action for collection of lease/rent, to execute the terms and conditions of agreement with the tenants and to improve infrastructural facilities to collect dues. 24⁴² PRIs did not maintain Demand and Collection Register to watch over the realisation of revenues. Further, four⁴³ ZPs could not realize printing charges from Government offices and individuals and ₹ 1.01 crore remained unrealized as of March 2011.

Maynaguri PS failed to realise the outstanding lease amount ₹0.40 lakh, from the lessee after expiry of the lease term. Khanakul-II PS and

⁴² ZPs: Howrah; Malda; Murshidabad and Nadia. PSs: Arambagh; Balurghat; Bamangola; Barasat-II; Baruipur; Bishnupur; Daspur-II; Dubrajpur; Haroa; Kaliaganj; Khanakul-II; Magrahat-II; Maynaguri; Panchla; Pandua; Panskura-I; Polbadadpur; Pursurah; Ranaghat-I and Singur.

⁴³ Bankura (₹15.19 lakh); Hooghly (₹3.48 lakh); Nadia (₹17.67 lakh) and Paschim Medinipur (₹64.51 lakh)

Bamangola PS could not collect lease money from the lessee as these PSs did not formalise any agreement with the lessee. Baruipur PS stated that realisation of licence fees from the traders was getting hampered due to lack of infrastructural facilities.

Moreover in order to augment revenues 32 PSs framed bye-laws during 2003-09 but failed to collect revenue amounting to ₹ 1.24 crore due to non-implementation/proper implementation of these bye-laws (**Appendix-XXII**).

When this was pointed out, 14⁴⁴ PRIs did not furnish any reply and the remaining PRIs either admitted the facts and figures or stated that steps would be taken for collection of the unrealised revenue. It is evident from the replies that PRIs did not have good monitoring over realisation of revenues.

Thus lack of initiative in collection of revenue, non-execution/formalisation of terms and conditions of lease/rent, non-maintenance of Demand and Collection register and non-imposition of bye-laws resulted in non-realisation of revenues from the properties owned by the PRIs and ₹ 7.82 crore remained outstanding from the lease holders, occupiers etc. Besides the inefficiencies in collection of own revenue widened the resource gap and reduced the capacity of the PRIs to undertake welfare projects for overall sustainable development in the rural areas.

COOCH BEHAR ZILLA PARISHAD AND PURSURAH PANCHAYAT SAMITI

4.4.2 Intended benefit not derived because of incomplete works

Construction of bridges undertaken by Cooch Behar ZP remained incomplete for three to four years due to paucity of fund, non-availability of land and lack of planning by ZP. Execution of building undertaken by Pursurah PS remained incomplete for more than four years due to non ascertainment of source of fund and faulty planning. ₹ 9.10 crore spent could not yield any benefit for rural people.

As per rule 19(2) of the W.B Panchayat (ZP & PS) Accounts and Finance Rules, 2003, no scheme or programme shall be taken up for execution

⁴⁴ ZPs: Hooghly; Murshidabad and South 24 Parganas. PSs: Balurghat; Bamangola; Bhangar-I; Bishnupur; Haripal; Haroa; Karandighi; Maynaguri; Pandua; Panskura-I and Singur.

without identifying the fund for meeting the liability likely to be incurred on this account and no expenditure shall be incurred in anticipation of future availability of fund.

a) Bridges over river facilitate faster socio economic development of rural areas by establishing connectivity besides convenience. CoochBehar ZP undertook construction of four bridges across Jari Gangadhar, Raidak-I, Gadadhar and Saniajan rivers during 2008-10 at an estimated cost of ₹ 13.13 crore. The ZP received ₹ 9.29 crore during 2009-12 and expended ₹ 8.54 crore as of September 2012. All the bridges remained incomplete as of September 2012.

Scrutiny revealed that the ZP issued work order for the bridge over Jari Gangadhar River to the agency (April 2008). The construction of bridge proper was completed in April 2011, but the work of approach road could not be taken up due to non-availability of required land. As a result the bridge remained non-functional after a lapse of one and half year though the ZP had expended ₹ 2.58 crore as of September 2012. In reply the ZP stated (January 2012) that the construction of link road was restarted but that was not evident from the records of the ZP.

Construction of remaining bridges over Gadadhar, Raidak-I and Saniajan rivers were also taken up under Uttarbanga Unnayan Parshad (UUP) , Backward Area Development Programme (BADP), 3rd State Finance Commission (3rd SFC), 13th Finance Commission (13th FC) and Rural Infrastructure Development fund-VII and XVII (RIDF-VII and XVII) before identifying the required fund in violation of above rule. Against total estimate of ₹ 9.66 crore the ZP received ₹ 6.53 crore as of March 2012. The ZP expended a total sum of ₹ 5.96 crore up to October 2011 but could not complete the construction due to non-receipt of further funds from government. When non-completion of bridges was pointed out, the ZP cited non-availability of fund from government. Reason for non-availability of fund was not on record.

b) Similarly, Pursurah PS undertook construction of a G+ two storied building consisting of office premises, market stalls and store room at an

estimated cost of ₹ 84.38 lakh during 2008-09 without ascertaining the source of fund in violation of the said rule. The PS used funds available from MPLAD fund, own fund and 12th and 13th FC grants received to the tune of ₹ 56.02 lakh.

Scrutiny further revealed that in November 2011, the PS revised the estimate to ₹ 1.31 crore and decided to complete the project from MPLADs fund, own fund and 13th FC grant. But no fund was allotted till February 2012 though the PS intimated (October 2009) the ZP for release of balance fund required for completion of the building. Consequently, the building remained incomplete.

In reply, the PS stated that delay in execution was due to inadequate placement of fund from time to time. Reply is not tenable as the PS started execution without ascertaining the source of fund.

Thus, lack of proper planning, non-availability of land and not identifying the source of fund resulted in non-completion of bridges and a building. Rural people could not get any benefit though ₹ 9.10 crore was expended by the ZP and the PS.

4.5 Conclusion and Recommendations

Conclusion:

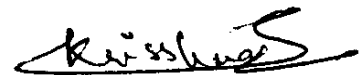
PRIs incurred avoidable expenditure due to non-consideration of shortest carriage, nearest quarry and cost effective materials for execution of works. PRIs incurred excess expenditure due to non adherence to provisions of SOR meant for smooth execution and preventing irregularities. Rural people were deprived of intended benefit of development grants due to faulty planning, change of sites and inertia in utilisation of funds by PRIs. Absence of requisite documents required under Rules for overall transparency in course of execution of works rendered expenditure not susceptible to verification. Lack of initiative in collection of revenue and non-imposition of bye-laws resulted in non-realisation of revenues by the PRIs and legitimate demands remained outstanding for years.

Recommendations:

Following measures are recommended to improve efficiency of execution of various development programmes, schemes and works:

- In order to prevent irregularities and ensure smooth execution of works, rule provisions/SOR need to be strictly adhered to;
- PRIs must adhere to timelines given by GOI and State Government to avoid loss of funds due to non release;
- A special drive should be conducted to augment revenues and reduce resource gap;
- PRIs should be vigilant in selection of source and materials variety so that works may be executed economically, efficiently and effectively; and
- Advanced/optimal planning, identification of funds before execution, timely implementation and efficient execution of works should be focused upon so that PRIs achieve the goal of improvement in rural infrastructure and connectivity.

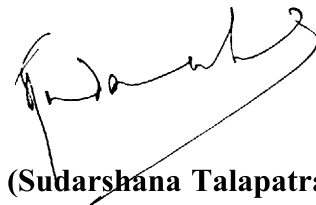
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