Chapter 3

Compliance Audit

Chapter 3: Compliance Audit

HEALTH & FAMILY WELFARE DEPARTMENT

3.1 Intended outcome of construction of health facilities remaining unachieved

Intended outcome of expenditure of ₹ 25.40 crore incurred by the Health & Family Welfare Department on creation of rural health infrastructure was not achieved either due to lack of synchronization with other interventions like posting of requisite staff or owing to inadequate planning/stalling of works on account of local problems.

The Health & Family Welfare (H&FW) Department of the State Government is vested with the responsibility of maintenance and improvement of the health care system in West Bengal. With a view to extend the reach of quality health services, H&FW Department spends funds *inter alia* on upgradation of rural health facilities through construction of new buildings, creating indoor treatment facilities, ensuring institutional deliveries at sub-centre (SC) level etc. Achievement of expected outcome of these expenditure calls for careful planning as well as synchronisation of other collateral interventions like supplementing manpower.

Test-check of records of the CMOsH / District Health & Family Welfare Samitis / Zilla Parishads of various districts during July 2011 to October 2011 and during August 2012 to October 2012, however, showed that substantial number of newly constructed buildings for health facilities were not put to use three months to three years after their completion, which was mainly attributable to non-posting of medical officers/ para-medical staff and deficiencies in planning. Instances were noticed where construction remained suspended after substantial sums were spent thereupon owing to local problems. All these were indicative of lack of synchronization of development initiatives and resulted in non-percolation of benefits of the investment to the targeted population. The issues are discussed in subsequent paragraphs.

(i) Upgradation of PHCs remaining unfruitful:

With a view to enhance the availability of quality health services for the poorest and those in greatest need, the Health & Family Welfare Department (H&FW) had taken up (July 2005) Health System Development Initiative (HSDI) programme[1]. Components of HSDI *inter alia* included upgradation of Block Primary Health Centres (BPHCs) and Primary Health Centres (PHCs) through construction of new buildings for creating 10 bedded indoor facilities. During 2005-2012, ₹ 86.66 crore was spent on upgradation of PHCs under HSDI.

[1] *The programme was implemented with financial assistance from Department for International Development, UK.*

Test-check of the records of the CMOsH/District Health & Family Welfare Samitis of five districts (Paschim Medinipur, Burdwan, Hooghly, Howrah and South 24 Parganas) revealed that new buildings of 25 PHCs, constructed for operation of 10 bedded indoor treatment facilities to deliver round-the-clock service, at an expenditure of ₹ 14.96 crore and taken over by district health authorities between September 2009 and June 2012, remained unutilised *(vide **Appendix 3.1**)*. The buildings could not be put to operation mainly due to non-posting of medical and para-medical officials. Thus, the basic objective of extending indoor facilities in the PHC level remained unachieved three to 37 months after handing over of new buildings.

The Project Director accepted (December 2011 and October 2012) the facts and acknowledged that problem of shortage of medical and para medical staff was a matter of concern. It was stated that the Department was earnestly trying to deploy required manpower.

(ii)ANM quarters remaining unused

With a view to create facilities for round the clock service to introduce deliveries at sub-centre level and ensure round the clock presence of ANMs, H & FW Department decided to construct buildings with residential quarters for Auxiliary Nursing Midwives (ANM) on the upper floors of the sub-centres.

Test-check of records of three districts (Howrah, South 24 Parganas and North 24 Parganas) revealed that during 2005-12, District Health & Family Welfare Samitis (DHFWS) released ₹ 87.56 crore[2] to various panchayat samitis/gram panchayats for construction of 733 sub-centres[3]. Against this, 265 ANM quarters[4] were completed (***Appendix 3.2***) between January 2006 and August 2012. However, ANMs had not been allotted the quarters, nor did deliveries take place in the SCs rendering the expenditure of ₹ 9.28crore[5] incurred for construction of 265 ANM quarters unfruitful.

The Project Director, HSDI stated (November 2012) that ANMs for whom the quarters were constructed, were recruited from the same locality of the SCs and therefore, preferred to stay at their own residences. It was further stated that decision has been taken to utilize the unused space for holding health meetings and training programmes.

Given the fact that relevant guidelines envisaged recruitment of ANMs from villages within the jurisdiction of respective sub-centres, planning residences for them without assessment indicated lack of foresight. It was also noticed that in none of the SCs constructed in the test-checked districts institutional delivery was conducted leading to non-achievement of the basic objective.

[2] *Howrah: ₹11.79 crore,South 24 Pgs: ₹47.59 crore,North 24 Pgs: ₹28.18 crore*
[3] *Howrah: 190 SCs, South 24 Pgs: 237 SCs, North 24 Pgs: 306 SCs*
[4] *Howrah: 60 No.,South 24 Pgs: 58 No.,North 24 Pgs: 147 No*
[5] *265 quarters at the rate of ₹3.50 lakh each*

CMOH, North 24 Parganas attributed the same to infrastructural deficiency at SC level.

(iii) Construction works remaining suspended

Construction works of five PHCs in Paschim Medinipur and Hooghly remained incomplete as of October 2012 after incurring expenditure of ₹ 1.16 crore, due to various reasons, *viz.* local problems/ abandonment of work by contractor / non receipt of required funds etc. as detailed in ***Appendix 3.3***. Nothing was on record to show whether any initiative was taken by the H&FW Department to address the bottlenecks and attempt to complete the works. This resulted in non-fulfillment of programme objectives and blockage of ₹ 1.16 crore for periods ranging between 27 and 46 months. Projected dates of completion had been exceeded by 20 to 40 months. The Project Director stated (December 2011) that the issues of local disturbances, contractor problems, non-receipt of required funds would be taken up with appropriate authorities for making the unused buildings functional and resume works.

Thus, intended outcome of the expenditure incurred by H & FW Department on creation of infrastructure was not achieved. This was attributable either to lack of synchronization with other interventions like posting of requisite staff or deficient planning or stalling of works on account of local problems. Given the fact that Health Action Plan, 2011-15 has prioritized *inter alia* affordable, accessible, sustainable, high quality essential health care for all, such a trend is a matter of serious concern.

3.2 Loss of revenue and undue favour to a private party

Health & Family Welfare Department extended undue favour to a private trust by assessing land at significantly lower value without consulting Land & Land Reforms Department violating rules and leading to loss of revenue of ₹ 3.95 crore.

B C Roy Polio Clinic and Hospital for Crippled Children, Kolkata (BPCH), established in May 1957, used to function from premises at 38, Badan Roy Lane, Kolkata. The said property of BPCH was vested with the Treasurer of Charitable Endowments under the Higher Education Department, while the Director of Health Services (DHS) under the Health & Family Welfare Department was the administrator of BPCH. Subsequently BPCH[6] was shifted to a new site on CIT Road, Kolkata. To set up an oncology Hospital and Research Institute for treatment including surgery and to develop related medical services, Integrated Cancer Alleviation & Research (ICARE), a private trust, proposed to occupy the land of BPCH on Badan Roy Lane.

[6] *BPCH was ultimately amalgamated (September 2010) with Dr. B. C. Roy Memorial Hospital for Children, Kolkata to establish a new medical institute called Dr. B. C. Roy Post Graduate Institute of Paediatric Sciences, (PGIPS), Kolkata.*

As per the West Bengal Land and Land Reforms (WBLR) Manual 1991, a long term lease of land for 99 years may be granted to institutions imparting training in medical, engineering and other professional courses on payment of 95 *percent* of market value of land as one time payment and 0.3 *percent* of market value of land as annual rent. For land owned by departments other than L&LR Department, proposal along with terms and conditions of transfer was to be vetted and sanctioned by L&LR Department.

Since the premises were lying unutilised, DHS communicated its agreement (April 2009) for disposal of the land by the Treasurer of Charitable Endowments. The H&FW Department fixed (December 2008) the onetime payment for the land at ₹ 43.08 lakh[7] and an annual rent of ₹ 0.14 lakh, which had been fixed considering the market value of the land as ₹ 45.35 lakh. Nothing was on record to show whether the issue had been referred to L & LR Department either by H & FW or by Higher Education Department (being the controlling Department of Treasurer) for ratification the basis of ascertaining market value of the land. Cabinet approval was accorded in December 2009.

Audit scrutiny (September 2011) of the records of the Principal, PGIPS revealed that ICARE deposited (April 2010) ₹ 43.22 lakh as one time payment and one year's lease rent and under the instruction of H & FW Department, Treasurer of Charitable Endowments leased out (June 2010) 2 bigha 3 cottah 10 chittack of the total land holding of the erstwhile BPCH for 99 years to ICARE through a lease deed executed between them. ICARE took over possession of the land in July 2010.

Records of the Commissioner of Stamp Revenue under L&LR Department, however, revealed (December 2011) that market value of the land during the period of execution of deed was ₹ 4.61 crore and accordingly, one time payment should have been ₹ 4.38 crore (95 *per cent* of market value), while annual rent comes to ₹ 1.38 lakh (0.3 *percent* of market value). This indicated short-realisation of ₹ 3.95 crore[8] by the Department from ICARE, besides, recurring loss of ₹ 1.24[9] lakh *per annum* towards annual rent.

Thus, undue favour to a private trust, by H&FW Department violating the provision of the WBLR Manual which stipulates consultation with the L&LR Department before leasing out of vested land led to loss of revenue of ₹ 3.95 crore and recurring loss of ₹ 1.24[10] lakh *per annum*.

The matter was referred to Government in May 2012; reply had not been received (December 2012).

[7] *Being 95 percent of ₹45.35 lakh (market value)*
[8] *₹4.38 crore minus ₹43.08 lakh.*
[9] *₹1.38 lakh minus ₹0.14 lakh*
[10] *₹1.38 lakh minus ₹0.14 lakh*

3.3 Loss of Government revenue

Seven hospitals short-realised diet charges from paying/ above poverty line patients in contravention to departmental guidelines resulting in loss of ₹ 60.30 lakh to the Government exchequer in the case of five hospitals.

Health & Family Welfare (H&FW) Department supplies cooked diet to patients admitted in Government hospitals through private contractors. As per Government order (November 2001), hospital authorities are to recover 50 *per cent* of the cost of diet from all above poverty line (APL) patients irrespective of whether they have been admitted in paying beds/cabins or free beds. In January 2006, the Department reiterated that all hospitals should strictly adhere to guidelines and realise diet charges from above categories of patients. The H&FW Department revised the standard/maximum rates of diet from time to time enhancing the rates gradually[11] from ₹ 28 to ₹ 49.07 for each adult diet and from ₹ 14 to ₹ 27.78 for each child diet. Based on these prevailing standard rates, the Medical College and Hospital authorities (concerned Chief Medical Officers of Health in case of other hospitals in the districts) were to select contractors for supplying cooked diets through tendering. As per Government order, diet charges were required to be realised at the rate of 50 *per cent* of the diet costs as enhanced from time to time.

Audit scrutiny (January 2012) of the records of seven[12] hospitals showed that ignoring the periodic enhancements in diet cost, hospital authorities continued to collect diet charges from patients at flat rates of ₹ 14 and ₹ 7 for each adult diet and child diet respectively during various periods between April 2008 and December 2011.

Table 3.1: Short-realisation of diet charges

Name of hospital	Period	Number of diets		Diet charges recoverable (In Rupees)		Diet charges recovered (In Rupees)		Short realisation (Rupees in lakh)
		Adult	Child	Adult	Child	Adult	Child	
SSKM MC&H	October 2010 to December 2011	110092	4992	23.10	11.50	14	7	10.20
NRS MC&H	July 2008 to September 2011	157934	8455	16.50 to 21.50	8 to 10.75	14	7	8.97
Kolkata MC&H	April 2008 to August 2011	102603	--	17 to 23.26	--	14	7	6.34
Kolkata National MC&H	October 2010 to September 2011	44474	193	22.50	13	14	7	3.79
Ghatal SDH	July 2008 to March 2011	11838	--	23	--	14	7	1.15
								30.45

Source: Records of respective Hospitals

[11] *July 2002 onwards ₹28/₹14 per adult/child diet; May 2006 to June 2007: ₹28.50/₹14.25; July 2008 to September 2009: (19 per cent enhancement)₹33.92/₹16.96; October 2009 to May 2010: ₹46.55/₹26.57 and August 2011 onwards: ₹49.07/₹27.78*

[12] *SSKM Medical College and Hospital, Kolkata; NRS Medical College and Hospital,, Kolkata; Kolkata Medical College and Hospital, Kolkata National Medical College and Hospital, Kolkata; RG Kar Medical College and Hospital; Beliaghata ID Hospital and Ghatal Sub Divisional Hospital, Purba Medinipur*

In the absence of relevant records, monetary loss could not be computed in RG Kar Medical College and Hospital and Beliaghata ID Hospital.

Further, records of Medical Superintendent cum Vice Principal (MSVP), SSKM Medical College and Hospital revealed that during the period from October 2010 to December 2011, hospital authorities supplied 228364 adult and 27343 child diets to paying/APL patients. However, diet charges were collected from 110092 adults and 4991 child patients, leading to non-collection of ₹ 29.85 lakh against 118272 adult and 22352 child diets from paying/APL patients.

Thus, pervasive non-adherence to departmental guidelines led to short-realisation of cost of diet from paying/APL patients by hospitals. While in the case of five hospitals, this resulted in a loss of ₹ 60.30 lakh[13] to Government exchequer, in two major hospitals in Kolkata, the loss could not be computed due to non-availability of records.

As these came to notice only through test-check of some hospitals, the Government should ascertain occurrence of similar irregularities in other hospitals in the State to arrest such losses.

The matter was referred to Government in July 2012; reply had not been received (December 2012)

3.4 Utilisation of HSDI funds and flexi-funds on inadmissible items

West Bengal State Health and Family Welfare Samiti spent ₹ 1.73 crore irregularly on salary and establishment charges of eight nursing training schools. Moreover, in contravention of the guidelines for utilisation of flexi-funds, ₹ 1.91 crore was diverted by District Health and Family Welfare Samitis of seven districts for inadmissible items.

(A) With a view to enhance availability of quality health services for the poorest and those in greatest need in the State, the Health & Family Welfare Department (H&FW) had taken up (July 2005) implementation of DFID (Department for International Development, UK) funded Health System Development Initiative (HSDI) programme. The central principle being backing reforms with resources, the programme was designed to support eight key elements[14]. However, there was no provision for meeting recurring expenditure of any hospital or teaching institution out of HSDI account and all regular salary and establishment charges were to be met from non-plan budget of the H&FW Department.

Audit Scrutiny (March 2012) of the records of West Bengal State Health and Family Welfare Samiti (Samiti) revealed that during April 2009 to March 2012, the Samiti, with the approval of the H&FW Department, incurred an expenditure

[13] *Short realization of ₹30.45 lakh plus non-realisation of ₹29.85 lakh*

[14] *strategic and policy framework, organisation and management systems, health financing, access and demand for services, involving the private sector, assets and supply management, procurement and financial management systems, and health coverage priorities*

of ₹ 173.29 lakh[15] from HSDI account towards payment of salary and stipend, contingency, hiring of vehicles, travelling allowances, electricity and telephone charges of eight nursing training schools. The expenditure was inadmissible under HSDI as these nursing schools were regular establishments of H&FW Department and the salary and administrative expenses should have been met from regular budget.

(B) With the objective of enhancing resources at the district level, the H&FW Department decided (May 2006) to allot funds (flexi-funds) to the District Health & Family Welfare Samitis allowing flexibility in its utilisation to enable the Samitis to undertake innovative, area specific and need based activities[16] with special emphasis on difficult and under-served areas. Since substantial funds flow to the districts under other health schemes[17], it was stipulated by the Department that works taken up with the flexi-funds should not duplicate what could be taken up under other programmes. The districts were advised to utilize the funds for improvement in hospital facilities for patient welfare, mobilization of community and beneficiaries in all ongoing health programmes through extensive IEC[18] activities, engagement of NGOs/local clubs, organisation of special camps in remote and difficult areas etc. The order also stipulated that certain nature of expenditure, such as, expenditure towards office stationery/ equipment/ training related equipment/ vehicles/ honorarium/ incentives/ wages/ purchase of medicines/ consumables/ furniture/ advertisement/ expenditure in connection with convening Swasthya Melas/recurring non-plan expenditure etc. should not be incurred out of the flexi funds.

Scrutiny of records of the CMOHs of seven districts (namely, Paschim Medinipur, Malda, Hooghly, Burdwan, Howrah, North and South 24 Parganas) showed that in contravention of the guidelines, out of ₹ 5.25 crore[19] received as flexi-funds by these districts during 2006-09, ₹ 1.91 crore[20] was incurred on purchase of medicines, instruments and stationery, to meet administrative expenses, holding of *Swasthya melas*, repair of health centres, items related to other health schemes etc. *(vide **Appendix 3.4**)*, which were inadmissible.

The Project Director (PD), HSDI and Special Secretary, H&FW Department, while admitting (December 2011 and November 2012) that many items of expenditure incurred out of HSDI flexi-funds did not conform to flexi-fund purposes, stated that the items were covered under the overall scope of HSDI. It was stated that while preparing the guidelines, expenditure coverable under other health schemes had been excluded from the scope of flexi-funds in anticipation of availability of substantial funds under those schemes, which was at variance with

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[15] During April 2009 to September 2009- ₹2981292, During December 2009 to May 2010- ₹5356376 and During April 2011 to March 2012- ₹8990861.

[16] Activities should contribute to reduction of infante and maternal mortality rates, improvement in institutional delivery/ immunization/ reducing disease burden or better hospital management.

[17] Namely, National Rural Health Mission, Reproductive Child Health II, other components under HSDI etc.

[18] Information, Education and Communication

[19] At the rate of ₹25 lakh per year per district

[20] Paschim Medinipur: ₹13.06 lakh; Bardhaman: ₹26.30 lakh, Hooghly: ₹45.49 lakh, Malda: ₹30.88 lakh, Howrah: ₹16.58 lakh North 24 Parganas: ₹31.63 lakh and South 24 Parganas: ₹27.47 lakh

actual field situation. The expenditure had to be met for timely disease control intervention for the sake of public health.

While appreciating the opinion expressed by the PD, the concern still remains that expenditure on inadmissible items as indicated above, which did not conform to the idea behind introducing flexi-funds, accounted for substantial proportion[21] of flexi funds allotted to these districts, curtailing availability of funds for the intended objectives by that extent.

HOME (POLICE) DEPARTMENT

3.5 Implementation of Coastal Security Scheme

3.5.1 Introduction

With the objective of plugging critical gaps in policing the long Indian coastline and territorial coastal waters, Government of India (GoI) launched a centrally sponsored Coastal Security Scheme (CSS) in January 2005 in nine coastal States and three Union Territories. The scheme envisaged establishment of Coastal Police Stations (CPSs) through construction of new Police station buildings and barracks, supplying of the CPSs with Interceptor boats/arms/ ammunitions/ jeeps/ motor cycles/ other logistical supports. The cost of fuel for the vessels was to be borne by the GoI on reimbursement basis while expenditures on manpower were to be borne by the States.

West Bengal controls 260 km of coastline, sharing territorial and maritime boundary line with Bangladesh. A High Level Empowered Committee (HLEC) of the GoI, Ministry of Home affairs (MHA) approved (November 2005) a five year perspective plan for the first phase of the CSS for implementation during 2005-06 to 2009-10, with further extension up to March 2011.

Source : West Bengal Police

[21] *36 per cent*

The five years perspective plan for ₹ 33.53 crore *inter alia* included setting up of six coastal police stations and operational barracks.

The GoI assistance under CSS was in the form of 100 *per cent* grant. Interceptor Boats (IBs) were to be centrally procured by GoI and supplied to the State. Actual cost of fuel for running the IBs were to be reimbursed to the State by the GoI on submission of audited utilisation certificates (UC).

Examination in audit of the first phase of implementation revealed inadequacies in planning and lax administrative control. This led to serious shortcomings like delay in operationalising CPSs, deficient equipping of CPSs with vehicles, arms and ammunition, acute shortage of technical manpower, idling of interceptor boats leading to inadequate patrolling, finally defeating the objective of the scheme as discussed below:

Audit Findings

3.5.2 Financial management

GoI released ₹ 353.40 lakh (₹ 119.10 lakh in January 2006, ₹ 76.80 lakh in February 2007 and ₹ 157.50 lakh in September 2009) for implementation of first phase of CSS in the State. The position of approved outlay *vis-à-vis* amounts released by GoI and amounts released by the Home (Police) Department of the State Government are shown below:

Table 3.2: position of GoI assistance received and expenditure made therefrom under CSS

(Rupees in lakh)

Item approved	Number approved	Estimated cost per unit	Outlay approved	Amount released			Amount spent by the State as of March 2012
				January 2006	February 2007	September 2009	
Coastal Police Stations	6[22]	24.70	148.20	74.10	-	74.10	197.45
Barracks	6	15.00	90.00	45.00	--	45.00	
Vessels: 12 tonnes	12	200.00	2400.00	Supplied in kinds between August 2009 and April 2011			
Vessels: 5 tonnes	6	100.00	600.00				
Vehicles: Jeep	12	4.00	48.00	--	32.00	16.00	35.06
Vehicles: Motor Cycles	12	0.60	7.20	-	4.80	2.40	
Lump sum assistance to 6 CPS	--	10.00 per CPS	60.00	-	40.00	20.00	Nil
Total as per perspective plan			**3353.40**	**119.10**	**76.80**	**157.50**	
Additional items							
Fuel cost for vessels				78.00 (in December 2009)			86.23
Hiring of boats				8.00 (in February 2007)			132.00
Arms and Ammunitions				36.35 (supplied in kinds during May to November 2010)			

Source: Records of IG (CS) *(Additional expenditures were borne by the State Government)*

(a) Funds for construction of six CPS and barracks (₹ 119.10 lakh) were placed with the West Bengal State Police Housing Corporation Limited (WBSPHCL), while the remaining amount (₹ 234.30 lakh) was deposited into Government account. Separate Head of Account[23] under Revenue and Capital sections was not opened for budgetary /financial

[22] *Purba Medinipur: Digha Mohana and Talpattygarh; South 24 Parganas: Frazergunj, Haldibari (Sundarban) and Kishorimohonpur (Moipith); North 24 Parganas: Hemnagar*

[23] *Head of Account-New scheme under demand No 27 was opened in February/March 2012, however, without allocation of any fund in the financial year 2011-12*

control of CSS fund; nor was any mechanism put in place for efficient and effective management of CSS fund for programme implementation aligned to the approved Perspective Plan.

Of the central assistance of ₹ 353.40 lakh, ₹ 269.32 lakh was released (December 2006 to January 2009) for construction of three CPSs (₹ 197.45 lakh) in Purba Medinipur, North 24 Paraganas and South 24 Parganas, for procurement of seven jeeps and eight motor cycles (₹ 35.06 lakh) and equipments (₹ 36.82 lakh) leaving an unspent balance of ₹ 84.47 lakh as of March 2012.

(b) Funds for fuel of Interceptor Boats (IBs)

GoI released ₹ 78 lakh in December 2009 as advance for meeting expenditure on fuel and directed the State Government to make provision in the State budget towards expenditure on IBs to enable reimbursement[24] from GoI on submission of month-wise audited UCs. Eighteen IBs were supplied between August 2009 and April 2011. The expenditure on fuel for running of IBs were estimated at ₹ 7.92 crore to ₹ 10.08 crore per annum. However, except for ₹ 86.23 lakh (₹ 78 lakh advanced by GoI and ₹ 8.23 lakh borne by the State) allotted to the Superintendent of Police (SP), South 24 Parganas for expenditure on fuel for nine IBs stationed in three CPSs, no other provision was made in the State budget as of March 2012; nor was claim preferred to the GoI for expenditure incurred on POL for the IBs. Funds were not provided to the SPs of North 24 Parganas and Purba Medinipur for running nine IBs stationed in three CPSs. This led to stoppage of patrolling by IBs as local petrol pumps declined to supply fuel on credit.

(c) Funds for Hired Boats

GoI had approved (February 2007) local hiring of patrol boats by the State Government pending procurement and delivery of IBs and released (February 2007) an advance of ₹ 8 lakh towards fuel charges of these boats. Against this amount, the state spent ₹ 1.32 crore towards expenses on boats locally hired during July 2009 to September 2010. Though GoI was to reimburse the hiring cost, no claim was preferred by the State. In April 2012, Home (Police) Department ordered that 10 *per cent* of the regular allotment for fuel received by SPs may be utilised for CPSs.

Owing to sluggish progress in implementation of various components of the first phase, GoI held back release of funds (₹ 2 crore) for second phase till March 2012, though the second phase was to be in operation during 2011-2017.

[24] *With an upper limit for reimbursement of ₹4 lakh per month for a 12 Ton IB and ₹3 lakh per month for a five Ton IB up to October 2010; and thereafter ₹5 lakh per month for a 12 Ton IB and ₹4 lakh per month for a five Ton IB*

3.5.3 Administrative control

The deficiencies in fund management was due to inadequate administrative monitoring of the CSS. Home (Police) Department created the post of Inspector General of Police (Coastal Security) in July 2010 to act as nodal officer for strengthening security and vigil in border areas. Cell dedicated to monitoring execution of different components of CSS, was however, not created at any level in the Government. 'The National Committee on Strengthening Maritime and Coastal Security against Threat from Sea' directed (November 2010) to constitute an empowered committee for ensuring strict adherence to the fixed timelines for implementation of CSS. A Standing Committee on Coastal Security, under the Chairmanship of the Home Secretary was formed in November 2010 for reviewing timely implementation of various proposals pertaining to coastal security and for ensuring effective coordination among various state and central agencies. Besides, in compliance to the recommendation of the HLEC, Home (Police) Department had constituted (March 2008) a State level Co-ordination Committee under the Chairmanship of the Chief Secretary and district level Security Co-ordination Committee under the Chairmanship of the Superintendent of Police of the respective districts for implementation of CSS in the State.

Though the Standing Committee on Coastal Security held five meetings largely focusing on security issues, meetings were not held by the State or district level Co-ordination Committees as of April 2012, indicating indifference on the part of Government towards implementation of various components of CSS.

3.5.4 Infrastructure and operational preparedness of the CPSs

Out of six CPSs targeted for being set up in the first phase of CSS, five barring Talpattighat were made operational during February 2009 and July 2011. While three CPSs had been constructed, two others operated from rented premises and a flood shelter. The scheme had *inter alia* envisaged construction of six CPS buildings and equipping the CPSs with both land and sea capabilities by providing them with adequate number of vessels, vehicles, weapons, communication equipments, computers etc. Audit findings on creation of the infrastructural facilities of CPSs are discussed in the succeeding paragraphs.

(a) Construction of CPS buildings and operational barracks

GoI released (January 2006) ₹ 119.10 lakh to the State for acquisition of land and construction of six CPSs and barracks and directed that the work be completed and UCs submitted by May 2006. The amount was placed with the West Bengal State Police Housing Corporation Limited (WBSPHCL), the designated agency under the Home (Police) Department. In March 2006, WBSPHCL expressed its inability to undertake the project due to infrastructural shortcomings. Consequently, the work was assigned to four PWD divisions and the fund transferred (December 2006) to these divisions.

The Director General and Inspector General of Police (DG&IGP), West Bengal, however, transferred (April 2008) the work of construction of five CPSs from three PWD divisions to Sunderban Infrastructure Development Corporation Limited[25] (SIDCL) for speedier implementation and for reducing the cost of construction, as SIDCL was engaged in constructional activities in coastal and marine areas. The DG&IGP pleaded that as other states had completed their construction works, expeditious implementation of the works was necessary. Further, SIDCL would provide infrastructural facilities like jetties, approach roads, landscaping and water facilities in the form of social projects for the welfare of general public. Accordingly, three PWD Divisions refunded ₹ 95.09 lakh[26] between November 2008 and January 2009 after incurring expenditure of ₹ 4.16 lakh on account of soil testing, survey, construction etc. at the respective sites. The work of construction of Hemnagar Coastal Police station assigned to the 24 Parganas PW (CB), North Division was, however, allowed to be continued. Thus, ₹ 95.09 lakh remained idle for three years (January 2006 to January 2009).

The present status of construction of six CPSs is shown in ***Appendix 3.5.*** As of March 2012, buildings of three CPSs (Digha Mohana, Frezergunge and Hemnagar) were complete, while construction work of one CPS (Haldibari) remained suspended from April 2011 for want of funds after incurring an expenditure of ₹ 1.90 lakh. Land for two CPSs (Talpattyghat and Moipith) was acquired/under process of acquisition. Delayed implementation after release of the total amount committed by the GoI has resulted in cost overrun. Against ₹ 238.20 lakh approved by GoI for six CPSs buildings including barracks, ₹ 196.42 lakh[27] (82 *per cent*) was spent on three CPSs as of March 2012. In addition, the buildings targeted to have been completed by May 2006, remained incomplete six years on.

(b) Interceptor boats and berthing jetties

Garden Reach Shipbuilders & Engineers Limited (GRSE), Kolkata[28] supplied 18 boats (12 IBs of 12 tonnes capacity each and six IBs of five tonnes capacity each) worth ₹ 32.10 crore[29] to the six CPSs [30] between August 2009 and April 2011 (*vide* ***Appendix 3.6***).

Provision for adequately equipped jetties, especially floating jetties for berthing IBs and to facilitate safe and smooth movement of members of crew/force, for loading and unloading the IBs with fuel, arms and ammunition and other stores was imperative for coastal police to allow effective discharge of its responsibilities. In selecting the sites for the six CPSs, the basic prerequisite for berthing facility of the IBs in the vicinity of CPS with adequate fendering on the

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[25] *A State Government Company*

[26] *₹19.85 lakh was spent by North 24 Parganas (CB) division at Hemnagar*

[27] *Total expenditure being ₹204.43 lakh (Appendix 3.9) of which ₹8.01 lakh was spent by the North 24 Parganas Division, PW (CB) Directorate.*

[28] *A Government of India undertaking, the agency selected by GoI for supplying the IBs to the state*

[29] *At the rate of ₹ 2.15 Crore for 12 IBs of 12 Ton capacity and at the rate of ₹ 1.05 Crore for Six IBs of five Ton capacity= ₹ 32.10 crore paid by GoI to GRSE directly.*

[30] *Two IBs of 12 Ton capacity and one IB of five Ton capacity for each CPS*

jetties to prevent damage to the sophisticated IBs due to the rubbing with jetties, especially during rough sea condition, was not considered by the Government.

As proper berthing facilities were not created in any of the six CPSs, IBs were forced to be anchored in insecure and unsafe places and jetties in far flung places from the respective CPSs affecting smooth functioning. Six IBs attached to Digha Mohana CPS and Talpattighat CPS of Purba Medinipur District were berthed in jetties belonging to the Indian Coast Guards/Haldia Dock complex of Kolkata Port Trust at Haldia, 120 kms and 50 kms away from the respective CPSs, while three IBs of Hemnagar CPS of North 24 Parganas were stationed at Lebukhali under Hingalgunj Police Station, 22 kms away from Hemnagar CPS. The IBs of the three CPSs of South 24 Parganas were anchored in jetties of Fisheries Department. The reports of GRSE and the districts indicated that berthing of the IBs in improper places, *inter alia*, had caused deterioration in their condition making these susceptible to frequent breakdowns and recurrent technical snags rendering those unworthy for voyage for significant periods. The situation was further compounded by idling of the IBs for non supply of fuel, as discussed *vide* para numbers 3.4.3.3 and 3.4.3.12.

(c) Vehicles

The CSS envisaged provision of two jeeps and two motor cycles for each CPS for required mobility of the force. Central assistance of ₹ 55.20 lakh was released to the State in February 2007 and September 2009 for the purpose. Audit verification (April-May 2012) revealed that against normative requirement of 10 jeeps and 10 motor cycles for five operational CPSs, seven jeeps and nine motor cycles were purchased for ₹ 35.46 lakh in July 2009 and March 2012. These vehicles, though procured specifically for deployment in the five operational CPSs, were not all clearly ear-marked for these CPSs rendering verification in audit difficult. Thus, the intended level of mobility was compromised.

(d) Arms and equipments

Test-check revealed various deficiencies in terms of equipments and arms, restricting operational effectiveness and capabilities of CPSs, as discussed hereunder:

(i) Arms and ammunition

Ministry of Home Affairs, GoI supplied as additional allocation various sophisticated weaponry[31] with ammunition valued at ₹ 36.35 lakh during May and November 2010 for equipping the eighteen IBs for operational purposes. The weaponry with ammunition was received by 6th Battalion, Barrackpore from different ordnance factories between May and November 2010. While distributing

[31] *Eighteen 5.56 INSAS LMG, thirty six 9mm Carbine, eighteen 5.56 INSAS Rifle, eighteen 9mm Pistol with ammunition*

the weaponry, certain arms[32] were retained in Central Armoury, Barrackpore for reasons not on record. Further, weaponry with ammunition was not supplied to Frezergunge and Hemnagar CPSs by the respective Superintendents of Police for lack of suitable storage space, while the other IBs were not fitted with the weaponry supplied, to make them operation worthy.

(ii) Equipments and logistics

The CSS envisaged equipping the CPSs with communication and electronic equipments and other logistics support. GoI released ₹ 60 lakh (₹ 10 lakh per CPS) in February 2007 and September 2009. Despite availability of central funds, Home (Police) Department accorded sanction belatedly in February 2012 for procurement of different communication equipments, photocopier, FAX, generator, furniture etc at a cost of ₹ 51.84 lakh for equipping the six CPSs. The CPSs had not yet received the equipment as of May 2012.

Thus, the State Government was not proactive enough to create assets and infrastructure including support system in a timely, effective and responsive manner aligned to the action plan for CSS to adequately equip the coastal police to discharge its assigned role and responsibilities.

3.5.5 Manpower

(a) Critical vacancies in technical posts

Technical manpower is a fundamental requirement for operations and sustenance of the IBs. In July 2007, Government created 108 posts of technical staff in six cadres[33] for running IBs. However, against sanctioned post of 108 technical staff, Government recruited (April 2010) 17 staff from Ex Navy and Coast Guard personnel. Of them, eight have since left the service between June 2010 and September 2011, leaving nine technical personnel[34] as of March 2012. This indicated a shortfall of 92 *per cent* as compared to normative requirement of staff. GoI had directed appointment of radio operators to maintain constant contact among CPSs, Coast Guard/Navy ships/aircrafts, posts for which were not created.

(b) Shortfall in force personnel

The mandated role of the six CPSs was to cover both land and marine areas to maintain law and order apart from surveillance. Government created 607[35] posts in the police force from time to time for operation of the six CPSs and outposts. As against the sanctioned strength, 148[36] personnel were deployed in different cadres, indicating a shortfall of 76 *per cent* as of March 2012. Forces sanctioned

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[32] *Sixteen 5.56 INSAS Rifle, sixteen 9mm Pistol and six5.56 INSAS LMG*

[33] *One Master (Sub-inspector), one Engine Driver (Assistant Sub-inspector) and four crews (Constable) for 12 Ton IB and one Assistant Sub-inspector(Master), one Engine Driver (Assistant Sub-inspector) and four crews(Constable) for five Ton IB*

[34] *Three masters(Sub-inspector), two Engine Drivers(Assistant Sub-inspector) and four Crews(Constable)*

[35] *46 Sub-inspectors, 48 Assistant Sub-inspectors, 420 Constables, 33 Police Drivers, 36 Wireless Operators and 24 NVFs/HGs*

[36] *15 Sub-inspectors, 13 Assistant Sub-inspectors, 90 Constables, three Wireless Operators, 24 NVFs/HGs and two Police Drivers*

for Talpattighat CPS were deployed in Khejuri Police Station, pending operationalisation of the CPS.

Significant vacancies in technical staff (92 *per cent*) as well as force personnel (76 *per cent*) raise questions regarding functioning and operational capabilities of the coastal police at optimal levels, as well as non-utilisation/under utilisation of the IBs.

3.5.6 Patrolling and security gaps

For adequate utilisation of IBs, GoI envisaged a compulsory operation of 120 hours patrolling in a month per IB, with a yearly task of minimum 1400 hours till October 2010 and 150 hours patrolling in a month with yearly tasking of minimum1800 hours from November 2010 onwards.

The 18 IBs were operated for 755 (18 *per cent*) to 38 (one *per cent*) hours for patrolling till March 2012 since their induction (***Appendix 3.6***). Factors attributable to the stoppage of IBs' operation included dearth of technical personnel and local suppliers declining to supply fuel on credit to the SPs of the respective districts.

Restricted operational capability and effectiveness of the coastal police resulted in increased security threats in the coastal zone of the state as reported by the Ministry of Home affairs, Navy, ICG, Kolkata Port Trust etc. from time to time. DG&IG of Police, based on intelligence inputs of increased activities of anti national elements and possibilities of infiltration in the coastal areas, proposed to the Government (September 2010) for setting up of a separate Marine Intelligence Unit in line with the recommendation made in the 'SOP for Coastal Police Stations'[37]. Such unit was necessary for collating inputs on activities in co-ordination and understanding with Navy, ICG, Customs and Fisheries Departments. The proposal was, however, not approved by the Finance Department as of March 2012. To plug the persisting critical gaps and threats in coastal security, Home (Police) Department accorded permission (December 2010 and June 2011) for hiring six launches in the interest of coastal security and surveillance as a stop gap measure.

3.5.7 Conclusion

Coastal Security Scheme (CSS) was brought to the fore for strengthening capabilities of the state police force for protecting the coast against illegal cross border and criminal activities. Despite an expenditure of ₹ 37.56 crore[38] (GoI: ₹ 36.24 crore, State Government: ₹ 1.32 crore), the scheme largely remained a non-starter due to factors like delay in operationalising CPSs, non-completion of half of the CPS buildings/barracks targeted, deficient equipping of CPSs with vehicles, arms and ammunition, acute shortage of technical manpower leading to idling of the interceptor boats etc.

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[37] *Standard Operating Procedure for Coastal Police Stations in India-A publication of the Bureau of Police Research and Development, MHA,GOI*

[38] *Including cost of interceptor boats and ammunition supplied by GoI in kind*

Although time frame for first phase of CSS was over in March 2011, five CPS, out of six targeted, could be made operational as of March 2012, while construction of only three CPSs buildings/barracks were completed with significant time and cost overruns. The five established CPSs could not operate at optimum level due to acute shortage of manpower and equipment. Interceptor Boats, integral to the scheme for patrolling of the coast, though supplied by GoI, remained largely idle due to critical shortage of technical personnel coupled with non-allocation of funds for fuel despite reimbursement of fuel costs by GoI having been envisaged. This was compounded by improper facilities for berthing of IBs leading to possible deterioration in their condition. Lack of planning, monitoring and supervision was evident in every sphere.

Basic objectives of Costal Security Scheme thus remained largely unachieved owing to lackadaisical implementation of the scheme exposing the coast line to security threats.

The matter was referred to Government in September 2012; reply had not been received (December 2012).

INFORMATION AND CULTURAL AFFAIRS DEPARTMENT

3.6 Infructuous expenditure on Brand Bengal Project

Indifferent attitude of Government towards recommendation of a firm on creation of brand identity of Bengal rendered the expenditure of ₹ 1.33 crore incurred thereon infructuous

Government of West Bengal accepted (September 2010) a proposal of an UK based consultancy firm[39] for creating a brand identity of Bengal under 'Brand Bengal Project'. An agreement to that effect was executed between Government and the consultancy firm in October 2010. The agreement envisaged formation of an Advisory Panel, represented by opinion leaders or eminent personalities to be selected by the Government from various fields[40]. All decisions and guidance on the project were to be led by the panel. The firm was to develop the brand idea through extensive discussions, interviews, travel and research on the documents provided by the Government and based on feedback from the advisory panel. The firm would charge ₹ 1 crore (exclusive of service tax) for its consultancy services. The expenses incurred by the firm in the course of its work were also to be borne by the Government. The agreement stipulated that payments were to be released to the firm in four equal instalments. The first instalment was to be paid in advance, while the remaining three were to be released on completion of second, third and fourth phases respectively. The work was to be completed within sixteen

[39] *M/S Saffron Brand Consultant Private Limited.*
[40] *Agronomics, sciences, culture, town planning, healthcare, infrastructure, education, tourism, governance and media.*

weeks. The phase-wise deliverables as agreed upon and actual payments made by the Department are shown below:

Table 3.3: Phases of works of Brand Bengal Projects and instalments of payments made

Installment	**Due on**	**Deliverables of the phase**	**Amount paid**	**Date of payment**
First	On agreement		₹ 27.57 lakh	September 2010
Second	After Phase 2 (Six weeks from project kick off)	Findings and recommendations, brand idea workshop with working party, Brand idea presentation to Advisory panel, Final approval of Brand idea	₹ 27.57 lakh	October 2010
Third	After Phase 3 (Seven weeks after Phase 2)	Two alternative visual expression routes, Final approved visual expression, basic elements	₹ 27.57 lakh	November 2010
Fourth	After Phase 4 (Three weeks after Phase 3)	Design of key applications, One workshop for brand champions, one workshop for brand guardians	₹ 27.57 lakh	January 2011
Travel and accommodation expenses			₹ 22.96 lakh	February –April 2011
Total			**₹ 133.24 lakh**	

Source: Records of Information & Cultural Affairs Department

The firm submitted the final report to the Government in January 2011. The Director of Information and the Ex-Officio Joint Secretary, I&CA Department had certified on the bills that the work had been done satisfactorily.

Audit scrutiny (May 2011) of the records of the Information and Cultural Affairs Department revealed that Government formed (September 2010) a Committee of Secretaries of the administrative departments[41] under the Chairmanship of the Chief Secretary for co-ordination and screening of deliverables from time to time. Information regarding formation of the advisory panel, as envisaged in the agreement was, however, neither available on record, nor commented upon by the Department, though called for. Moreover, nothing was on record documenting submission of the deliverables by the firm at various phases.

However, the material produced to audit as the final report is actually a copy of a power point presentation, with no further authenticated report in support of the presentation validated by authorized signatories of the company. There was, however, no scope to assess adherence to benchmarks in the absence of specific terms of reference or predefined format of the report in the agreement. As of January 2012, no further development on approval/ rejection/ implementation of the recommendations of the firm was forthcoming from records of I&CA Department.

Joint Secretary of the department stated (January 2012) that there was nothing on record to ascertain whether the report was placed before the appropriate authority. Hence rejection or acceptance of the report could not be ascertained.

[41] *Home, Finance, Agriculture, Science & Technology, Health & Family Welfare, Higher Education, Personnel & Administrative Reforms, Panchayat & Rural Development, Commerce & Industries, Tourism, School Education, Information & Cultural Affairs Departments*

Thus, absence of groundwork and lackadaisical attitude of the Government towards recommendations of the firm on creation of brand identity of Bengal rendered expenditure of ₹ 1.33 crore incurred thereon infructuous.

PANCHAYAT & RURAL DEVELOPMENT AND FINANCE DEPARTMENTS

3.7 Persistent delayed release of Central funds to Local Bodies.

Government failed to release ₹ 1101.86 crore Backward Region Grant Fund /Finance Commission funds to Panchayati Raj Institutions / Urban Local Bodies within time frame stipulated by the Government of India, also thereby shouldering avoidable burden of penal interest.

Guidelines for release and utilisation of Local Bodies grants recommended by the Twelfth Finance Commission (12^{th} FC) and Thirteenth Finance Commission (13^{th} FC) *inter alia* stipulated that the State Government should release funds to urban local bodies (ULBs)/ Panchayati Raj Institutions (PRI) within 15 days from the respective dates of credit of the funds in the State exchequer. Ministry of Finance, Department of Expenditure, GoI stipulated (March 2011) that States had to transfer the 13^{th} FC grants to local bodies within five days of receipt of fund from the Central Government in case of states with easily accessible banking infrastructure and within ten days in case of states with inaccessible banking infrastructure. Any delay requires the State Government to release an additional amount as interest (calculated at rate fixed by Reserve Bank of India) to PRIs/ULBs, for number of days of delay.

Mention was made in paragraph 4.4.9 of the Civil Audit Report 2007-08 that delay in release of grants to local bodies under the 12^{th} FC had cost Government an avoidable interest burden of ₹ 1.11 crore. Subsequent audit of Finance and P&RD Departments, however, revealed that such practice of delayed release of funds by the State Government still remained a matter of concern as would be evident from the following instances.

(A) GoI released ₹ 1208.50 crore to the State Government between July 2010 and June 2012 as General Basic Grants for PRIs and ULBs for 2010-12. Out of this, ₹ 1207.70 crore was released by the State Government to the PRIs/ULBs between July 2010 and July 2012. Scrutiny of records of Finance Department (July 2012) revealed that ₹ 335.79 crore was released with delays of 11 and 18 days beyond the stipulated time frame. Similarly, out of ₹ 2.40 crore received from GoI and fully released by the State during 2010-12 under Special Areas Basic Grant, ₹ 1.60 crore was released with delays of 19 to 51 days over and above time limit allowed in the guidelines. These delayed releases resulted in payment of additional interest of ₹ 1.19 crore[42] in March 2011 and June 2012. The reason for delay in release of funds was non-submission of UCs by Departments

[42] *₹95.65 lakh on GBG for PRIs, ₹22.71 lakh on GBG for ULBs and ₹1.08 lakh on Special Areas Basic Grant for PRIs*

concerned. Given the fact that similar delays had occurred in case of 12th FC grants also, such persisting indifference should be viewed seriously.

(B) Government of India, Ministry of Panchayati Raj releases and transfers funds to the State Government under Backward Region Grant Fund (BRGF) for supplementing the resources of PRIs and ULBs. As per GoI guidelines of BRGF, the funds are to be further transferred by the State Governments to Panchayats and Municipalities following the same stipulations as prescribed for the devolution of 12th FC grants, namely, expeditious onward release of funds within 15 days of its receipt into the consolidated fund of the State.

During 2007-08 to 2010-11 GoI released ₹ 766.055 crore as grants under BRGF to the State Government for onward transfer to PRIs and ULBs of 11 districts[43]. Scrutiny of records of P&RD Department revealed (May 2012) that the funds were transferred to PRIs with delays ranging between six and eighty nine days beyond the stipulated period of 15 days. Resultantly, the State Government was liable to pay an additional amount of ₹ 2.91 crore to the PRIs as penal interest. Scrutiny further revealed that P&RD Department sanctioned ₹ 2.91 crore as penal interest on this count in June 2012.

The P&RD Department, while admitting the facts (July 2012) stated that the release of additional amount may not be termed as financial burden since the amount was to be utilised for implementation of developmental schemes under BRGF. While this is acknowledged, the fact remains that provision of penalty had been made in the scheme guidelines to ensure expeditious percolation of GOI funds to user agencies. The Department's persistent failure to adhere to the time stipulation for onward release of GoI funds to local bodies is a matter of concern and deserves to be addressed.

Response of the Finance Department was, however, not received (December 2012).

PUBLIC HEALTH ENGINEERING DEPARTMENT

3.8 Avoidable expenditure on outsourcing of work

Public Health Engineering Department incurred avoidable expenditure of ₹ 7.80 crore by outsourcing works of sinking big diameter deep tubewells without utilisation of its capacity.

Public Health Engineering Department (PHED) has two divisions, namely, Northern Mechanical Division (NMD) and Central Drilling Division (CDD) responsible for sinking big diameter deep tubewells (BDTWs)[44] with their men and machinery as per requisitions placed by various PHE divisions for different water supply schemes in northern and southern parts of West Bengal respectively.

[43] *Bankura, Birbhum, Purba Medinipur, Paschim Medinipur, South 24 Parganas, Purulia, Murshidabad, Malda, Uttar Dinajpur, Dakshin Kinajpur and Jalpaiguri*

[44] *Tubewells having housing diameter of 6" or more, suitable for installation of electrical pump motor set*

PHED decided (September 2001) that all BDTWs to be sunk under PHE Directorate would be undertaken by CDD and NMD within their respective areas.

Scrutiny of the records (March 2012) of Executive Engineer of CDD revealed that instead of utilising the services of CDD, eight PHE divisions[45] of South Bengal engaged private agencies for sinking 211 BDTWs during 2006-11 incurring an expenditure of ₹ 7.80 crore[46] on men and machinery. This expenditure was avoidable, since CDD was capable of undertaking the jobs with its available capacity, which was substantially[47] underutilised during 2006-11.

Lack of justification for outsourcing work would be further evident from the fact that six new drilling machines were purchased by the CDD between November 2008 and February 2011 at a cost of ₹ 7.04 crore, in addition to seven functional existing machines. It was further observed that out of the six new machines, three were commissioned (2008-09) within six months, two in December 2011 and January 2012 after a lapse of eleven to sixteen months and one machine was yet to be commissioned (as of March 2012) after thirteen months of purchase, indicating indifferent attitude of the Department in utilising its own resources.

Thus, PHED incurred avoidable expenditure of ₹ 7.80 crore by outsourcing works of sinking big diameter deep tubewells without utilisation of its installed capacity.

The matter was referred to Government in September 2012; reply had not been received (December 2012).

3.9 Avoidable expenditure on a water supply scheme at Belur Math

Public Health Engineering Department did not foresee the viability of proposed intake system for a drinking water supply scheme and spent an avoidable amount of ₹ 1.17 crore on improvement of a pond.

To provide drinking water to Ramakrishna Math and Mission, Belur Math, Howrah, Public Health Engineering Department (PHED) accorded (April 2007) administrative approval for a surface based drinking water supply scheme at an estimated cost of ₹ 3.88 crore. The proposed scheme envisaged setting up a Water Treatment Plant (WTP) with production capacity of eight MLD[48] treated water per day. Executive Engineer (EE), Howrah Division, PHED awarded (November 2007) the work to an agency at ₹ 3.87 crore on turn-key basis for completion by November 2008. The contract *inter alia* envisaged survey including soil investigation, planning and designing of the scheme. The scope of

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[45] *Barasat Division: 49 BDTWs at ₹1.61 crore; Tamluk Division: 56 BDTWs at ₹1.52 crore; Medinipur Mechanical Division: eight BDTWs at ₹0.69 crore; Nadia Division: 17 BDTWs at ₹0.59 crore; Howrah Division: 18 BDTWs at ₹0.59 crore; Purulia Division: four BDTWs at ₹0.07 crore; Alipur Division: 48 BDTWs at ₹2.53 crore and Bankura Division: 11 BDTWs at ₹0.19 crore*

[46] *2006-07: 25 BDTWs for ₹50.78 lakh; 2007-08: 43 BDTWs for ₹109.81 lakh; 2008-09: 29 BDTWs for 118.48 lakh; 2009-10: 47 BDTWs for 230.15 lakh and 2010-11: 61 BDTWs for ₹270.73 lakh*

[47] *Approximately only 30 per cent of the available capacity for sinking BDTW was utilized during 2006-11*

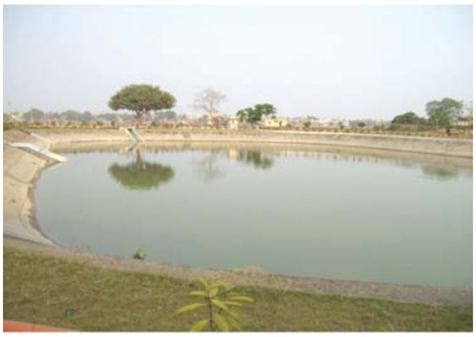
[48] *Million Litre per Day*

work *inter alia* included improvement of an existing pond which would be used as source of water for the WTP. Entry of raw water from the river Hooghly to the pond was to be regulated by sluice gates. For facilitating periodical de-silting of the pond without interrupting the supply of raw water for the WTP, the scope of work envisaged compartmentalisation of the pond; which had, however, been dropped subsequently (February 2009) considering slushiness of the pond bed. Audit scrutiny revealed that the work was completed in December 2010 and the agency was paid ₹ 3.26 crore on March 2012, pending settlement of final bill. This included ₹ 0.32 crore incurred on improvement of the pond and allied work for the intake system.

Meanwhile, the PHED took up (February 2008) simultaneously a scheme of rain water harvesting for augmentation of drinking water supply at Belur Math, which included improvement of the same pond. As source of raw water from the river Hooghly is of perennial nature and a meagre 0.77 *per cent* of the total requirement of water for the water supply scheme was to be received through rain water from the adjoining catchment area, decision to include the pond in rain water harvesting scheme lacked justification. Moreover, the rain water harvesting scheme overlapped with the existing water supply scheme in contravention to the Government approval which had categorically stipulated that the scheme should not overlap with any other existing water supply scheme. The work of rain water harvesting was completed in December 2010 at ₹ 1.38 crore of which ₹ 0.85 crore was incurred on improvement of the same pond.

Audit scrutiny (March 2012) revealed that after incurring ₹ 1.17 crore[49] on improvement of the existing pond, PHED had taken up (October 2009) an alternative arrangement for direct suction of raw water from the river at a cost of ₹ 1.43 crore. This arrangement was required to ensure uninterrupted supply of raw water to the WTP bypassing the pond. The work was completed in March 2011 incurring an expenditure of ₹ 1.40 crore.

Alternative intake system



Pond in the WTP area

Thus, the expenditure of ₹ 1.17 crore incurred on development of the pond not only lacked justification, but also remained unproductive under the alternative arrangement of direct suction of water from river Hooghly.

[49] *₹ 0.32 crore in the turn key contract* ***plus*** *₹ 0.85 crore in rain water harvesting work.*

The Department in its reply (November 2012) stated that in view of eventual shortcoming owing to inferior nature of sub soil as revealed by an expert committee (February 2009), it was concluded that the pond could not be used to the optimum extent as desired and ultimately an alternative intake system was chosen as a standby supply for execution of the water supply scheme.

The reply is not tenable since the scope of work of the turn key contract included conduct of necessary survey and soil investigation by the contractor; therefore non-viability of using the pond was foreseeable.

SCHOOL EDUCATION DEPARTMENT

3.10 Parking of programme funds outside Government accounts

Unrealistic assessment of fund requirement by West Bengal Board of Primary Education and School Education Departments led to parking of unspent programme funds in bank current account since 2002-03, which has accumulated to ₹ 11.23 crore as of March 2012.

In order to verify the effectiveness of school based Continuous and Comprehensive Evaluation (CCE) at the elementary level of school education, the West Bengal Board of Primary Education (WBBPE) introduced a system of External Evaluation (EE) at the end of Class II (from the academic year 1999-2000) and Diagnostic Achievement Test (DAT) at the end of Class IV (from the academic year 2005-06) in all Government recognised primary schools. From the academic session 2007-08, DAT was decided to be held at the end of Class III. The external evaluation was conducted centrally by the WBBPE through District Primary School Councils and Kolkata Municipal Corporation.

The WBBPE submits budget proposals for expenses[50] relating to holding of EE/DAT every year, while the School Education Department sanctions funds (State Plan) in favour of the Secretary of Board, who in turn, draws the sanctioned amount and deposits it in the Board's current account.

The year-wise position of release of funds by the Government out of the Consolidated Fund of the State and expenses met there from by the WBBPE, which was noticed during scrutiny (May 2012) of the records of the Secretary, WBBPE, is shown in ***Appendix 3.7***. During 1999-2012, WBBPE had drawn ₹ 37.02 crore for this purpose, against which ₹ 25.79 crore was spent, leaving unspent balance of ₹ 11.21 crore (30 *per cent*) in the current account of WBBPE as of March 2012. Of the accumulated amount, ₹ 1 crore was invested (along with interest accrued thereon) in fixed deposits with Allahabad Bank, Salt Lake Branch, since April 2009.

Test-check of available records further indicated that while placing requirement for funds for EE and DAT during 2008-09 to 2010-11, WBBPE had substantially

[50] *Expenses on printing of question papers, school level invigilation, supervision and mobility and administrative matters as well as State level expenses*

over-estimated the number of schools and students to be covered under evaluation, as compared to actual number of schools that participated in the process and number of students enrolled therein.

Table 3.4: Position proposed and actual coverage of schools and students under EE and DAT

Year	External Evaluation				DAT			
	No of students		Number of schools		No of students		Number of schools	
	Proposal	Actual	Proposal	Actual	Proposal	Actual	Proposal	Actual
2008-09	25 lakh	14.93 lakh	52250	46774	20 lakh	14.58 lakh	52250	48125
2009-10	25 lakh	14.51 lakh	52250	46322	20 lakh	14.46 lakh	52250	47922
2010-11	25 lakh	13.42 lakh	52250	47359	20 lakh	13.62 lakh	52250	47462

Source: Records of WBBPE

Consequently, the assessment of requirement of fund proved to be unrealistic. The Department also did not take into account the balances available with the Board while sanctioning new allotments. In spite of the fact that the Department had not approved the proposed amounts in full (especially during 2009-2011), substantial funds remained un-utilised with WBBPE.

Thus, release of funds by the School Education Department without taking into account unspent funds lying with WBBPE led to parking of unspent programme funds in bank current account since 1999-2000, which accumulated to ₹ 11.23 crore as of March 2012. As these amounts have been booked as final expenditure in the respective years' Government accounts, the expenditure figures have been inflated to that extent.

The Secretary, WBBPE, while confirming the facts, stated (May 2012) that excess funds were retained by the Board so that the implementation of External Evaluation and Diagnostic Achievement Test schemes is not affected in future for want of funds. The reply is not acceptable viewed from the fact that Treasury Rules stipulate that no money should be drawn from State exchequer unless it is required for immediate disbursement. Moreover, retention of funds to prevent adverse effect on future implementation of the schemes has not been borne out by the clearly visible trend for over a decade.

The matter was referred to Government in July 2012; reply had not been received (December 2012).

3.11 Infrastructure in primary schools

Inspection of 506 primary schools of four districts by audit revealed instances of non-availability of basic infrastructure and amenities namely, adequate class rooms, drinking water, toilets, arrangements for cooking of mid-day meal etc. Besides, deployment of teachers was not rationalized.

With a view to universalise elementary education under the Sarva Shiksha Abhiyan (SSA), Paschim Banga Sarva Shiksha Mission (PBSSM) works under the guidance of School Education (SE) Department. PBSSM runs its SSA activities through District Project Officer (DPO), while SE Department is assisted by Director of School Education (Primary). In each district there is a District Inspector of Schools (Primary) (DI) and a District Primary School Council

(DPSC). While the DPO is to identify infrastructural deficiencies in schools through DISE[51] database and arrange for necessary SSA interventions to remove them, DPSC is the authority empowered with appointment and transfer of primary school teachers.

As per DISE Report 2011-12, there were 66777 Government/Government Aided/Private Aided primary schools in the State, of which 49624 were under the management of the SE Department. These 49624 schools had 173236 classrooms and 190224 teaching staff for 5793920 students enrolled from class I to IV, which implied that classroom-student ratio (CSR) was 1:33 and pupil-teacher ratio (PTR) was 30:1. State Government guidelines prescribed CSR of 1:40 and guidelines of SSA envisaged of PTR 40:1. Though the overall CSR and PTR of the State were better than that envisaged in the guidelines, there were disparities in availability of CSR and PTR. It was seen that in 13162 schools (27 *per cent*) and 9312 schools (19 *per cent*), there was shortfall in classrooms and teacher strength respectively.

With a view to assess the availability and sufficiency of various basic amenities and infrastructure like classrooms, drinking water, toilets, etc. in primary schools, 506 Government and Government-aided primary schools of four districts[52] *viz.* Hooghly, Jalpaiguri, North 24 Parganas and Purulia (out of total 14558 primary schools in these districts) selected on random sampling basis, were visited by audit between November 2011 and February 2012.

During field visit, instances of infrastructural deficiencies, which have potential to adversely affect the quality of elementary education, were observed. These are discussed in subsequent paragraphs.

(a) Classrooms

DISE Report 2011-12 revealed that in the four selected districts, out of 11540 schools under the management of SE Department, 11396 schools (98 *per cent*) were running in permanent buildings and rest in rented buildings. In 11540 schools there were 38966 classrooms for 1258874 students resulting in an overall average CSR of 1:32, which was almost *at par* with that of the overall State ratio. However, during field visit it was seen that 12 schools out of 504 schools were running in private clubs/temple premises/thatched hut (without any sidewall)/rented dilapidated buildings/tin shed with no walls.

Since 12 schools did not have proper buildings, the requirement of classrooms *vis-à-vis* availability was not analysed in these cases. Based on the benchmark in the remaining 491 schools[53], 1549 classrooms were required as against 1843 indicating an excess of 294 usable classrooms. However, school-wise analysis revealed inequitable availability of classrooms against requirement, as would be evident from the following instances:

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[51] *District Information System for Education*

[52] *Hooghly: 132 schools out of 3345; Jalpaiguri: 98 schools out of 3250; North 24 Parganas: 153 schools out of 4557 and Purulia: 123 schools out of total 3406*

[53] *One school was found locked on the date of visit*

- Out of 491 schools, there was aggregate shortage of 214 class rooms in 102 schools (21 *per cent*). On the other hand, 508 classrooms were excess in 277 schools (56 *per cent*). In respect of 112 schools, available number of classrooms (354) tallied with the requirement.
- Twenty nine (29) single classroom schools were functioning with enrolment varying between 41 and 225. Fifteen of these schools operating out of one room, had student strength of 80 and above each. In 75 schools (15 *per cent*), multiple classes had to be held in a single room simultaneously, as number of class rooms (up to three) was less than teacher strength (four to nine).
- Out of 508 excess classrooms in 277 schools, while 318 rooms were found to be used for miscellaneous purposes like teachers' room, store room for mid-day meal (MDM) rice, fuel, etc., 190 classrooms in 119 schools remained unused.

(b) Construction of Additional Classrooms (ACRs)

Identification of institutions having shortfall of class rooms, is the responsibility and prerogative of the district authority of SSM by utilising the DISE database. During 2007-08 to 2010-11, SSM released ₹ 225.14 crore to VECs/WECs[54] of the four selected districts for construction of 10431 Additional Class Rooms (ACR). Out of this, 7758 ACRs (74 *per cent*) were completed, works were in progress for 2268 ACRs (22 *per cent*), while work of construction of 405 ACRs involving assistance of ₹ 8.80 crore had not started (***Appendix 3.8***).

In the test-checked 491 schools it was seen that for 45 schools, each already having one to four classrooms not in use, ₹ 94.95 lakh[55] was sanctioned during 2007-10 for construction of further 50 ACRs. Resultantly, out of the same, 32 schools rooms became excess (ranging from one to four in each school) as compared to CSR norms after construction of 38 ACRs involving Government assistance of ₹ 72.20 lakh. This was indicative of construction of additional classrooms not being taken up on the basis of need.

DPOs of all selected districts stated that ACRs had been granted based on DISE figures on student classroom ratio. However, this is not borne out by facts on ground. Regarding monitoring of utilisation of newly constructed ACRs, DPO, North 24 Parganas stated (December 2011) that the checking was carried out during inspection for sanction of subsequent funds for the concerned schools. DPO, Jalpaiguri accepted (January 2012) the existence of lacuna in the process of monitoring and DPO, Purulia stated (December 2011) that Sarva Shiksha Mission authorities verified the utilisation of fund and not the utilisation of the asset.

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[54] *Village Education Committees / Ward Education Committees*

[55] *Hooghly : ₹ 5.25 lakh to two schools; Jalpaiguri : ₹ 16.50 lakh to nine schools; North 24 Pargansas : ₹ 37.75 lakh to 16 schools and Purulia : ₹ 39 lakh to 20 schools.*

(c) Drinking Water

In the State, 6554 schools (13 *per cent*) had no drinking water for students. In the four selected districts, drinking water system was not functional in 1215 schools (11 *per cent*). Out of 504 primary schools visited, there was no drinking water facility in 132 schools (26 *per cent*). The students brought drinking water from home/ community tube wells / roadside tap. In 25 schools where drinking water was available, water sources (unclean storage tank or damaged tubewells having filthy water or time scheduled tap), seemed unhygienic (18 schools) or insufficient (seven schools).

(d) Boundary wall and play ground

In the State, 33114 schools (67 *per cent*) had no boundary wall, in 402 schools these were under construction and in 32910 schools (66 *per cent*) there were no playgrounds.

In the four selected districts, 7687 schools (66 *per cent*) had no boundary walls and boundary walls in 33 schools were under construction. There was no playground in 8099(70 *per cent*) schools of the four districts.

Out of the schools visited, 42 schools (eight *per cent*) were partially surrounded by boundary walls, while 312 schools (62 *per cent*) had no boundary walls. Of the schools without boundary walls, 29 schools were adjacent to high-way/ big, deep pond which compromised the safety of students.

Two hundred twenty six (226) schools (45 *per cent*) had no playground, while 108 schools (21 *per cent*) had small yards adjacent to the schools for the purpose.

(e) Toilets

From DISE report as validated by the test checked district authorities, it was found that 537 schools (four *per cent* of total number of schools) in the four selected districts had no toilets. Scrutiny revealed that ₹ 1.47 crore was sanctioned as toilet grant to 407 schools either from SSM or by Zilla Parishad during 2007-12. Against this, in 285 schools works were complete; in 39 schools works were in progress, while status of 83 cases could not be ascertained.

Out of 504 schools visited, there was no toilet facility in 64 schools[56] (13 *per cent*). Eighteen schools were not sanctioned toilet grants. In case of 17 schools, action taken to provide toilet facility was not communicated by the district authorities though called for (March 2012). Besides, there were instances of submission of fictitious utilisation certificates, toilets remaining incomplete in spite of allotted funds being fully utilised, toilet grants lying in bank account without utilisation for the intended purpose, construction works not having commenced despite availability of funds, etc. Moreover, in five schools, toilets were not available, though district authorities had reported in the affirmative in

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[56] *Hooghly: 8 schools, Jalpaiguri: 19 schools, North 24 Parganas: 19 schools and Purulia: 18 schools*
Boys' school:5, Girls' school:3, Co-education School:56

the DISE database. Funds were not sanctioned for these schools for construction of toilets.

(f) Infrastructure for Mid day Meal (MDM)

In the State, 2871 schools were not covered under the National Programme of Nutritional Support to Primary Education (Mid Day Meal). In the four selected districts, MDM is not provided in 467 schools and in 400 schools, though MDM was provided, cooking was not done inside the school premises.

As per guidelines of MDM scheme, kitchen-cum-store is a vital part of the school. Absence of kitchen-cum-store or inadequate facilities could expose children to food poisoning and other health hazards as well as fire accidents. Kitchen-cum-stores should be separate from classrooms, preferably located at a safe, but accessible distance. They should be well ventilated and designed in such a way that there is a separate storage facility with locks to check pilferage. On no account should kitchen-cum-stores have thatched roofs or other inflammables, like straw, bamboo and synthetic material.

In 50 schools out of those visited, kitchens were absent or inadequate, cooking was being done in damaged or incomplete kitchen/ class room/ teachers' room/ other room/ open space/ terrace/ verandah/ space under stair case/ temporary sheds[57] built mostly with inflammable material. Most of these spaces were unhealthy and unhygienic. In 12 schools, cooking was done in the open air. MDM store rooms were found to be used to store building materials in some schools. Some further instances as observed during school visits are as follows:

- In the absence of secure store rooms, three schools[58] stored rice, utensils in class rooms along with rubbish and firewood in unhygienic condition.
- In three schools[59], each having student strength between 68 and 85 and running in tile-shedded dilapidated one-room buildings, MDM was cooked during school hours in the class rooms by burning coal. This arrangement of cooking can potentially jeopardize health of school children, besides creating the risk of fire accidents.
- During visits, monitoring was not seen by VEC/WEC to safeguard school children against health hazards and fire risk at the time of cooking of MDM.

(g) Teachers' strength: Pupil Teacher Ratio (PTR)

In the four selected districts, there were 11540 schools under the SE Department having 1258874 students and 42879 teaching staff resulting in a favourable PTR of 29:1. Though the overall average PTR of the four selected districts was nearly at par with that of the State, individual school level position showed that in

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[57] *Temporary sheds/ tents covered with tin/ asbestos/ tiles/ tarpaulin / polythene sheet/ bamboo structure*
[58] *Nekipara Primary, Kheki Danga Primary, Nagpara Primary, Jalpaiguri*
[59] *Sarbodya Vidyalaya, Jaiswal Balika Vidyalaya, Sastri Siksha Sadan, North 24 Parganas*

2111 schools PTR was more than 40 and 246 schools had a single teacher, which pointed to uneven distribution of teachers.

In respect of 504 schools visited, the overall average PTR in the four selected districts was 30:1[60]. The school level position, however, showed wide disparities in posting of teachers. In 98 schools (19 *per cent*) visited, there were shortages of teachers compared to normative requirement, average PTR being 59:1. Of these 99 schools, 54 had PTR of more than 50:1 and in 30 schools it was more than 60:1. On the other hand, in 405 schools covered during field visits, average PTR was 24:1. Such skewed posting of teachers needs to be rationalised. Field visits further disclosed the following instances.

- Five schools[61] having one to two teacher(s) were not operational as there were no students in four schools and existing three students of one school did not attend school, as the classroom was in use as a private residence.

- In 59[62] schools, though there were sufficient usable rooms (four to seven per schools), multiple classes were running in a single room due to inadequate teacher strength (between one and three).

DPSC, Jalpaiguri stated (January 2012) that steps would be taken regarding posting of teachers according to enrolment. DI, North 24 Parganas stated (December 2011) that the Chairman, DPSC had been appraised to arrange for necessary transfer/posting to restore balance in the pupil-teacher-ratio with immediate effect. DPSC, Purulia stated (December 2011) that steps are being taken to increase enrolment of schools having students up to 20 after consideration of factors like pupil teacher ratio, substantial number of repeaters etc.

(h) Monitoring through field inspection

The minimum number of schools to be inspected by District Inspectors (DIs) / Additional District Inspectors (ADIs), Assistant Inspectors (AIs), Sub-Inspectors (SIs) ranged between five and seven in a month.

Out of the schools visited, academic and administrative inspections by the SIs/ AIs/ ADIs/ DIs of schools were not conducted in 69 schools between January 2009 and December 2011, 125 schools were not inspected between January 2010 and December 2011 and in 205 schools (41 *per cent*), no inspection had been carried out during January-December 2011.

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[60] *Hooghly: 27:1; Jalpaiguri: 31:1; North 24 Parganas: 29:1 and Purulia: 35:1*

[61] *Mitrabagan Pry, Bani GSFP, Hooghly Prachya Bani Mandir GSFP, Gobardang Khantura FP, Nivedita Sishu Niketan, (N) 24 Parganas,*

[62] *Hooghly: 6, Jalpaiguri: 6, North 24 Parganas: 21 and Purulia: 26*

(i) Conclusions

Though most schools were found to be operating in permanent buildings and over all number of classrooms was higher than the normative requirement, school-wise analysis revealed significant inequity in availability of classrooms *vis-à-vis* requirement. Construction of additional class rooms were often not need based. Besides, there was substantial room for improvement as regards availability of basic amenities like drinking water and toilets. Meaningful utilization of toilet grants needs to be ensured through regular monitoring. Children were found to be exposed to health hazards as well as fire accidents, as facilities for cooking of mid day meal were often missing or inadequate. Though overall availability of teachers *vis-à-vis* student strength in the schools covered under field visits was more than normative requirement, school level analysis disclosed acute disparities, which needs rationalization. Monitoring through field inspections needs to be strengthened since 14 *per cent* schools had not been inspected for three years at a stretch, while 41 *per cent* had not been inspected during the previous calendar year. As all these issues adversely impact the quality of education as well as overall objective of universalisation of elementary education, it is imperative that the Department address these deficiencies urgently.

The matter was referred to Government in September 2012; reply had not been received (December 2012).

3.12 Non-adherence to NCTE norms leading to avoidable financial burden

Allowing admission of students in the Primary Teachers Training Institutes not recognised by National Council for Teachers' Education (NCTE) and non-adherence to the requisite qualification fixed under NCTE Regulations resulted in avoidable financial burden of ₹ 1.29 crore.

In pursuance of the National Council for Teachers' Education Act, which came into force in August 1995, the National Council for Teachers' Education (NCTE) was responsible for giving recognition to the Teachers' Training Institutes in the country. According to NCTE regulations, duration of the course of Diploma in Elementary Education was two years, eligibility of trainees being Higher/ Senior Secondary Education with a minimum 50 *per cent* marks. Further, requisite minimum qualification for appointment as primary teachers was also spelt out by NCTE from time to time[63]. In West Bengal, under the West Bengal Primary Education Act 1973, as amended in 2002, the West Bengal Board of Primary Education (WBBPE) was empowered to grant recognition to Primary Teacher Training Institutes (PTTIs). The institutes[64] recognised by WBBPE, however, run

[63] *For appointment between September 2001 and December 2005: Senior Secondary School Certificate or intermediate or equivalent and basic teachers' training of at least two years duration;*
For appointment between December 2005 and December 2007: Senior Secondary Examination with at least 45 per cent marks and basic teachers' training of at least two years duration;
For appointment between December 2007 and August 2010: Senior Secondary Examination with at least 50 per cent marks and basic teachers' training of at least two years duration.

[64] *Government PTTIs: 35; Government-sponsored PTTIs: 16; Government-aided PTTIs: 7; Private: PTTIs: 37 in 2003-04, 76 in 2004-05 and 80 in 2005-06 onwards*

one year's course and did not insist for the minimum cut off marks in keeping with NCTE regulations.

In a relevant public interest litigation, Kolkata High Court held (October 2008) that institutions not recognised by the NCTE could not be given affiliation by WBBPE. As this was detrimental to the interest of the students who had passed out from the non-recognised PTTIs, the issue of recognition was pursued by the State Government with NCTE. The NCTE conveyed (May 2010) its approval for conducting a bridge course of one year duration for the PTTI trainees who have already completed one year Primary Teachers Training (PTT) course and had 50 *per cent* or more marks in Higher Secondary examinations[65].

Further scrutiny of records at the WBBPE and the School Education Department revealed that the Ministry of Human Resource Development, Government of India approved (September 2009) a course for the ex-trainees of PTTI with sub-optimal qualifications (*i.e.* trainees without Class XII qualification or trainees with Class XII qualification, but with less than 50 *per cent* marks) in the National Institute of Open Schooling (NIOS)[66]. The course aimed at helping these ex-trainees of un-recognised PTTIs to attain requisite qualification for admission in the one year bridge course. The State Government was to bear admission fees, examination fees, cost of printing of learning material, expenses on publicity/advertising and distribution of learning material. The Department placed (January 2011) ₹ 4 crore[67] at the disposal of the WBBPE to implement and monitor the programme. The Department admitted 3028 students of PTTIs, of which 2660 appeared at the examination under NIOS (April and May 2012) and spent ₹ 0.46 crore and incurred an outstanding liability of ₹ 0.83 crore towards admission fees, examination fees, printing of study materials etc. till April 2012.

In reply, the Department accepted (July 2012) the fact that the Director of School Education had allowed the State-recognised PTTIs to continue admitting students instead of instructing them to seek recognition from NCTE. It was also admitted that the same was not consistent with the NCTE Act 1993. The Department further stated that the Government had to shoulder the financial burden to rectify the situation and to dissolve the crises as primary education system was on the verge of collapse.

Though the rationale of the Department behind shouldering the financial burden is acknowledged, the fact remained that allowing admission of students in the PTTIs not recognized by NCTE and non-adherence to the qualifications laid down in the NCTE regulations forced the Department to shoulder an avoidable financial burden of ₹ 1.29 crore[68].

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[65] *Records showed (May 2012) that WBBPE conducted two such bridge courses at an expenditure of ₹ 1.64 crore (spent up to March 2012) with 9677 candidates (2010-11 session: 8017 and 2011-12 session: 1660) excluding 1666 students presently pursuing the course.*

[66] *An autonomous body under the Department of Education, Ministry of Human Resources Development, Government of India*

[67] *Admission Fees: ₹ 184 lakh, Examination Fees: ₹ 96 lakh, printing of learning materials: ₹ 85 lakh, publicity and advertising ₹ 20 lakh and distribution of learning material: ₹ 15 lakh*

[68] *Expenditure incurred : ₹ 0.46 crore plus bills remaining unpaid : ₹ 0.83 crore.*

SELF HELP GROUP & SELF EMPLOYMENT DEPARTMENT

3.13 Retention of Government subsidy by banks

Irregular retention of Government subsidy of ₹ 60.08 crore meant for entrepreneurs for years together compromised the basic purpose of generation of employment. The Society did not recover penal interest of ₹ 1.92 crore from bank though stipulated under the project. Quality of evaluation of project at Project Implementation Committee level was not satisfactory as 58 *per cent* of cases were rejected by the bank subsequently.

Bangla Swanirbhar Karmasansthan Prakalpa (BSKP), a scheme launched by Government of West Bengal in 2000-01[69], aims at generating self-employment for unemployed youth. BSKP envisaged promotion of tiny scale units[70] having project cost up to ₹ 25 lakh with funding pattern of Government subsidy/grant of 20 *per cent*, entrepreneur's contribution of 10 *per cent* and term loan or/and working capital loan of 70 *per cent* of the project cost from bank or financial institutions (FIs). The scheme envisaged engagement of motivators[71] and payment of performance related incentive to them at prescribed rates[72]. The Society for Self Employment of Unemployed Youth, West Bengal (Society) implements BSKP through banks/FIs. District Self Help Group & Self Employment Officers (DSHG &SEO) was to function as the nodal officer of the Scheme in the district, while the scheme was to be implemented by Project Implementation Committee (PIC) in blocks and municipalities.

According to the guidelines of BSKP, entrepreneurs are to submit the projects to PIC for bank financing in consultation with the motivator. The PICs, having banks' representatives as a member, would sponsor the proposal for consideration of bank consequent upon assessment of the viability of the projects and eligibility of the applicants. The bank would requisition for Government's grant/subsidy and ask the entrepreneur to deposit his contribution with the bank. On receipt of grant/subsidy and the entrepreneur's contribution, the bank/ financial institution would arrange to disburse the loan to the entrepreneur.

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[69] *Originally targeted towards urban youth: subsequently extended to rural areas in 2006-07.*

[70] *Production, manufacturing, trade, service or any other sector including agro-based industries, floriculture, horticulture, animal husbandry.*

[71] *Person or a group of persons or an organization engaged to motivate and assist the prospective entrepreneurs to avail of the scheme, provide guidance for appropriate implementation of the project and play decisive role in motivating the beneficiaries to repay the loan.*

[72] *Rates of performance related remuneration payable to the Motivators*

Prior to 12-8-2008	***On and after 12.08.2008***
Incentive of 0.1 per cent of the project cost subject to minimum of ₹100 for every case sponsored.	*₹100 on sponsoring each case*
Incentive at the rate of ₹400 for each case of loan disbursed by Bank	*₹200 in case of each loan sanctioned by bank*
1.5 per cent of the total amount recovered plus ₹1000 as bonus for each case on timely and complete recovery of loan.	*0.2 per cent of sanctioned project cost on disbursement.*
	1.5 per cent of the total amount recovered plus ₹1000 as bonus for each case on timely and full recovery of loan.

I Irregular retention of subsidies by banks

Guidelines of Reserve bank of India (RBI) enjoined upon banks/FIs to disburse the project cost to the entrepreneur within 15 working days of receipt of subsidy. Undisbursed subsidy should not be retained by banks/FIs for more than a month, failing which the Society would recover interest from the banks/FIs on the subsidy amount retained at the rate charged by the bank to entrepreneurs for their share of loan from the bank.

Concerns were expressed in Paragraph 3.6 of the Report of the Comptroller and Auditor General of India in Civil Audit Report for the year ended 31 March 2004 regarding accumulation of undisbursed Government subsidy (₹ 15.24 crore retained for six to 42 months as of March 2004). The Department had stated (September 2004) that the matter would be taken up with the State Level Bankers' Committee to minimize such retention.

Subsequent audit (June 2012) of the Society, however, indicated that the issue continues to be a matter of concern. During the period from 2006-07 to 2011-12, matching subsidy of ₹ 60.08 crore[73] (***Appendix 3.9***) relating to 1.05 lakh projects (found viable by banks and sanctioned for loan disbursement) was retained by the banks instead of being disbursed to entrepreneurs. Of this, ₹ 9.14 crore was retained for more than a year. Society did not take any initiative for recovering interest amounting to ₹ 1.23 crore[74] till March 2012 from the defaulting banks.

Further, undisbursed subsidy amounting to ₹ 13.70 crore[75] was refunded by the concerned banks to the Society during 2009-12 after irregular retention for periods ranging from two to 105 months in contravention of guidelines, The Society, however, did not claim interest of ₹ 0.69 crore chargeable from defaulting banks.

The Society stated (June 2012) that the issue of refund of undisbursed subsidy was raised time and again in State Level Bankers' Committee (SLBC) and other appropriate fora; besides, RBI was also requested banks to look into the issue. The Society further stated that in order to ensure recovery of principal amounts without further delay, interest claims were not preferred. The reply was not acceptable since failure of the Society/Department to govern the scheme properly was clear, thereby compromising the objective of employment generation.

II Rejection of cases sponsored by PICs

Mention was made *inter alia* in the above mentioned Report of the C&AG regarding payment of incentive (₹ 39.93 lakh) for projects subsequently rejected by banks. The Department had stated (September 2004) that such payment of incentives to motivators would be minimised in future.

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[73] *₹9.50 lakh since 2006-07, ₹25.76 lakh since 2007-08, ₹65 lakh since 2008-09, ₹211.42 lakh since 2009-10, ₹602.15 lakh since 2010-11, ₹5093.92 lakh since 2011-12.*
[74] *interest at the rate of 9* per cent *per annum*
[75] *2009-10: ₹3.61 crore; 2010-11 : ₹4.79 crore and 2011-12 : ₹5.30 crore*

Scrutiny of records of the Society (June 2012), however, disclosed that out of 2.37 lakh projects sponsored by PICs during 2007-08 to 2011-12, banks/financial institutions concerned had rejected 1.38 lakh (58 *per cent*) projects. Such high percentage of rejected cases involving payment of ₹ 137.73 lakh to motivators as incentive, was surely a matter of concern, raising doubt about the quality of initial evaluation done by PICs.

Test-check of records of Bardhaman I Block and Bardhaman Municipality showed that reasons for rejection of sponsored cases included sponsoring of incomplete/technically defective/non-viable projects, high project cost, incomplete submission of documents, lack of interest among beneficiaries etc. The Society attributed (June 2012) such rejection to failure of the PICs, especially, in rural segments to properly evaluate and/or screen the applications as well as absence of banks representatives in the meetings of the PICs.

Thus, sponsoring of projects by motivators and PICs without proper evaluation of the viability of the projects and failure in systematic identification of bonafide applicants resulted in subsequent rejection of a majority of the sponsored cases.

Irregular retention of Government subsidy of ₹ 60.08 crore meant for entrepreneurs for years together not only compromised the basic purpose of generation of employment, inaction of the Society in recovering the penal interest of ₹ 1.92 crore was tantamount to extension of undue favour to the banks. Government failed to ensure meaningful involvement of banks during assessment of the viability of the projects at the PIC level to minimize subsequent rejection of projects.

The matter was referred to Government in September 2012; reply had not been received (December 2012).

GENERAL

3.14 Cash management in Government Departments

Inadequate cash management by Drawing and Disbursing Officers led to cash amounting to ₹ 2.16 crore not being physically available, though included in the cash balance. Non-adherence to the prescribed provisions is fraught with the risk of misappropriation of public money.

As per West Bengal Treasury Rules (WBTR), money is not to be drawn from the treasury unless it is required for immediate disbursement[76]. All financial transactions are to be recorded in the cash book as soon as they occur, under proper attestation by the Drawing and Disbursing Officer (DDO). The cash book is required to be closed every day, while the head of the office is required to physically verify the cash balance at the end of each month and record a

[76] *Subsidiary Rules 229 under Treasury Rule 16*

certificate to that effect. Bill-wise and date-wise analysis in respect of closing balance is also to be recorded[77].

Scrutiny of the records of 19 DDOs under five Departments in seven[78] districts including Kolkata disclosed financial irregularities due to non-compliance with the above provisions. In the course of physical verification of cash conducted by 19 DDOs at the instance of audit during June 2011 to May 2012, against aggregate closing balance of ₹ 25.41 crore as per cash book, ₹ 23.25 crore was physically found, indicating a shortage of ₹ 2.16 crore[79] (***Appendix3.10)***.

Cases of misappropriation and misutilisation of cash due to non-adherence to the provisions of financial rules by DDOs have been mentioned repeatedly in the reports of the Comptroller and Auditor General of India since 1996-97. Nevertheless, such irregularities continue unabated due to inaction on the part of Departments. While Accounts Officer (Finance) West Bengal Secretariat continued to disburse advances from undisbursed cash indiscriminately, no initiative was noticed on the part of eight[80] DDOs and respective Controlling Officers to adjust/replenish the shortages carried over for years together.

Thus, non-adherence to the provisions of Treasury and Financial Rules and inadequate internal control over drawal and disbursement of cash by DDOs continue to lead to serious financial irregularities and expose the Departments concerned to the risk of misappropriation of public money.

The matter was referred to Government in September 2012; reply had not been received (December 2012).

3.15 Lack of response of Government to audit

Principal Accountant General (Audit) (PAG) arranges to conduct periodical inspection of Government Departments to test-check transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs) issued to the heads of offices inspected with copies to next higher authorities. Important irregularities and other points detected during inspection, which are not settled on the spot, find place in IRs.

Finance Department of Government of West Bengal, issued instructions (June 1982) for prompt response by the executive to IRs to ensure rectificatory

[77] Subsidiary Rules 31 under Treasury Rule 10
[78] Bankura, Birbhum, Kolkata, Murshidabad, Nadia, North 24 Parganas and South 24 Parganas
[79] Unexplained cash shortage/theft constituted ₹0.21 crore, ₹0.57 crore was shown as uauthorised advance from undisbursed cash for various purposes, Unadjusted vouchers accounted for ₹0.56 crore and lapsed cheques aggregated to ₹0.82 crore.
[80] MSVP, Calcutta National Medical College & Hospital, Kolkata; MSVP, N.R.S. Medical College & Hospital, Kolkata; MSVP, R.G. Kar Medical College & Hospital, Kolkata; Principal, R.G. Kar Medical College, Kolkata; MSVP, SSKM Hospital, Kolkata; Superintendent, Alipore Central Correctional Home, South 24 Paraganas; Superintendent, District Hospital, Berhampore, Murshidabad and Superintendent, Lady Dufferin Victoria Hospital, Kolkata

action in compliance with prescribed rules and procedures and ensure accountability for the deficiencies, lapses, etc. noticed during inspection.

The heads of offices and next higher authorities are required to comply with observations contained in IRs and rectify defects and omissions promptly and report compliance to PAG. Serious irregularities are also brought to the notice of the Government by the office of the PAG. A six monthly report showing the pendency of IRs is sent to the Principal Secretary/Secretary of the Department to facilitate monitoring settlement of outstanding audit observations in the pending IRs.

IRs issued up to December 2011 relating to 224 offices in four Departments (Women & Child Development and Social Welfare, Panchayat & Rural Development, Labour and Mass Education Extension Departments) disclosed that 862 paragraphs relating to 253 IRs remained outstanding at the end of June 2012. Of these, 16 IRs containing 16 paragraphs had been lying unsettled for more than 10 years.

Department-wise and year-wise break-up of the outstanding IRs and Paragraphs are detailed in ***Appendix 3.11.***

These unsettled IRs contain 73 paragraphs involving serious irregularities like theft/defalcation/misappropriation of Government money, loss of revenue and shortage/losses not recovered/written off amounting to ₹ 13.35 crore. Department-wise and nature-wise analysis of the outstanding paragraphs of serious nature showed the following position:

Table 3.5: Analysis of outstanding paragraphs

Name of the Department	Cases of theft/defalcation/ misappropriation		Loss of revenue		Shortage losses not recovered/ written off		Total	
	Para	Amount	Para	Amount	Para	Amount	Para	Amount
	(Rupees in lakh)							
Women and Child Development and Social Welfare	04	25.528	02	15.28	01	0.19	07	40.998
Panchayat and Rural Development	14	478.20	04	34.40	33	450.90	51	963.50
Labour	02	1.13	05	49.25	02	0.30	09	50.68
Mass Education Extension	-	-	06	279.53	-	-	06	279.53
Total	20	504.858	17	378.46	36	451.39	73	1334.708

Source: Records relating to issue of Inspection reports and replies received thereagainst

Audit committees, comprising of the Principal Secretary/Secretary of the administrative Department and representatives of the Finance Department and the PAG (Audit), were formed in 27[81] out of 31 Departments under General and

[81] *In absence of any auditable unit, question of formation of Audit Committee in two departments does not arise*

Social Sector for expeditious settlement of the outstanding IRs/paras. Of the 27 Departments where audit committees were formed, meetings were held only by five Departments on nine occasions from July 2011 to June 2012. As a result of these meetings, 185 paragraphs were settled. Meetings were not held by the other 26 Departments under General and Social Sector. None of the four Departments tabulated above held any meeting during this period.

It is recommended that Government ensure a procedure for (i) action against officials failing to send replies to IRs/paras as per the prescribed time schedule, (ii) recovery of loss/outstanding advances/ overpayments in a time-bound manner and (iii) holding at least one meeting of each audit committee every quarter.