Chapter 4

Chief Controlling Officer based Audit of Government Department

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BACKWARD CLASSES WELFARE DEPARTMENT

4 Report on Chief Controlling Officer based Audit of Backward Classes Welfare Department

Executive Summary

Backward Classes Welfare (BCW) Department works for social, economic and cultural development of people belonging to Scheduled Caste (SC), Scheduled Tribe (ST) and Other Backward Classes (OBC) in the State. The Department implements educational, income generation and other schemes for strengthening infrastructure and creation of community assets. During 2007-12, the Department assisted 247682 (SC-177852, ST-49134 and OBC-20696) beneficiaries with ₹ 450.10 crore under income generation schemes while in respect of education schemes, scholarships worth ₹ 861.21 crore were provided to 1.15 crore beneficiaries. During 2007-12, in 14 districts, 2365 community development schemes worth ₹ 142.36 crore were taken up.

The Chief Controlling Officer based audit of the BCW Department was conducted to assess the performance of the Department through test check of 21 offices including two Corporations.

The Department largely failed to achieve the targets barring in a few cases of educational schemes in some years. Socio-economic advancement of backward classes was not achieved to the desired level. Department did not have a reliable database of beneficiaries for planning adequate coverage. Financial controls were compromised by rush of expenditure towards the end of the year.

On the operational front, income generation schemes did not have the desired impact to raise the BPL population above the poverty line. Audit noted instances of assistance to ineligible beneficiaries, misutilisation of scheme funds and lack of co-ordination with participating banks.

Construction works of schools/hostels entrusted to ZPs and other agencies were not taken up or remained incomplete as the Department failed to secure its interest through agreements and strict monitoring of works. Significant numbers of community development schemes are yet to commence or are incomplete. Human resource management was unsatisfactory since manpower requirement was never reviewed and there were noticeable vacancies in key posts. Internal controls were weak.

4.1 Introduction

The Backward Classes Welfare (BCW) Department works for social, economic and cultural development of Scheduled Castes (SC), Scheduled Tribes (ST) and Other Backward Classes (OBC). In the State, as per Census 2001, out of total population of 801.76 lakh, 23.02 *per cent* (184.53 lakh) belong to SC and 5.50 *per cent* (44.07 lakh) belong to ST. Though there was no census on OBC population, the Department estimated that about 39 *per cent* of the total population belonged to OBC. The main objectives of the Department are:

- Promotion and implementation of educational schemes including training, capacity building and skill upgradation of SC, ST and OBCs;
- Issue of caste certificates and enforcement of reservation policy and related rules in educational institutions and Government services;
- Implementation of income generation schemes for economic upliftment of SC, ST and OBCs;
- Strengthening of the infrastructure and creation of community assets for integrated development of backward classes;
- Social and cultural research for development of the backward classes and promotion and preservation of the culture of SC and ST

4.2 Organisational set up

At the State level, the Secretary of the BCW Department, being the Chief Controlling Officer of the Department, is responsible for ensuring financial discipline in departmental operations as well as for co-ordination and implementation of schemes. He is assisted by a secretariat set-up and a Joint Commissioner for Reservation. The Directorate is headed by the Commissioner, BCW and functions through 24 Project Officer-cum-District Welfare Officers (PODWO)/ District Welfare Officers (DWO). Assistant Engineers and Sub-Assistant Engineers posted under PODWO/DWO, look after execution of community development schemes. In addition, there is one Cultural Research Institute (CRI), headed by Director assisted by Deputy Directors, Cultural Research Officers and Research Investigators. The organisational structure of the Department is shown in ***Appendix 4.1***.

There are 27 Drawing and Disbursing Officers (DDO) under the Principal Secretary, the Chief Controlling Officer (CCO) of the Department, which are audited by the office of the Principal Accountant General (General and Social Sector Audit), West Bengal. The Department has two[1] corporations under its administrative control *viz*. West Bengal SC and ST Development and Finance Corporation (WBSCSTDFC) and West Bengal Backward Classes Development and Finance Corporation (WBBCDFC). These Corporations execute various income generation programmes / schemes of the Department especially through extension of financial support through banks and other financial institutions[2]. WBSCSTDFC has offices in each district headed by District Managers, while WBBCDFC does not have separate district set-up.

4.3. Audit Objectives

Audit objectives were to ascertain whether:

- Planning of activities to cover the entire targeted population was effective;

[1] *Apart from this, there is one apex body of the Large Sised Multipurpose Co-operative Societies (LAMPS) viz. The West Bengal Tribal Development and Co-operative Corporation Ltd. registered under the West Bengal Co-operative Societies Act, 1973.*

[2] *National Scheduled Caste Finance and Development Corporation (NSCFDC), National Schedule Tribes Finance and Development Corporation (NSTFDC, National Safai Karmachari Finance and Development Corporation (NSKFDC) and National Backward Classes Finance and Development Corporation (NBCFDC)*

- Financial management under the Department was effective and prudent;
- Execution of schemes was efficient and in consonance with guidelines issued by Government of India / State Government;
- Utilisation of manpower was effective and efficient;
- Monitoring and steering the upliftment process of beneficiaries, periodically reviewing the impact of its activities for remedial measures was done;
- A robust system of internal control was in place.

4.4 Audit criteria

Audit criteria used for framing audit comments were taken from

- Guidelines of various schemes;
- Government orders;
- West Bengal Financial Rules (WBFR).

4.5 Audit Coverage and methodology

Performance of the Department covering the period from 2007-08 to 2011-12 was assessed through scrutiny of records in 21 units which included the Commissionerate and 16 PO-cum-DWOs / DWOs. Besides, information was collected from five other PO-cum-DWOs /DWO/ADWO[3] (***Appendix 4.2)***.

Among various schemes implemented in the State for development of backward classes, the following were covered in audit:

- Six income generating schemes[4] (out of nine) for SC/ST implemented by the WBSCSTDFC and five schemes[5] for OBCs implemented by WBBCDFC;
- Thirteen educational schemes (out of 18 schemes implemented) involving payment of grants/scholarships and four schemes[6] on educational infrastructure development;
- Four major schemes[7] implemented for Lodhas in Paschim Medinipur, out of schemes targeted for particularly vulnerable tribal groups[8].

Besides, construction of hostels for OBC girls, community development works under SCP/TSP/grants under Article 275(1) and disbursement of old age

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[3] *POs-cum-DWOs of Bardhaman, South 24 Parganas & Uttar Dinajpur; DWO, Darjeeling, and ADWO, Kalimpong*

[4] *Two schemes each for SC (Mid Term Loan under SCP and Mahila Samridhi Yojana) and ST (Assistance under TSP and Adibasi Mahila Swashaktikaran Yojana) and one scheme each for Double the Below poverty line SC (Term Loan under NSCFDC) and Double the Below poverty line ST (Term Loan under NSTFDC)*

[5] *General Loan Scheme (Term Loan), New Swarnima, Education loan, Micro Finance Scheme (General) and Mahila Samridhi scheme.*

[6] *Babu Jagjiban Ram Chhatrawas Yojana and Eklavya Model Residential schools, Pundit Raghunath Murmu Abasik Schools and setting up of feeder schools*

[7] *Housing, establishment of crèches, creation of orchards and drinking water sources*

[8] *Three tribes viz. Lodhas in Paschim Medinipur and Sagar Block of South 24 Parganas, Totos in Jalpaiguri and Birhors in Purulia have been declared as particularly vulnerable tribal groups (PTGs) in West Bengal.*

pensions to BPL ST beneficiaries, working of Training cum Production Centres were also test-checked in audit.

Records of two corporations *viz.* WBSCSTDFC and WBBCDFC and 55 participating bank branches were checked to assess the performance of income generation schemes implemented by them. Further, interviews of SC, ST and OBC[9] beneficiaries assisted for income generation were undertaken to analyse the impact of these schemes.

An Entry Conference was held (April 2012) with the Principal Secretary of the Department to appreciate the functioning of the Department as well as to apprise the Department of the audit objectives, coverage and methodology. Exit Conference was held in January 2013 with a departmental team led by the Secretary of the Department. The Managing Directors of the Corporations were also *inter alia* part of the team. The views expressed by the Department on audit observations have been considered carefully and incorporated suitably in the report.

Audit Findings

4.6 Deficiencies in planning

Department did not have a long term plan. Surveys were not conducted to identify the beneficiaries.

Survey and database: Identification of beneficiaries was crucial given that the schemes for development of backward classes were targeted to the downtrodden part of the society having a greater risk of exclusion owing to their lack of awareness. This calls for maintenance of reliable data base of SC/ST/OBC populations through suitable survey, which would provide a base for planning and extending financial assistance and to cover the entire targeted population in a phased manner.

- The Department had not conducted survey of beneficiaries;

  Accepting that a database would minimise extension of benefits to ineligible persons, Secretary stated during Exit Conference (January 2013) that though survey is the ideal methodology, undertaking survey was not feasible, given the financial and human resources constraints. He added that though preparation of a comprehensive database was difficult, efforts would be taken to prepare database from the information available while issuing caste certificates and other available data on beneficiaries of various schemes.

Perspective Plan: A long-range perspective plan provides an organisation with a framework within which shorter time frame goals can be set. Accordingly, strategies and work plans for implementation of programmes and deployment of resources can be developed and performance indicators set for quality assurance and measurement of the department's achievements.

- The Department did not prepare long term perspective plan outlining periodical targets to be achieved by implementing agencies and resource

[9] *These were conducted in 14 districts (Bankura, Birbhum Coochbehar,Howrah, Hoogly, Jalpaiguri, Maldah, Paschim Midnapur, Purba Midnapur, Murshidabad, North 24 Parganas, Purulia, Siliguri and South Dinajpur) in case of SC and STs and five (North 24 Paraganas, Howrah, Hooghly, Bankura and Purulia) in case of OBCs*

allocation there against. Targets were prepared yearly for each scheme district-wise, indicating the fund requirements.

It was stated in the Exit Conference as well as in the reply that perspective plan was prepared by the State Planning Board under the Planning Department in consultation with other departments. However, to a specific query in this regard Planning Department stated (January 2013) that perspective plan would be prepared by Backward Classes Department and not by the Planning Department.

Planning under the Corporations: The planning process for the schemes implemented by the Corporations (WBSCSTDFC and WBBCDFC), entrusted with the implementation of income generation schemes for SC/STs and OBCs respectively, was deficient, as

- The Corporations did not have long-term planning though they prepared Annual Action Plans;
- These plans were, however, not prepared the "bottom-up" way with inputs from the lower level and consolidated at Corporation level;
- Timeliness of preparation of Annual plan was also compromised as against the requirement of completion of the planning process before the third quarter of the previous financial year, the plans were prepared at the Corporation's level belatedly in the month of May/ June which reached the GP level between July and October resulting in delayed sponsoring of cases by GPs in the last quarter of the year. Resultantly, scheme implementation spilled over to the following year and funds remained unutilised even after expiry of the extended period for utilisation and funds had to be refunded to the financial institutions. There were cases where sanctioned funds were not drawn due to delayed implementation. Further, selection of beneficiaries was not done with utmost care due to shortage of time available for meeting targets, diluting the scheme viability.

During the Exit Conference (January 2013), the Department accepted that annual plans had been drawn up without inputs from lower level as mandated. In reply (January 2013), Department stated that in spite of persuasion by the Corporation, there was general trend of sponsoring large number of cases in the last quarter of the financial year and the Corporation would address this issue pro-actively.

4.7 Financial management

4.7.1 Financial outlay and expenditure

West Bengal Financial Rule (WBFR) envisaged that each budgeting authority will prepare budget estimate (BE) on the basis of actuals of the previous year and revised estimates of the current year and submit to the Finance Department (FD) before 15 October each year. It was however noticed that except during the financial year 2011-12, submission of REs and BEs were delayed by the BCW Department for periods ranging from 57 to 137 days. Belated submission of BEs resulted in mismatch between estimates and allotments, and consequent saving/ surrender of funds.

The budget provision *vis-à-vis* expenditure incurred by the Department during 2007-08 to 2011-12 was as under:

Table 4.1: Expenditure against budget provisions *(Rupees in crore)*

Year	Budget provision		Expenditure		Savings (-)/Excess (+)		Percentage of savings (-) / excess(+)	
	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan
2007-08	155.20	307.38	146.68	222.58	(-)8.52	(-) 84.80	5	28
2008-09	175.10	404.64	161.24	374.28	(-)13.86	(-) 30.36	8	8
2009-10	177.06	410.12	162.45	380.90	(-)14.61	(-) 29.22	8	7
2010-11	188.04	491.27	161.52	420.41	(-)26.52	(-) 70.86	14	14
2011-12	209.11	762.50	190.02	608.84	(-)19.09	(-) 153.66	9	20
Total	**904.51**	**2375.91**	**821.91**	**2007.01**	**(-)82.6**	**(-) 368.9**		

(Source: Appropriation Accounts prepared by the office of the AG (A&E)

There were persistent savings under BCW Department during 2007-11. Savings exceeding 10 *per cent* of the budget provision occurred under Plan head during 2007-08, 2010-11 and 2011-12 and under Non Plan head during 2010-11.

The savings may be viewed with significant shortfall in physical achievement under 12 educational schemes (as discussed in para 4.8.2.1 read with ***Appendix 4.6***) in spite of availability of funds.

4.7.2 Rush of expenditure

Expenditure in March ranged between 34 and 48 *per cent* of total expenditure during the year

Rule 389A of WBFR provides that rush of expenditure particularly in the closing month of the financial year will be regarded as a breach of financial regularity. A review of VLC data for 2007-12 revealed that 52 to 68 *per cent* of expenditure was incurred by the Department in the last quarter of the respective financial years, while expenditure in March during this period ranged from 34 to 48 *per cent* of the year's expenditure, indicating rush of expenditure at the end of the financial year.

Table 4.2: Expenditure in the last quarter and March of each financial year

(Rupees in crore)

Year	Total expenditure	Expenditure during last quarter		Expenditure in March	
		Amount	Percentage	Amount	Percentage
2007-08	369.26	251.05	68	177.82	48
2008-09	535.52	330.03	62	223.36	42
2009-10	543.35	280.43	52	202.56	37
2010-11	581.93	321.21	55	196.53	34
2011-12	798.86	493.38	62	316.62	40

(Source: VLC Data of respective years)

As rush of expenditure at the close of the financial year is fraught with the risk of dilution of financial discipline, the Department needs to take steps to ensure that administrative procedures are streamlined to avoid heavy year end drawal of funds.

4.7.3 Parking of scheme funds

Scheme funds amounting to ₹ 555.22 crore were parked in various bank accounts.

The Department released scheme funds to the WBSCSTDFC for further release to various executing agencies. Accordingly, the Corporation received ₹ 605.65 crore from BCW Department (including opening balance of ₹ 59.20 crore) during 2007-12, out of which ₹ 362.26 crore was released to executing agencies leaving a balance of ₹ 243.39 crore (40 *per cent*) as on March 2012. These funds were parked initially in deposit account and subsequently transferred to Corporation's savings account after delays up to 121 days in some cases.

Similarly, in respect of income generation schemes, out of the total funds of ₹ 647.52[10] crore available during 2007-12 (including opening balance of ₹ 137.47 crore), ₹ 335.69 crore was utilised leaving ₹ 311.83 crore (48 *per cent*) parked as of March 2012.

Thus, ₹ 555.22 crore (44 *per cent*) remained parked with the corporation as of March 2012.

Since the Corporation did not maintain age-wise analysis, the years to which these funds pertained, were not ascertainable. The Department attributed (January 2013) parking of funds to receipt of GoI funds in the month of February/March. The reply was, however, not acceptable as late receipt of funds cannot be a reason for parking as the spilled-over cases should have been covered during subsequent years. Moreover, in case of Community Development schemes implemented through other agencies, only 60 *per cent* of available funds were actually utilised during 2007-12, while in respect of income generation schemes expenditure stood at only 52 *per cent*.

Test-check also revealed parking of undisbursed educational scheme funds of ₹ 1.65 crore[11] at district level.

Thus, Government accounts did not capture the actual progress of expenditure since significant funds remained parked in bank accounts. Such parking of scheme funds adversely affected the timely completion of schemes.

Parking of funds by WBSCSTDFC was significant considering that while reporting achievement to the Government, the Corporation indicated figures for sanctioned cases as disbursement. In the case of Special Component Plan (SCP) Mid-term loan scheme, against actual disbursement of ₹ 205.02 crore to 1.01 lakh projects during 2007-12, the Corporation reported its achievement as ₹ 296.19 crore while it had been progressively retaining ₹ 311.83 crore in its bank accounts depriving prospective beneficiaries.

4.7.4 Progress in utilisation of NSCFDC and NSTFDC funds

Owing to non-utilisation of funds, WBSCSTDFC refunded unspent scheme funds of ₹ 34.05 crore

WBSCSTDFC (Corporation) implements income generation schemes utilising finances from National Scheduled Castes Finance and Development Corporation (NSCFDC) and National Scheduled Tribes Finance and Development Corporation (NSTFDC) under minor irrigation, transport and industries, service and business sector. The Corporation was required to identify viable schemes and eligible beneficiaries through Gram Panchayats and provide them with loans. Scrutiny revealed that out of ₹ 181.29 crore[12] available with the Corporation, unspent funds of ₹ 34.05 crore[13] was refunded during 2007-12. This was indicative of deficient preparedness for efficient utilisation of central funds.

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[10] *includes funds of financial institutions*

[11] *SC post-matric scholarship funds in North 24 Parganas-- ₹ 57.52 lakh, Paschim Medinipur- ₹ 18220, Purba Medinipur-₹ 1.58 lakh; Book grants of ₹ 1.15 crore with DWO, Darjeeling and ₹ 17.33 lakh with Additional DWO, Kalimpong*

[12] *Including ₹ 12.43 crore recovered and opening balance of ₹ 37.42 crore*

[13] *₹ 2.67 crore in 2007-08, ₹ 7.89 crore in 2008-09, ₹ 12.87 crore in 2009-10 and ₹ 10.62 crore in 2010-11*

Department stated (January 2013) that unutilised funds had been refunded to NSFDC to raise the UC level and to get rid of the interest burden. The reply was, however, silent about reasons for deficient preparedness of the Corporation and consequent under-utilisation of funds.

4.7.5 Deduction of administrative charges.

Audit noted instances where PO-cum-DWOs short released funds or deducted contingency charges while releasing funds to agencies for execution of community developmental (CD) schemes financed by SCP, TSP and article 275(1) grants. Test check indicated that during 2007-12, from ₹ 36.34 crore to be released for execution of 1084 schemes, ₹ 1.04 crore was retained in nine[14] districts. These funds remained in the bank account of WBSCSTDFC. Part of these funds were stated to be utilised for administrative as well as supervision and monitoring cost like hire charges of vehicle, fuel charges, cost of paper for computer, toner, etc. The expenditure on this count could not be ascertained in audit. Thus, part of the funds meant for CD schemes remained parked in bank account and diverted for other purposes.

This deduction was made despite the fact that administrative charges were deducted from SCP funds and grants under article 275 (1) at the State level as permitted by the guidelines.

Department stated (January 2013) that PO cum DWOs were being advised suitably regarding further deduction of administrative charges at their end.

4.8 Implementation of schemes

The Department operates schemes for income generation, education, community development and social security for the welfare of SC, ST and OBCs. These are sponsored by the GoI or funded by the State Government. Audit observations on implementation of schemes are discussed below.

4.8.1 Income generation schemes

Income generation schemes are intended to provide sustained income to SC/ST/OBCs below poverty line (BPL) to improve their economic condition. Schemes are executed by the WBSCSTDFC for SC/STs and WBBCDFC for OBCs. Schemes for SC/STs are financed by subsidy from State Government under Special Component Plan (SCP) and Tribal Sub-Plan (TSP) which are supplemented by Special Central Assistance (SCA), margin money loan from the Corporation with credit linkage from banks and financial institutions[15] for SCs and STs while those for OBCs are financed by National Backward Classes Finance and Development Corporation (NBCFDC).The beneficiaries are identified and project proposals are forwarded by the Gram Panchayats (GP).

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[14] *Bankura, Birbhum, Cooch Behar, Dakshin Dinajpur, Hooghly, Malda, Paschim Medinipur, Purulia and South 24 Parganas*

[15] *National Scheduled Caste Finance and Development Corporation (NSCFDC), National Scheduled Tribes Finance and Development Corporation (NSTFDC) and National Safai Karmachari Finance and Development Corporation (NSKFDC).*

4.8.1.1 Income generation schemes for SC/STs

WBSCSTDFC implemented nine[16] income generating schemes during 2007-12 out of which six were studied in audit. Of these, two each were for SC[17] and ST[18] BPL families and one each for SC[19] and ST[20] below Double the Below Poverty Line (BDPL)[21] families. During 2007-12, Corporation assisted 226986 beneficiaries (SC: 177852 and ST: 49134) providing financial assistance of ₹ 422.07 crore (SC: ₹ 363.32 crore, ST: ₹ 58.74 crore) in six schemes selected for audit. Of this, ₹ 408.33 crore was sanctioned to 225927 BPL families and ₹ 13.74 crore to 1059 BDPL families.

(a) Sub- optimal achievements vis-à-vis physical and financial targets

During 2007-2012, against targeted assistance of ₹ 713.72 crore to 3.15 lakh projects, the Corporation extended assistance of ₹ 422.07 crore to 2.27 lakh projects. This amounted to achievement of 59 *per cent* of financial target and 72 *per cent* of physical target. Similarly in respect of 14 test checked districts, achievements stood at 58 *per cent* (₹ 275.04 crore against ₹477.06 crore) and 70 *per cent* (1.51 lakh against 2.15 lakh projects) respectively. Scheme wise physical and financial targets *vis-à-vis* achievement during 2007-2012 is given in ***Appendix 4.3.***

Analysis of reasons behind shortfall in achievement disclosed the following

- ❖ The Department did not ensure that the Annual Actions Plans were prepared in time by the Corporations. This coupled with delay in preparation of action plans, late selection and sponsoring of cases in the last quarter of the year led to shortfall in coverage.
- ❖ Further, as per prescribed monitoring mechanism, Verification Officers (district level officers) assigned to blocks were to conduct spot inspections of beneficiary oriented schemes and submit monthly reports to the district and quarterly reports to the department. It was, however, observed that this mechanism was not working effectively. Resultantly, tardy and partial implementation by banks could not be addressed by the Department effectively.
- ❖ Other factors responsible for short achievement included lack of awareness creation among the targeted population, non-holding of open Gram Sabha meetings, shortage of manpower etc.

This indicated failure of the Corporations and the Department to ensure smooth implementation of schemes through efficient completion of preparatory works.

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[16] *Mid Term Loan under SCP, Term Loan under NSFDC, Mahila Samridhi Yojana, Laghu Vyabsaee Yojana, Shilpi Samriddhi Yojana, Assistance under TSP, Term Loan under NSTFDC, Adibasi Mahila Swashaktikaran Yojana and Term Loan under NSKFDC*

[17] *Mid Term Loan under SCP, Mahila Samridhi Yojana*

[18] *Assistance under TSP, Adibasi Mahila Swashaktikaran Yojana*

[19] *Term Loan under NSCFDC*

[20] *Term Loan under NSTFDC*

[21] *Families whose income level was double the level of Below Poverty Line. Families with income below ₹40000 per annum in rural areas and below ₹55000 in urban areas are referred as Below Double Poverty Line.*

In reply, Department stated (January 2013) that the Corporation did not have machinery for selection and sponsoring of cases and played the role of a facilitator. However, the reply is indicative of gap in monitoring mechanism in identifying and addressing the bottlenecks in efficient implementation of the schemes.

(b) Flaws in selection of beneficiaries

Test check revealed 70 *per cent* of beneficiaries were ineligible.

As per guidelines, beneficiaries were to be selected in open Gram Sabha meetings with nominations coming from locals present. GPs were to sponsor list of eligible beneficiaries to the banks. The concerned bank branches were required to arrange for pre-sanction inspections and necessary interviews jointly with representatives of Gram Sabha and Corporations for verifying the eligibility criteria such as caste, age, economic status (APL/BPL/BDPL), etc. Test check showed that open Gram Sabha meetings were not held by the GPs; instead, GPs sponsored beneficiaries arbitrarily. This not only led to compromising the transparency in selection process but also resulted in lack of awareness among the villagers. Joint inspections were not conducted to ensure adherence to the eligibility criteria for selection. Based on the list of beneficiaries sponsored by the GPs, the banks sanctioned the cases, which got approval from the Corporation. This led to provision of benefits to ineligible persons. Audit analysed 1530 cases through interviews of beneficiaries (991), scrutiny of applications (523) and bank records (16).

- Interviews of beneficiaries revealed that 86 *per cent* (857) had incomes above the stipulated level while four *per cent* (37) were over-aged. Ten cases of assistance to non-SC/ST people came to notice.
- Out of 523 applications scrutinised, in 159 (30 *per cent*) cases sanctions were accorded by reducing the income to BPL level by overwriting the income declared by applicants and getting it certified by the Panchayat Pradhan, while there were 29 cases with income above BPL level and four cases without declaration of income. There were 34 cases where subsidy was given more than once to a beneficiary breaching stipulations.

This pointed to flouting of rules prescribed vitiating the selection process. Resultantly, 1071[22] projects (70 *per cent)* valuing ₹ 2.43 crore, which involved Government assistance of ₹ 1.72 crore (subsidy ₹ 1.02 crore *plus* margin money and corporation loan ₹ 0.70 crore), were sanctioned to ineligible applicants. Evidently, weaknesses in the monitoring system were exploited leading to deprivation of the genuinely needy target group.

The Department stated (January 2013) that beneficiaries were selected by the GPs and the Corporation depended on the authentication by the GP regarding income and caste status.

While appreciating the Department's constraints in this regard, the fact remained that the present system was vulnerable to leakage of assistance to ineligible persons.

[22] *All ineligible cases add to 1130, but 59 were found to be ineligible on multiple criteria.*

(c) Lapses of participating banks

Out of the six test-checked schemes, one *viz*. Mid-Term Loans under SCP scheme, was partially financed[23] by banks and the corporation. The banks were to play a vital role by effective participation and monitoring at all levels for successful implementation of schemes. As per the mechanism in place, the Corporation has an SB account with the lead[24] bank, in which sufficient balance is kept for meeting expenditure relating to Margin Money (MM) loan and subsidy. The concerned bank branch (link bank[25]) forwards the list of sanctioned beneficiaries to the Corporation, who accords approval for release of MM and subsidy. On receipt of approval from the Corporation, the link bank branches are supposed to release the full project cost to the beneficiaries. The lead bank is to release the amounts of MM and Subsidy to the concerned link bank branch after ensuring that the whole project cost including subsidy is actually released by the bank to the beneficiaries.

Test-check of records of 55 participating bank branches in 14 selected districts revealed the following deficiencies:

Banks delayed sanction of loans and were reluctant to release the full sanctioned project cost.

- Scrutiny of 250 cases, records of which could be produced by banks, indicated that the average time gap between sanction and disbursement of loan by banks was 166 days against the prescribed limit of 90 days.
- In seven bank branches, 106 beneficiaries refunded bank loan component of ₹ 0.10 crore in lump either on the same day or within twenty months from the date of disbursement of project costs against repayment schedule of 48 to 60 monthly instalments from the date of disbursement. In eight bank branches, recovery of loans was started without disbursing full project cost (against project cost of ₹ 9.64 lakh, ₹ 4.82 lakh *i.e.* 50 *per cent* was disbursed). In these cases, repayment was recorded to have commenced/been completed before investing the funds in the intended projects and generating revenue there from, which is unrealistic and indicates that that scheme assistances did not meaningfully percolate to the beneficiaries. 148 beneficiaries (15 *per cent* of those interviewed) stated that banks released fifty *per cent* of project cost with the advice that the balance amount would be adjusted against their loan accounts. This amounted to irregular practice by banks keen to secure their own interests at the cost of clear deprivation of beneficiaries.
- In nine bank branches, ₹ 0.14 crore being part of cost of 58 projects were kept in term deposit accounts. In three bank branches, accounts of fifteen beneficiaries with a total balance of ₹ 1.35 lakh (out of total deposit of ₹ 3 lakh inclusive of MM of ₹ 0.09 lakh and subsidy of ₹ 1.50 lakh, ₹ 1.35 lakh had been withdrawn by the beneficiaries) were frozen by bank authorities thereby making sanctioned funds unavailable for the intended projects.

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[23] *Twenty per cent of the project cost (reduced by the Corporation to five per cent of project cost subject to maximum of ₹1000) as margin money and 50 per cent of the project cost or ₹10000, whichever is lower, as subsidy*
[24] *Bank branch at the District level used by the Corporation as the nodal bank, in which the Corporation maintains an account for releasing MM loans and subsidies*
[25] *Branches actually involved in disbursing loans and subsidies to beneficiaries*

- Banks are to claim subsidy component from the Corporation after they disburse the whole project cost including subsidy to beneficiaries. However, in 123 cases, State Bank of India, Kharibarihat branch, Coochbehar drew subsidy of ₹ 11.97 lakh from the Corporation without disbursing its share of loan of ₹ 26.65 lakh to beneficiaries. Similarly, UCO Bank, Panchla Branch, Howrah drew subsidy of ₹ 1.80 lakh against project cost ₹ 3.60 lakh in 18 projects without disbursing the amount. On this being pointed out by audit, the bank refunded the subsidy to the Corporation.

Thus, full benefit of the scheme did not reach the intended beneficiaries due to apathetic attitude of the banks as would be evident from instances like inordinate delay in sanction of loans, reluctance to release the entire sanctioned loan amount, recovery of loans pending release of Government assistance in full etc. This had left the beneficiaries with inadequate funds to start projects and consequently, Government subsidy failed to result in generation of desired level of income of the targeted beneficiaries.

This was further compounded by the non-functioning of the prescribed monitoring mechanism as mentioned in para 4.8.1.1 (a).

Appreciating the audit observations the Department stated (January 2013) that the matter had already been raised in the State Level Bankers' Committee meetings several times.

(d) Short-release of Margin Money by the Corporation

Corporation restricted MM loan to five *per cent* of project cost in lieu of 20 *per cent* leading to additional interest burden of ₹ 2.55 crore per annum on beneficiaries

Scrutiny of records relating to mid-term loans under SCP indicated that Corporation restricted the requisite MM loan of 20 *per cent* of the project cost to five *per cent* or ₹ 1000 whichever was less. Consequently, shortfall of MM loan of ₹ 39.22 crore in 19 districts were met through bank loans for which beneficiaries had to bear extra interest burden of ₹ 2.55 crore per annum[26].

Department stated (January 2013) that share capital received from the State Government was not sufficient to provide margin money at the rate of 20 *per cent* of the project cost and the corporation was compelled to reduce the margin money loan.

Notwithstanding Department's constraints, the fact remains that this led to extra interest burden on the beneficiaries owing to reduction in margin money loan

(e) Mis-utilisation of disbursed funds

Out of 991 beneficiaries, interview of 547 beneficiaries covered under SCP revealed that they received 65 *per cent* (₹ 0.69 crore) of the sanctioned project cost (₹ 1.06 crore) of which 59 *per cent* (₹ 0.40 crore) was utilised on sanctioned projects and balance 41 *per cent* (₹ 0.29 crore) was diverted by beneficiaries for other purposes like construction/ repair of house, medical expenses, repayment of old debts, social ceremonies, etc. Effectively only 38 *per cent* (₹ 0.40 crore out of project cost of ₹ 1.06 crore) of the project cost was invested in the intended project activity. Further, out of 547 beneficiaries interviewed, 332

[26] *Minimum Bank interest was 10.5 per cent compared to four per cent on MM loan.*

Sixty two *per cent* of Government assistance did not contribute to generation of income.

(61 *per cent*) were continuing their project activities, while 140 (25 *per cent*) discontinued and 75 beneficiaries (14 *per cent*) did not take up the project.

Resultantly, 62 *per cent* of the project cost did not contribute to generation of income due to apathy of banks and lapse of monitoring by the department.

The Department replied (January 2013) that it was very difficult to put in place an effective monitoring mechanism in view of the depleted manpower. It was also stated that the matter would be discussed with GPs to sensitise the issue.

(f) Selection of unviable projects

As per GOI instructions (October 2000) SCA subsidy along with institutional finance (bank loan) should be provided for income generating viable projects. Considering cost escalation of inputs for projects *vis-à-vis* their income generating potential, the Corporation/ Government raised (May/ November 1990) unit project cost upto ₹ 35000 from ₹ 12000. However, subsequently unit project cost was not revised in spite of increase in price index of industrial inputs by 103 *per cent* between 1990 and 2007. The project cost was thus outdated and may not be sustainable in the present day scenario.

The Department replied (January 2013) that the matter would be taken up with the appropriate authority

4.8.1.2 Income generation schemes for OBCs

WBBCDFC renders financial assistance under five[27] loan schemes to persons belonging to BPL and BDPL OBCs[28]. During 2007-12, the Corporation extended financial assistance aggregating ₹ 28.03 crore to 20696 beneficiaries under these loan schemes and imparted project linked training to 1138 OBCs.

(a) Significant mismatches between achievement of physical and financial targets

During 2007-2012, against targeted assistance of ₹ 46.67 crore for 21171 projects, the Corporation extended assistance of ₹ 28.03 crore for 20696 projects. This entailed achievement of 60 *per cent* of financial target and 98 *per cent* of physical target. The scheme wise physical and financial targets vis-à-vis achievements during 2007-2012 is given in ***Appendix 4.4***. Overall physical achievement appeared satisfactory owing to over-achievement (144 *per cent)* in case of Micro Finance General scheme while targets remained unachieved in all other schemes-35 *per cent* in New Swarnima,43 *per cent* in General Term Loan, 51 *per cent* in Education loan and 69 *per cent* in Mahila Samridhi Yojana.

WBBCDFC had to refund ₹ 4.48 crore to NBCFDC during 2007-10 as it could not utilise funds within stipulated period of 3 months of drawal from NBCFDC

Higher physical achievement (98 *per cent) vis-à-vis* lower financial achievement (60 *per cent*) indicated that the Corporation disbursed less amount of loans to beneficiaries than targeted. Owing to non-achievement of financial targets the Corporation failed to draw ₹ 16.75 crore out of sanctioned amount of ₹ 43.52 crore from NBCFDC. Audit noted that ₹ 4.48 crore was refunded to NBCFDC during 2007-10 as it could not utilise funds within stipulated period of three

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[27] *General Loan Scheme (Term Loan), New Swarnima, Education loan, Micro Finance Scheme (General) and Mahila Samridhi Yojana.*

[28] *Family income being below ₹ 20000 per annum in rural areas and ₹ 27500 per annum in urban areas is considered as Below Poverty line.*

months from drawal from NBCFDC. Test check of 154 loan applications in six[29] districts revealed that the Corporation delayed sanction of loan to beneficiaries by one to 46 months[30] in 142 cases. Delay in sanctioning of loan contributed to non-utilisation of funds within the stipulated time.

Department, in its reply, stated (January 2013) that achievement depended on the availability of funds received from NBCFDC as well as recovery of loans from beneficiaries.

(b) Deficiencies noticed in implementation

Audit noticed the following deficiencies in implementation of schemes.

(i) Analysis of 426 cases through interviews of beneficiaries (231) and test check of applications (195) revealed that 61 (14 *per cent*) who had availed loans amounting to ₹ 17.36 lakh did not fulfil the income criteria. Further, 207[31] out of 231 (90 *per cent*) did not possess OBC certificate indicating provision of benefits to ineligible persons.

(ii) Out of 231 beneficiaries interviewed, 78 (34 *per cent*) who had availed loan of ₹ 16.41 lakh did not create any assets indicating misutilisation of funds.

Micro Finance scheme guidelines suggested that the Corporation may identify accredited NGOs of repute, whose services could be utilised to facilitate disbursement of loans. Accordingly, Corporation selected seven NGOs[32] for implementation of the scheme and sanctioned ₹ 2.11 crore to those seven NGOs during 2007-12. Test check showed:

- Three NGOs[33] did not furnish UCs and beneficiaries list till July 2012 for ₹ 44 lakh. The Corporation, however, furnished UCs against the entire amount of ₹ 2.11 crore to NBCFDC.
- As of July 2012, ₹ 41.47 lakh stood overdue from five[34] NGOs including interest.
- Audit noted that Corporation's monitoring over the NGOs implementation of the scheme was grossly inadequate as evident from the following case study.
    - Chandanpiri Sri Ramakrishna Ashram, Namkhana, one of the NGOs engaged, was provided ₹ 1.33 crore during 2007-12 for implementation of Micro finance scheme. While analysing the list of beneficiaries submitted by this NGO to the Corporation, audit noted several cases where beneficiaries were provided loan amount

[29] *North 24 Paraganas, Uttar Dinajpur, Bankura, Birbhum, Hooghly, and Malda*
[30] *from the date of receipt of application to the date of provisional sanction, leaving three months period required for sanction*
[31] *loan involvement: ₹ 33. 73 lakh*
[32] *Dustha Manab Kalyan Samity, Khanpur Azad Gram Unnayan Samity, Haripur Amra Sabai Unnayan Samity, Annyatha ,Chandanpiri Sri Ramakrishna Ashram, Devnagar Gram Vikas Kendra and Chapra Swanirvar Samiti*
[33] *Dustha Manab Kalyan Samity, Khanpur Azad Gram Unnayan Samity, Haripur Amra Sabai Unnayan Samity*
[34] *Dustha Manab Kalyan Samity, Khanpur Azad Gram Unnayan Samity, Haripur Amra Sabai Unnayan Samity, Devnagar Gram Vikas Kendra and Annyatha*

in excess of the maximum loan limit of ₹ 30000. Further, the NGO was charging interest at the rate of 10 to12 *per cent* per annum from beneficiaries against interest of five *per cent* payable to the Corporation. On verification at the NGO's office at Namkhana, we noted that this NGO had a micro financing scheme financed from its own sources other than the Corporation's funds and the list of beneficiaries sent to the Corporation included those beneficiaries also. Interestingly, the Corporation was unaware that the list it was having was incorrect and it had no mechanism to verify its veracity.

- Although loans extended by the NGO from the Corporation's funds was found to be within the limit, audit noted that the application forms used by NGO for extending benefits to individual beneficiaries did not include provision for any certification to the effect that he/she belonged to OBC. According to the NGO, out of 240 individual beneficiaries, 98 (41 *per cent*) had caste certificates. Possibility of benefits accruing to ineligible persons could, therefore, not be ruled out.
- Audit analysed three[35] agreements of the Corporation and noted that the rate of interest to be charged from the beneficiaries was indicated as 12 *per cent* in one, five in the other while it was left blank in the third. By charging higher interest (10 to12 *per cent* vis-à-vis five) from the beneficiaries, the NGO a made a profit of ₹ 2.69 lakh at the cost of beneficiaries.

The above indicated that the Corporation did not monitor the process after disbursal of funds to the NGO. The Corporation's indifference was also clear from its statement (July 2012) that extension of micro-credit to the beneficiaries was the responsibility of the NGOs.

In departmental reply (January 2013) as well as in the Exit Conference (January 2013) it was stated that steps including legal measures were taken to recover loan from NGOs. As regards lending by NGOs at higher rates to the beneficiaries, it was stated that lending rate of five *per cent* was applicable only for the Corporation for direct lending and there was no guidelines as to the rate of interest to be charged by NGOs from the beneficiaries.

Thus, benefit of soft rate of interest did not percolate to the beneficiaries who were the downtrodden section of the society; rather, the same was used by the NGOs to their own benefit. This calls for a review on the interest chargeable by the NGO from the beneficiaries.

(iii) In order to upgrade technical and entrepreneurial skill of the beneficiaries, NBCFDC provides grant-in-aid to the Corporation to conduct project linked training. During 2007-12, the Corporation organised 13 courses and trained 46 *per cent* (1138) of the targeted number (2465) of students as it did not identify eligible trainees.

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[35] *signed on 14.07.2010,15.02.2011 and 15.09.2011 by which a total of ₹ 38.37 lakh was lent to the NGO.*

(c) Recovery performance not up to the mark

Recovery was very poor as 84 *per cent* of the funds due for recovery was outstanding as of March 2012

The success of any financial institution depends on the promptitude and efficiency with which dues are recovered to ensure timely repayment of dues to the principal funding agency (NBCFDC) as well as to recycle funds for extension of further financial assistance. Recovery of loans was poor as 84 *per cent* of the funds (₹ 25.06 crore) due for recovery (₹ 29.67 crore) was overdue as of March 2012. Analysis indicated that ₹ 18.13 crore (72 *per cent* of the overdue amount) have been lying overdue for more than five years. The Corporation repaid ₹ 24.51 crore to NBCFDC against recovery of ₹ 17.71 crore from beneficiaries during 2007-12 .The Corporation had to utilize part of the share capital from state government and fund received from NBCFDC towards repayment of loan to NBCFDC. Corporation failed to set up a recovery cell and to appoint recovery agents as required.

The Department in its reply (January 2013) as well as in the Exit Conference (January 2013) took note of the poor recovery and intimated that process of engagement of recovery agents had started and the situation had improved marginally.

4.8.1.3 Impact of income generation schemes

Apart from an evaluation study on micro finance scheme having been undertaken in Namkhana block, South 24 Parganas by WBBCDFC, neither the Department nor the Corporations had under taken any impact analysis to assess the effectiveness of income generation schemes. To evaluate the impact, audit undertook interviews of 991 SC/ST beneficiaries in 14 districts and 231 OBC beneficiaries in five districts.

Interviews conducted by audit showed that six *per cent* of SCs/STs could cross the poverty line while it was 13 *per cent* in case of OBCs.

In case of 991 beneficiaries, net average annual incremental income[36] ranged from ₹ 600 to ₹ 8479 (SCP –₹ 1158, TSP – ₹ 600, AMSY- ₹ 1093, MSY- ₹ 1140, NSFDC – ₹ 8479, NSTFDC – ₹ 7123). However, given the fact that 86 *per cent* of the beneficiaries interviewed were found to have been already above poverty line (as discussed in ***para 4.8.1.1 (b)*** *supra*), only six *per cent* of the beneficiaries interviewed represented targeted BPL beneficiaries having been economically uplifted above the poverty line as envisaged in the scheme. Thus, impact of the scheme on genuinely deserving population was restricted by faulty selection of beneficiaries. In case of OBC beneficiaries 29 (13 *per cent*) out of 231 interviewed could cross the Double below poverty line. Thus the scheme did not result in noticeable impact.

4.8.2 Educational schemes

As per Census 2001, 43.40 *per cent* of STs and 59.04 *per cent* of SCs are literate as against 68.64 *per cent* of the general category population. Hence one of the thrust areas is development of educational facilities to improve educational standards of SCs, STs and OBCs through provision of grants/scholarships and construction of schools and hostels.

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[36] *Difference between the incomes before and after assistance*

4.8.2.1 Implementation of schemes for scholarships/grants

Audit test checked 13 schemes out of 18 involving grants/scholarships which are paid to the beneficiary through schools or individual bank accounts. Targets were available for 2009-12 only. The target, achievement, budget provision and expenditure related to these schemes are indicated in ***Appendix 4.5***. During 2009-12, against the target of covering 1.22 crore beneficiaries, 1.15 crore (94 *per cent*) were provided benefits expending ₹ 861.21 crore. The department's performance in this regard improved noticeably as there was 57 *per cent* increase in the number of beneficiaries in 2011-12 *vis-à-vis* 2007-08. Achievement exceeded targets in case of four schemes[37] by one to 46 *per cent* for one to two years out of the three years (2009-12) analysed. However, in case of 12 schemes (except Ashram Hostels), achievements fell short of targets and shortages were significant ranging from 11 to 49 *per cent vis-à-vis* targets for one to two years out of three years analysed. As a result, ₹ 19.41 crore of scheme funds were surrendered. This was attributable to non-distribution of scholarships owing to non-receipt of applications from beneficiaries, discrepancies in beneficiary lists sent to banks, etc. Analysis disclosed that in 13 test checked schemes, eight *per cent* (₹ 71.92 crore) of funds released (₹ 933.12 crore) was surrendered.

Department in the Exit Conference stated (January 2013) that target based on previous years' achievement were fixed only for planning and all the eligible beneficiaries were given the benefit subject to availability of funds. In the departmental reply it was stated (January 2013) that funds had to be surrendered due to shortfall in eligible beneficiaries. It was also stated that to avoid non-disbursement of scholarship due to errors, online submission of applications by students was being contemplated.

Specific deficiencies noticed in the implementation of these schemes are indicated below.

Benefits of the scheme was not extended to the beneficiaries of rural areas

- Scheme for Post matric scholarship to OBC was not implemented in 2011-12 anywhere in the State.
- Centrally Sponsored Pre-Matric Scholarship to children of those engaged in unclean occupations[38] was not implemented in Purba Medinipur and in rural areas of other test checked districts except in 18 blocks[39].Department replied (January 2013) that no claim was received from Purba Medinipur.
- The Department released ₹ 1.12 crore towards ST maintenance grant for the year 2011-12 to the DWO, BCW, DGHC, Darjeeling in May 2012, after close of the concerned financial year. The amount remained undisbursed as of June 2012 depriving beneficiaries. Department replied (January 2013) that funds received from the state Government was delayed due to administrative reasons and accordingly fund was placed late to the DWO, BCW, Darjeeling where normal office work was affected due to political disturbances.

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[37] *Post Matric Scholarship to SC: 2009-10, 2011-12; Post Matric Scholarship to ST: 2011-12, Book Grant to SC: 2009-10, Ashram Hostel: 2009-10, 2011-12*

[38] *scavengers, sweepers having traditional links with scavenging, tanners, and flayers*

[39] *Chandrakona-II, Medinipur ,Chandrakona-I, Ghatal and Jhargram Blocks in Paschim Medinipur, Bagnan-I block in Howrah and 12 blocks of Cooch Behar*

- In Ashram hostels, inmates are entitled to monthly meal charges of ₹ 750 as (₹ 600 up to January 2010) apart from other charges of ₹ 104 per month. As per guidelines, meal charges should be released to the inmates for their actual period of stay in the hostels. Audit, however, noticed that during 2007-12, in 154 out of 203 Ashram hostels in 11 out of 15 test checked districts having these hostels, the school headmaster claimed the funds on the basis of sanctioned strength of the hostel without considering the actual attendance while significant number of students remained absent. On this count, during 2007-2012, excess expenditure of ₹ 1.63 crore was incurred in these hostels as shown in the table in ***Appendix 4.6***. Contrary to this, PO-cum-DWOs/DWOs, Jalpaiguri, Birbhum and Siliguri, Darjeeling raised claims based on actual attendance of ashramites.

Department replied (January 2013) that regular inspection of hostels by the officials of the Department was being conducted and the Department is now more vigilant while releasing funds to the hostels.

4.8.2.2 Infrastructural inadequacies related to schools and hostels

Two schemes viz. Babu Jagjiban Ram Chhatrawas Yojana and Eklavya Model Residential schools were test checked .Audit findings are discussed below.

(a) Babu Jagjiban Ram Chhatrawas Yojana – Delay in construction of hostels due to lack of proper planning

Due to deficient planning of the Department and lackadaisical attitude of executing agency, the construction of five hostels could not be started in Bankura

The scheme, formerly known as the Centrally Sponsored Scheme of Hostels for SC Girls and Boys envisages construction of hostels, especially for SC girls in order to contain and reduce their drop-out rate. During 2007-12, GoI released ₹ 20.12 crore for construction of 24 hostels in 10 districts, of which ₹ 15.69 crore (GoI share: ₹ 14.46 crore, State share: ₹ 1.23 crore) was sub-allotted for construction of 17[40] hostels which were to be completed within two years from the respective dates of sanction by GoI. Test check of records showed that none of the 10[41] hostels, construction of which had been targeted for completion (between January 2009 and December 2010) were completed as of June 2012. The other seven were slated to be completed beyond the audit period. Audit observations on test check of nine (five in Bankura, one in Cooch Behar and three in Jalpaiguri) hostels out of these 10 are indicated below:

After approval (December 2008) of proposals by GoI, Department accorded (June 2009) administrative approval for construction of five[42] girls' hostels in Bankura at an estimated cost of ₹ 3.73 crore[43] which was allotted to PO-cum-DWO in February 2009. These were to be completed within December 2010.

- In two out of these, Natundihi Chhoto Moukura N.S. High School, Sarenga and Sabrakone Junior High School, Taldangra, PO-cum-DWO revised

[40] *Bankura-6, Jalpaiguri-3 and one each in Coochbehar, Kolkata,Paschim Medinipur, Purba Medinipur, Bardhaman, Purulia, Malda and Nadia*
[41] *Bankura-5, Jalpaiguri-3, Coochbehar-1 and Kolkata-1*
[42] *(i) Bibarda Girls' High School, Taldangra Block, (ii) Sabarkone Junior High School, Taldangra Block, (iii) Ranibandh Girls' High School, Ranibandh Block, (iv) Kusumtikri High School, Sarenga, Bankura and (v) Natundihi Chhoto Moukura N.S. High School, Sarenga Bankura.*
[43] *₹ 3.60 crore for construction (5 hostels @ ₹ 72 lakh) and ₹ 12.50 lakh for purchase of Cots, Chairs & Tables*

(August 2009) the proposals with change of sites citing inadequate student strength in the former and boys' school status to the latter. These proposals sent (October 2009) to GoI were awaiting approval and construction was not started as of March 2012.

- Construction of the remaining three[44] was entrusted to Bankura Zilla Parishad (ZP) and ₹ 2.16 crore was sub-allotted in September 2009. Nothing was on record to show any action on the part of the ZP till October 2010, when ZP intimated its inability to undertake works of two schools[45] due to enhancement (August 2010) of Schedule of PWD rates and one school due to non-availability of suitable land.

Thus, lack of planning and preparedness of the Department was apparent from instances of changes in work proposals at later stages after sanction of the projects and lackadaisical attitude of executing agency. The Department did not monitor progress of work regularly. Resultantly, construction of five hostels could not be started blocking funds and depriving the beneficiaries.

Department in reply stated (January 2013) that approval as per revised norms of Government of India was received (October 2012) in respect of all the hostels except one[46] and tenders were invited. Construction of three[47] hostels in Jalpaiguri and one (Mathabhanga block) in Cooch Behar sanctioned in June 2009 (total estimated cost: ₹ 2.98 crore) was entrusted to M/s Mackintosh Burn Limited and all the four hostels were completed between December 2012 and January 2013. However, status of these hostels could not be ascertained in audit as records such as work orders, progress reports of the work, measurement books, bills paid to the agency in this respect were not produced.

(b) Eklavya Model Residential Schools – Inadequate teaching staff and provision of prescribed facilities, inordinate delays in construction of schools

Non-availability of teachers and lack of other facilities in EMRS, Jalpaiguri and Purulia.

Eklavya Model Residential Schools (EMRS) aim to provide quality education in English medium to ST boys and girls from Classes VI to XII with funds from Government of India and the State Government. Five EMRSs are functioning in the State in Bankura, Purulia, Bardhaman, Paschim Medinipur and Jalpaiguri out of which records of four (except Bardhaman) were test-checked. Audit also had interactions with the inmates of two hostels at Nagrakata, Jalpaiguri and Manbazar- II, Purulia in the presence of hostel superintendent and teacher-in-charge and observed the following:

- In Jalpaiguri, teachers were not available in Classes VI to X for four subjects *viz*. Mathematics, Physical Science, Life Science and History for periods varying from two to six years. Likewise, there were no teachers for two

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[44] (i) *Bibarda Girls' High School, Taldangra Block, (ii) Ranibandh Girls' High School, Ranibandh Block and (iii) Kusumtikri High School, Sarenga, Bankura.*

[45] *Ranibandh Girls High School and Kusumtikri High School*

[46] Approval recveived: *(i) Bibarda Girls' High School, Taldangra Block, (ii) Sabarkone Girls' High School (in place of Sabarkone Junior High School), Taldangra Block, (iii) Kusumtikri High School, Sarenga, Bankura and (iv) Krishnapur Gohaldanga S.S High School (in place of Natundihi Chhoto Moukura N.S. High School, Sarenga Bankura.)*
Approval awaited: Ranibandh Girls' High School, Ranibandh Block,

[47] *Falakata Girls' School, Khagenhat N.S. High School, Falakata and Bhutanirhat Girls' High School, Falakata, in Jalpaiguri*

subjects (Political Science and Economics) in classes XI and XII for the last two years. In Purulia, Physics, Geography and *"Olchiki"* (Santali language) were being taught by engaging teachers on temporary basis.

- Though uniforms were to be provided free of cost to all students every year, these were not provided during 2007-12 in Jalpaiguri and during three years (except in 2008 and 2010) in Purulia.
- Similarly, inmates were not given bed sheets from 2008-09 in Jalpaiguri. While mosquito nets were provided in Purulia, these were not provided in Jalpaiguri leaving hostellers vulnerable to mosquito and insect bites.
- Toilets and bathrooms were filthy in both the EMRSs with bathrooms of EMRS Jalpaiguri having no doors inconveniencing girl students specifically. There was no round the clock water facility in EMRS Purulia and students had to store water in buckets.
- Students of EMRS, Purulia complained about the quality and quantity of vegetables given in meals. No such complaints were made by students of EMRS, Jalpaiguri.
- Insufficient lighting arrangement was noticed in the rooms of both EMRSs drawing complaints in this regard from inmates.
- In EMRS Purulia, kitchens and dining rooms constructed in 2004 were not being used on the plea of shortage of staff to clean these rooms. The kitchen shed which was being used to prepare food, was unhygienic and was 70 to 80 meters away from the boys' hostel from where students had to collect food causing inconvenience.

Unhygienic kitchen shed in EMRS, Purulia

Unused kitchen in Boys' hostel

Thus, it is evident from the above that due to non-availability of proper infrastructure and other facilities, the objective of providing quality education to ST students was compromised.

Department stated (January 2013) that some of the above issues had been taken care of while instructions had been given to maintain hygienic conditions in kitchens and toilets.

Irregularities in construction of EMRSs

For construction of two EMRSs at Mehidipur, Birbhum and Buniadpur, Dakshin Dinajpur, GoI sanctioned (January 2006) ₹ 5 crore (estimated cost being ₹ 2.50 crore each) in favour of State BCW Department. The department, without entering into formal agreement, awarded the construction work in Birbhum to M/s Mackintosh Burn Ltd. (MBL) in September 2007 and that in Dakshin Dinajpur to West Bengal Industrial Infrastructure Development Corporation (WBIIDC) in December 2008 after negotiations. Against the initial estimated cost of ₹ 2.5 crore, works were awarded at ₹ 6.29 crore for EMRS, Birbhum and ₹ 7.17 crore for EMRS, Dakshin Dinajpur with stipulated dates of completion of May 2009 and December 2010 respectively. Thus, works were awarded after delays of one year seven months and three years from the date of GoI sanction. GoI, however, did not agree to this upward revision in estimated cost and State Government incurred excess expenditure of ₹ 5.79 crore and shouldered committed liability of ₹ 9.81 crore.

In December 2008, on the ground of price hike, MBL revised the estimated cost to ₹ 7.48 crore and further to ₹ 9.94 crore in November 2011 citing revision of PWD rates. Similarly, WBIIDC revised (November 2011) its estimate to ₹ 10.65 crore. As of June 2012, the works remained incomplete though the target dates had been exceeded by three years and one and a half years respectively.

Department intimated (January 2013) that the construction of these hostels had been completed (Birbhum: in December 2012, Dakshin Dinajpur: in January 2013). However, the fact remains that delay by the Department and the executing agencies resulted in excess expenditure.

(c) Feeder schools

With a view to feed EMRSs, the State Government introduced a scheme of 'Feeder Schools' from classes I to V in Government/Non-Government English Medium schools in eight districts[48]. After completion of class V, 300 students yearly will be admitted to class VI in five EMRSs on merit basis. Under the scheme, residential students were paid stipend of ₹ 15600 to ₹ 16800 per year and non-residential students ₹ 3600 to ₹ 4800 per year.

Out of 1320 students who passed out from eight districts during 2007-12, 462 (35 *per cent*) students were admitted in five EMRSs.

Department stated (January 2013) that guidelines had been issued to penalise feeder schools if they failed to send students to EMRSs as per their quota.

(d) Pundit Raghunath Murmu Abasik Schools

Owing to not taking up work of hostels, kitchen, etc, school was not started though school building was complete.

Pundit Raghunath Murmu Abasik Schools aim to provide Bengali medium residential schools for SC/ST students in six[49] districts. BCW Department sanctioned (September 2008) ₹ 30.75 crore for construction five such schools (₹ 6.15 crore each) in three districts, *viz*. Bardhaman and Bankura (two schools each) and Purulia (one school). Audit test checked three schools in Bankura and Purulia and found that while schools in Bankura had been completed and had started functioning, the construction at Purulia was inordinately delayed as discussed below.

In December 2008, the Chief Engineer, PW Construction Board (CE) issued technical sanction for construction of school building at Baghmundi, Purulia for

[48] *Bankura, Bardhaman, Birbhum, Jalpaiguri, Malda, Paschim Medinipur, Purulia and Siliguri.*

[49] *Bankura, Purulia, Bardhaman, Paschim Medinipur, Purba Medinipur and Jalpaiguri*

₹ 4.07 crore inclusive of four components - school building (₹ 1.48 crore), girls' hostel (₹ 1.15 crore), boys' hostel (₹ 1.16 crore) and dining and kitchen facilities (₹ 0.28 crore). Out of these four components, Public Works Department took up construction of the school building which was completed in June 2011. However, as of June 2012, action was not taken to commence work on the remaining components leading to the school building lying unused.

Department attributed (January 2013) the delay to non-demarcation of land and intimated that the same had been resolved with the intervention of DM and construction was expected to commence shortly.

(e) Delays in construction of OBC Girls' Hostels in Purulia

In June 2006, BCW Department released ₹ 1.72 crore to District Magistrate, Purulia for construction of three 80 bedded central hostels each at Dubra High School campus, Kotshila Girls High School and Aharrah, Arsha for OBC girl students in Purulia. The DM entrusted (June 2006) the work to Zilla Parishad, Purulia (ZP). Available records indicated that ZP awarded (October 2007) the entire works to M/s Mackintosh Burn Ltd. (MBL). Work order and agreement with MBL, if any, were not produced to audit though called for. As such the regularity of the selection process, progress of work with respect to target date of completion, adequacy of agreement etc could not be scrutinised. The progress of work, however, was tardy as by December 2009, MBL completed the ground floor (planned buildings were two-storeyed) of the two hostel buildings (Aharrah and Kotshila) while work of hostel at Dubrah was not taken up. In May 2010, ZP terminated the contract of MBL for reasons not available on record and MBL was paid ₹ 70.52 lakh for the works so far completed. In September 2011, after observing tender formalities, the remaining works were awarded to three parties and the works were underway as of June 2012. During joint physical inspection (June 2012) of the hostel building at Kotshila, seepages and several cracks on the walls and ceiling in the ground floor rooms were noticed. Thus, the hostel buildings remained incomplete even after six years from release of funds by the Department and after almost five years since issue of work order.

Seepage (left) and crack (right) on the ceiling and walls of hostel at Kotshila

4.8.3 Delays in completion of sanctioned Community Development works

The funds for these infrastructure development schemes are sourced from Special Central Assistance (SCA) to Special Component Plan to SCs (SCP), SCA to Tribal Sub Plan (TSP) and grants under Article 275 (1). During 2007-12, in 14 districts, out of 2678 sanctioned works worth ₹ 159.50 crore, 1329 (49 *per* *cent*) were completed at a cost of ₹ 66.90 crore, while 1036 (39 *per cent*) were underway and 313 (12 *per cent*) were yet to be taken up (***Appendix 4.7***)**.** Test-check further disclosed that 116 works valuing ₹ 3.09 crore pertaining to 2004-07 remained incomplete in Paschim Medinipur after a lapse of five to eight years as of March 2012.

Secretary stated during Exit Conference (January 2013) that there was improvement in the situation.

4.8.3.1 Incorrect reporting regarding incomplete Works

Two works shown as complete were found to be incomplete/non-functional during field visits.

(i) As per records, although construction of Shyam Sukhi Balika Siksha Niketan at Gazole, Malda was completed in March 2011 at a cost of₹ 21.31 lakh, the school had not started functioning as of June, 2012 Physical verification (June 2012) of the building along with the Sub Assistant Engineer of the office PO-cum-DWO, Malda, however, revealed that the work on entire ground floor of the building earmarked as bathroom and toilet was incomplete as doors and other bathroom fittings were not fixed. Flooring work remained unfinished and stairs were without handrails.

Ground floor where bathrooms and toilets were not fitted wih doors and other bathroom fittings. Floors were also not complete.

Incomplete flooring and stairs without handrail.

(ii) Out of three river lift irrigation (RLI) schemes completed (February 2012) in Malda,one at Asrafpur- III was visited by the audit team (June 2012) along with the SAE of the office of the PO-cum-DWO, Malda.

The RLI was not functional as one out of two diesel generator pump sets was not installed and was lying on the road side 200 meters away from the RLI site. Several cracks in the water pathway causing water leakage were also noticed. Discussions with a few beneficiaries revealed that the installation had been functional on the day of inauguration (February 2012) and thereafter water could not be lifted.

Diesel Generator set to be installed in RLI lying uninstalled on the road side in Asrafpur-III, Malda.

4.8.4 BPL STs living in rural areas deprived of old age pension

This social security scheme provides pension (at the rate of ₹ 500 upto 2008-09, ₹ 750 upto 2010-11 and ₹ 1000 from 2011-12) to BPL tribals beyond the age of 60 years in rural areas. The funds were placed with the PO-cum-DWOs, who in turn sub-allotted it to the Block Development Officers. Till 2009-10, pension was distributed through Money Orders and thereafter, through Saving Bank (SB) accounts of pensioners. Disbursement of pension thorough temporary camps in villages was permissible in extreme cases where Bank/Post Office SB accounts could not be opened despite best efforts. Audit noted the following lapses.

- Test check of 24[50] BDOs out of 40 in three districts (Malda, Dakshin Dinajpur and Purulia) revealed that ₹ 11.19 crore was not distributed in 23[51] blocks during 2007-2012 resulting in 11844 beneficiaries being deprived. Deprival of beneficiaries was significant in Gazole (1201), Habibpur (965), Bamangola (392) and Harishchandrapur-I (283) blocks of Malda. On the positive side, in Ratua- I block in Malda, distribution of pension was 100 *per cent.*
- Old age pension of ₹ 5.27 lakh meant for 190 beneficiaries lapsed as BDO, Englishbazar (₹ 2.25 lakh for 75 beneficiaries in 2011-12) and BDO, Harishchandrapur-II (₹ 3.02 lakh for 115 beneficiaries in 2008-09) did not draw the amounts.

Department stated (January 2013) that surrender of funds of ₹ 11.18 crore was made at the end of the financial year when no beneficiary was left out to pay their individual amount of old age pension. The reply, was however, not acceptable as PO-cum-DWOs sub-allotted the funds on the basis of number of eligible beneficiaries and audit observed that BDOs had drawn the fund from the treasuries and the amount was lying with them.

4.8.5 Schemes for development of particularly vulnerable tribal groups

In West Bengal, three tribes viz. Lodhas in Paschim Medinipur and Sagar Block of South 24 Parganas, Totos in Jalpaiguri and Birhors in Purulia have been declared as particularly vulnerable tribal groups (PTGs). Various schemes for development of PTGs are in operation. Audit test-checked four major schemes *viz* housing, establishment of crèches, creation of orchards and drinking water sources, implemented for Lodhas in Paschim Medinipur. Following deficiencies in implementation were noticed.

Sixty *per cent* of sanctioned number of houses for Lodhas was complete; ZP did not take up construction of 270 out of 650 houses

- There are 15342 Lodha families spread over 20 blocks in Paschim Medinipur. Of them, 2799 families were houseless as of March 2007. Out of this, Eleventh Five Year Plan (2007-12) targeted construction of 1250 houses (45 *per cent*). During 2007-12, however, construction of 1077 houses (38 *per cent*) was sanctioned (₹ 9.65 crore) by the Department. Out of this, 647 were completed (60 *per cent*) as of March 2012. Out of 650 houses,

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[50] *Dakshin Dinajpur-2, Malda-11 and Purulia-11*

[51] ***Dakshin Dinajpur:*** *Hili and Balurghat sadar* ***Malda****: Gazole, Bamangola, Habibpur, Old Malda, English Bazar, Ratua-II, Chanchal-I, Chanchal-II, Harishchandrapur-I and Harishchandrapur-II,* ***Purulia:*** *Joypur, Arsha, Balarampur, Barabazar, Hura, Kashipur, Raghunathpur- I, Raghunathpur- II, Para, Santuri and Neturia*

construction of which had been entrusted (December 2008) to ZP, Paschim Medinipur, construction of 270 houses was not taken up and ZP refunded ₹ 2.70 crore (March 2012). Construction of 326 houses was complete and that of 54 houses was underway.

- Seventy eight crèches sanctioned in January and May 2008, were completed as of August 2012. None was, however, handed over to beneficiaries. PO-cum-DWO, Paschim Medinipur stated that handing over of the crèches was pending due to non-availability of maintenance charges from the department.
- Out of 197 drinking water sources sanctioned (July 2010) for 34475 beneficiaries, 58 (29 *per cent*) were completed as of June 2012 depriving 24325 (71 *per cent*) Lodha beneficiaries.
- Five orchards sanctioned at a cost of ₹ 50 lakh (July 2010) could not be created as of June 2012.

4.8.6 Issue of Caste Certificates

There are 60 Scheduled Castes, 40 Scheduled Tribes and 108 OB Classes in the State. Caste certificates for the Scheduled Castes and Scheduled Tribes are issued in terms of provisions of the Scheduled Castes and Scheduled Tribes (Identification) Act, 1994 by Sub-divisional Officers (SDOs) for respective Sub-divisions and by the Additional District Magistrate, South 24 Parganas for Kolkata. Applications for caste certificates are to be disposed of by the authority within a period of four weeks (eight weeks upto June 2011). Reasons for delay beyond the said period should be recorded in each individual case. In 11 test checked districts[52], 644511, 205998, and 491246 applications were received (including opening balance of 2007-08) from SCs, STs and OBCs respectively during 2007-11 out of which, certificates in respect of 531346 SCs, 174776 STs and 436102 OBCs could be issued and 11094 SC, 5467 ST and 7445 OBC cases were rejected by the authority leaving 102071 SC, 25755 ST and 47699 OBC cases pending. Reports submitted by SDOs to the BCW Department did not indicate reasons for delay in issue of certificates.

Department stated (January 2013) that situation had been improved substantially through camp approach and introducing system of online applications. This may be accepted as a positive development as status of applications can be viewed online.

4.8.7 Training-cum-Production Centres not optimally effective

Training-cum-Production centre (TCPC) under the administrative setup of Special Officer for Industries, BCW Department was initiated in the year 1963 with a view to provide the most under-privileged among SC and ST youth with opportunities for skill development in certain trades to make them self reliant. Each TCPC imparts one year training course usually from January to December and a stipend of ₹ 250 was given to each student per month. Out of total 58 TCPCs in the State, 38 (66 *per cent*) were functional as of March 2012. Details

[52] *Malda, North 24-Parganas, Bankura, Birbhum, Jalpaiguri, Purulia, Uttar Dinajpur, Darjeeling, Paschim Midnapur, Murshidabad and Dakshin Dinajpur*

of trainings organised in respect of 25 TCPCs as made available to audit are shown in ***Appendix 4.8***. As per approved capacity, 25 centres could accommodate 2500 trainees (at the rate of 20 trainees per year for five years), against which 2073 students were admitted. Of 2073 trainees admitted, 1383 (67 *per cent*) students completed the training course during 2007-12. Although this represented significant achievement, various functional deficiencies were noticed in terms of manpower and infrastructure as discussed under:

- Out of 193 posts sanctioned for 38 functional TCPCs, 85 were in position representing a vacancy of 56 *per cent*.
- TCPC Kamakhyaguri (Alipurduar, Jalpaiguri) provides training in two trades namely, ericulture rearing & spinning and ericulture weaving. The training was not held during the last five years except in 2008-09. All the machinery except one handloom were non-functional as of May 2012. The trainees were, however, shown to have been paid stipend of ₹ 2.64 lakh during this period on account of training in these two trades. As such, genuineness of this payment appeared doubtful.

  In reply (January 2013), Department stated that physical enquiry as to the genuineness of payment would be done.
- Test check of seven other functional TCPCs in four Districts showed that out of 59 machines[53], only 26 (44 *per cent*) were functioning indicating deficient training infrastructure.
- In the absence of post-training follow up, the success level of the trainees to earn a viable livelihood by following the trades in which they received training was not ascertainable by the department.

Department stated during the Exit Conference (January 2013) that modernisation of TCPCs would be taken up and obsolete trades would be replaced with computer hardware/software courses.

4.9 Human resource management

The performance of an organisation depends on optimal utilisation of its man power resources. This requires the organisation to undertake a periodical review of available man power and deployment. The Department did not undertake any such review during 2007-12. There were vacancies in various posts ranging from 31 to 100 *per cent* (**Table 4.4**) as of March 2012 which affected performance, service delivery and monitoring.

Table 4.3: Position of manpower as of March 2012.

Name of post	Sanctioned strength	Men-in-position	Vacancy (*Per cent*)
Project Officer- Cum-DWO	13	9	4(31)
BCWO	4	1	3(75)
A.D.W.O	6	1	5(83)
Assistant Engineer	4	0	4 (100)
Sub-Assistant Engineer	21	13	8 (38)
Inspector	294	184	110(37)
UDC	82	39	43(52)

(Source: Data provided by Department of Backward Classes Welfare)

[53] *Leather sewing machine, sewing machine, loom etc.*

During Exit Conference (January 2013) Department agreed that there was acute manpower shortage in the Department which also affected quality of monitoring.

4.10 Evaluation and Monitoring

4.10.1 Evaluation

The Department did not undertake evaluation of schemes operated by it during 2007-12, except one conducted on impact of income generation scheme by WBBCDFC on micro finance in Namkhana block, South 24 Parganas. Thus, value addition through the schemes being operated was not ascertainable, nor were short comings assessable to plan for course corrections.

4.10.2 Monitoring

Monitoring of activities of any organisation is undertaken through review meetings at the appropriate level, field inspections, etc. Available records did not indicate that the Department had prescribed a monitoring mechanism stipulating review meetings and field inspections. Although State Level review meetings were stated to be held by the Secretary of the department, the dates of these meetings (except one held in May 2012) and the minutes thereof were not produced to audit. As such adequacy of monitoring through these meetings was not ascertainable.

Further, Scheduled Caste Sub-Plan and Tribal Sub-Plan guidelines mandate constitution of State and District/Block level Monitoring Committees to monitor implementation of various schemes under SCP/TSP of various development departments. The District/Block level Committees may review the progress of implementation of schemes and utilisation of funds on monthly basis and the State level Committee may review the progress on quarterly basis. Moreover, field level inspections are prescribed. The nodal Department was to ensure the follow up of the schemes implemented and maintenance of records of assets created under SCP in District/Block etc.

Available records did not indicate that the prescribed monitoring mechanism was followed. It was stated that the schemes were monitored by the District Welfare Committee. However, details of the functioning of this committee were not produced to audit.

Monitoring over works entrusted to other agencies was deficient as evidenced by 11[54] cases (PWD: one, ZPs: five and other agencies[55]: five) where works were either delayed or not taken up. Noticeable numbers of community schemes were yet to be completed or taken up. On pointing out the lack of monitoring, PO-cum-DWO, Jalpaiguri stated that works executed by other agencies except school/colleges were not supervised, while PO-cum-DWO, South 24 Parganas attributed lack of monitoring to shortage of engineering staff.

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[54] *PWD- one Pundit Raghunath Murmu Abasik School, Purulia; ZPs- -three Babu Jagjiban Ram hostels in Bankura, one OBC Girls hostel in Purulia and construction of 270 houses for Lodhas in Paschim Medinipur; Mackintosh Burn - one EMRS in Birbhum and three Babu Jagjiban Ram hostels in Jalpaiguri, and WBIIDC-one EMRS in Dakshin Dinajpur.*

[55] *M/s Mackintosh Burn Ltd.-four, WBIIDC-one)*

As is evident from the above, the Department's monitoring mechanism was tenuous.

In the Exit Conference (January 2013), Department accepted that the monitoring mechanism needed to be strengthened.

4.10.3 Non-submission of utilisation certificates

As an assurance regarding utilisation of funds, PO-cum-DWOs/ DWOs/ ADWOs were to submit utilisation certificates (UC) to the directorate after incurring expenditure on various schemes. During 2007-12, out of ₹ 1368.44 crore sub-allotted to PO-cum-DWOs in 16 districts on 12 schemes, UCs for ₹ 1065.66 crore (78 *per cent*) were outstanding ***(Appendix 4.9)***. Out of this, 12 *per cent* (₹ 131.42 crore) pertained to 2007-08, 16 *per cent* (₹ 170.06 crore) to 2008-09, 21 *per cent* (₹ 221.76 crore) to 2009-10 and 19 *per cent* (₹ 202.01 crore) to the year 2010-11.This indicated laxity in monitoring over progress of expenditure under various schemes. Substantial amounts of funds pending receipts of UCs were noticed under Post-matric scholarship to SC/ST/OBC students, Maintenance Grant to SC/ST students, Old Age Pension to BPL STs etc.

Department intimated (January 2013) that the position of utilisation certificates had improved considerably.

4.11 Internal Control

4.11.1 Absence of Departmental Manual

Every organisation should have a comprehensive manual prescribing procedure of work, responsibility structures and control mechanisms. However as of June 2012 the Department did not prepare any such manual.

4.11.2 Inadequate Maintenance of registers

Maintenance of registers for various activities is a control mechanism to check leakage and misutilisation of resources.

In two EMRSs at Jalpaiguri and Purulia, stock registers of consumable and non consumable items were not properly maintained during the entire period covered by audit as entries for all the items purchased were not found in the registers. In both EMRSs, Purulia and Jalpaiguri, payment against vouchers was made without certification[56] of the store keeper. Physical verification of the stores as required under rule 108 of WBFR was never conducted.

In EMRS Purulia, food stuff issued to the cook daily was not based on the number of students present. Closing balances were not drawn and carried forward and were not considered while placing purchase orders. Scrutiny of Receipt and Issue Registers, in respect of a few items, revealed differences between receipt and issue

[56] *'Received in good condition and entered in the stock register at Page-'*

which meant that there should have been closing balances against these items as indicated in the table below.

Table 4.4: Table indicating differences in receipt and issue

Item	2009		2010		2011		2012 (upto April 2012)		Closing balance
	Received	Issued	Received	Issued	Received	Issued	Received	Issued	
Rice (Kg)	45424	34258	68370	58770	67090	49610	21300	18090	41456
Masur Dal (Kg)	1836	1543	3838	2861	3024	2529.2	836	843	1757.8
Mustard Oil (Kg)	1001.5	768.5	1513	1220.5	1648	1237	565	499	1002.5
Chola (Kg)	1412	971	1301	1004.5	1053	905.3	303	313	875.2
Fish (Kg)	795.9	631.9	1325.3	1032.95	1454.7	1243.45	569.3	467.3	769.6
Egg (Numbers)	28630	22670	24930	20300	18550	16530	--	--	12610

(Source: Stock Register of EMRS, Purulia)

However, during joint physical verification by audit alongwith Headmaster of EMRS, Purulia, no stock was physically found, indicating possibility of misappropriation of stores worth ₹ 10.71 lakh.

Audit found a case in Jalpaiguri where receipt of material worth ₹ 4.90 lakh appeared doubtful. PO-cum-DWO, Jalpaiguri paid (April 2010)₹ 4.90 lakh to the supplying agency (LAMPS, Nagrakata, Jalpaiguri) as cost of 441 sets of dress materials (₹ 2.28 lakh) and 494 sets of shoes (₹ 1.61 lakh) for the students of EMRS. Though stock book had entries in respect of shoes, dress materials were not found entered. The distribution of these materials seemed doubtful as hostellers stated that they had not received them. The authority could not show any physical stock. The issue needs investigation.

The above cases indicated that procedures for securing resources were not followed leaving chances of leakage and misutilisation.

4.11.3 Absence of Internal audit

Internal audit is an important management tool of a Department to examine and evaluate the level of compliance with departmental rules and procedures. The BCW Department did not have an Internal Audit Wing. The Internal Audit Wing of the Finance Department responsible for audit of all the State Government Departments had not conducted audit of BCW Department ever till March 2012. As such, the Department did not have any mechanism to identify inherent risk areas in its system.

During the Exit Conference (January 2013), Department accepted the weaknesses in its internal control mechanism.

4.12 Conclusion

- The objective of socio-economic development of backward classes was not achieved to the desired level due to lapses in planning, execution, monitoring and internal controls.
- Department's planning was deficient to the extent that it did not conduct survey to identify the target population. Consequently targets were set on *ad-hoc* basis.
- Budgeting was deficient as indicated by delays in submission of budget and savings in some years. There was rush of expenditure towards the end of the year pointing to lack of expenditure controls.

- Funds remained parked with West Bengal Scheduled Castes and Scheduled Tribes Finance Development Corporation affecting scheme implementation and mis-representing Government accounts.
- On the operational side, income generation schemes failed to make a dent in condition of below the poverty line SC/ST population as only six *per cent* of beneficiaries could cross the poverty line. These schemes suffered from selection of ineligible beneficiaries, misutilisation of scheme funds and non-co-operation by participating banks.
- Construction works entrusted to Public Works Department, Zilla Parishads and other agencies were not taken up or remained incomplete as Department failed to secure its interest through agreements and monitoring.
- Significant number of community development schemes were yet to commence or remained incomplete.
- Training cum Production Centres were functioning at sub optimal levels of effectiveness due to insufficient trainers and infrastructure. Impact of training imparted was not monitored.
- Human resource management was unsatisfactory as there were noticeable vacancies in key posts.
- Monitoring mechanism was not institutionalised and monitoring was very feeble. Internal controls were weak as evidenced by absence of departmental manual, weak budgetary and financial controls, improper maintenance of stock registers, etc.

4.13 Recommendations

- ***Though survey is the ideal method to identify beneficiaries, in view of the difficulties involved in survey, Department should attempt to create a database of beneficiaries by collating the available data and periodically updating it. This will aid the Department in realistic planning avoiding extension of benefits to ineligible beneficiaries and exclusion of the deserving.***
- ***The Corporations implementing income generation schemes should draw up their plans with inputs from the lowest level as mandated and complete the planning process within the stipulated period to avoid delays in implementation.***
- ***Steps should be taken to stop leakage of government funds by ensuring that ineligible beneficiaries are not selected for income generation schemes.***
- ***Participating banks need to be sensitised to play a more pro-active role so that beneficiaries receive the whole amount of loan sanctioned.***

- ***The Government should take suitable action to ensure that funds for income generation schemes are not utilised by any NGO to its own benefit and benefit of soft loan percolates to the targeted beneficiaries;***
- ***Adequate mechanism is necessary to ensure timely progress and completion of works entrusted to other agencies.***
- ***Training cum Production Centres are to be revamped and possibilities should be explored to link the persons trained in these centres with income generation schemes.***
- ***Optimal deployment of human resources should be considered to strengthen the functional capacity and oversight of the department.***
- ***Monitoring mechanism should be tightened.***
- ***Internal controls should be strengthened.***

M Basu

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The 18 MAR 2013

(MADHUMITA BASU)
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