

CHAPTER - 5

Audit of Transactions

Chapter 5

Audit of Transactions

5.1 Non-compliance with rules and regulations

ZILLA PARISHADS AND PANCHAYAT SAMITI

5.1.1 Loss of ₹ 89.34 lakh due to non-realisation of establishment charges

Five PRIs executed deposit works on behalf of different line departments and suffered loss of ₹ 89.34 lakh due to non-realisation of establishment charges from those line departments in violation of the provision of Panchayat Rules

Rule 109 of West Bengal Panchayat (ZP and PS) Accounts and Financial Rules, 2003, empowers the ZP to charge maximum 15 *per cent* (at the discretion of *Artha Sthayee Samiti*) on the amount of expenditure actually incurred, for the purpose of covering the cost of establishment charge for any work which the ZP undertakes to execute on behalf of any department of the State Government as deposit work. The Rule further envisaged that *Artha Sthayee Samiti* shall not charge any amount less than five *per cent* of total expenditure of the work. Audit noticed that in following cases concerned ZP did not collect even the minimum establishment charges of five *per cent* of total expenditure from the concerned Departments as required under the rules:

(i) Department of Health and Family Welfare (H&FW), Government of West Bengal accorded (between September 2010 and January 2012) administrative approval and financial sanction of ₹ 5.62 crore for up-gradation of five Primary Health Centres (PHC) in the district of Purulia under National Rural Health Mission (NRHM). While conveying the approval, the Department specified that the works were to be executed by Purulia ZP as per the plan and estimate approved by the Chief Engineer, NRHM, on behalf of the Department. The funds were placed with the District Health & Family Welfare Samiti, Purulia and the Senior Accounts Officer, NRHM was designated as Drawing and Disbursing Officer for the purpose. It was also specified that fund was to be released as mobilization advance towards execution of the work and subsequent fund was to be released on receipt of utilization certificates of previous advances.

Scrutiny revealed that the ZP received ₹ 3.63 crore till November 2012 for

execution of the said works. The works were started in November 2010 and ₹ 3.47 crore was expended till November 2012. Though the ZP executed the works on behalf of a government department, the ZP did not consider these works as deposit works and did not collect establishment charges at the rate of 5 per cent on actual expenditure of ₹ 3.47 crore from the department. This resulted in loss of ZP fund of ₹ 0.17 crore as of November 2012.

The ZP also undertook another deposit work of reconstruction of 'Rabindra Bhavan' at Purulia town on behalf of Information and Cultural Affairs Department. The ZP received ₹ 3.40 crore under MPLAD and BEUP fund against total estimated amount of ₹ 6.17 crore. Scrutiny revealed that the ZP did not consider the works as deposit works and did not charge any establishment charge at the rate of 5 per cent on actual expenditure of ₹ 1.95 crore from the department till November 2012. ₹ 0.10 crore remained unrealized from the department.

Thus Purulia ZP did not realize an amount of ₹ 0.27 crore on the works undertaken on behalf of Government Departments.

(ii) Bardhaman ZP undertook (between May 2008 and May 2010) up-gradation of 28 PHCs at a cost of ₹ 14.50 crore on behalf of H&FW Department under NRHM. The ZP completed works in respect of 18 units at a cost of ₹ 6.92 crore as of November 2012 but did not consider realising establishment charges as specified in the above rule. This resulted in loss of ZP fund of ₹ 0.35 crore.

(iii) Department of Minority Affairs and Madrasah Education, Government of West Bengal accorded administrative approval and financial sanction (June 2010 and March 2012) of ₹ 11.25 crore for upgradation of 15 PHCs in Howrah district. The entire fund was sub-allotted to Howrah ZP for execution of the said work. The ZP completed upgradation work of four PHCs at a cost of ₹ 2.93 crore by December 2012. Scrutiny revealed that the ZP did not recover establishment charge amounting to ₹ 0.15 crore (5 per cent on actual expenditure ₹ 2.93 crore) from the department.

(iv) Siliguri Mahakuma Parishad executed the work 'Construction of Veterinary Polyclinic at Himul Complex' on behalf of Animal Resources Development Department, Govt. of West Bengal under Rural Infrastructure Development Fund-XIV. Scrutiny revealed that the ZP expended ₹ 2.45 crore for setting up the Polyclinic and handed over the same to the Department in September 2011. Though the ZP executed the work on behalf of State Government department, the ZP did not consider the work as deposit work and did not claim ₹ 0.12 crore towards establishment charge.

(v) District Land & Land Reform Officer, Bankura entrusted the work of construction of two office buildings (one at Neturpur and the other at Chiltore) to Sarenga PS and released fund amounting to ₹ 7.49 lakh in February 2009 and February 2010. The PS executed (September and October 2010) the work at a cost of ₹ 6.84 lakh. Scrutiny revealed that the PS did not consider the work as deposit work and establishment charges of ₹ 0.34 lakh (@5% on actual expenditure) was not claimed from the Department.

When pointed out, four PRIs admitted the fact but Howrah ZP did not furnish any reply. Purulia ZP replied that realisation of establishment charges would be considered in future and Bardhaman ZP stated that they would take up the matter with H&FWD for realisation of establishment charge. Siliguri MP replied that there was no scope to realise the departmental charges as the same was not included in the project cost and there was no instance of claiming departmental charges for works executed on behalf of other departments.

However, Panchayat Rules empower them to charge cost of establishment charges for all deposit works executed by a Panchayat body on behalf of other departments.

Thus, the PRIs suffered a loss of ₹ 89.34 lakh due to non-adherence to the prescribed rules regarding realisation of cost of establishment charges for deposit works.

ZILLA PARISHADS

5.1.2 Excess payment and undue favour to contractors

Schedule of Rates (SOR) of PWD (Road) specified that royalty charges on earth would be reimbursed to the contractor on production of necessary documents in support of payment made by contractor towards royalties to the Land Revenue Department. Accordingly, during initial payment of bills, a deduction at the rate of ₹ 13.25 per cubic meter was to be made.

Jalpaiguri ZP undertook construction of 11 roads under RIDF during 2008-10. While preparing the estimates, the ZP included royalty charges at the rate of ₹ 13.25 per cubic meter to arrive at the cost for embankment work. Scrutiny revealed that the ZP did not adhere to the provision of SOR and did not obtain any documentary evidence regarding payment of royalty charges by the contractors to the Land Revenue Office towards carried earth. Instead of deducting the amount of royalty from the initial bills of all the works, the ZP paid (between September 2010 and July 2012) ₹ 5.47 crore to the contractors for 610000 cubic meter of carried earth including royalty charges of ₹ 80.83 lakh without obtaining any

documentary evidence (**Appendix XXII**). Thus, the ZP reimbursed ₹ 80.83 lakh to the contractors, without verifying the payment of royalty by the contractor to the State Government, in contravention to the provision of the SOR. Out of these, ₹ 61.61 lakh pertains to works already completed and final payment made leaving no scope for recovery.

Hooghly ZP undertook widening and strengthening of road from Kamarpukur to Badanganj and paid ₹ 2.13 crore to the contractor without deducting royalty charges of ₹ 2.02 lakh for 15257.55 cubic meter of earth work in contravention of the provision of SOR.

When pointed out, Jalpaiguri ZP did not furnish any reply. Hooghly ZP admitted the fact and stated that deduction of royalty charges would be made from future bills as the work is in progress.

Thus, in contravention to the provision of SOR, two ZPs reimbursed royalty charges ₹ 82.85 lakh without obtaining documentary evidence of payment by the contractors towards carried earth to the State Government.

ZILLA PARISHADS

5.1.3 Avoidable expenditure of ₹ 71.85 lakh

Purulia, Jalpaiguri and Hooghly ZPs allowed extra carriage for supply of materials from quarry to worksite and from Bardhaman rail yard to worksite in the execution of road works and incurred avoidable expenditure of ₹ 71.85 lakh

A) Purulia ZP undertook (January 2011) construction of four roads³³ and up-gradation of one PMGSY road³⁴ under RIDF - XIV and XVI. Scrutiny of analysis of rates prepared by the ZP revealed that the ZP analysed rates for supply of stone materials considering Chandil variety. While preparing the estimates, the ZP computed the distance from Chandil quarry to worksite as 157, 152, 148, 148 and 155 kms respectively for the five road works. Verification of the SOR, detailed project reports, analysis of rates for supply of materials at site and information supplied by the Purulia Highway Division, PWD (Roads) Department revealed that the actual distance from Chandil quarry to the worksites worked out to 74, 91, 120, 126 and 118 kms respectively for the above mentioned five road works.

³³ Barabazar to Sarberia (0-13 km), Belguma Simulia Road to Koltoi (0-3.5 km), Ajoydhya to upper dam PPSP and Ajoydhya to Sahajuri (0-6.8km).

³⁴ Raghunathpur to Sarberia.

Thus, the ZP executed the works on inflated estimates and made avoidable payment of ₹ 47.37 lakh (**Appendix -XXIII**) by allowing rates based on the incorrect calculation of the distance from quarry to worksites.

When pointed out, the ZP did not furnish any reply.

B) Similarly, Jalpaiguri ZP undertook construction of a road from Lalpur near Samuktala to Chuniajhora T.G. at Kumargram Block in November 2010 at a cost of ₹ 6.99 crore. Scrutiny of detailed project report and analysis of rate revealed that the ZP considered the quarry Raidak-II (40 km) for supply of metal, shingles, bazree and quarry Dharshi (40 km) for supply of granular sub-base. As per the records of Government departments and the ZP, it was observed that the distance from Raidak-II bed to Samuktala midpoint of the worksite was 30 km. Thus the ZP incurred an avoidable expenditure of ₹ 12.06 lakh (**Appendix -XXIII**) due to allowing rates based on incorrect calculation of the distance from the quarry to worksite.

When pointed out, the ZP did not furnish any reply.

C) Hooghly ZP undertook (July 2011) “Widening and strengthening of road from Kamarpukur to Badanganj” under Goghat-II PS from RIDF - XVI fund at an estimated cost of ₹ 9.12 crore. Scrutiny of analysis of rate and DPR revealed that the ZP decided to procure stone metals (WBM Grade-II and III) from Bardhaman rail yard and the distance from the rail yard to the worksite was considered as 83 km. However information furnished by Hooghly Highway Division No. I, PWD Roads Directorate shows that the distance from Bardhaman rail yard to Kamarpukur Choti and Kamarpukur Choti to the mid-point of the worksite is 63 km. As a result the rates for WBM (Grade-II and III) got inflated and the ZP incurred an avoidable expenditure of ₹ 12.42 lakh³⁵.

When pointed out the ZP replied that the work was executed by the bidder at 22.99 per cent less and as such no extra amount was incurred for the road work.

The fact remains that an inflated amount was put to tender due to allowing incorrect calculation of the distance from the rail yard to the worksite.

Thus three ZPs incurred avoidable expenditure of ₹ 71.85 lakh for allowing extra carriage for supply/transportation of materials to worksites.

³⁵ Kamarpukur to Badanganj (15 KM)

Item	Quantity executed (m ²)	Admissible rate (₹/m ²)	Rate allowed (₹/m ²)	Excess rate (₹/m ²)	Total (in ₹)	Tender rebate	Avoidable expenditure (in ₹)
WBM- grade 2	25322.50	185.98	205.48	19.50	493789	22.99 %	380267
WBM- grade 3	57415.75	186.31	205.81	19.50	1119607		862209
Total							1242476

UTTAR DINAJPUR ZILLA PARISHAD

5.1.4 Excess expenditure of ₹ 46.76 lakh due to non-availing of rail transport

Uttar Dinajpur ZP did not consider the cheapest possible route for transportation of road metal and incurred excess expenditure of ₹ 46.76 lakh

Uttar Dinajpur ZP undertook widening/strengthening of four roads between September 2009 and March 2012 under RIDF and BADP. During scrutiny of rate analysis and bill of quantity (BOQ), it was revealed that the ZP allowed the cost of carriage of stone metals for WBM (grade-2), WBM (grade-3), 20mm open graded Premix Carpet and 6mm Seal coat (Type-B) from Pakur to the worksite entirely by road transport. However, SOR of the PWD envisages the rates of Pakur variety stone aggregates at different railway yards. Malda rail yard was the nearest railway yard of the ZP. But the ZP did not avail rail transportation from Pakur quarry to Malda Town rail yard and from Malda Town rail yard to the respective worksites by road.

Thus, the ZP incurred excess expenditure of ₹ 46.76 lakh (**Appendix -XXIV**) by considering costlier transportable route.

When the matter was pointed out, ZP admitted the fact and replied that higher rate was inadvertently allowed. The ZP also stated that full rake had to be booked for booking of stone materials and thus 1800 cubic meter material was to be booked. Reply is not tenable as the quantity of materials required for each work was in any way more than 1800 cubic meter.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

5.1.5 Undue benefit of ₹ 39.87 lakh due to non-adherence to current SOR

Four PRIs did not adopt the revised rate for the reinforced concrete work for construction of market complexes, community centre, poly clinic and office building and extended undue benefit of ₹ 39.87 lakh to contractors

Rule 63 of West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003 envisages that the Executive Engineer shall adopt the current SOR rates of PWD.

(a) Siliguri Mahakuma Parishad (SMP) undertook (December 2009) construction

of Naxalbari Panighata More Market Complex under RIDF - XV. SMP prepared the estimates considering the rate of reinforcement at ₹ 56819.00 per MT as per SOR of PWD effective from April 2007. The estimate was vetted (September 2008) by P&RDD. Meanwhile on 4 February 2009, the rate of reinforcement for the reinforced concrete work for foundation, basement and works up to the roof on ground floor / up to 4m was revised as ₹ 40000.00 per MT and revision memo superseded all the earlier corrigendum /memo regarding revision of rates. Scrutiny revealed that the SMP invited tender and prepared price schedule in September 2009 without considering the revised rate of reinforcement. Thus by not applying the revised rate of reinforcement as available in the SOR on the date of floating of tender, SMP extended undue benefit of ₹16.75³⁶ lakh to the contractor. When pointed out SMP did not furnish any reply.

(b) While executing civil works of “Setting up of Poly Clinic at Himul Complex, Matigara, Siliguri”, SMP prepared the estimate and allowed rate of reinforcement as ₹ 56819.00 per MT. While inviting tender on 27 February 2009, SMP did not adopt the revised rate of reinforcement for reinforced concrete work and higher rate was included in the tender. This resulted in extension of undue benefit of ₹ 8.94 lakh to the contractor (**Appendix -XXV**).

In reply the SMP stated that it was a deposit work so the rate of the items was not checked/ changed before inviting tender.

The reply is not tenable as SMP was responsible for floating of the tender and issuing work order and accordingly should have adopted the revised rate of reinforcement as per the SOR applicable on the date. Thus, non adoption of applicable rate led to excess expenditure of ₹ 8.94 lakh.

The estimates for construction of additional office building of Medinipur Sadar PS were vetted by Paschim Medinipur ZP on 05 February 2009 (two estimates of ₹ 36.13 lakh) and 25 February 2010 (two estimates of ₹ 12.60 lakh). The work

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Floor	Reinforcement (MT)	Rate allowed (₹/MT)	Inclusion of lifting charge (₹/MT)	Admissible rate (₹/MT)	Excess rate (₹/MT)	Excess paid (less 10% tender rebate) (in ₹)
ground	37.382	56819	0	40000	16819	565855.07
1st	18.243	56945	126	40126	16819	276146.12
2nd	17.804	57071	252	40252	16819	269500.93
3rd	16.088	57197	378	40378	16819	243525.66
4th	21.11	57323	504	40504	16819	319544.18
Total	110.627					1674571.96

was completed (August 2010) at a cost of ₹ 43.52 lakh. Scrutiny revealed that the PS invited tender on 9 February 2009 by specifying the last date as 3 March 2009. PS neither adopted the revised rate before floating the tender nor issued any corrigendum to the NIT for the revision of the rate of reinforcement. As a result, the contractor was allowed higher rate for reinforcement work of ₹ 56819.00 instead of ₹ 40000.00 and was given undue benefit of ₹ 4.32³⁷ lakh for execution of 26.114 MT steel works.

When the matter was pointed out, the PS admitted and replied that PS did not scrutinise the same before floating the tender as Paschim Medinipur ZP (PMZP) vetted the rate. The PS also stated that they were not aware of revised rates prior to checking of audit.

(c) Amta-I PS undertook (May 2010) construction of a market complex at Basantapur Bazar at a cost of ₹ 17.10 lakh. The PS prepared the estimate in February 2010 and the same was vetted (February 2010) by the District Engineer (DE), Howrah ZP (HZP). Scrutiny revealed that the PS adopted the pre-revised rate of ₹ 56819 per MT of reinforcement (rate revised on 4 February, 2009 being ₹ 40000 per MT) for preparation of estimate. The DE while vetting neither pointed it out nor corrected the same. Accordingly, the estimate got inflated and tender was invited on inflated estimate. The PS utilized 13.6 MT steel for reinforced concrete works at the rate of ₹ 56819.00 per MT and extended undue benefit of ₹ 1.83³⁸ lakh to the contractor.

In reply to audit observation, the PS admitted the fact and stated that the current rate was not known to the PS.

(d) Jalpaiguri ZP undertook (April 2010) construction of market complex and community centre at Jalpaiguri Sadar PS under RIDF-XV. Two estimates of ₹ 67.41 lakh and ₹ 75.08 lakh were vetted by P& RDD on 19 June 2009. Scrutiny revealed that both the estimates were prepared considering the rate of reinforcement at ₹ 56819.00 per MT instead of ₹ 40000 per MT. It was noticed that P&RDD also did not amend the rate of reinforcement at the time of vetting. The PS allowed

³⁷ 26.114 MT x (₹ 56819-₹ 40000) = ₹ 4.39 lakh less tender rebate of 1.67% i.e. ₹ 4.32 lakh.

³⁸ 13.6 MT x (₹ 56819-₹ 40000) = ₹ 2.29 lakh less tender rebate of 20.02% i.e. ₹ 1.83 lakh

the higher rate in the NIT and paid excess amount ₹ 8.03 lakh³⁹ to the contractor. When pointed out, the ZP did not furnish any reply.

Thus, four PRIs did not adopt revised rate of reinforcement for the reinforced concrete work and extended undue benefit of ₹ 39.87 lakh to contractors. Further, P&RDD, PMZP and HZP also did not exercise obligatory checks and accorded technical sanction for rate not specified in SOR.

UTTAR DINAJPUR ZILLA PARISHAD

5.1.6 Avoidable expenditure of ₹ 36.79 lakh

Uttar Dinajpur ZP did not follow the specification recommended by RRM of IRC and SOR of PWD (Roads) and incurred avoidable expenditure of ₹ 36.79 lakh for construction of five roads

Sub-base is an intermediate layer between sub-grade and granular base course for construction of pavement of a road. Rural Roads Manual (RRM) issued by Indian Road Congress (IRC) recommends the use of granular sub-base (GSB) for construction of sub-bases and as per the Manual, the sub-base materials comprise of natural sand, *moorum*, gravel, laterite, *kankar*, brick metal, crushed stone, crushed slag, crushed concrete or combinations thereof for meeting the prescribed grading and physical requirements. The SOR of PWD (Roads) specified that the use of GSB has an advantage as all its ingredients are mixed mechanically or by adopting a mix-in-place method for getting uniform composition which is not available with the natural occurring River Bed Material (RBM).

Uttar Dinajpur ZP undertook construction of five roads under BADP and RIDF during January to December 2011. Scrutiny of records revealed that the ZP used RBM in the sub-base course in all five works. Thus the ZP did not follow the specification recommended by RRM of IRC and SOR of PWD (Roads).

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Description	Floor	Qty. in MT	Rate (₹/MT) allowed	Admissible rate (₹/MT)	Excess in rate (₹/MT)	Total excess (less tender rebate) (in ₹)
Community centre, (tender rebate: 12.51%)	Ground	18.84346	56819	40000	16819	277280.44
	1st	8.44	56945	40126	16819	124194.12
	2nd	0.236	57071	40252	16819	3472.73
Market complex, (tender rebate 12.01%)	Ground	18.2052	56819	40000	16819	269419.45
	1st	8.71	56945	40126	16819	128899.62
	Total	54.43466				803266.36

Thus by not adhering to the specification recommended by RRM and SOR, the ZP incurred avoidable expenditure of ₹ 36.79⁴⁰ lakh.

When pointed out the ZP admitted the facts and figures and stated that it was a practice of using RBM in the sub-base course for black top roads and the ZP was not fully acquainted with IRC provisions, so RBM was used in the road works instead of GSB (Grade-3). However, they stated that provision would be considered for all the subsequent cases.

ZILLA PARISHADS AND PANCHAYAT SAMITI

5.1.7 Excess expenditure of ₹ 33.41 lakh due to non-adoption of current SOR

Uttar Dinajpur ZP and Siliguri Mahakuma Parishad did not consider current rate of spreading / consolidation of WBM (Grade-2/3) and incurred excess expenditure of ₹ 33.41 lakh

Rule 63 of West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003 envisages that the Executive Engineer shall adopt current SOR of PWD for building works and construction and that of PWD (Roads) for roads, bridgeworks etc.

i) Uttar Dinajpur ZP (UZP) undertook construction/strengthening of two roads in January 2011 under RIDF - XVI. UZP prepared the estimates in September 2008 where the rate of spreading/consolidation of WBM (Grade-2/3) were computed at the rate of 0.10 cubic meter/square meter. In September 2010, P&RDD directed the ZP to revise the estimates as per current SOR and sent the same to the Finance Department for approval. The estimates were revised and got the approval of P&RDD and Finance Department (January 2011). But the rate of spreading/consolidation of WBM (Grade-2/3) was not revised with reference

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Name of road	Quantity of RBM in cubic meter	Rate of RBM in ₹/ cubic meter	Rate of GSB-3 in ₹/ cubic meter	Extra rate in ₹/cubic meter	Tendered rebate in %	Avoidable expenditure (in ₹)
Dhusmal to Maharaja Hospital under Raiganj PS	101.156	2752.64	1766.64	986	25	74804.86
Thelamoni to Jhiljhili via Debiganj under Goalpokhar-I PS	3620.702	1638.18	1373.29	264.89	0.75	951894.59
SH-10A Thakurbari More via Sherpur under Raiganj & Hemtabad PS	2439.3	2764.91	1524.4	1240.51	35	1966884
Pucca Road from Kulavita PWD Road to Nangla Jaingaon under Goalpokhar-I PS	594.495	1522.46	1239.08	283.38	24	128035.67
Pucca Road from Krishnapur to Mohiniganj PS under Raiganj PS	699.053	2798.81	1776.05	1022.76	22	557671.49
Total	7454.706					3679290.61

to the errata, addenda & 6th Corrigenda of the SOR for Road and Bridge work 2008-09 of the PW (Roads) Directorate effective from July 2010 where the unit requirement of the WBM (Grade-2 & 3) for coarse aggregate was revised as 0.091 cubic meter/square meter in place of previous rate of 0.10 cubic meter/square meter.

Thus, P& RDD and Finance Department approved the estimates prepared by ZP without verifying the correctness of the rates applied therein. The ZP executed the works on that estimates and incurred excess expenditure of ₹ 19.49 lakh (**Appendix-XXVI**) due to non-adherence to current SOR.

When pointed out the ZP admitted non-observance of current SOR.

ii) Scrutiny of 10 works under BADP and RIDF in Siliguri Mahakuma Parishad (SMP) revealed that at the time of preparing the estimates (between June 2010 and January 2012) as well as before inviting NIT, SMP did not adopt the rate of 0.091 cubic meter/square meter for spreading and consolidation of WBM (Grade-2 & 3) as envisaged in the aforesaid errata, addenda & 6th corrigenda of the SOR for Road and Bridge work 2008-09 of the PW (Roads) Directorate effective from July 2010. As a result, SMP incurred excess expenditure of ₹ 13.92 lakh (**Appendix -XXVI**).

When pointed out SMP stated (December 2012) that prior to the issue of Price schedule in NIT the estimates were approved by the competent authority (DGHC/P&RDD) and SMP was not in a position to recast the estimate. The reply is not tenable as P&RDD emphasized adoption of the current SOR in September 2010.

Thus, in violation of the aforesaid rule, two PRIs did not adopt current SOR and incurred excess expenditure of ₹ 33.41 lakh for execution of roads under RIDF and BADP.

ZILLA PARISHADS AND PANCHAYAT SAMITI

5.1.8 Avoidable excess expenditure of ₹ 31.11 lakh

Purulia ZP and Karimpur -I PS incurred avoidable excess expenditure of ₹ 25.02 lakh by not considering nearest source of stone metals while preparing estimates and by not specifying the source of stone metal in price schedule/BOQ and Jalpaiguri ZP did not consider same distance while executing works at Purba Satali and made excess payment of ₹ 6.09 lakh to contractors

(A) Purulia ZP undertook up gradation of road from Kuilapal to Jamtoria under RIDF-XIV during 2009-10. In the detailed project report (DPR), the ZP considered

Multi quarry with a lead from 50 km from worksite for supply of materials. Scrutiny revealed that in the rate analysis for the item of WBM (Grade 2 and 3), while for stone aggregates of 63mm-45mm size approved rate of Malti quarry was considered and for stone sizes of 26.6mm, 22.4mm, 13.2mm, 11.2mm, 5.6mm, stone dust and 20 mm Premix Carpet work approved rate of Chandil quarry which has a lead of 100 km was considered.

Thus, while preparing estimate the ZP did not consider nearest source for supply of materials mentioned in the DPR even though all the variety of stone materials were available at Malti quarry. The ZP prepared the estimate for ₹ 2.20 crore and invited NIT. The ZP also had no way to ensure that the contractor actually obtained the stone metal from Chandil quarry as neither the price schedule attached to NIT nor bill of quantity (BOQ) issued to contractor mentioned that the stone metals had to be brought from Chandil quarry.

Further no documentary evidence was available with the ZP to justify the use of Chandil variety stone metal for the said construction work by the agency.

Thus, deviation from DPR and non issue of specification regarding use of stone metal from a particular quarry led to avoidable excess expenditure of ₹ 20.35 lakh⁴¹.

When pointed out, the ZP admitted the facts and figures.

(B) During execution of six black top rural roads Karimpur-I PS used Pakur variety stone metals for WBM grade-3 consolidation and 20 mm open graded premix carpet. The stone metals were collected from Krishnanagar rail yard. However, as per SOR of PWD (Roads) Nalhati quarry is nearer than Pakur. The PS did not use cost effective materials from Nalhati quarry. Further, the PS did not specify the use of Pakur variety stone metals in priced schedule. Therefore the contractors were not bound to use the costlier stone metal from Pakur. In absence of specification of stone metals to be used in the price schedule/BOQ, the PS did not compel the contractors to use Pakur variety stone metals in works. The PS accordingly, executed 1247.85 cubic meter of WBM grade 3 consolidation of 75mm compacted thickness and laying of 16688m², 20mm open graded

⁴¹ Kuilapal to Jamtoria(0-9.5km)

Type of WBM	Rate allowed (₹/cubic meter)	Admissible rate (₹/cubic meter)	Excess rate (₹/cubic meter)	Quantity executed in cubic meter	Net excess payment less tendered rebate of 2% (in ₹)
grade- 2	1454.34	1285.27	169.07	1911.67	316741.93
grade-3	1901.96	1376.89	525.07	2647.64	1362392.41
20mm PMC	134.68	124.45	10.23	35490.8	355809.47
Total					2034943.81

premix carpet (PMC) without specifying the type of stone metals to be used and led to avoidable excess expenditure of ₹ 4.67 lakh (**Appendix-XXVII**).

When pointed out the PS confirmed the facts and figures and stated that the type of stone metal to be used was not mentioned in the price schedule due to ignorance.

(C) Jalpaiguri ZP undertook construction of a barrage at Binod Bundh at Purba Satali under Kalchini PS during 2007-08. The work was completed at a cost of ₹ 1.74 crore in December 2011. Records revealed that while executing a road at Purba Satali under Uttarbanga Unnayan Parshad (UUP) fund, ZP considered the distance of 10 km from Bania Basra quarry for supply of stone metals. But the rate of shingles/bazree for barrage work was not calculated considering the same distance from Bania Basra quarry. Further as per information of the ZP, the maximum possible distance from the said quarry to work site of barrage is 5-6 km. Thus, the estimate of the cement concrete work got inflated and this resulted in excess payment of ₹ 6.09 lakh⁴² to the contractor.

When pointed out the ZP did not offer any comment.

PURULIA ZILLA PARISHAD

5.1.9 Undue favour of ₹ 17.94 lakh

Purulia ZP did not adhere to the provisions of Panchayat Rules regarding adoption of the current SOR and allowance of higher rate of bitumen and emulsion over the scheduled rate resulted in undue favour to the contractors to the tune of ₹ 17.94 lakh

Rule 63 of West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003 envisages that the Executive Engineer shall adopt current SOR of PWD for building works and construction and that of PWD (Roads) for roads, bridgeworks etc. Further, Rule 83 also specified that the rates entered in the estimates shall agree with the SOR adopted by PWD for similar nature of work unless different rates for different items are prescribed.

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Item	Quantity	Rate allowed (₹/cubic meter)	Admissible rate (₹/cubic meter)	Excess rate (₹/cubic meter)	Undue payment (less tender rebate of 5.17%) (₹)
CC(1:1.5:3)	59.93	2514	2507.67	6.33	359.74
CC(1:4:8)	948.04	1460	1429.52	30.48	27402.32
CC(1:3:6)	4524.93	1750	1614.53	135.47	581300.57
Total excess					609062.63

Purulia ZP (PZP) undertook 12 works (11 from 13th FC and one from BRGF). Scrutiny of estimates prepared (between October 2010 and July 2012) by the Executive Engineer, PZP revealed that the PZP did not adhere to the aforesaid rule. As per the current SOR, the rates of bitumen (Packed) VG-30 (60/70) and bitumen emulsion (Packed) were revised with effect from December 2009 as ₹ 36865/MT and ₹ 29511.00/MT respectively (Addenda and 5th Corrigenda of SOR of PW (Roads) Directorate 2008 - 2009). The ZP allowed pre-revised rates of bitumen (60/70 packed) and bitumen emulsion (packed) which were ₹ 40638/MT and ₹ 31546/MT respectively. Thus allowance of higher rate of bitumen and emulsion over the scheduled rate resulted in undue benefit ₹ 17.94 lakh (**Appendix-XXVIII**) to the contractors.

When pointed out, PZP admitted the fact.

UTTAR DINAJPUR ZILLA PARISHAD

5.1.10 Unwarranted expenditure of ₹ 11.90 lakh

Uttar Dinajpur ZP adopted premix method of repair of potholes while undertaking strengthening of the same road with WBM grade-3 and incurred unwarranted expenditure of ₹ 11.90 lakh

Uttar Dinajpur ZP (UDZP) undertook (May 2012) construction for strengthening and widening of road from Vendabari to Mahapukur via Nandangram under RIDF-XVII. Scrutiny of estimate and BOQ revealed that the ZP included two types of repairing method for potholes, one by filling the potholes with coarse aggregates and screenings and compacting the same with power roller for volume 1171 cubic meter at the rate of ₹ 2000.53/cubic meter and other by premixed method for volume of 586 cubic meter at the rate of ₹ 4051.72 per cubic meter. After the repairing work, the entire surface area of the said road (both widening portion and strengthening portion: 100245 square meter) was subsequently to be covered and consolidated with WBM grade-3, Tack Coat, Primer Coat, 20mm Premix Carpet and 6mm seal coat. Accordingly, the BOQ containing repairing and strengthening works was issued to the contractor. As the entire surface area of the said road was to be consolidated with WBM grade-3 and 20mm premix carpet subsequently, there was no justification for estimating for compacting of the repaired potholes by premixed method.

Thus, consideration of pothole repair by premix method both in the quantity estimate of the DPR and in the BOQ was unjustifiable and UDZP incurred an

unwarranted expenditure of ₹ 11.90⁴³ lakh due to non adoption of the schedule provision for repair of potholes.

When pointed out, UDZP admitted the fact.

5.2 Audit against propriety/expenditure without justification

PATASHPUR-II PANCHAYAT SAMITI

5.2.1 Unfruitful expenditure of ₹ 23.30 lakh

Injudicious decision of handing over a project to a cluster of SHGs and lack of monitoring and technical supervision led to non-transparent purchase procedure and unfruitful expenditure of ₹ 23.30 lakh towards incomplete Bell Metal Sheet Factory

Six Self Help Groups of Patashpur-II PS formed an activity based cluster in August 2005 at Kalyanpur village under Panchet GP. In July 2005, the SHGs approached the Project Director, DRD Cell, Purba Medinipur ZP for construction of infrastructure for bell metal smelting and sheet making for their income generation. Purba Medinipur ZP approved (July 2005 and August 2006) the project at a cost of ₹ 23.30 lakh (civil: ₹ 8.30 lakh and mechanical: ₹ 15 lakh) from SGSY fund. Patashpur-II PS executed the civil portion at a cost of ₹ 8.30 lakh during 2009-10.

For execution of mechanical portion, the PS decided (12 November 2010) to hand over ₹ 15 lakh to the said cluster towards installation of machinery and the *Pradhan* of Panchet GP would supervise the works.

Scrutiny of records revealed that the cluster started (November 2010) the work without having any technical support or expertise. The factory was constructed on a private land and machineries were purchased for the same. However as of May 2012, the factory had not started operating and hence on the request of the PS, DRDC investigated the matter in May 2012 with experts from Jadavpur University. In absence of any DPR, the experts could not verify the specification of the machine (June 2012) and reported to DRDC that the machine was

⁴³

Quantity of pothole repair done by premix method	Rate allowed	Admissible rate	Excess rate	Tendered rebate	Net excess
580.39cubic meter	₹ 4051.72/cubic meter	₹ 2000.53/cubic meter	₹ 2051.19/cubic meter	0.01%	₹ 1190371.11

assembled by local manufacturer and was not ready to carry out its usual functions.

Scrutiny revealed that the PS and DRDC of PMZP neither initiated any action against the cluster for their improper utilisation of Government fund of ₹ 15 lakh nor took any step to complete the project. No supervision was conducted by the PS and the Pradhan of Panchet GP over utilization of fund. As a result, the materials were procured injudiciously and the project remained incomplete. Audit conducted a joint physical verification and observed that neither the factory nor the office premises was electrified. The floor was incomplete and dumped with earth. Machines were disintegrated, covered with cobwebs, some parts were lying on earthen floor and circuitry of the machine was incomplete.

When pointed out, the PS replied that they disbursed the fund as desired by DRDC and supervision was not conducted due to non availability of technical personnel while DRDC replied that the technical supervision was conducted by the Sub-Assistant Engineer (SAE) of DRDC.

Thus, lack of planning, injudicious decision to assign a project to a cluster without providing technical guidance, absence of monitoring and supervision by DRDC, PS and GP frustrated the desired objective and rendered the total expenditure of ₹ 23.30 lakh unfruitful.

5.3 Persistent/Pervasive irregularities

ZILLA PARISHADS AND PANCHAYAT SAMITIS

5.3.1 Idle grants of ₹ 32.30 crore

Six ZPs and 44 PSs kept grants/funds amounting to ₹ 32.30 crore meant for various infrastructural development works idle for three to seven years and deprived common people of intended benefits from these grants

In terms of Rules 36(4) and 116(5) of West Bengal Panchayat (ZP & PS) Accounts and Financial Rules, 2003, funds received for implementation of schemes and developmental works/assigned schemes from the State Government should be utilized without any delay, preferably within a period of six months and utilization certificate should be furnished within six months from the date of receipt of grant.

Scrutiny revealed that six ZPs and forty four PSs⁴⁴ failed to utilize grants / funds amounting to ₹ 32.30 crore received for execution of various programmes under Mid-Day Meal, Old Age Pension, Swajaldhara, MPLAD, BRGF, CHCMI, as well as Finance Commission grants and relief funds for three to seven years. Developmental grants remained idle in these PRIs and they did not take any initiative to either utilize the funds for development works or surrender these funds to the grant sanctioning authorities. Further, grant sanctioning authorities also did not monitor utilization of these development grants after allotting the same.

When pointed out three ZPs and eleven PSs⁴⁵ did not furnish any reply. Suti-II PS stated that unutilized funds mostly lay with local fund account and the funds could not be utilized as the treasury did not allow raising bills under these funds. Swarupnagar, Hanskhali, Joynagar-II and Gaighata PSs replied that funds were not utilized due to pending decision for construction by PS authority, non-availability of site, land dispute, encroachment, shortage of staff and lack of initiatives. Replies of the PSs were not tenable as they failed to take up the matter with the higher authority to resolve the issues. Remaining three ZPs and 28 PSs admitted the facts and stated that attempts would be made to utilize or surrender the grants but could not clarify the reasons for non-utilization of funds for so long.

It was further observed that while in Cooch Behar ZP and Siliguri Mahakuma Parishad succeeded in reducing the idle grants from the previous year, in Nadia and North 24 Parganas ZPs idle grants increased from previous year. Non-

⁴⁴ **Zilla Parishads** - Bankura: ₹ 937.84 lakh, Cooch Behar: ₹41.40 lakh, Dakshin Dinajpur: ₹51.77 lakh, Nadia: ₹ 44 lakh, North 24 Parganas: ₹ 326.68 lakh. and Siliguri Mahakuma Parishad: ₹ 7.84 lakh.

Panchayat Samitis - Amta-I: ₹4.75 lakh, Beldanga-I: ₹ 11.28 lakh, Bhagwanpur-II: ₹ 1.58 lakh, Binpur-II: ₹ 0.22 lakh, Budge Budge-II: ₹ 6.12 lakh, Chapra: ₹ 7.99 lakh, Chandrakona-I: ₹ 3.40 lakh, Chandrakona-II: ₹ 115.81 lakh, Dantan-II: ₹ 0.10 lakh, Debra: ₹ 15.25 lakh, Domkal: ₹ 0.17 lakh, Farakka: ₹ 3.46 lakh, Falta: ₹ 8.47 lakh, Gaighata: ₹ 13.04 lakh, Garbeta-II: ₹ 0.39 lakh, Haringhata: ₹ 1.90 lakh, Hanskhali: ₹ 5.06 lakh, Indas: ₹ 4.39 lakh, Jhalda-II: ₹ 121.92 lakh, Joynagar-II: ₹ 6.40 lakh, Kakdwip: ₹ 28.27 lakh, Karimpur-I : ₹ 9.97 lakh, Kharagpur-I: ₹ 98.90 lakh, Kharagpur-II: ₹ 0.86 lakh, Khatra: ₹ 4.84 lakh, Krishnanagar-I: ₹ 6.74 lakh, Manbazar-II: ₹ 34.39 lakh, Mandirbazar: ₹ 10.24 lakh, Murshidabad Jiaganj: ₹ 4.33 lakh, Nandakumar: ₹ 2.09 lakh, Nakashipara: ₹ 56.03 lakh, Namkhana: ₹ 22.88 lakh, Neturia: ₹ 24.00 lakh, Para: ₹ 12.54 lakh, Pancha: ₹ 2.42 lakh, Purulia-I: ₹ 4.00 lakh, Raghunathganj-II: ₹ 2.01 lakh, Sabang: ₹ 8.09 lakh, Salanpur: ₹ 6.69 lakh, Sarenga: ₹ 7.26 lakh, Shyampur-I: ₹ 5.58 lakh, Suti II: ₹ 2.06 lakh, Swarupnagar: ₹ 1121.21 lakh and Tamluk: ₹ 13.59 lakh.

⁴⁵ **Zilla Parishads** - Bankura, Cooch Behar, North 24 Parganas; **Panchayat Samitis** - Amta-I, Budge Budge-II, Chapra, Kakdwip, Karimpur-I, Kharagpur-I, Krishnanagar-I, Mandirbazar, Murshidabad Jiaganj, Pancha and Sabang.

utilization of developmental grants by 14 PRIs⁴⁶ was also mentioned in the Reports of ELA for the years ending 2009 to 2012. Follow-up action on the same is yet to be taken by these PRIs.

Thus, failure to utilize grants amounting to ₹ 32.30 crore by the PRIs deprived people of intended benefits from these grants. This also indicates that the monitoring mechanism by the grant sanctioning authority is absent as they took little care to monitor utilization of funds after releasing funds to the PRIs.

ZILLA PARISHADS, PANCHAYAT SAMITIS AND GRAM PANCHAYATS

5.3.2 Irregular expenditure of ₹ 8.01 crore

Nine PRIs did not adhere to the provisions prescribed in West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003 and West Bengal Panchayat (GP Accounts, Audit and Budget) Rules 2007, regarding tender procedure and irregularly expended ₹ 8.01 crore for execution of various works and procurement of materials

(a) Rule 91(3) of West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003 stipulates that sealed tenders shall be invited from enlisted contractors when the estimated amount for the materials to be procured or work to be executed exceeds rupees twenty thousand but does not exceed rupees ten lakh in case of general, sanitary and plumbing work and rupees four lakh for electrical work or procurement of material or equipment.

Scrutiny revealed that in violation of the said rule Dakshin Dinajpur ZP awarded the work of approach road to Ghukshi Khari Bridge at an estimated cost of ₹ 87.98 lakh to a contractor who executed the said work. Similarly, Samsorganj PS procured tubewell materials worth ₹ 1.98 lakh and Deshpran (Contai-II) PS expended ₹ 2.58 lakh for purchase of flower seedlings, computers and other accessories without inviting any tender.

(b) Further as per Rule 91(4) of the said Rules, notice inviting open competitive tenders in sealed cover shall be published in at least two leading daily newspapers

⁴⁶ Year 2009

ZPs: Nadia. PSs: Amta-I, Farakka, Haringhata, Nakashipara, Para, Pancha and Tamluk.

Year 2010

ZPs: Cooch Behar and Siliguri Mahakuma Parishad. PSs: Joynagar-II and Sarenga.

Year 2011

ZPs: North 24 Parganas and Siliguri Mahakuma Parishad.

Year 2012

ZPs: Cooch Behar, Nadia, North 24 Parganas, Bankura and Siliguri Mahakuma Parishad.

(English and Bengali or Nepali) widely circulated in the State or the region concerned well in advance. Pingla and Bangaon PSs did not adhere to the said rule while undertaking nine works for ₹ 1.26 crore and six works for ₹ 97.53 lakh respectively during 2010-12.

(c) Rule 91(7) of the said Rules stipulates that single tender shall not ordinarily be accepted on the first invitation to the tender. If on second invitation also, a single tender is received, the same may be accepted if the rate is either below the scheduled rate or at par with the scheduled rate and considered as favourable. But if the second tender is not found reasonable and the rate quoted therein is above the scheduled rate, fresh tender shall be invited. In violation of the said rule Raninagar-I PS accepted a single tender from an agency and issued work order for construction of 28 low cost houses at a cost of ₹ 31.52 lakh during 2010-11. Similarly, South 24 Parganas ZP accepted single tender in respect of 61 contracts involving ₹ 4.47 crore and awarded work orders to different agencies during 2011-12. During 2012-13, Uttar Dinajpur ZP Canteen was rented out for a monthly rent of ₹ 4000 and non refundable *Salami* of ₹ 90000 against tendered rate of ₹ 15000 and ₹ 1.00 lakh respectively to the only tenderer without inviting second tender.

When pointed out Dakshin Dinajpur ZP and Deshpran PS did not furnish any reply. Samsorganj, Bangaon and Pingla PSs admitted the facts and figures and stated that the rule procedure would be followed in future. While confirming the facts Uttar Dinajpur ZP said that canteen was rented to the only tenderer as per verbal discussion with the AEO. South 24 Parganas confirmed the facts and figures and stated that due to urgency and on public demand the work had been allotted to the agencies against single tender, however post-facto approval of *Purta Karya-O-Paribahan Sthayee Samity* and *Artha Sthayee Samity* had been obtained. Raninagar PS stated that single tender was accepted with the approval of the District Officer, Minority Affairs, Murshidabad.

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

Review of records of Mayahowri GP of South 24 Parganas revealed that the GP received a sum of ₹ 6 lakh from the District Planning Officer, South 24 Parganas under the head MPLAD to purchase one ambulance for the GP. The

District Planning Officer instructed the GP to send the requisite documents of purchase viz. quotations for the purchase and lowest quotation acceptance declaration.

Scrutiny revealed that the GP had expended ₹ 5.94 lakh for the purchase of the ambulance without inviting any tender/quotation for the same. When pointed out the GP admitted the fact.

Thus the GP violated Rule 11(2) (a) of West Bengal Panchayat (GP Accounts, Audit and Budget) Rules, 2007 and instruction of the District Planning Officer.

Thus, the PRIs failed to adhere to the aforesaid rules and incurred irregular expenditure of ₹ 8.01 crore. Besides, they could not get the best competitive and most economic rates while expending government fund.

ZILLA PARISHADS, PANCHAYAT SAMITI AND GRAM PANCHAYAT

5.3.3 Idle investment of ₹ 4.24 crore

Different developmental works undertaken in seven PRIs either remained unutilized after completion or remained incomplete even after a period ranging from one to 10 years due to paucity of fund, lack of effective monitoring/planning and expenditure of ₹ 4.24 crore on these projects remained idle for years

Completion of a project within scheduled time requires fulfillment of activities like identification of sources of fund, clear site, preparation of plan, design and estimate and necessary infrastructural facilities as envisaged in West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003.

(A) Completed works not put to use

Malda ZP constructed 103 stalls at a cost of ₹1.05 crore in three market complexes at Samsi, Charianantapur and Bejpur between December 2009 and March 2012. The ZP failed to allot the stalls till December 2012. Similarly, Murshidabad ZP constructed 73 stalls at a cost of ₹ 0.83 crore at Panchanantala, Jiaganj, Kandi and Salkia between July 2006 and March 2012. But all these stalls remain unallotted till November 2012 and entire investment of ₹ 1.88 crore remained idle for one to seven years.

When pointed, both Malda and Murshidabad ZPs stated that the stalls were not allotted due to unavoidable reasons and also added that steps would be taken shortly to allot the stalls.

(B) Works remaining incomplete for years

(i) Birbhum ZP sub-allotted (March 2011) ₹ 12.29 lakh as 50 *per cent* of the project cost to a Village Water and Sanitation Committee (VWSC) for the implementation of “Cristal Swajaldhara Project” at Hasnabad for providing drinking water facilities to the residents of the area. Scrutiny revealed that the Committee reported utilization of ₹ 12.29 lakh in July 2011 but the ZP did not release the balance amount till November 2012 on the ground that the Committee executed the work at a changed site without getting approval of appropriate authority. The work remained incomplete.

When enquired whether the consequence of the change of site would affect the project, the ZP replied that water supply from the present site would be smooth due to the topography of the site and the students of the school would also be benefitted as it was constructed within the vicinity of the school. Reply makes it evident that the change of site would enhance the benefit to all including school children.

In subsequent audit it was observed that a sum of ₹ 6.15 lakh was sub allotted to the VWSC in March 2013 but the work remained incomplete till February 2014.

(ii) Malda ZP undertook “Improvement of road from Halhali bridge to Bairat via Rangipur” under RIDF- XV (January 2010) at an estimated cost of ₹ 3.04 crore. As of January 2011, work valuing ₹ 55.85 lakh was executed and thereafter it was stalled as the contractor did not execute the remaining portion of the work. The ZP terminated the contract in September 2012 and forfeited ₹ 10.55 lakh (from the security deposit and earnest money held by the ZP). When pointed out, the ZP did not give any reply.

In subsequent audit it was revealed that a fresh work order was issued in May 2013 with the stipulation to complete the work within six months but the work remained incomplete as of February 2014.

(iii) Purba Medinipur ZP undertook (March 2008) construction of two Sluice cum bridges over Nunnan and Mathuri Khal at an estimated cost of ₹ 1.83 crore. As of October 2012 the work over Nunnan Khal was not started and the work of Mathuri Khal remained incomplete even after expending ₹ 53.82 lakh. In reply, the ZP accepted that the delay in start/completing the projects occurred due to improper planning and monitoring.

(iv) Uttar Dinajpur ZP started construction of Motor Vehicle Check Post at Sonapur under Chopra PS at an estimate of ₹ 1.05 crore during 2001-02. The

project was started on the available land and without acquiring an additional 1.16 acres of land required for the project. The ZP expended ₹ 73.37 lakh during April 2002 to March 2003 but the project remained suspended since 2004 as the land required was not acquired till January 2013. When pointed out the ZP replied that the project was started in anticipation that land would be arranged subsequently but the same did not materialize.

(v) P&RDD sanctioned (July 2010) ₹ 32.16 lakh in favour of Chakdaha PS for construction of Administrative Block building. The PS prepared an estimate for ₹ 62.44 lakh and went ahead with that estimate without ascertaining the balance source of fund. As a result, the work got discontinued from July 2012 after spending ₹ 32.15 lakh. When pointed, the PS admitted the fact.

(vi) Sahajadapur GP of South 24 Parganas received ₹ 8.50 lakh from the District Health and Family Welfare Samity, South 24 Parganas for construction of health sub-centre during 2007-10. The construction of the health sub-centre was completed in two phases at a cost of ₹ 8.41 lakh in April, 2011. Scrutiny revealed that the centre remained unutilized till February, 2013. When enquired, the GP reported that the Health Sub-Centre could not be utilised due to non-electrification of the premises.

Scrutiny of estimate of the said work revealed that the GP considered cost of electrification charges of ₹ 0.39 lakh in the said estimate but did not execute the electrification work.

Thus, the health sub-centre remained unutilized for two years and expenditure of ₹ 8.41 lakh remained idle. Also rural people could not avail intended benefits from the project.

Thus lack of proper planning including identification of funds and land, lack of initiative to utilise completed assets, ineffective monitoring over execution of various projects resulted in non-completion of developmental projects and expenditure of ₹ 4.24 crore remained idle for one to 10 years in seven PRIs. Besides, rural people did not get the intended benefits from these projects.

5.4 Failure of Oversight/Governance

PANCHAYAT SAMITIS

5.4.1 Blocking of Aila grant of ₹ 2.93 crore deprived the targeted beneficiaries of disaster relief

Four PSs failed to finalize the list of beneficiaries after receipt of house building grant of ₹ 2.93 crore and three PSs refunded ₹ 2.88 crore after 13 to 24 months of receipt depriving the storm victims of their assistance

Disaster Management Department, Government of West Bengal sanctioned house building grant to 'Aila' affected districts for distribution of assistance to indigent families whose houses were damaged on account of storm.

(i) Disaster Management Department, office of the Howrah District Magistrate sub-allotted (April 2010) a sum of ₹ 83.20 lakh in favour of Amta-I PS for distribution of assistance within 30 days of receipt of fund to people having damaged houses. Selection of beneficiaries was to be finalized at PS level.

Scrutiny revealed that the PS did not disburse the assistance within the stipulated time and as a consequence the Disaster Management Department directed (May 2011) them to surrender the undisbursed amount. The PS neither took steps to utilize the fund nor surrendered the undisbursed amount. In September 2011, the district authority enquired the matter of non-distribution of assistance. In reply, the PS stated that the list of beneficiaries could not be finalised in spite of conducting several meetings with the Pradhans of GPs. The PS refunded entire amount in November 2011 i.e. after 18 months of receipt and without providing any assistance to the affected families.

When the matter was pointed out the PS did not furnish any reply.

(ii) Similarly, Bagnan-I and Bagnan-II PSs received ₹ 1.99 crore in July 2010 and ₹ 45.05 lakh in June 2010 respectively for the same purpose.

Scrutiny revealed that Bagnan-I PS disbursed ₹ 38.43 lakh to beneficiaries of only four GPs till July 2011. The PS did not take any initiative to finalise the list of beneficiaries of remaining six GPs and refunded the balance amount of ₹ 1.60 crore in September 2011. When pointed out the PS did not furnish any reason for the above.

Bagnan-II PS failed to finalise the list of beneficiaries and did not disburse any amount. In July 2011, the PS surrendered the entire amount at the instruction

of the Additional District Magistrate, Howrah. When enquired, the PS replied that the actual demand for house building grant was much higher than what they had received. They were unable to prioritize beneficiaries against the received amount. Hence, they decided to surrender the entire grant.

(iii) Dantan-II PS received ₹ 4.34 lakh in May and July 2010 from the District Officer, Horticulture, Paschim Medinipur under “Calamity Relief Fund” for providing relief to the victims of 'Aila' storm. Scrutiny revealed that the PS did not take any action to identify the affected beneficiaries and the relief fund remained blocked in the PS till July 2012.

Reason for non-utilisation was enquired in audit (July 2012) but the PS did not furnish any reason.

Thus, the PSs did not adhere to the government instructions to disburse the relief /assistance to storm victims on time. Inefficient management and inaction on the part of the PSs resulted in blocking of Aila grant of ₹ 2.93 crore for a period ranging between 13 to 24 months after receipt of funds. Moreover, the three PSs surrendered ₹ 2.88 crore thereby depriving the storm affected victims of their legitimate assistance.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

5.4.2 Failure in augmentation of revenue of ₹ 10.97 crore

Sixty eight PRIs failed to augment revenue of ₹ 10.97 crore due to tardy collection, non implementation of the bye-laws framed, non-adoption of bye-laws and absence of formal agreement for rent/lease of properties

Section 133 of West Bengal Panchayat Act, 1973 empowers PRIs to levy tolls on vehicles on any road, bridge and ferry and to lease out assets or properties owned, vested or under the control of Panchayat bodies for fixed revenue. Recoveries for such leased out properties are to be considered as fixed demand and should be recorded in the Demand and Collection Register.

During 2011-2012, 13 ZPs and 35 PSs leased out ferry ghats, hats, water bodies, bundhs, parking plaza etc. Stalls of market complexes, office buildings and bungalows/guest houses were also put on rent. Scrutiny of Demand and Collection Register of these PRIs revealed that ₹ 10.06 crore remained unrealised from their leased out/rented properties (**Appendix-XXIX**). It was also noticed that

they did not take any appropriate action for collection of lease/rent, to execute the terms and conditions of agreement with the tenants and to improve infrastructural facilities to collect dues. Further, 12 PRIs⁴⁷ framed bye-laws to realise license fees /license renewal fees for trading/business activities in their area but failed to realize such fees from kerosene dealers, brick fields, saw mills, leased land etc. and ₹0.66 crore remain unrealised as of March 2012. Moreover, 12 PRIs though framed bye-laws but did not realise ₹49.26 lakh as of March 2012. Eight PSs did not frame any bye-laws for augmentation of own revenue and could not generate revenue amounting to ₹41.38 lakh (**Appendix-XXIX**).

Further, 62 PRIs⁴⁸ did not maintain Demand and Collection Register to monitor realisation of revenues.

When this was pointed out, 14 PRIs⁴⁹ did not furnish any reply and the remaining PRIs either admitted the facts and figures or stated that steps would be taken for collection of the unrealised revenue. It is evident from the replies that PRIs did not monitor the realisation of revenues.

Thus, lack of initiative in collection of revenue, non-execution/ formalisation of terms and conditions of lease/rent, improper maintenance of Demand and Collection register and non-imposition of bye-laws resulted in non-realisation of revenues from the properties owned by the PRIs and ₹10.97 crore remained outstanding from the lease holders, occupiers etc. Besides poor collection of own revenue widened resource gap and reduced the capacity of the PRIs to undertake welfare projects for sustainable development of rural areas.

⁴⁷ Howrah ZP (₹ 21.58 lakh) and Samserganj (₹13.07 lakh); Shyampur-II (₹ 0.88 lakh); Bagnan-II (₹ 0.83 lakh); Udaynarayanpur (₹ 5.64 lakh); Jamalpur (₹ 0.79 lakh); Mahishadal (₹ 8.91 lakh); Krishnagar-I (₹ 0.38 lakh); Uluberia-II (₹ 5.23 lakh); Galsi-II (₹ 1.14 lakh); Haringhata (₹ 7.05 lakh) and Bardhaman-II (₹ 0.47 lakh) PSs.

⁴⁸ **ZPs:** Bardhaman; North 24 Parganas and Siliguri Mahakuma Parishad. **PSs:** Pingla; Udaynarayanpur; Swarupnagar; Jamalpur; Mahishadal; Medinipur Sadar; Kharagpur-I; Beldanga-I; Gangajalghati; Falta; Krishnaganj; Sonarpur; Indas; Garbeta-I; Bhangar-II; Kharagpur-II; Amta-I; Krishnagar-I; Salanpur; Tamluk; Kalna-I; Taldangra; Debra; Dantan-II; Galsi-II; Gaighata; Haringhata; Raninagar-II; Budge Budge-I; Karimpur-I; Nandakumar; Bagnan-I; Dantan-I; Bardhaman-II; Chakdaha; Bhagwanpur-II; Manbazar-I; Manbazar-II; Sabang; Nabadwip; Bharatpur-II; Joypur; Neturia; Raghunathganj-II; Joynagar-II; Arsha; Tehatta-II; Chandipur; Purulia-II; Shyampur-II; Khandagosh; Santuri; Murshidabad Jiyaganj; Sarenga; Karimpur-II; Bagnan-II; Contai-I; Keshpur and Khatra.

⁴⁹ **ZPs:** Bardhaman; Cooch Behar; Dakshin Dinajpur; Jalpaiguri; Malda; North 24 Parganas and Siliguri MP. **PSs:** Jamalpur; Gangajalghati; Bhangar-I; Salanpur; Sabang; Pancha and Para.

5.5 Conclusions and Recommendations

Conclusions

PRIs did not adhere to the specification recommended by RRM of IRC and SOR of PWD, adopt revised rates of current SOR and consider shortest carriage, nearest quarry and cost effective materials for execution of works. Consequently, they incurred avoidable/ excess expenditure during execution of works. PRIs also extended undue benefits to contractors by not obtaining documents in support of royalty payments, by not specifying the source of materials in price schedule/bill of quantity and by allowing extra carriage for supply of materials from quarry to worksite. Absence of requisite documents required for overall transparency in course of execution of works rendered expenditure not susceptible to verification. Further, disaster relief fund remained blocked due to non-finalization of beneficiaries and developmental grants remained idle in the hands of PRIs for years together due to lack of initiative. Non-adherence to prescribed financial rules was noticed leading to violation of tendering procedure. Failure of PRIs to mobilize resources for execution of works led to incomplete works and rural people were deprived of intended benefit of development grants. Injudicious decision of handing over a project to a cluster of SHGs and lackadaisical attitude of PRIs resulted in non-transparent purchase procedure and unfruitful expenditure. Tardy collection of revenue and non-imposition of bye-laws resulted in non-realisation of revenues by the PRIs and legitimate demands remained outstanding for years.

Recommendations

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

- Provisions of SOR/ RRM of IRC may be strictly followed for ensuring financial propriety;
- Adoption of updated and extent of rates and specifications of SOR may be ensured before preparing estimates. Source of materials /variety of materials may be mentioned in the price schedule / BOQ to ensure quality of materials from contractors and avoid excess payment towards transportation charges;
- Establishment charges prescribed in Panchayat Rule may be imposed for execution of works of other departments as provided in the Rules;
- Optimal planning, identification of funds before execution, timely

implementation and efficient execution of works may be focused to achieve targets set for improvement in rural infrastructure;

- A special drive may be conducted to augment revenue and reduce resource gap.



(Pijush Kanti Das)

(Examiner of Local Accounts)

West Bengal

Kolkata,

The 16 JUL 2014

COUNTERSIGNED



(Madhumita Basu)

Principal Accountant General

(General & Social Sector Audit)

West Bengal

Kolkata,

The 16 JUL 2014