

Chapter 3

Compliance Audit

Chapter 3: Compliance Audit

TRANSPORT DEPARTMENT

3.1 *Wasteful expenditure*

Sanctioning of building plan for a Technology Park along with a Garment Park by HRBC without obtaining approval of the Board resulted in wasteful expenditure of ₹ 3.41 crore on building plan sanction and consultancy fees.

With a view to develop software for information technology industry and to set up an organised ready-made garment stitching and manufacturing unit, Hooghly River Bridge Commissioners (HRBC) prepared a building plan through a Consultant Architect engaged in August 2006. The building plan prepared by the Architect included three towers for Technology Park and one tower for Garment Park with total floor area of 719979.30 square feet. Of these, HRBC could only construct the Garment Park with total built up area of 269972 square feet by December 2012 at a cost of ₹ 72.53 crore.

Audit scrutiny revealed that initially the board of HRBC had decided (December 2005) to set up only the Garment Park, for which a feasibility study was conducted in August 2006. Audit, however, noticed that HRBC prepared building plan of Technology Park along with Garment Park, without approval of the board and without conducting any feasibility study for the Technology Park. HRBC paid ₹ 3.84 crore as Building Plan sanction fee (including ₹ 2.34 crore for Technology Park) to Howrah Municipal Corporation (HMC) and ₹ 2.57 crore as Consultancy Fee (including ₹ 1.07 crore for Technology Park) to the Consultant Architect. The approved plan had expired in March 2011 but construction of Technology Park was not taken up. The area earmarked for the Technology Park is now being used as bus stand along with parking space.

In reply, HRBC stated (March 2015) that the building plan of Technology Park along with Garment Park was sanctioned by HMC with the idea that the Technology Park will be constructed within the same premises of the Garment Park in 'Phase II'.

However, there was no mention of Phase II in the Administrative Approval of the project. Sanctioning of the combined building plan in anticipation of a future construction without any approval of the board thus cannot be justified. Further, sanction for building plan could have been obtained phase-wise as per provision of the Municipal Rules.

Thus, injudicious decision and poor planning of HRBC in obtaining sanction of the combined building plan resulted in wasteful expenditure of ₹ 3.41 crore.

The matter was reported to the Department in June 2015, reply was yet to be received.

CONSUMER AFFAIRS DEPARTMENT

3.2 Irregular expenditure

Department arbitrarily engaged puja organisers for participation in consumer awareness programme during puja festivals and failed to ensure proper execution through proper monitoring and supervision which resulted in irregular expenditure of ₹ 2.83 crore.

Consumer Protection Act 1986 read with Consumer Protection Rules 1987 stipulates creation of wide-spread public awareness of consumer rights and interests mainly by organising seminars and programmes at prominent public places like schools, colleges, markets, publication and distribution of leaflets, pamphlets, banners and hoardings, besides advertising through leading newspapers, periodicals and electronic media. Consumer Affairs Department is responsible for protection of the consumers' interest through various consumer awareness programmes.

Till the year 2010-11, consumer awareness programmes were being organised through Non-Government Organisations (NGOs) and Voluntary Consumer Organisations (VCOs). However, in the year 2011-12 the Department itself decided to participate at various puja mandaps for promotion of consumer awareness through setting up of stalls, display of banners and distribution of leaflets during puja festivals. The Regional Offices (ROs) were made responsible for successful implementation of the awareness programme through effective monitoring and close liaison with the puja organisers. Accordingly, 2320 puja organisers were engaged during 2011-12 to 2014-15 for setting up of stalls, display of banners and distribution of leaflets. An aggregate amount of ₹ 2.83 crore was paid to these puja organisers for taking part in the consumer awareness programme during puja festivals.

Scrutiny of the records of the Department of Consumer Affairs along with five test checked ROs⁶² revealed the following:

➤ ***Selection of clubs without policy framework***

Till 2010-11, consumer awareness programmes were conducted with the involvement of NGOs/VCOs. Information and Cultural Affairs Department (I&CAD) was also engaged for display of messages on consumer awareness at public places. No funds were given to these organisations and I&CAD for participation in consumer awareness programmes and display of messages except the cost of printing and mounting/demounting of hoardings/banners. Scrutiny, however, revealed that from 2011-12, puja organisers were involved and paid varied amount (₹ 2000 to ₹ 50000) for participation in consumer awareness programme. Audit noticed that applications were submitted directly to the

⁶² Kolkata (ESRO), Kolkata (North), Kolkata (South), Barrackpur and Bankura

Minister-In-Charge by the puja organisers and selection was made without fixing any criteria.

In reply to audit queries, the Department stated (January 2015) that footfalls and location of the clubs were considered for payment of differential amount and they were aware about the footfalls. The Department, however, failed to produce any evidence in support of their reply.

➤ ***Absence of effective monitoring, supervision and verification of claims***

The Directorate issued (June 2012 and September 2012) guidelines to its field offices regarding monitoring, supervision and verification of claims by the respective Regional Offices. Audit observed the following irregularities:

- As per the guidelines, a Consumer Welfare Officer (CWO) was to be deployed at the stalls during the puja days to monitor the activities pertaining to consumer awareness at the stalls, take photographs of stalls and monitor the smooth distribution of leaflets and also interact with the pandal hoppers during these days. Claims of the puja organisers were to be passed only on a certificate by CWO in bills that the work was done satisfactorily. Scrutiny, however, revealed that the ROs did not maintain any record in support of deployment and monitoring of the programme by CWOs. In reply, ROs accepted the audit observation and stated (January/March 2015) that the CWOs were directed verbally regarding their assignments in the programmes. It was also stated that due to inadequate manpower, it was not possible to effectively monitor the awareness programme organised through a huge number of puja organisers. Thus, the claims of the puja organisers were passed without ensuring actual execution of the awareness programme by the puja organisers.
- The guidelines also stipulated submission of documentary evidence such as photographs of stalls *etc.* along with the bills. In test checked ROs, however, audit noticed that there were no such attached photographs. As a result, audit could not verify the actual exhibition of the banners *etc.*
- The guidelines further stated that return of display materials like banners issued to the organisers was to be ensured and certified on the bill before payment. The Department issued banners and leaflets worth ₹ 19.41 lakh to the puja organisers. Audit, however, noticed that certificates regarding return of banners worth ₹ 8.74 lakh were not available on the bills. ROs also did not maintain any stock register for display materials. As a result, Department could not ensure whether the display materials were actually issued, displayed as well as returned in absence of proper stock records.

The Department in reply stated (September 2015) that henceforth the ROs were being asked to follow the guidelines, preserve the documents and maintain the stock of display materials properly for production of the same to audit.

Thus, the Department arbitrarily engaged puja organisers for participation in consumer awareness programme during puja festivals and failed to ensure proper execution through proper monitoring and supervision which resulted in irregular expenditure of ₹ 2.83 crore.

PUBLIC WORKS (ROADS) DEPARTMENT

3.3 Avoidable expenditure

The Department, in violation of IRC guidelines laid an extra layer of bituminous items in the revised scope of a road work which resulted in extra expenditure of ₹ 13.05 crore.

Indian Roads Congress (IRC⁶³) guidelines⁶⁴ for designing roads stipulate that thickness of road should be designed on the basis of CBR⁶⁵ value of the sub-grade and projected traffic volume⁶⁶ (to be determined through traffic census) during the design life of the road.

Superintending Engineer, State Highway Circle-I (SE/SHC-I), Public Works (Roads) Department awarded (June 2012) the road improvement work⁶⁷ of Kolkata-Basanti Road to a contractor at a cost of ₹ 31.32 crore for completion by June 2013. The estimated cost was revised in August 2013 to ₹ 49.73 crore due to change in the scope of work. The work was completed in October 2013 at this cost.

Audit noticed that in the original estimate, the bituminous specification (75 mm BM⁶⁸ and 25 mm BC⁶⁹) of the road was determined on the basis of traffic survey conducted (September 2011) at two locations - one within the stretch of 0.00 to 16.00 kms and another within the stretch of 60.00 to 86.00 kms. Subsequently, in consideration of increased traffic in the first 20 km stretch of the road based on a traffic census (September 2012) at 5 km point, the Department felt the need for revision of the scope of work. Accordingly, it was decided to widen the portion of the road in the first 16 kms from projected seven metres to 10 metres. The stretches from 20 kms to 29 kms and 60 kms to 86 kms were decided not to be widened as the existing road width was considered sufficient to cater to the traffic density. The entire road stretches were, however, strengthened with higher specifications (50 mm BM, 75 mm DBM⁷⁰ and 40 mm BC).

Audit observed that in the revised scope of work the entire road stretches were strengthened with an additional bituminous layer of 50 mm more than what is required as per the IRC guidelines at a cost of ₹ 13.05 crore. The Department, in reply, stated (July 2015) that higher specification of bituminous layers was provided in consideration of increased traffic in the first 20 km and also by conducting traffic census at the five and 72 km point.

⁶³ The Indian Roads Congress (IRC) is the Apex Body of Highway Engineers in the country. It issues guidelines which are updated annually.

⁶⁴ IRC 37 2001.

⁶⁵ California Bearing Ratio is the parameter for evaluation of subgrade strength of soil.

⁶⁶ Expressed in million standard axles (msa) and ESAL (Equivalent Standard Axle Load).

⁶⁷ Improvement of riding quality from 0 kmp to 29 kmp and widening and strengthening from 60 kmp to 86 kmp (excepting 16 kmp to 19.3 kmp)

⁶⁸ Bituminous Macadam

⁶⁹ Bituminous Concrete

⁷⁰ Dense Bituminous Macadam

The reply is, however, not acceptable as on the basis of the traffic census report furnished by the Department, higher specifications were not called for as per the IRC specification. Thus, the Department, in violation of IRC guidelines, laid an extra layer of bituminous items in the revised scope of a road work which resulted in extra expenditure of ₹ 13.05 crore⁷¹.

PUBLIC WORKS, IRRIGATION AND WATERWAYS AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENTS

3.4 Avoidable expenditure

Public Works, Irrigation and Waterways and Animal Resources Development Departments failed to avail exemption of Service Tax (ST) due to failure in applying revised provisions of the Finance Act 1994 resulting in avoidable expenditure of ₹ 2.53 crore.

As per Finance Act 1994 (Section 68 of Chapter V), every person/organisation providing taxable service to any person/organisation shall pay Service Tax (ST) at prescribed rates in such a manner and within such period as may be prescribed. As per the Act, the service provider collects the ST from the recipient of services and remits the same to the appropriate head of the Government of India. With effect from July 2012, services provided⁷² to Government or a local authority had been excluded from the list of taxable services.

Audit scrutiny of 11⁷³ electrical divisions of Public Works Department (PWD), one division⁷⁴ of Irrigation and Waterways Department (I&WD) and one Autonomous Body⁷⁵ under Animal Resources Development Department (ARDD) revealed that the Departments continued paying ST to the service providers for services provided by them though the services were exempted with effect from July 2012. The details are as under:

- 11 electrical divisions paid ₹ 0.83 crore as ST during July 2012 to February 2015 to 306 agencies for providing services of installation and maintenance of electrical equipment in Government buildings used for public purposes like hospitals, educational institutions, offices *etc.* though ST was exempted during that period. Further, the divisions also did not ensure production of any documents by the agencies in support of remittance of ST to the appropriate head of account before passing of the bills. In reply, 10 divisions accepted (January to April 2015) the audit observation. One division was yet (May 2015) to submit any reply.

⁷¹ ₹ 9.18 crore + ₹ 3.87 crore

⁷² Construction, erection, commissioning, installation, completion, fitting out, repair, maintenance or alteration of a civil structure like canal, dam or other irrigation or any other for non-industrial or non-commercial use, works. Services of general insurance provided to Government was also exempted from the taxable list.

⁷³ South Kolkata Health, Kolkata, Central Kolkata Health, Bidhannagar, Bardhaman, North Kolkata Health, Paschim Medinipur, West Kolkata, Jalpaiguri, Darjeeling, Malda Electrical Divisions

⁷⁴ Teesta Canal Hq Division

⁷⁵ Paschim Banga Go-Sampad Bikash Sanstha (PBGSSBS)

- Executive Engineer (EE) Teesta Canal Headquarter Division, under I&WD, engaged (November 2010) a service provider for “design, project management, preparation of bill of quantities, quality control, supervision and preparation of environmental obligation report” for Teesta Barrage Project which was not taxable. The contractor was paid ₹ 9.05 crore till May 2014 which included ST of ₹ 52.18 lakh for the period from April 2012 to March 2014. In reply, I&WD stated that the services provided by a project management consultant were not included in the list of exempted services and ST was paid as per the terms of the agreement. The reply is, however, factually incorrect in view of the fact that the service provided by the consultant was a part of the work which was excluded from the ST.
- Livestock Insurance Scheme is a Government of India aided scheme being implemented by Paschim Banga Go-Sampad Bikash Sanstha (PBG SBS) with the objective to provide protection mechanism to the cattle owners against any eventual loss of their animals. Scrutiny revealed that PBG SBS under ARDD paid ₹ 10.47 crore as premium on livestock insurance to different insurance companies from July 2012 to January 2015 which include ST of ₹ 1.18 crore which was not payable. On this being pointed out by audit, PBG SBS asked (June 2015) the Insurance Company to refund the entire amount of ST if the same had not been deposited to the appropriate Government Account or submit the copy of the tax paid certificate if it had been deposited.

Non-implementation of revised provisions of the Finance Act, 1994 by the above three Departments had resulted in avoidable expenditure of ₹ 2.53 crore.

CONSUMER AFFAIRS DEPARTMENT

3.5 Misutilisation of GoI fund

Consumer Affairs Department misutilised ₹ 1.18 crore and kept the balance fund of ₹ 0.57 crore unspent for more than five years without enforcing standards of weights & measures in the State.

Consumer Affairs Department (CAD) is responsible to establish and enforce standards of weights and measures as per the Legal Metrology Act 2009 read with West Bengal Legal Metrology (Enforcement) Rules 2011 for protection of the consumer’s interest. The laboratories viz. Working Standard Laboratory (WSL)⁷⁶ and Secondary Standard Laboratory (SSL)⁷⁷ are responsible for calibration/stamping/verification of weights and measures. As per the West Bengal Legal Metrology (Enforcement) Rules, 2011, every Working Standard kept in WSL is to be verified annually by SSL. There are only two SSLs⁷⁸ for verification of 113 WSLs in the State.

⁷⁶ WSL means set of standard weight or measure which is made or manufactured by or on behalf of the Central Government or State Government for the verification of any standard weight or measure, other than national prototype, reference standard or secondary standard.

⁷⁷ SSL means set of standard weight or measure which is made or manufactured by or on behalf of the Central Government or State Government for the verification of any working standard.

⁷⁸ Kankurgachi and Siliguri

Ministry of Consumer Affairs, Food and Public Distribution, Government of India (GoI) sanctioned (January 2010) ₹ 1.75 crore under Grant-in-aid for strengthening weights and measures infrastructure in the State by constructing seven new laboratories at the rate of ₹ 25 lakh each under the condition that the laboratory building may be newly constructed/purchased outright by the State Government.

Audit scrutiny revealed that GoI accepted the proposals of the Department (July 2012 and January 2014) to construct four laboratories (two SSL and two WSL) in the office premises of the Controller of Legal Metrology (CLM) at Kankurgachi and one SSL by merging two WSL at Netaji National Institute of Consumer Education (NNICE) at Chinsurah. As of June 2015, no new laboratory was created out of GoI fund and audit observed the following irregularities in utilisation of the fund:

- CAD utilised the GoI fund of ₹ 1.00 crore on renovation of the office premises of CLM at Kankurgachi. The construction work included vertical extension of one floor for conference room, renovation of the chamber of the Minister-In-Charge and the chamber of the CLM with air conditioning machines and installation of lift which were not in conformity with the stipulated purpose of the government grant. CAD, however, furnished (July 2013) Utilisation Certificate (UC) to GoI stating that ₹ 1.00 crore had been utilised for the purpose of construction of two WSL and two SSL which was factually incorrect. Joint physical verification (January 2015) with audit team and CLM revealed that one SSL which was earlier functioning on the 3rd floor of the directorate office was shifted to the ground floor to minimise vibration effect and no new WSL/SSL was constructed.
- CAD allotted ₹ 0.49 crore (November 2014) to Controller of Legal Metrology (CLM) for purchase of furniture and laboratory instruments at the proposed SSL at NNICE, Chinsurah which is yet (May 2015) to be utilised. Audit, however, observed that purchase of laboratory instruments was not within the scope of the sanction of the GoI.
- Scrutiny further revealed that the Department, in disregard to the purposes of the Grant-in-aid, spent (March 2010) ₹ 0.18 crore on installation of kiosk, purchase of photocopier and furniture in the NNICE at Chinsurah without the approval of the GoI.

Thus, CAD utilized ₹ 1.18 crore⁷⁹ for the purposes other than those stipulated in the sanction of GoI and kept the balance fund of ₹ 0.57 crore unspent, due to which the Department failed to meet the statutory obligations of annual verifications of the weights and measures of WSL as per the Act/Rules. Audit noticed that during the last five years the SSL at Kankurgachi had carried out only 85 annual verifications and SSL, Siliguri had not done any verification at all against the target of 565 verifications in five years of all 113 WSLs.

⁷⁹ (₹ 1.00 crore + ₹ 0.18 crore)

In reply, the Department stated (June 2015) that due to temporary dislocation for renovation of the office building at Kankurgachi, verifications could not be undertaken. In respect of SSL, Siliguri verification could not be conducted due to lack of manpower and non-working condition of the manual balance. The reply indicates that GoI fund was not effectively utilised to strengthen the weights and measures infrastructure in the State.

The Department thus misutilised ₹ 1.18 crore and kept the balance fund of ₹ 0.57 crore unspent even after five years of release of Grant-in-aid by the GoI.

TRANSPORT DEPARTMENT

3.6 Loss of interest and blockage of Government money

HRBC allowed interest free mobilisation advance beyond the prescribed limit without ascertaining feasibility of the work which resulted in loss of interest of ₹ 5.66 crore. Further, the unadjusted mobilisation advance of ₹ 2.92 crore could not be recovered even after closure of the contract.

In order to reduce traffic congestion and facilitate movement of vehicles in the busy crossing of Jessore Road and Dum Dum Road at Nagerbazar, the Transport Department decided (October 2006) to construct a two lane fly-over of 1166 metre length on Jessore Road along with a 400 metre long entry ramp on Dum Dum Road. Hooghly River Bridge Commissioners (HRBC) was engaged for implementation of the project which awarded (February 2009) the construction work to a private agency at a contract price of ₹ 101.40 crore for completion by August 2010. HRBC paid (March 2009) interest free mobilisation advance of ₹ 20.28 crore (20 per cent of total contract price) against bank guarantee for the same amount. The main fly-over on the Jessore Road portion was completed and opened to traffic in March 2012 after delay of 19 months from the scheduled date of completion. After a gap of 30 months, HRBC decided (September 2014) to close the contract without constructing an entry ramp, citing non-feasibility of undertaking various additional preconstruction works⁸⁰ and escalation of rates. As of June 2015, the contractor was paid ₹ 75.34 crore.

Though there was no provision for granting mobilisation advance in the State PWD code, the State follows the provisions of the Central Public Works Department (CPWD) Code/Manual. CPWD Works Manual 2007 provides that mobilisation advance limited to 10 per cent of tendered amount at 10 per cent simple interest per annum can be sanctioned in not less than two installments against a bank guarantee for the full amount of the advance. HRBC, however, allowed interest free mobilisation advance of ₹ 20.28 crore equivalent to 20 per cent of contract price in one installment which resulted in loss of interest of ₹ 5.66 crore. As per the contract, mobilisation advance should have been recovered from the running account bills prior to the completion of 80 per cent of the contract value. As the scope of work was subsequently reduced due to non-execution of the entry ramp, contract value was also reduced and mobilisation

⁸⁰ Felling of road-side trees, relocation of utility services etc.

advance of ₹ 2.92 crore could not be recovered as yet. Audit observed that DPR envisaged construction of the project in two phases, viz. main fly-over (1166 metre length) in phase I and entry ramp (400 metre length) in phase II. HRBC, however, awarded both the phases together, without properly assessing the feasibility of construction of phase II and paid mobilisation advance in one installment. Audit further noticed that HRBC took more than five years to reduce the scope of the contract due to non-feasibility of phase II which indicated poor planning and deficient contract management leading to blockage of government fund of ₹ 2.92 crore.

Thus, arbitrary allowance of mobilisation advance coupled with poor planning and deficient contract management resulted in loss of interest of ₹ 5.66 crore and blockage of fund of ₹ 2.92 crore.

The matter was reported to the Department in July 2015, reply was yet to be received.

PUBLIC WORKS DEPARTMENT

3.7 Wasteful expenditure

Lack of co-ordination between Public Works Department (PWD) and Kolkata Metropolitan Development Authority (KMDA) coupled with injudicious decision of PWD in taking up strengthening work when the construction of the elevated corridor on the same stretch had already been taken up by KMDA resulted in wasteful expenditure of ₹ 3.36 crore.

To provide a hassle free, fast and direct link between Jinjira Bazar and Batanagar, Government of West Bengal decided (February 2009) to initiate steps for the construction of an elevated corridor on the road stretch between 8 and 15.5 kmp under Jawaharlal Nehru National Urban Renewal Mission (JNNURM). To explore possibilities regarding its implementation, Public Works Department (PWD) issued (February 2009) an advertisement inviting expression of interest for construction of this corridor. As KMDA is the nodal agency for execution of project under JNNURM, PWD decided (March 2010) not to execute this elevated corridor project and instead requested KMDA to execute it. Government of India (GoI) approved (March 2012) the project under JNNURM and accordingly KMDA took up (January 2014) the project which was under progress as of July 2015.

Audit noticed that PWD took up (December 2013) a strengthening work on the road stretch⁸¹ at an estimated cost of ₹ 6.52 crore on which this elevated corridor project was to be constructed, just before commencement⁸² (January 2014) of the elevated corridor project by KMDA. The strengthening work was subsequently abandoned (May 2015) midway rendering the expenditure of ₹ 3.36 crore on the

⁸¹ 8.00 kmp to 8.4 kmp, 8.70 kmp to 12.50 kmp, 13.50 kmp to 15.50 kmp and 16.00 to 17.00 kmp of Budge Budge Trunk Road (BBTR)

⁸² Issue of work order

incomplete road wasteful as discussed below:

- PWD requested (March 2010) KMDA to keep PWD informed about the decisions taken by KMDA so that “there is no clash of interest between the departments”. Scrutiny, however, revealed that though the elevated corridor project was approved by the GoI in March 2012 and the work was awarded in January 2014, PWD was officially informed about the approval and commencement of the project only in February 2014 which indicated a co-ordination failure between the two Departments. PWD also did not communicate with KMDA before taking up the strengthening work.
- Audit observed that even though KMDA had informed Chief Engineer (CE), PWD about approval/commencement of the project in February 2014, PWD went ahead with the strengthening work. Instead of stopping the strengthening work (only repairing of the road had been done and major work relating to strengthening like laying of bituminous layer *etc.* had not commenced), PWD continued with the work and completed it, except for putting the topmost layer of bitumen on the road. The division continued with the road work till the CE, PWD directed to stop the work only in May 2014.

The PWD in reply stated (August 2015) that the condition of the road compelled them to take up the work for smooth traffic movement. The action, however, could not be justified as the Department could have stopped the major bituminous work when KMDA informed PWD (February 2014) about commencement of the corridor project.

Thus, lack of co-ordination between PWD and KMDA coupled with injudicious decision of PWD in taking up a strengthening work when the construction of the elevated corridor on the stretch had already been taken up by KMDA resulted in wasteful expenditure of ₹ 3.36 crore.

IRRIGATION & WATERWAYS AND LAND & LAND REFORMS DEPARTMENTS

3.8 *Reconstruction, remodelling and improvement of embankments in Sunderban area damaged by severe cyclone ‘Aila’*

3.8.1 Introduction

Sunderban area in West Bengal is a cluster of 104 islands of which about 54 are inhabited by 35.57 lakh people (as per 2001 census) and the rest are reserved forests and wild life sanctuaries. A severe cyclone ‘Aila’ hit the coastal area of Sunderban in May 2009 and breached the century-old earthen embankments causing more than 300 human casualties and destruction of about four lakh houses. The Government of India (GoI) constituted (June 2009) a Task Force (TF) to assess the damage caused by Aila and to suggest remedial measures to prevent further breaches in embankments and consequent flooding of areas. TF submitted (August 2009) their final report with recommendations for short as

well as long term measures to be implemented by Irrigation and Waterways Department (I&WD), Government of West Bengal (GoWB). While short term measures were for reconstruction, remodelling and improvement of 778 km of the worst affected embankments, long term measures were for reconstruction of remaining 2500 km embankment. Administrative Approval of the short term measures was accorded in October 2010 at a cost ₹ 5032 crore⁸³ for completion by March 2013. Detailed Project Report (DPR) for the long term measures was to be prepared within February 2010, which was not prepared as of March 2015.

3.8.2 Organisational Structure

A Project Management Unit (PMU) headed by a Chief Engineer was set up in August 2010 for management and implementation of the Project. PMU runs with three Project Directors of Superintendent Engineer rank and seven Project Managers of Executive Engineer rank.

3.8.3 Audit Objectives

The audit objectives were to evaluate whether:

- the Project was implemented as envisaged by Task Force/DPR; and
- the monitoring of the project was adequate and effective.

3.8.4 Scope and Methodology of Audit

Audit was conducted between January and March 2015 in office of the PMU and four implementing Division Offices⁸⁴. Offices of the two Special Land Acquisition Offices⁸⁵ of L&LRD responsible for land acquisition on priority basis were also selected for audit.

3.8.5 Target and Achievement

The targets in respect of procurement of land and reconstruction of embankments as per the DPR *vis-a-vis* achievements as of March 2015 are shown below in Table no. 3.1:

Table No. 3.1: Target *vis-a-vis* achievement

Description of Works	Target		Target date of completion	Achievement up to March 2015			
	Physical	Financial (₹ in crore)		Physical	Per cent	Financial (₹ in crore)	Per cent
Procurement of land (acres)	14209	876	June 2012	2336.85	16	101.86	12
Reconstruction of Embankments completed (km)	778	4245	March 2013	6.575	1	91.78	2
				Total		193.64	

(Source: Departmental records)

Scrutiny revealed that GoI and the State released ₹ 525.75 crore and ₹ 111.25 crore respectively during 2009-15 for short term measures. As of

⁸³ To be shared between GoI and GoWB in the ratio of 75:25

⁸⁴ Canals Division, Basirhat Division, Jaynagar Division and Kakdwip Division of I&WD

⁸⁵ Special LAO, North 24 Parganas and Special LAO, South 24 Parganas of L&LRD

March 2015, ₹ 193.64 crore was utilised after completing only 16 *per cent* and one *per cent* of the targets in respect of procurement of land and reconstruction of embankments respectively. Audit noticed that due to failure in utilising fund by I&WD and L&LRD, further fund was not released by GoI & GoWB.

3.8.6 Audit Findings

The Task Force recommended for reconstruction of 778 km embankments by March 2012 adopting the mission mode. However, only 6.575 km of embankment was reconstructed as of March 2015 leaving the entire area and its habitation under threat of being completely washed away if a cyclone strikes again. The reasons for poor achievement are brought out in the succeeding paragraphs:

3.8.6.1 Failure to commence re-construction of embankments

As of March 2015, I&WD took up reconstruction of 45.196 km of embankments on only 1036.14 acres out of total 2336.85 acres of land already in possession. I&WD, however, failed to commence the reconstruction of embankments in remaining land of 1300.71 acres due to failure in timely implementation of rehabilitation and compensation packages.

Implementation of rehabilitation package

With a view to acquire land free from all encumbrances, DPR for the project had envisaged compensation to land owners through a compensation package as well as rehabilitation package to the sharecroppers and the dwellers occupying the land. I&WD issued (December 2009) a Government Order (GO), stipulating a financial compensation to the land owners as well as rehabilitation package⁸⁶ to the affected persons. As per the GO, payment of entire sum under rehabilitation package should be made to the beneficiaries in one lump before taking possession of the land. I&WD proposed (between March and October 2010) total 190 cases to L&LRD for acquisition of 5559.74 acres of land.

Scrutiny, however, revealed that L&LRD started rehabilitation package only from April 2013, after issue of the notification for commencement of rehabilitation package in October 2012. However, they had started acquiring land since January 2011. As of April 2013 (commencement date of the rehabilitation package), 1096.76 acres land had already been handed over to I&WD without implementation of any rehabilitation package to the affected persons. Thus, the actual implementation of the rehabilitation package started after a lapse of three years from the issue of the GO by I&WD in December 2009. As of March 2015, L&LRD could finalise only 33 cases and paid ₹ 7.83 crore to 1627 beneficiaries against the proposals of 190 land acquisition (LA) cases.

Audit observed from the report of the Secretary of the I&WD that the Department faced problems in implementation due to resistance from the occupiers (sharecroppers, dwellers *etc.*) who were refusing to vacate the land without any rehabilitation package. Thus, implementation of project was hampered for non-availability of land free of encumbrances due to failure of L&LRD to implement the rehabilitation package timely.

⁸⁶ *This inter alia included house building grant, relocation grant to the affected families and wages to the registered and non-registered sharecroppers.*

Implementation of compensation package

I&WD submitted (between March and October 2010) the proposals of 5559.74 acres of land to the L&LRD. For speedy processing and disposal of LA cases, L&LRD constituted (October and November 2009⁸⁷) two Special Land Acquisition (LA) Cells. As per LA Manual, each LA case is to be processed within 105 days⁸⁸ under emergency section of the LA Act. Scrutiny of records revealed that as of March 2015, in handing over 2336.85 acres land, L&LRD took 234 to 1743 days⁸⁹ from the date of the receipt of the proposals from the I&WD to the date of handing over of the land against the stipulated 105 days (*Appendix-3.1*).

In reply, Special Land Acquisition Officers of the two districts stated that delay was partly because of administrative problem within L&LRD and partly because of receipt of incomplete/revised proposals from I&WD. However, they did not quantify the exact period of delay attributable to I&WD. Audit, however, observed that L&LRD took 152 to 1346 days (*Appendix-3.1*) even after notification u/s 4 in which I&WD had no role.

Thus, administrative lapses in processing the LA cases by the L&LRD delayed acquisition of land which hampered implementation of the project.

3.8.6.2 Non-fulfillment of objectives for which land was acquired

The DPR provided for acquisition of 5853 acres of land for use as borrow pits, *i.e.* on land adjacent to the embankment on the country side (opposite to river/sea-side) for the purpose of extraction of soil for reconstruction of embankments and future maintenance of embankments, out of total 14209 acres of land required for the project. The proposed borrow pit land was also to be used for other activities like rain water harvesting, cattle feeding, agriculture, fisheries *etc.* As of March 2015, I&WD acquired total 2336.85 acres of land including 958 acres of borrow pit land.

Scrutiny of records revealed that the actual reconstruction of embankment was done by carrying soil (50 to 95 *per cent*) from distant places, instead of using borrow pit land acquired at a cost of ₹ 59.11 crore. I&WD stated that additional soil was to be carried from distant places due to non-availability of soil in these borrow pits which had in the meantime become ditches and been eroded. I&WD also incurred ₹ 31.62 crore⁹⁰ on carriage of soil from the distant places. The envisaged activities like rainwater harvesting, agriculture *etc.* had not yet been taken up on the borrow pit land.

⁸⁷ For North and South 24 Parganas districts respectively

⁸⁸ Between the date of receipt of proposal and the date of issue of notification u/s 4-2 days, from the date of issue of notification u/s 4 to the date of delivery of possession of land-103 days.

⁸⁹ 234 days to 365 days-4 cases, 366 days to 730 days-11 cases, 731 days to 1095 days-34 cases, 1096 days to 1460 days-24 cases, 1461 days to 1743 days-7 cases.

⁹⁰ Payment of ₹ 10.27 crore already made and ₹ 21.35 crore are yet to be paid.

3.8.7 Financial Management

3.8.7.1 Delayed processing of LA cases led to extra expenditure

As per the LA Act 1894, additional compensation is payable at the rate of 12 *per cent* per annum on the total land value for the period from the date of publication of notice for acquisition of land u/s 4(1) to the date of declaration of award u/s 11A for LA compensation. The manual⁹¹ stipulated maximum 73 days between date of publication of notification and making of the award. Scrutiny revealed that due to delay in processing of LA cases, there was considerable delay in making the award and as a result, LAO had to pay ₹ 10.26 crore as additional compensation against ₹1.64 crore admissible. This resulted in avoidable extra expenditure of ₹ 9.47 crore on additional compensation (*Appendix 3.2*).

Further, administrative cost at the rate of 10 *per cent* of the total land acquisition cost was admissible to L&LRD as per provision of the Act. As of April 2015, L&LRD paid ₹ 86.35 crore on account of LA compensation, thus, ₹ 8.64 crore (*i.e.* 10 *per cent*) was admissible to L&LRD as administrative cost. Scrutiny, however, revealed that ₹ 15.52 crore was actually incurred on account of administrative cost which resulted in excess expenditure of ₹ 6.88 crore (₹ 15.52 crore - ₹ 8.64 crore).

3.8.7.2 Loss of interest

Though there was no provision for granting Mobilisation Advance (MA) in the State PWD Code, the State follows the provisions of the Central Public Works Department (CPWD) Code/Manual. CPWD Manual 2007 provides that mobilisation advance limited to 10 *per cent* of tendered amount at 10 *per cent* simple interest per annum can be sanctioned in not less than two installments against a bank guarantee for the full amount of the advance. Audit, however, noticed that the Department in violation of the CPWD manual allowed interest free mobilisation advance of ₹ 76 crore which resulted in loss of interest to the tune of ₹ 14.33 crore as discussed below:

- Scrutiny of seven contract packages which were awarded at the tendered cost of ₹ 685.02 crore revealed that the contracts stipulated interest-free MA for 10 *per cent* of the contract price. The contractors were paid MA of ₹ 68.50 crore between March 2012 and December 2012 against bank guarantees. All the seven contracts were terminated between January 2014 and August 2014⁹² and only ₹ 0.55 crore of MA for one completed work could be recovered in December 2014. The bank guarantees against remaining six packages of ₹ 67.95 crore were encashed (between January and March 2014) after termination of these contracts. Non-levy of interest on MA granted to the agencies in violation of CPWD manual resulted in loss of interest of ₹ 10.95 crore.
- A consultant engaged in July 2010 as 'Project Management Service Provider' for preparation and evaluation of bids, project planning & monitoring,

⁹¹ 'Land Acquisition – A New Approach 2006'

⁹² Due to poor progress of the works

supervision and quality control *etc.* was paid (August and September 2010) an interest free MA of ₹ 7.50 crore against submission of bank guarantee of the same amount. The MA was to be recovered from the progressive bills in three installments. The agreement was terminated in July 2013. As of March 2015, the claim of the consultant for the work done was not settled. MA of ₹ 7.50 crore remained with the consultant and the bank guarantee could not be encashed due to non-settlement of claim of the agency. Thus, non-levy of interest resulted in a loss of interest of ₹ 3.38 crore (at the rate of 10 *per cent* per annum on ₹ 7.50 crore for 4 years 6 months).

I&WD stated (December 2015) that MAs were given to the contractors as per provisions of the contract with the approval of the Departmental Project Management Committee. However, the fact remains that the provision of the CPWD manual does not provide for interest free mobilisation advance.

3.8.7.3 Loss of royalty

Audit scrutiny revealed that construction of the river embankment was executed (between March 2013 and March 2015) with 9.51 lakh cum of carried earth by 27 contractors. As per the terms of the contract, royalty charges were to be borne by the contractors and the rate quoted by them should include the royalty charges⁹³, if applicable. Records of District Land & Land Reforms Officers (DL&LRO) of South and North 24 Parganas, however, revealed that in violation of the provisions of the Rules⁹⁴, the contractors had neither obtained any lease or quarry permit from the respective DL&LROs nor paid any royalty to the Government as applicable in respect of the carried earth used by them. Audit observed that the Department did not insert any provision in the contract to make it compulsory for the contractors to submit royalty payment certificates to ensure actual remittance of royalty to the government.

I&WD, in reply, stated (December 2015) that recovery of royalty charges from the contractors entrusted with earthwork did not arise as royalty charges had not been taken into account in item rate of earthwork. The reply is, however, not appropriate because, as per the terms of contract, agencies were to quote item rate inclusive of royalty charge.

Thus, absence of any monitoring and control exercised by I&WD led to loss of revenue to government to the tune of ₹ 2.28 crore due to non-recovery of royalty.

3.8.8 Monitoring

In October 2010, a Land Acquisition Management Committee was constituted with Additional Chief/Principal Secretary of L&LRD as its head with the concurrence of FD to meet at least once in a month or as required in order to monitor/review process of land acquisition, to identify bottlenecks and to take remedial action. Monitoring Committees at Block Level, District Level and State Level under the Chairmanship of concerned *Sabhapati*, *Sabhadhipati* and

⁹³ As per SOR of Eastern Circle (EC), Irrigation and Waterways Directorate effective from 16 August 2012

⁹⁴ West Bengal Minor Minerals Rules, 2002

MIC of I&WD respectively was constituted to ensure inter-Departmental co-ordination at various levels. Audit observed that no monthly meeting of these committees at any level was found to have been held since the project began in October 2009. Thus, there was no proper monitoring of execution of the project. I&WD accepted (December 2015) that regular meetings of these committees could not be conducted.

3.8.9 Conclusion

The objectives of the project which was to reconstruct embankments damaged by Aila cyclone in mission mode remained unachieved. Only 2336.85 acres of land out of total requirement of 5559.74 acres could be delivered for possession in five years and only 6.575 km of embankment against the target of 778 km were reconstructed as of March 2015 against the target date of March 2013. The rehabilitation package was finalised almost three years after commencement of the land acquisition process leading to resistance from the occupiers (sharecroppers, dwellers etc.) who were refusing to vacate the land without any rehabilitation package. Administrative lapses in processing the LA cases by the L&LRD also delayed acquisition of land. These two factors complicated the land acquisition process and hampered implementation of the project. Poor execution of projects also led to loss of government revenue. Thus, objectives set for the project were not completed even after a lapse of 5 years leaving the entire coastal zone susceptible to further breach.

PUBLIC WORKS, PUBLIC WORKS (ROADS) DEPARTMENT

3.9 Allowance of higher rates in different construction works

3.9.1 Introduction

The Department prepares estimates on the basis of the prevailing Schedule of Rates (SOR) of the Department which is prepared in pursuance of the Public Works Code (Vol-I) and intended to cover items of roads, bridges and building works and also items connected with carriage of materials. The rates appearing in the SOR are worked out on the basis of current market rates of materials and equipments as well as labour rate laid down by the Labour Department, Government of West Bengal.

The Audit was conducted with the objectives to assess:

- Whether the rates of the tendered items were in compliance with the rates prescribed in the prevailing Schedule of Rates (SOR) of the relevant Departments;
- Economy had been ensured during acceptance of the rates in the contract.

3.9.2 Audit Criteria

- Prevailing Departmental SOR;
- West Bengal Financial Rules (WBFR);
- Approved detailed estimates and rate analysis of the respective works;
- Specifications of Indian Roads Congress and
- Bureau of Indian Standards.

3.9.3 Audit Scope and Coverage

The Audit was undertaken between May 2014 and June 2015 covering the period from 2011-12 to 2014-15 and involved scrutiny of records relating to implementation of road and building works in 26 divisions of PWD and PWRD selected through risk analysis.

Results of audit are as follows:

3.9.4 Audit findings

3.9.4.1 Extra expenditure of ₹ 1.36 crore

Piling work for construction of buildings/bridges is done by two methods viz., mechanical piling using hydraulic rig machine and manual piling using tripod, winches, hammers etc. Hydraulic piling is generally used in case of rocky/hard soil and in case of bigger diameter and higher depth boring. Manual piling, on the other hand, is used in case of sand/clayey/soft soil and in cases of smaller diameter and lower depth boring. Rate for hydraulic piling is substantially higher (almost double) than the rate for manual piling⁹⁵.

Scrutiny of records of the Executive Engineer (EE), Bidhan Nagar Division –II (PWD) revealed that three building works were completed (between 2010 and 2012) at a total cost of ₹ 15.49 crore. The estimates were prepared on the basis of the SOR of PWRD of 1998-99 as revised in January 2008 where no separate rate for mechanical or manual piling was mentioned. Separate rates of piling work for mechanical and manual methods were specified in the SOR of PWRD effective from 14 November 2008. Any work executed after that date should have taken those rates into consideration.

Audit observed that though these three works were executed with manual piling, the higher rate of mechanical piling was applied. Audit observed that Notice Inviting Tenders (NITs) of the above three works were issued (17 November 2008 and 22 January 2009) after the new SOR of 2008-09 had come into force. This resulted in avoidable extra expenditure of ₹ 1.36 crore.

3.9.4.2 Extra expenditure due to allowance of the rates of higher grade bitumen

SOR of PWRD specifies rates of different grade of bitumen on the basis of which rates of different bituminous items are prepared and incorporated in the estimate.

⁹⁵ The rate of hydraulic piling was ₹ 1574 - ₹ 4215 and the rate of manual piling was ₹ 760 - ₹ 2270.

The rates of the SOR are also revised from time to time on the basis of changes in the market rate.

Hooghly Highway Division-II, PWRD awarded (December 2012 and January 2015) two road works⁹⁶ at the tendered cost of ₹ 4.12 crore. Scrutiny of records revealed that the rates of bituminous item was arrived at considering the rate of higher grade of bitumen (VG-40) and payment was made accordingly. However, audit observed from the challans for procurement of bitumen submitted by the contractors that lower grade bitumen (Bitumen-10/20) was actually procured. Thus, the contractors were paid at higher rate although lower grade bitumen was used, thereby extending undue benefit of ₹ 11.06 lakh.

In reply the PWRD stated (October 2015) that due to absence of rate of lower grade bitumen (Bitumen-10/20) in the SOR, the rate of higher grade bitumen (VG-40) was considered in the estimate and that the market price of higher grade bitumen was less than that of the lower grade. The reply is factually incorrect as SOR provides rate of lower grade bitumen and price of higher grade bitumen is more than the lower grade bitumen as per SOR.

3.9.4.3 Avoidable expenditure due to non-observance of economy

As per SOR of PWRD rate of packed bitumen (which is sold in drums) is higher than the bulk bitumen (which is sold in large containers). Though the quality of both these two varieties are same, the Department did not formulate any uniform guidelines for use of a particular variety of bitumen in a work. Audit of the seven test checked divisions revealed that two divisions⁹⁷ in respect of five road works executed between July 2011 and October 2013 at an estimated cost of ₹ 16.83 crore used packed bitumen without any recorded reason. On the other hand five other divisions used bulk bitumen in execution of 12 road works executed between September 2011 and March 2013 at cost of ₹ 93.18 crore. Thus, the Department could have saved ₹ 31.79 lakh if the road works were executed with bulk bitumen.

3.9.4.4 Extra expenditure due to consideration of longer distance of carriage

SOR of PWD stipulated rates of different size of stone materials available at different railway yards. The rates of items requiring stones are arrived at on the basis of rates of stones at the nearest railway yards and the road carriage from the railway yard to the work site.

Scrutiny of records in respect of six building works and two road works executed by three divisions⁹⁸ under PWD and PWRD at a cost of ₹ 54.31 crore revealed that the rates of different stone-chip-consuming items were inflated due to consideration of longer road carriage, in violation of the prevailing SOR. Audit

⁹⁶ *Link road between Sankarnagar Bridge and SH-13 from 0.95 kmp to 2.22 kmp and Singur-Banomalipur Road from 0.00 kmp to 7.50 kmp*


⁹⁷ *Coochbehar Division (PWD) and Howrah Construction Division (PWD).*

⁹⁸ *Bidhannagar West Division (PWD), Hooghly Highway Division-I (PWRD) and Suburban Division (PWD).*

noticed that carriage from farther railway stack-yard (Dankuni situated at a distance of between 38 and 46 kms away from the work sites) were allowed, though the same were available at nearer railway stack-yards (at Ballyganj and Tarakeswar, only 5 to 29 kms away from the work sites). This resulted in extra expenditure of ₹ 1.47 crore.

In reply, PWRD stated (October 2015) that longer distance railway stack yard was considered as per availability of unloading facility. The reply, however, is not acceptable as it was observed that in respect of two other works during the same period, the rate of stones from the nearer railway stack yard was considered indicating availability of the required facilities.

Kolkata
The 25 FEB 2016


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The 29 FEB 2016


(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

